**The Biodiversity Finance Initiative (BIOFIN)**

***Mobilising resources for biodiversity and sustainable development.***

**An Overview and Key Progress Summary**

**May 2015**

**Background**

Available evidence and decisions adopted by Parties to the Convention on Biological Diversity (CBD) indicate a significant gap remains in finance for biodiversity management, for countries to drastically scale up their efforts and achieve the 20 Aichi Biodiversity Targets defined in the CBD’s Strategic Plan for 2011-2020. Solid data is lacking about how much countries spend and need to spend to reach the Aichi Targets. To define biodiversity finance needs and gaps with greater precision, and to determine related challenges and opportunities for resource mobilisation, detailed national-level (bottom-up) assessments are required. In this context, UNDP in October 2012 launched the **Biodiversity Finance Initiative – BIOFIN**, as a new global partnership seeking to address the biodiversity finance challenge in a comprehensive manner – building a sound business case for increased investment in the management of ecosystems and biodiversity.

BIOFIN is managed by the UNDP Ecosystems and Biodiversity Programme, in partnership with the European Union and the Governments of Germany, Switzerland, Norway and Flanders, who support the initiative with a total of US$ 28 million (as of May 2015). The Global Environment Facility is a further partner financing parallel in-country projects in support of the revision of National Biodiversity Strategies and Action Plans (NBSAPs) and on the development of financing mechanisms for terrestrial and marine protected areas and Payment for Ecosystem Services schemes.

**Scope of work**

Guided by a steering committee representing the partners, BIOFIN works along two main axes:

1. Globally-led development of a new methodological assessment framework

An entirely new methodological assessment framework is being developed and piloted for undertaking national-level analyses of the finance-relevant enabling context; for determining the current / baseline investment in biodiversity; for quantifying the full cost of meeting national biodiversity conservation targets and the resulting finance gap; and for assessing the suitability of financial mechanisms and developing national resource mobilisation strategies that are fully appropriated by national governments and other key in-country stakeholders. The methodological framework applied in the project will be refined through regional and global learning and become available to all interested CBD Parties. It is centred on the BIOFIN Workbook, which sets out a series of national assessments for the first 3 components described below.

1. Adaptation and implementation of this new methodological framework at national level

To help countries increase the importance attributed to biodiversity and in consequence bridge the financing gap, the work at national level will be led by Ministries of Finance, Economics or Planning and Environment. It is articulated through the following components:

1. *Analyse the integration of biodiversity and ecosystem services in sectoral and development policy, planning and budgeting*

Participating countries analyse the current policy and institutional framework affecting biodiversity and ecosystem services both positively and negatively, and quantify related investments through comprehensive reviews of past and current (baseline) public and private expenditures. Analyses of impact, effectiveness, alignment and coherence will provide key opportunities for mainstreaming and introducing policy shifts that enhance the cost-effectiveness of biodiversity management, such as the removal of biodiversity-harmful incentives.

1. *Assess future financing flows, needs and gaps for managing and conserving biodiversity and ecosystem services*

Participating countries will project anticipated future investments in biodiversity, and determine the financing needed to meet agreed national priorities reflecting the CBD Aichi Targets, building on and interacting with the NBSAP process, and taking into account cost-effectiveness and the effects of an improved enabling environment. The difference between the projected future investment and the required investment will enable the quantification of the finance gap.

1. *Develop comprehensive national Resource Mobilisation Strategies to meet the biodiversity finance gap*

Following an assessment of the full range of potential financing mechanisms (traditional and innovative, public and private, national and international), each participating country will develop a strategy to address the finance gap, combining suitable and nationally-adapted mechanisms. The strategy will analyse opportunities, risks and barriers related to the implementation of these mechanisms and provide solutions and recommendations, including on the enabling environment and safeguards.

1. *Initiate implementation of the Resource Mobilisation Strategy at national level*

Countries will begin implementing recommendations pertaining to a priority subset of the identified financing mechanisms – regarding aspects such as institutional requirements, laws and regulations, taxes and fees, identification of legal thresholds, removal of perverse incentives, further feasibility studies and implementation plans, certification processes, public-private-partnerships, voluntary agreements, etc.

