



SCBD/ITS/YX/72402

16 November 2011

NOTIFICATION

Note on the 2011 African Briefing and Report on the 3rd Expert Meeting on the Green Development Initiative

Dear Madam/Sir,

I have the honor of transmitting to you the information note and report prepared by Earthmind, on behalf of the Green Development Initiative. The information note and report are transmitted to Africa's national focal points of the Convention, as received.

Following the request from Africa for more information on the Green Development Initiative as contained in recommendation 3/9 (Policy options concerning innovative financial mechanisms) of the Ad Hoc Open-ended Working Group on Review of Implementation of the Convention on Biological Diversity (WGRI-3), a notification with the relevant information from Earthmind was circulated on 21 June 2010 (SCBD/ITS/YX/fb/72402). An African Briefing took place in Nairobi, Kenya on 11 October 2011, which was preceded by the 3rd Expert Meeting on the Green Development Initiative also in Nairobi, Kenya from 9-11 October 2011. The enclosed information note and report are the outcome of the African Briefing and the associated 3rd Expert Meeting on the Green Development Initiative.

The Green Development Initiative also extends an offer to hold further consultations with the Africa Group and other Parties of the Convention upon request.

Please accept, Madam/Sir, the assurances of my highest consideration.

Ahmed Djoghlaif
Executive Secretary

Attachment

To: All Focal Points under the Convention

Note on the 2011 African Briefing on the Green Development Initiative

11 October 2011 - Nairobi, Kenya

Prepared by Dr Francis Vorhies, Executive Director, Earthmind

On the evening of 11 October 2011, H.E. Mr Jacques Pitteloud, the Swiss Ambassador to Kenya, Rwanda, Uganda, Tanzania, Burundi and the Seychelles, hosted an African Briefing on the **Green Development Initiative (GDI)** at his residence in Nairobi, Kenya. About 35 representatives from governments and civil society participated including official representatives from Burundi, Egypt, Ethiopia, the European Union, Finland, France, India, Japan, Kenya, the Netherlands, Norway, Poland, Rwanda, South Africa, South Sudan, Sudan, Uganda, and the US, and representatives from ACTS, the Indigenous Information Network, the Mpala Research Center, UNEP and WWF.

After a welcome speech from Ambassador Pitteloud, Robert Lamb, the CBD National Focal Point for Switzerland, gave a brief overview of the history and current status of the CBD Strategy for Resource Mobilisation. He noted that at COP10 last October in Nagoya, the Parties had long negotiations on the topic of innovative financial mechanisms, but in the end were now able to agree on a set of decisions on this topic. The GDI was considered under this agenda item.

Francis Vorhies, Executive Director of Earthmind, then provided an overview of the history of the GDI from COP9 in May 2008 in Bonn through the **3rd Expert Meeting on the GDI** which had just been held in Nairobi. He explained that following extensive consultations, the GDI was now focusing on developing one promising modality for resource mobilisation – the establishment of a green development land management certification system to facilitate the direct flow of private sector support to conservation and development actions on the ground. The focus of the 3rd Expert Meeting was to further articulate the key elements of a CBD-compliant land management certification as well as to further understand what needs to be done to promote the GDI approach as a tool for corporate biodiversity action and to bring GDI-certified projects to the market.

During the dinner, the GDI team was able to sit at the various tables to further discuss the challenges of developing this new approach to securing additional funding for biodiversity. The delegates were also provided with relevant documentation on USB sticks including the GDI working papers, documentation from previous CDB events including WGR13 and COP10, and a draft outcome statement from the 3rd Expert Meeting.

The 3rd Expert Meeting on the Green Development Initiative

Since the launch of the Convention on Biological Diversity (CBD) almost 20 years ago at the 1992 Rio Conference, a continuing challenge has been to secure adequate financing for its implementation. In this regard, a Strategy for Resource Mobilisation

was adopted in 2008 which was reinforced in 2010 by the adoption of the new Strategic Plan for Biodiversity.

Goal 4 of the Strategy is to “explore new and innovative financial mechanisms at all levels with a view to increasing funding to support the three objectives of the Convention.” It includes a commitment “to explore opportunities presented by promising innovative financial mechanisms such as markets for green products, business-biodiversity partnerships and new forms of charity.” In support of this commitment, the Green Development Initiative (GDI) is aiming to establish a certification system to facilitate financing for conservation and development on the ground.

On behalf of the GDI Board and the Biodiversity Policy Programme of the Government of the Netherlands, the 3rd Expert Meeting of the Green Development Initiative took place on 09-11 October 2011 in Nairobi, Kenya. Participants in the meeting included 36 experts from the fields of conservation and development and from the private sector and government. The majority of the participants were drawn from the African region.

The meeting explored how a green development certification system could facilitate an increased flow of funds for biodiversity, particularly from the private sector. It also explored the key aspects of GDI certification in terms of the CBD objectives and the MDGs. The meeting reviewed potential pilot projects in Ghana, Kenya, Namibia, Nigeria, Tanzania, Sri Lanka and South Africa. It recommended that funding from developed country Parties of the CBD be made available for a pilot phase of the GDI to test the validity and marketability of green development land management certification.

The **Report on the 3rd Expert Meeting on the Green Development Initiative** is annexed to this note. Further information is available at <http://gdi.earthmind.net>.



Report on the 3rd Expert Meeting on the Green Development Initiative

09-11 October 2011

Ole Sereni Hotel, Nairobi, Kenya

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1. Introduction and summary

Since the launch of the Convention on Biological Diversity (CBD) - almost 20 years ago at the 1992 Rio Conference - a continuing challenge has been to secure adequate financing for its implementation. In this regard, a Strategy for Resource Mobilisation was adopted in 2008 which was reinforced in 2010 by the adoption of the new Strategic Plan for Biodiversity.

