

The State of Financing for Biodiversity

Global Monitoring Report 2012 on the CBD Strategy for Resource Mobilization for the 11th meeting of the Conference of the Parties

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INTRODUCTION AND OPTIONS FOR BASELINES AND TARGETS

This report has been prepared in response to the request by the ninth meeting of the Conference of the Parties, for a regular global monitoring report on the implementation of the strategy for resource mobilization under the Convention. The tenth meeting of the Conference of the Parties further decided that the global monitoring reports on the implementation of the strategy for resource mobilization should be prepared in time for consideration by the Conference of the Parties at its ordinary meetings, with national and regional participation, and should provide essential information on the status and trends in biodiversity financing and help to disseminate funding knowledge and know-how as related to biodiversity. A series of subregional workshops on biodiversity and finance were thus organized in collaboration with the Global Environment Facility, in advance of the preparation of this report.

The report covers all issues identified in the strategy for resource mobilization, as well as the indicators added by the tenth meeting of the Conference of the Parties. Chapter I deals with goal 1 of the strategy for resource mobilization, but the indicator on financial support to needs assessment is taken up together with national financial planning under goal 2.

Chapter II is focused on national resourcing capacity. Due to information constraints, the report does not investigate into relevant sectoral budgets up to a desirable extent, and this area of monitoring will be enhanced for the next edition of the global monitoring report.

Chapter III presents information on eight funding issues: eight of them taken from the strategic objectives under goal 3. It does not attempt to distinguish between the indicator on amount of financial resources from all sources from developed countries to developing countries to contribute to achieving the Convention's objectives and the indicator on

amount of financial resources from all sources from developed countries to developing countries towards the implementation of the Strategic Plan for Biodiversity 2011-2020. Given considerable interest in subsidy-related issues, harmful subsidies are considered together with economic incentives.

Chapter IV discusses eight issues under innovative financial mechanisms, all from the original strategic objectives under goal 4. As innovative financial mechanisms are an emerging area of resource mobilization, Governments expressed a keen interest in further exploration of innovative financial mechanisms by requesting the Executive Secretary to conduct a global synthesis of information on innovative financial mechanisms. A more detailed analysis of innovative financial mechanisms is presented in a companion to this report.

Chapters V-VIII contain information on funding issues identified under goals 5-8 of the strategy for resource mobilization.

Three questions are raised on each funding issue: what has materialized in the past, particularly in the base year 2010; what will likely happen in the near future; and what funding action the global community may take to influence the future course of financial development. For easy reference, relevant strategic objective and indicator of the strategy for resource mobilization are footnoted on each issue page, and diagrams are offered to help visualize the funding issue under discussion.

Data sources and technical notes are available at the end of the report.

By this new way of presentation, it is hoped that the report will inform all those participating in the eleventh meeting of the Conference of the Parties and help advance the agenda to mobilize more, faster and better financing for biodiversity.

Options for baselines and targets may be summarized as follows:

Indicator	Baseline year	Baseline value	Target year	Target value	
(1) Aggregated financial flows, in the amount and where relevant percentage, of biodiversity-related funding, per annum, for achieving the Convention's three objectives, in a manner that avoids double counting, both in total and in, inter alia, the following categories: (a) Official Development Assistance (ODA); (b) Domestic budgets at all levels; (c) Private sector; (d) Non-governmental organizations, foundations, and academia; (e) International financial institutions; (f) United Nations organizations, funds and programmes; (g) Non-ODA public funding; (h) South-South cooperation initiatives; (i) Technical cooperation	2010 or 2007-2010 as necessary	Aggregated financial flows can be determined as more precise information becomes available	2020	0.1% of global gross domestic products for conservation and sustainable use of biodiversity	
	(2) Number of countries that have: (a) Assessed values of biodiversity, in accordance with the Convention; (b) Identified and reported funding needs, gaps and priorities; (c) Developed national financial plans for biodiversity; (d) Been provided with the necessary funding and capacity building to undertake the above activities	2010	Less than 5% of countries on valuation	2020	100% of countries have undertaken valuation
		2010	No country on new round of funding needs, gaps, priorities and plans	2014 and 2018	100% of countries have undertaken financial planning activities
	(3) Amount of domestic financial support, per annum, in respect of those domestic activities which are intended to achieve the objectives of this Convention	2010 or 2007-2010 as necessary	0.02%-0.07% of gross domestic products	2020	0.1% of gross domestic products for conservation and sustainable use
	(4) Amount of funding provided through the Global Environment Facility and allocated to biodiversity focal area	2006-2010 annual average	US\$0.26 billion	2018-2022 annual average	10%-20% of targeted official development assistance flows to biodiversity
	(5) Level of CBD and Parties' support to other financial institutions that promote replication and scaling-up of relevant successful financial mechanisms and instruments	2010	3 COP requests to other financial institutions	2020	6 COP requests to other financial institutions
	(6) Number of international financing institutions, United Nations organizations, funds and programmes, and the development agencies that report to the Development Assistance Committee of Organisation for Economic Co-operation and Development (OECD/DAC), with biodiversity and associated ecosystem services as a cross-cutting policy	2010	Less than 50% of international and bilateral agencies have considered biodiversity in their policy documents	2020	All international and bilateral agencies have biodiversity as part of policy priorities
	(7) Number of Parties that integrate considerations on biological diversity and its associated ecosystem services in development plans, strategies and budgets	2010	Two thirds of Parties consider biodiversity in national plans, strategies and budgets	2020	All Parties have biodiversity in national development plans, strategies and budgets
	(8) Number of South-South cooperation initiatives conducted by developing country Parties and those that may be supported by other Parties and relevant partners, as a complement to necessary North-South cooperation	2010	30% of developing countries involved in South-South cooperation	2020	All developing countries involved in South-South cooperation
	(9) Amount and number of South-South and North-South technical cooperation and capacity building initiatives that support biodiversity	2010	One fifth of all ODA marked for biodiversity with over 2300 projects	2020	One fifth of biodiversity assistance
(10) Number of global initiatives that heighten awareness on the need for resource mobilization for biodiversity	2010	Strategy for resource mobilization reflected in GA	2020	Strategy for resource mobilization reflected in all major international	