The following 19 core countries presently participate in BIOFIN: Asia & Pacific**:** Fiji, India, Indonesia, Kazakhstan, Malaysia, Philippines and Thailand. Africa**:** Botswana, Seychelles, South Africa, Uganda and Zambia. Latin America & the Caribbean**:** Chile, Colombia, Costa Rica, Ecuador, Guatemala, Mexico and Peru. Discussions with a further 10 countries are ongoing to start national level work.



**Key global activities and emerging results in core pilot countries**

From its inception, BIOFIN has worked to develop a new methodological toolkit, supporting countries to initiate an evidence-based process of transforming biodiversity finance that includes measuring baseline levels of biodiversity expenditures, developing a detailed costing of the new generation of NBSAPs and designing comprehensive resource mobilisation plans. This tool has emerged as the BIOFIN Workbook, developed throughout 2013. A set of spreadsheets was recently developed to complement the workbook, to facilitate data entry and generate automated. By using the spreadsheets, the expenditure review can be linked to the costing of the NBSAP, enabling to identify the finance

In the second half of 2013, a series of regional workshops was organised for core BIOFIN countries, providing a first opportunity for different national level stakeholders to develop a shared understanding of the BIOFIN methodology and activities. Participants also provided their inputs into to the refinement of the BIOFIN workbook and discussed possible timelines for national level activities. Around the same time, several informative webinars were organised for participating countries to clarify the purpose and scope of the Initiative and agree on the key stakeholders that need to be involved. It is an integrated element of the BIOFIN approach to closely work with Finance Ministries, who bear responsibility for the country’s financial management.

In February 2014, the first BIOFIN Global Workshop took place in Bratislava, Slovakia. Over 100 participants from 19 countries discussed progress and shared lessons learned under BIOFIN and related initiatives. Key issues on the agenda included an in-depth review of the BIOFIN methodology, stocktaking of in-country progress of the BIOFIN and NBSAP processes and planning for the coming years.

Countries piloting the methodology started rolling out national level activities in 2014. Under Component 1 of BIOFIN, assessments of biodiversity policies and drivers, institutional frameworks and national-level biodiversity expenditures are ongoing in many countries, being close to completion in some. The Costa Rica team has carried out a comprehensive review of institutes and policies, studying 122 policies and 113 organisations. They are closely involving the private sector as an important stakeholder, including the national banking association. In Indonesia, the institutional and policy framework review has been split into two separate studies, one covering marine and coastal ecosystems, the other dealing with forest/terrestrial ecosystems. In the Philippines, the institutional review describes the financial triggers underlying the main drivers of biodiversity loss, such as taxes, licenses and subsidies, in addition to mapping practices, market forces, policies and policy factors that have positive and negative impacts on biodiversity. The team in Ecuador has developed a database of biodiversity related policies and institutes, with a more detailed focus on agriculture and energy as proposed by the government.

The BIOFIN teams also engage with national policy development processes. In the Seychelles the team is involved in the national development strategy development process, of which the draft has indicated an increase in biodiversity related expenditures. They also have supported the NBSAP process, and their initial review for the costing work has helped government to review the plan in order to make certain strategies and activities more specific and easier to cost. In Malaysia inputs are given into the development of the National Development Plan. In the Philippines the costing of the NBSAP was undertaken through an extensive consultation process, collecting data and finance information from a wide variety of stakeholders. A similar process is followed in the Seychelles, where the NGO-sector provides much data on potential costs of biodiversity actions.

During the first half of 2015, regional workshops are organised to review progress and capture lessons learnt from the work done at the national level. Based on inputs provided from the in-country work, additional guidance materials are currently being drafted, providing step-by-step guidance to any country undertaking elements of the national BIOFIN process.

**Outreach to further countries**

The approaches and tools developed by BIOFIN are additionally being promoted through the NBSAP Forum[[1]](#footnote-1) and through global and regional events and workshops on resource mobilisation, as well as through ongoing UNDP-GEF projects assisting countries in the development of their new-generation NBSAPs. BIOFIN is sharing experiences with a similar project in Namibia – implemented by the Government with support from the German Agency for International Cooperation, – that developed a comprehensive biodiversity expenditure review utilising the BIOFIN workbook. BIOFIN also supported CBD-organised workshops on resource mobilisation in 2014, where 150 government-nominated resource mobilisation experts participated, representing governments and the scientific community

1. [www.nbsapforum.net](http://www.nbsapforum.net) [↑](#footnote-ref-1)