Goal 4 of the Strategy is to “explore new and innovative financial mechanisms at all levels with a view to increasing funding to support the three objectives of the Convention.” It includes a commitment “to explore opportunities presented by promising innovative financial mechanisms such as markets for green products, business-biodiversity partnerships and new forms of charity.” In support of this commitment, the Green Development Initiative (GDI) aims to establish a certification system to facilitate direct financing for conservation and development on the ground.

On behalf of the GDI Board and the Biodiversity Policy Programme of the Government of the Netherlands, the 3rd Expert Meeting on the Green Development Initiative (GDI) took place from 09-11 October 2011 at the Ole Sereni Hotel in Nairobi. Participants in the meeting included 36 experts from the fields of conservation and development and from the private sector and government, with the majority of the participants attending from African.

Focussing mainly on technical aspects of the GDI, the meeting explored how a green development certification system could facilitate an increased flow of funds for biodiversity, from the private sector. It further explored the key elements of GDI certification in terms of the CBD objectives and the MDGs. The meeting reviewed potential pilot projects in Ghana, Kenya, Namibia, Nigeria, Tanzania, Sri Lanka and South Africa and recommended that funding from developed country Parties of the CBD should be made available for a pilot phase of the GDI to test the validity and marketability of green development land management certification.

Please refer to Annex 1 for the summary Outcome Document of the Expert Meeting.

2. Keynote speaker

On Sunday evening, 09 October, the Expert Meeting started with a reception, a keynote speaker and an inaugural dinner. The host was Julian Metcalfe of the GDI team and the keynote speaker was Julius Kangogo Kiping’etich, Director of the Kenya Wildlife Service.

Dr Kiping’etich highlighted the key challenges facing Kenya’s biodiversity. These include ever increasing demands for water, food and energy, all of which are putting pressure on Africa’s threatened ecosystems and biological resources. For initiatives like the GDI, these pressures challenge us to think big, start small, and scale up quickly.

3. Session 1: Introduction to the workshop

This session updated the participants on the GDI, set out its relationship to the policies, strategies and processes of the CBD, and clarified the aims and anticipated outcomes of the expert meeting. The opening session of the workshop was chaired by Arthur Eijs of the Government of the Netherlands who started the meeting with a round of introductions. The session included presentations on the strategies on finance and business of the Convention on Biological Diversity (CBD) by Yibin Xiang, the Biodiversity Finance Officer of the CBD Secretariat, and on the GDI by Francis Vorhies of the GDI team.

Yibin Xiang provided an in-depth overview of the development of biodiversity finance policy under the CBD beginning with the 2006 COP8 decision to develop a draft strategy for resource mobilisation in support of the CBD. This was followed by the adoption of a Strategy for Resource Mobilisation in 2008 at COP9 and was further supported by decisions in 2010 at COP10 to set the target that by 2020 the mobilisation of financial resources from all sources should increase substantially.

He provided information on the biodiversity funding gap which is estimated to be in the tens of billions of US dollars annually and explained how this gap justified the focus on new and innovative mechanisms. This included exploring the topics of “markets for green products, business-biodiversity partnerships and new forms of charity” under which the GDI is positioned. He further outlined some of the policy-level challenges facing the GDI and other such innovative mechanisms. These included a hesitation of shifting official commitments, a fear of market manipulation, and a reluctance to invest in innovation.

Francis Vorhies provided an overview of the development of the GDI since the 9th Conference of the Parties (COP9) of the CBD in Bonn in May 2008. He reviewed key outcomes of the 1st and 2nd Expert Meetings on the GDI in Amsterdam in February 2009 and in Bali in February 2010, respectively, of the 1st CBD/UNEP International Workshop on Innovative Financial Mechanisms in Bonn in January 2010, and of the 3rd Meeting of the Working Group on the Review of Implementation of the CBD (WGR13) in Nairobi in May 2010. Key background documents from these events which were distributed at the Meeting are listed in Annex 2.

In his overview, he highlighted how the discussions on establishing an international mechanism to secure new funding for the implementation of the CBD from the private sector focused initially on identifying possible sources of funds and only later on the possible use of these funds. These discussions also focused initially on exploring options for a compliance framework as had been established under the Kyoto Protocol of the UN Framework Convention on Climate Change (UNFCCC). They focused at a later stage on possible financing modalities under voluntary market-based arrangements. Out of these discussions, consultations and research, a promising modality emerged - certifying CBD-compliant land management. Today this is referred to as the ‘GDI approach.’

Following COP10, the GDI has focused on exploring elements of establishing a ‘green development land management standard and certification scheme’ and on identifying potential pilot projects where the scheme could be tested and refined. A series of supporting working papers were produced which served as background documentation for this expert meeting. These papers are listed in Annex 2. As Francis

Vorhies explained, the focus of the meeting was to provide input and guidance on both the supply side (certification) and demand side (financing) of the GDI approach.

A short discussion followed to clarify how the workshop would be structured and that its aim is to secure substantive guidance for the development of a workable GDI certification scheme.

4. Session 2: Green development certification

This session explored principles, criteria and modalities for green development certification of land management and was co-chaired by Arthur Eijs and Yibin Xiang. The session began with presentations on the CBD's conservation & development objectives by Sarah French of the GDI team, land tenure considerations by Julian Metcalfe of the GDI team, and key elements of a certification system by Till Stoll of the GDI team. The presentations were followed by an open discussion.

Sarah French provided an overview of the discussion regarding the principles and criteria set out in the Working Papers. She explained that the core principles were based on the commitments and objectives of the CBD. In terms of land management, these are:

- Conservation of biodiversity
- Sustainable use of biological resources
- Equitable sharing of benefits arising out of this use
- Economic & social development

She further described that the development objective includes recognition of the importance of biodiversity for health, food, shelter and other needs. Hence, it is a critical component of biodiversity-responsible land management. The integration of conservation and development outcomes at the landscape level is a key feature of the GDI approach.

In addition to the core principles, Sarah French explained that the GDI will require a set of operational principles on matters such as legal compliance, management planning, workers' rights, monitoring and evaluation, and reporting. Further, the principles require criteria and key performance indicators as outlined in the working papers.

Mr Metcalfe spoke briefly on an issue of some concern regarding land management schemes, i.e. land tenure and the possible impact of a GDI certification scheme on traditional indigenous and community access and use rights to an area. He explained that the GDI should adopt best practices as developed by other relevant initiatives, such as the IFC's guidelines for responsible investment and the approaches being developed for REDD+ projects. In this regard, the GDI commitment to equitable use and to development outcomes should help to avoid any possible impacts of a GDI approach to traditional access and use rights.

Till Stoll then outlined a possible framework for GDI certification which is based in part on the experiences of green building certification. The first step would be to check whether the land was eligible for certification. If eligible, the certification candidate would then need to be registered on a global registry. Within a certain period of time ('design period'), a baseline assessment would need to be undertaken

and a green development management plan would then need to be drafted. This plan would in turn be certified and implemented over a specified period of time ('certification period'). Experience from green building and other similar certification schemes shows that the design period could be 2 years while the certification period could be for 5 years.

Following these presentations, a lively discussion about the many challenges of setting up a CBD-compliant certification scheme took place. These include the following points:

- Regarding who will actually certify, the GDI could establish a third-party certification framework as is common among other voluntary environmental and social certification schemes.
- Regarding the need to link the GDI to an international respected organisation in order to strengthen its credibility in the marketplace, options to be considered include linkages to the CBD Secretariat, IUCN, UNEP, and the recently established International Platform on Biodiversity and Ecosystem Services (IPBES).
- As the GEF - the CBD's official financial mechanism - has placed most of its biodiversity financing in protected areas, the GDI proposes a paradigm shift in focusing financing on productive areas which ensure both conservation and development outcomes through the sustainable and equitable use of biological resources. In this respect the GDI will offer a transparent, verifiable and tangible way to actually fund the implementation of the CBD on the ground.
- Regarding the incorporation of local practices and systems and the priorities and needs of the local communities, these would need to be incorporated within the actual land management plan, following consultation with relevant stakeholders.
- Regarding the use of existing certification schemes for responsible commodity production - such as FSC for forestry, MSC for fisheries and the various roundtables for commodities such as cotton, palm oil and soy - these would be need to be linked to the GDI in terms of the CBD objectives on sustainable and equitable use. In this respect, the GDI could provide a type of meta-standard or framework for responsible land management.
- As landowners can be paid for the provision of various ecosystem goods and services, any financing generated by the GDI approach will need to take these payment streams into account. This may require measurement of the various outcomes of a GDI management plan. Thus in addition to using GDI-certified hectares as a biodiversity 'currency,' other currencies, such as conservation value, may also need to be considered.
- The GDI approach gives the opportunity to empower local communities to manage their lands responsibly. In Kenya, for example, where 70% of the biodiversity is outside protected areas, the GDI approach may provide much needed incentives for conservation.

- As the GDI is envisioned as an international voluntary scheme, there will be a need at the national level to ensure that domestic policies, mechanisms and capacities are in place to facilitate its implementation.
- Regarding biodiversity versus ecosystems, the GDI will take a CBD approach to these concepts with ecosystems considered to be a component of biodiversity alongside species and biological resources including genetic resources.
- Regarding the four CBD-based objectives, though all should be addressed at the site level, depending on circumstance and needs, clearly the priorities - e.g. conservation or restoration outcomes versus sustainable and equitable use outcomes - will vary.
- Further, regarding the four CBD-based GDI objectives, it will be important to develop criteria describing what types of biodiversity actions are expected under a certified management plan.
- As there appears to be a trend for voluntary environmental and social standards to become quasi-mandatory, it will be important as well to consider whether the GDI approach is compatible with and supported by WTO policies.
- Regarding the relationship of a GDI land management system to land tenure and property rights, it may be useful to review the experiences of conservation easements in countries such as the US.
- Regarding the many areas in Africa and elsewhere where land rights are highly contested, for the GDI to be effective, it will need to engage with land tenure and land use issues. Importantly, through the principle of prior and informed consent, a GDI-certified management plan will need to be sure that local communities are engaged.
- Regarding land tenure and local communities, a serious issue in many parts of the world is that control often gets into the hands of a few people. Hence, a challenge for GDI will be to ensure that everyone in the community is able to benefit from the GDI process.

5. Session 3: Early insights from possible pilot projects

This session was chaired by Etti Winter and consisted of brief presentations on possible GDI pilot projects including Ghana, Kenya, Namibia, South Africa, Tanzania and Zambia followed by an open discussion.

The chair explained that a GDI Project Information Note (PIN) should address all the cells in the following matrix:

GDI management matrix	Landscapes	Ecosystems	Species	Biological resources
Conservation				
Sustainable use				
Equity				
Development				

The PIN should also address the questions of who, where, why, what, how, and how much with respect to designing a certifiable land management plan.

A PIN from Ghana was presented which looks at the market dynamics of cocoa sector vis-à-vis the forestry sector and in this context, two areas were presented where a GDI approach might encourage increased production through sustainable land management. A second PIN from Ghana focuses on enabling women in the north of the country to secure their rights with respect to Shea nut harvesting.

In South Africa, a PIN focuses on sustainable land management in the Kruger to Canyon Man and Biosphere Reserve which would include securing consensus on land use rights and benefits including eco-tourism development and reforestation. A submitted PIN from neighbouring Namibia describes a newly formed conservancy in the Caprivi on the Zambia River. It is a legal community-based management structure responsible for natural resource management, enterprise development which could include restocking wildlife and fish and storing carbon through wetlands protection.

A PIN from Tanzania is a government-owned Ramsar site which serves as a water catchment area for Lake Tanganyika. It is a large flood plain with two lakes and is under threat from pollution, overfishing, invasive species and excessive sedimentations. A GDI approach could provide a framework for sustainable management and social learning. A PIN from Kenya could be further developed in the highlands with the Segera ranch, the Mpala Research Centre and Conservancy, and the neighbouring communities. In this case, securing use rights and appropriate economic incentives are key issues.

Possible pilot projects in Nigeria and Sri Lanka were also mentioned. Following these presentations there was an energetic discussion about the many challenges of setting up a CBD-compliant certification scheme. These included the following points:

- The costs of developing GDI-certified land management plans appear to be considerably lower than the costs of typical GEF biodiversity projects. Hence, the GDI approach may be able to deliver significant results cost effectively.
- For each pilot project, there must be an audience for certification. Civil society may be interested and companies may also be interested, but this needs to be better understood.

- As a land management certification scheme, it will be important to show how the GDI mainstreams biodiversity into land use planning and how certification promotes sustainability.
- As the GDI approach is not really different than the Payment for Ecosystem Services (PES) approach, GDI certification might provide a framework for PES financing for services such as protecting fish habitat.
- Regarding quantifying a GDI certified area as the number of hectares under certified management; other variables may need to be considered including the cost-effectiveness of delivery and the quality of biodiversity-related outcomes being delivered.
- Currently markets focus on certified tonnes and not certified hectares. In addition to carbon, certification schemes for cocoa, palm oil, cotton, soy, and biofuels are also measured in tonnes. Biodiversity offsets, however, like the GDI focuses on areas rather than tonnes. The challenge is how these can all fit together.
- It will be important to have targets, specifically conservation targets.

6. Session 4: Working groups on certification

Participants divided themselves into three working groups for further discussion of key elements that should be included in a green development land management certification system. The groups focused on conservation, sustainable and equitable use, and development outcomes. The session, which was facilitated by Till Stoll, ended with report backs from each working group.

Working Group on Conservation

The Working Group on Conservation focused on key targets and indicators which should be addressed under a GDI certification scheme. These included the following:

- Species
- Habitats
- Important bird areas
- Vulnerability, Red lists, etc.
- Connectivity
- Conservation status
- Ecosystem integrity

For the GDI conservation objective, the Group highlighted the following key operational priorities:

- Need for measurable criteria from a baseline
- Pre-assessment needed
- Local people involved
- Trade-offs of conservation versus sustainable use to be clarified
- Principles needed for selecting projects:
 - No net loss in biodiversity assets

- No more than 50% is artificial areas
- Demonstrated additionality beyond legal requirements
- On financing:
 - Cover costs of reaching targets
 - Compensate opportunity costs for not developing the land
- 5 year period for certification
- Annual reviews required
- Midterm review required

Working Group on Sustainable and Equitable Use

The Working Group on Sustainable and Equitable Use highlighted the following issues with respect to responsible use:

- Identify both ‘consumptive’ and ‘non-consumptive’ uses. Examples of the latter might include recreation and research
- Critical criteria to include:
 - Clarity on what’s allowed to be removed; extraction cannot exceed production
 - Thresholds
 - Minimise waste and destruction

Regarding operational issues, the Group emphasised the following issues:

- Institutional management needs to be in place
- Legal compliance e.g. CITES at the international level as well as national rules;
- Equitable sharing of costs and benefits
- Sustained benefits
- Values on different aspects of sustainable use for the communities
- Cultural and spiritual values and traditional knowledge need to be considered even if they are difficult to value
- Important to identify development linkages from responsible use, including linkages to Millennium Development Goals (MDGs)
- Economic and financial viability
- Monitoring & evaluation framework
- Baseline
- Risk analysis
- Appropriate use of valuation techniques

Working Group on Development Outcomes

The Working Group on Development Outcomes explored how to link the conservation and sustainable objectives of the GDI approach to development. They identified the Millennium Development Goals (MDGs) with its internationally-agreed targets and indicators as the preferred approach for framing the development outcomes of a GDI-certified management plan. These, however, would need to be revised and focused in light of the development priorities of the area’s stakeholders, particularly the local communities living in, or around, a GDI-certified area.

The Group also noted that at CBD COP10 a new working group was set up to address the interface between biodiversity and development. They recommended that the

GDI should follow the deliberations of this group and incorporate relevant guidance as it emerges.

Regarding operational matters, this Group highlighted the following issues:

- Clarity on who will verify/certify is needed, e.g. 3rd party local certifiers trained by GDI
- Need to decide how many pilots are needed to test validity of the GDI approach
- Pilots need to be representative to make sure of the general validity of the verification scheme
- Need to be prepared to address transboundary issues which may arise in some cases. How many, which kind of biome, etc.
- Reporting framework, including yearly reports, is needed so pilots can learn from each other
- Need to be clear that failure to implement the management plan will result in a loss of certification
- An exit strategy needed when there are issues requiring the certification to end

Following the reporting back from the Working Groups, some of the key points were:

- If the GDI links its criteria to the 20 new targets of the CBD strategic plan, it could become a key implementing tool of the financial strategy of the CBD.
- Importantly, GDI should also link to the other biodiversity-related conventions, such as Ramsar and CITES, as the new CBD Strategic Plan covers all of these instruments and further has been endorsed by the UN Environmental Management Group (EMG) as a UN-wide strategy.
- Though there is clearly still a lot of work to do to get GDI's feet on the ground, the insights and suggestions of the Working Groups will help move GDI into a workable programme.

7. Session 5: Financing green development

This session, which was chaired by Alice Alexandra, Executive Secretary of Instituto LIFE, explored the challenges and opportunities of securing funding for certified biodiversity-responsible land management, particularly from the private sector. It included a presentation by Andrew Seidl, Senior Economist at IUCN, on understanding and promoting the business case and by Francis Vorhies on linkages to other financing modalities. These were followed by open discussion.

Alice Alexandra opened the session by sharing some of the lessons learned from the Life Certification approach regarding whether companies are willing to invest in biodiversity. Currently, biodiversity is beginning to be seen by business executives as an emerging business risk, but generally these executives are not yet fully ready to invest in biodiversity-responsible actions.

Andrew Seidl provided an overview of the business case set out in Working Paper 4 regarding the potential demand for green development certification. He first asked whether the market was big enough and looked at the potential size of funding from Fortune Global 500 companies based on a small commitment of turnover akin to the

development assistance commitment of developed country governments. He contrasted this potential with current sources of finance for biodiversity to make the case that resources are available to ensure effective demand.

Regarding the actual drivers of demand, he explored the following five areas:

- **Government regulations**
 - Compliance
 - Incentives
- **Government relations**
 - Green infrastructure, etc.
- **Investor requirements**
 - 'Conditional...ability', 'addictive ...ability', in short, adding value
 - Risk management, IFC standards
- **Supply chain sustainability**
 - Sustainable Agriculture Initiative (SAI) Platform, non-competitive (industry standard) approaches
 - But what about demand side market power, land grabs, terms of trade - should we pay attention to these?
 - Crowded space: divide & conquer, or united we stand? - Strategic to go after a small niche of selling management or is better to synthesise all the certification programmes under the GDI umbrella?
- **Corporate Social Responsibility**
 - WBCSD, Nippon Keidanren
 - Corporate Ecosystems Valuation

Further, he proposed that it might be useful to develop a 'Green Development Index' which would look at the Economy, Ecology, Equity, & Governance of a project and explain what exactly is being delivered through the certification. Such an index could enable a simple description of the many possible outcomes of a GDI-certified land management plan.

Francis Vorhies then spoke on green development certification vis-à-vis other modalities building from Working Paper 5. He highlighted the linkages between GDI and the following schemes:

- Business and Biodiversity Offset Programme (BBOP)
- Clean Development Mechanism
- Climate Community and Biodiversity (CCBA) Alliance
- Forest Stewardship Council
- Life Certification
- ISEAL Alliance
- REDD+
- Rainforest Alliance
- Roundtables for sustainable or responsible agricultural commodities

Francis Vorhies explained that the GDI approach is fully compatible and complementary with these schemes. In some cases, such as BBOP, a BBOP-compliant biodiversity offset could be spatial component of a GDI-certified management plan. In some cases, responsible commodity production - ranging from carbon to timber to agricultural production - could be a sustainable use component of a GDI-certified management plan. Further, in some cases, such as the Life Certification, the GDI approach could provide companies with a modality to verify their support for biodiversity conservation. A challenge and an opportunity for a GDI land management certification system would be to provide a framework in which various responsible land use approaches can be accommodated.

The presentations were followed by an open discussion which included the following points:

- Clearly a unique selling point for the GDI is its clear linkage to the CBD. The GDI approach is to recognise land management which is compliant with the objectives and approaches of the CBD. However, does this require third-party certification or could some other type of endorsement or recognition suffice to secure additional funding?
- At the international level, if the GDI certification is to be credible, it needs institutional links to recognised and respected international organisations. This could include the multi-lateral biodiversity-related conventions as well as other conservation and development organisations.
- A challenge of the biodiversity offset approach for mobilising resources is that payment only comes in response to what a company destroys. The GDI approach, on the other hand, complements offsets though enabling mitigation of broader value chain impacts in a way that enables payments for both positive as well as negative impacts of a company's activities.
- It is important to understand that the GDI approach is not 'selling' a product but rather a service - that is, the biodiversity-responsible management of a particular area. This means that GDI needs to consider whether to have strategic alliances with product certification schemes.
- The GDI approach of focusing on the implementation of the CBD hectare-by-hectare is appealing as, after twenty years, the CBD is still trying to establish an implementation approach. The GDI may be able to help move us beyond the long- running debates of how to measure biodiversity by refocusing our efforts on how to manage biodiversity.
- If possible, the GDI should find a niche within the targets of the CBD's new strategic plan. It should then figure out how to be recognised by the private sector and to secure buy-in from private companies.
- From a micro view, certification is never cheap and the GDI has to somehow be accessible to the small farmers and small biological communities. By starting small, the GDI will be able to speak with louder words.
- Indeed, the GDI has to reconcile the case for business which focuses on profits and the case for communities which focuses on livelihoods. To do so, it may

make sense to make a broad framework, but then to target different business cases for different sectors, e.g. tourism and medicinal plants.

- The GDI framework could be a tool for multilateral and bilateral donors to use to ensure that their funds are used effectively. For projects such as the one in Tanzania currently being funded by a Nordic donor, everyone is quite comfortable with the social and economic issues, but they are not so sure about the biodiversity issues and GDI could be used for this.
- How do we deal with the forest of standards out there? Companies and communities don't know which ones to use. If the GDI could provide a meta-standard, then we can sign up for this and reduce our transaction costs.
- The GDI approach is one way of providing a check list of how to get done what we know needs to be done. If it can provide a range of methodologies, then we will be equipped to pick out those that are relevant at our areas.
- We need to be careful about the complexity of language used or we will lose both companies and communities. A challenge is to produce an international communications system that easily comprehensible on the national and local levels.
- The methodologies also need to be simple and we need to be clear about costs for actions, auditing, and so on. Companies needed clarity about what they are getting themselves into.
- Further, at the national level, there will be a need to ensure domestic resources to enable governments to deal with GDI certifications so as to insure their comparability with national priorities and regulations.

8. Session 6: Working groups on financing

Participants joined three working groups for further discussion of key elements that should be considered with respect to a financing strategy for green development land management certification. These groups focused on the corporate use of GDI certification, bringing the GDI approach to market and the role for public funding in the GDI. The session ended with report backs from each working group facilitated by Till Stoll.

Working Group on GDI and Corporate Biodiversity Action

The Working Group on GDI and Corporate Biodiversity Action discussed how to secure buy-in from corporations. They identified the following key issues/drivers to engage companies:

- Companies already involved in conservation actions need guidance, comfort, assurance
- Need convincing business case for the GDI approach clarifying its added value;
- Measurable data is needed for corporate action
- Reputational gain including recognition on an accredited basis is a key driver;
- Simplicity and clarity are demanded by companies

- Important to understand how different parts of business are driven by different concerns, e.g. head office vs. technicians, engineers vs. sales persons
- GDI provides significant CSR opportunities
- Important for corporations to be comfortable with the GDI approach
- Important for corporations to trust the GDI brand

The Group also identified the following key threats or hurdles facing the GDI:

- Cultural differences between companies and conservation NGOs, with the former understanding hard contracts vis-à-vis softer NGO arrangements
- The potential role of NGOs as a buffer between companies and communities
- The need to raise corporate understanding and awareness on biodiversity
- GDI needs to avoid making the best the enemy of the good
- GDI needs to address potential accusations of green washing and marketing misrepresentation
- Companies need to allocate sufficient resources in order to make the GDI effective
- A lack of proper due diligence can undermine the entire GDI approach
- Institutional weaknesses in both the public and private sectors may hamper implementation

Thirdly, the Group provided some suggestions on how to make the GDI a reality. There included the following:

- GDI should provide a clear product to the market which has been verified and tested
- Clarity is needed on how the GDI is different from other related initiatives and certification
- Government support, especially in the pilot phase, is need to make GDI real
- At the national level, GDI needs to focus on national biodiversity objectives
- Practical measurement protocols are critical; GDI needs to show the risks, opportunities, impacts, and dependencies to show the solutions to companies
- GDI needs to set out a clear roadmap giving assurance to companies
- Government loyalty, independent recognitions and stakeholder support are needed to promote the GDI approach
- GDI will need an effective marketing strategy

Working Group on bringing the GDI Approach to Market

The Working Group on bringing the GDI Approach to Market looked at governance structures and tools to enable GDI certifications to be marketable. Importantly, they also identified a need for a short-term pilot phase to gain experiences and learn lessons. Following this phase, the GDI could then be rolled out more successfully to the broader market.

Regarding governance, and building on the current governance arrangements of the GDI, the Group recommended the following:

- Establish a GDI Board of Trustees as the key institutional structure which creates accountability:

- Composition of the Board is important including serious private sector companies, a CBD-related body, chair of the GDI Technical Committee, and a credible development NGO
- Board needs to play a key communications role to give immediate creditability
- Establish a GDI Technical Committee or Advisory Group to share lessons, take information and feed it back, noting that:
 - It needs to be well constructed in terms of representation: national, regional, local including communities on the land, governments, private sector
 - It needs both conservation and sustainable use expertise, need economists, representation from pilot projects and from the GDI Secretariat
 - This committee or group could work on the modus operandi, have face to face meetings, and recommend other pilots
 - It would need a lean way of working but would need to ensure that it feeds into one international certification body but that all relevant representation is engaged
 - It would need to link supply and demand and also to identify ambassadors and champions in the various sectors on the supply and demand sides
- Establish the GDI Secretariat to implement the approach and the pilot phase including developing a communication strategy to explain the added value and the management planning framework, to identify key partners in countries to assist in the certification process, and to provide added skills.

Working Group on Public Sector Funding for the GDI

The Working Group on Public Sector Funding for the GDI explored the need for public sector funding both in a near-term pilot phase and possibly also at later stages.

Regarding public sector funding for the pilot phase, already projects, such as one in Tanzania, had to go to REDD+ for funding as a biodiversity financing modality was not available. In this context, during the pilot phase, key issues regarding public funding include the following:

- Government funds are needed to catalyse funding efforts by the private sector
- Governments should play a role in the GDI Board
- Governments should fund participation of other key stakeholders in the Board
- The FSC model of a global board may be something to consider for the GDI
- Governments could fund core functions of the GDI with non-earmarked funds; and
- Importantly, everything governments doing with the GDI should relate to the goals of the CBD and the resource mobilisation strategy of the CBD

The Group identified the following incentives for public sector to get involved in the GDI:

- Closely linked to the CBD objectives, strategy and targets
- Governments to give money to set up GDI, but then more private sector funding is expected to keep it going, so overtime the funding is mainly private funds

- GDI is managed as a policy tool related to the implementation of the CBD
- GDI certification should add credibility to a project and thus also enable public funding for the project, including the certification of public-funded projects
- GDI needs to explore linkages to private companies with a particular interest in biodiversity such as those wanting biodiversity-responsible commodities
- Importance of the issue of safeguards at all levels so that the GDI is not counterproductive to sustainability goals
- Complementarity of the GDI with existing initiatives
- Recognition of company funding of projects through a certificate to say the money is going to the good project
- Governments role is to get the GDI started and to ensure it keeps going
- Role of the GDI Secretariat to facilitate collaboration between governments, private companies and GDI-certified projects
- Ensuring that the MDGs are a major feature of GDI-certified management plan

9. Sessions 7 & 8: Towards a pilot phase & Next steps

This session opened with a brief presentation by Francis Vorhies on the importance of establishing a 1-2 year pilot phase to learn by doing and to engage the private sector through demonstration projects. He was followed by an update by Till Stoll on recent consultations with governments to secure funding for further work on the GDI.

The open discussion reflected on the key points which arose out of the various Working Groups in light of critical next steps for the Initiative. These included the following:

- Finalise the first draft of the GDI Reference Guide by the end of this year.
- Continue consultations with the private sector to build buy-in for the approach.
- Establish a pilot programme to test the GDI approach in terms of both the supply of certified land management and demand by the private sector and other stakeholders.
- Establish a governance structure including recognised international organisations, such as IUCN, to strengthen the credibility and effectiveness of the GDI.
- Continue technical consultations, including a 4th Expert Meeting, and policy dialogues on a worldwide basis with a focus on the process around key international meetings in 2010: Rio+10, CBD COP11, and IUCN WCC5.

Following this discussion, the participants were presented with a draft Outcome Document reflecting key points arising from the Expert Meeting. Mr Metcalfe facilitated a round of comments and suggestions on the draft text and confirmed that these additions would be incorporated into a new draft which would then be circulated by email for further consideration by the participants. The final Outcome Document is available in Annex 1 of this report.

The Expert Meeting ended with a thank you to everyone and a round of applause.

Annex 1: Outcome document

3rd Experts Meeting on the Green Development Initiative

Nairobi, Kenya - 09-11 October 2011

Outcome Document

Participants of the 3rd Experts Meeting of the Green Development Initiative (GDI) met in Nairobi on 09-11 October, 2011. We were privileged to hear an opening address by Dr Julius Kangogo Kiping'etich, Director, Kenya Wildlife Service. Dr Kiping'etich highlighted the key challenges facing Kenya's biodiversity. These include ever increasing demands for water, food and energy, all of which are putting pressure on Africa's threatened ecosystems and biological resources. For initiatives like the GDI, these pressures challenge us to think big, start small and scale up quickly.

Participants in the Meeting included experts from the fields of conservation and development, academia, representatives from the private sector and government officials from both the region and from their official development partners. The majority of participants were drawn from the African region.

The aim of the Meeting was to provide technical guidance on how to transform the GDI from its conceptualisation and design stage to a pilot phase which would seek to test the viability and marketability of green development land management certification through a series of pilot projects, continue stakeholder consultations, and, in so doing, refine the GDI approach to resource mobilisation. The experts provided inputs on both the supply side of the GDI focusing on CBD-based certification requirements and the demand side of the GDI focusing on financing opportunities from business and the market.

GDI Supply Side/Certification

The Meeting re-affirmed the primacy of the principle that any innovative financial instrument for biodiversity should be in full compliance with the objectives, strategic plan, targets and guidance of the **Convention of Biological Diversity (CBD)**. The Meeting further endorsed the centrality of the development dimension of the GDI approach as the most effective means of securing positive conservation outcomes by incentivising local communities to use biological resources in a sustainable and equitable manner.

In considering the **conservation of biodiversity**, the Meeting recommended that a key step of GDI certification must be a baseline assessment of the current biodiversity status of the area to be managed and of the threats and vulnerabilities. In assessing this status, the Meeting recommended a holistic approach taking into account native species and habitats and the interconnectivity of ecosystem services. Further, as a key requirement for GDI certification would be no net loss of biodiversity, this would require monitoring the biodiversity performance of the land management and independent verification of outcomes. Identifying the biodiversity outcomes will also be critical to the successful marketing of GDI certification.

In considering the **sustainable and equitable use of biological resources**, the Meeting agreed that the GDI needed to address both consumptive and non-consumptive uses of biodiversity resources. Evaluations of a GDI project should address the need to avoid unnecessary damage and avoidable waste. It should also include local and expert views on what constituted sustainable and equitable use of any particular biodiversity resource. Notably this could include the equitable sharing of benefits arising out of the sustainable use of the land for the production of various economic goods and services such as agriculture, tourism, forestry, fisheries, and pastoralism. It was further recognised that the GDI needed to be fully compliant, in this regard, with other relevant international biodiversity-related agreements, such as CITES with respect to wildlife trade, as well as relevant national legislation.

In terms of **development outcomes**, the Meeting agreed that the UN Millennium Development Goals (MDGs) should form the basis for any assessment of the development outcomes of a certified green development management plan. As appropriate, other internationally-accepted considerations should also be addressed such as local income generation, trade promotion and income distribution. In this respect, the GDI should take cognisance of the guidance of the Expert Group on Biodiversity and Poverty Alleviation which was established at the 10th Conference of the Parties (COP10) of the CBD. Further, for each area to be certified the international guidance should be adapted within the management plan to address the development priorities identified by relevant stakeholders, particularly the local communities. In this respect, another key operational principle of the GDI should be transparent reporting of development as well as conservation outcomes.

The Meeting reviewed the early stages of the GDI pilot programme which has delivered a number of Project Information Notes (PINs) outlining potential projects which could be developed to test the application of GDI-certified management plans to specific areas. Presentations were made on potential pilot projects in Ghana, Kenya, Namibia, Nigeria, South Africa, Sri Lanka, and Tanzania. The Meeting agreed that the GDI approach will need to be designed so that it could be applicable to different ecosystems, land tenure arrangements, land use options and development circumstances.

GDI Demand Side/Financing

On the demand side, the Meeting explored three dimensions of securing additional financing for biodiversity through the GDI approach: using GDI certification within corporate biodiversity strategies and actions, bringing GDI-certified land management projects to market, and exploring the role of public funding for scaling up the GDI approach.

Regarding **corporate use of GDI certification**, the Meeting recognised that private companies needed to be persuaded through a convincing business case and that this case may need to be tailored for particular business sectors. Companies need to be confident about the integrity of the GDI approach and assured that it was compliant with both international policy and domestic regulations and that it will clearly facilitate improved biodiversity performance.

Regarding **bringing GDI-certified projects to market**, the Meeting agreed that a credible, multi-stakeholder governance and technical advisory structure would need to be put in place. This structure will need to be supported by a Secretariat which

would be tasked with developing a communications strategy and with ensuring that the lessons learned from pilot projects are incorporated into the establishment of an international CBD-compliant certification scheme for land management. In so doing, this would strengthen the credibility of the GDI approach and enhance the acceptability of GDI-certified projects in the market. Further, the rules and institutions to support a GDI market, such as a common registry of certified areas, will have to be established.

Regarding the **role of public funding in the GDI**, there is a clear case for public financial support to develop the GDI approach through a pilot phase and for active government engagement - from interested donor and recipient countries - in the governance of the GDI. By ensuring that the GDI approach implements the CBD objectives and its strategic plan on the ground, public seed funding for a pilot phase will facilitate increased private sector financing for biodiversity. However, as the objective of the GDI is to secure a significant increase in private sector funding for biodiversity, over time, there will be a much reduced need for public support to the GDI. Nevertheless, some limited on-going public funding may be required to enhance the flow of public benefits from GDI-certified projects.

Next steps

The Meeting concluded with a discussion about next steps, including consideration of the key elements of a pilot phase of the GDI. Critically, there is a need now to finalise the first version of the 'Green Development Land Management Certification Reference Guide' which in turn could be applied to a representative set of pilot projects and used in on-going consultations with key stakeholders including national governments, private companies, conservation and development organisations, and, most importantly, the local communities whose livelihoods are particularly dependant on biodiversity. The Reference Guide should be completed by the end of 2011 to support a pilot programme in 2012 and 2013. In this regard, the Meeting called on developed country parties of the CBD to provide financial support for the implementation of a pilot phase of the GDI, and early engagement with the private sector.

Annex 2: Background papers

The participants were each given a USB stick with a collection of background documents. These include the working papers from the first GDI phase (2008-2010) and the second GDI phase (2010-2011).

Current GDI papers

- **GDI flyer**
 - a one-page introduction to the Green Development Initiative
- **GDI FAQs**
 - answers to 20 frequently asked questions about the GDI
- **WP 01 Addressing land issues and green development**
 - explores the critical issue of land tenure and best practices
- **WP 02 Guidance for establishing green development certification**
 - provides guidance for development of a standard and certification scheme
- **WP 03 Establishing green development principles and criteria**
 - suggests a set of outcome and operational principles
- **WP 04 Potential demand for green development certification**
 - explores the business case for financing
- **WP 05 Green development certification vis-à-vis other modalities**
 - looks at linkages to other biodiversity-relevant financing modalities
- **WP 06 Prototype green development guidance for a project information note**
 - initial guidance for a Management Authority interested in certification
- **WP 07 Prototype green development certification reference guide**
 - a rough start to a comprehensive certification guide

Earlier GDI papers

- **UNEP/CBD/COP/10/INF/28: The GDM 2010 Initiative Report**
 - Prepared for CBD COP10, Nagoya, October 2010
- **SCBD/ITS/YX/fb/72402: Information Note on the GDM 2010 Initiative**
 - Prepared in response by the African Parties to the CBD for further information, June 2010
- **UNEP/CBD/WG-RI/3/INF/13: Initiating Work on a Green Development Mechanism**
 - Prepared for WGRI3, Nairobi, May 2010

- **Summary Report and Conclusions: The 2nd expert workshop on a green development mechanism**
 - 2nd Expert Meeting, Bali, February 2010
- **Exploring the case for a green development mechanism**
 - Prepared for the January 2010 CBD/UNEP International Workshop on Innovative Financial Mechanisms
- **An International Market-Based Instrument to Finance Biodiversity Conservation: Towards a Green Development Mechanism - Report from an Expert Workshop**
 - 1st Expert Meeting, Amsterdam, February 2009
- **Balancing Biodiversity: A Global Instrument for Meeting the 2010 Biodiversity Target**
 - Side-event background document, CBD COP8, Bonn, May 2008

These documents are also available on the websites of the first two phases of the GDI:

- Green Development Initiative: <http://gdi.earthmind.net>
- GDM 2010 Initiative: <http://gdm.earthmind.net>

Annex 3: Participants list

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