Indicator	Baseline year	Baseline value	Target year	Target value
(11) Amount of financial resources from all sources from developed countries to developing countries to contribute to achieving the Convention's objectives	2010	resolution 5% of official development assistance for biodiversity	2020	processes One third of targeted biodiversity spending of developed countries to be transferred to developing countries
(12) Amount of financial resources from all sources from developed countries to developing countries towards the implementation of the Strategic Plan for Biodiversity 2011-2020	2010	5% of official development assistance for biodiversity	2020	One third of targeted biodiversity spending of developed countries to be transferred to developing countries
(13) Resources mobilized from the removal, reform or phase-out of incentives, including subsidies, harmful to biodiversity, which could be used for the promotion of positive incentives, including but not limited to innovative financial mechanisms, that are consistent and in harmony with the Convention and other international obligations, taking into account national social and economic conditions	2010	Nil	2020	Every country will have re-oriented subsidies, and one third of subsidies harmful to biodiversity will have been eliminated
(14) Number of initiatives, and respective amounts, supplementary to the financial mechanism established under Article 21, that engage Parties and relevant organizations in new and innovative financial mechanisms, which consider intrinsic values and all other values of biodiversity, in accordance with the objectives of the Convention and the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of the Benefits Arising out of Their Utilization	2010	About one third of countries explore innovative financial mechanisms	2020	All countries benefit financially from at least one innovative financial mechanism
(15) Number of access and benefit sharing initiatives and mechanisms, consistent with the Convention and, when in effect, with the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of the Benefits Arising out of Their Utilization, including awareness-raising, that enhance resource mobilization	2010	Less than 10% of countries implement access and benefit sharing instruments	2020	All countries benefit financially from at least one access and benefit sharing agreement

GOALS, OBJECTIVES AND INDICATORS FOR RESOURCE MOBILIZATION

GOALS AND OBJECTIVES

From the Strategy for Resource Mobilization (decision IX/11)

INDICATORS FOR MONITORING PROGRESS

From decision X/3

MISSION

1. The target of the strategy for resource mobilization is to substantially enhance international financial flows and domestic funding for biological diversity in order to achieve a substantial reduction of the current funding gaps in support of the effective implementation of the Convention's three objectives and the 2010 target. This target for global resource mobilization should be viewed as a flexible framework for the development of measurable targets and/or indicators addressing all relevant funding sources, according to national priorities and capacities, and taking into account the special situation and needs of developing countries.

Aggregated financial flows, in the amount and where relevant percentage, of biodiversity-related funding, per annum, for achieving the Convention's three objectives, in a manner that avoids double counting, both in total and in, inter alia, the following categories:

- (a) Official Development Assistance (ODA);
- (b) Domestic budgets at all levels;
- (c) Private sector;
- (d) Non-governmental organizations, foundations, and academia;
- (e) International financial institutions;
- (f) United Nations organizations, funds and programmes;
- (g) Non-ODA public funding;
- (h) South-South cooperation initiatives;
- (i) Technical cooperation

Goal 1: Improve information base on funding needs, gaps and priorities

1.1. To improve the existing financial information base-through enhancing accuracy, consistency and delivery of existing data and improved reporting on funding needs and shortfalls for the Convention's three objectives. Funding trends could be measured through the following indicators:

- (a) OECD/DAC Rio markers on biodiversity;
- (b) National reports of Parties;
- (c) Trends in funding to GEF;
- (d) Funding flows through a selected number of the large international NGOs.

1.2. To assess economic costs of the loss of biodiversity and its associated ecosystem services, of the failure to take measures to fulfill the three objectives of the Convention, and benefits of early action to reduce loss of biological diversity and its associated ecosystem services.

1.3. To improve priority-setting for guiding resource allocation to biological diversity and its associated ecosystem services.

1A. Number of countries that have: (a) Assessed values of biodiversity, in accordance with the Convention;

1B. Number of countries that have: (b) Identified and reported funding needs, gaps and priorities;

Goal 2: Strengthen national capacity for resource utilization and mobilize domestic financial resources for the Convention's three objectives

2.1. To strengthen institutional capacities for effective resource mobilization and utilization, including strengthening

2A. Amount of domestic financial support, per annum, in respect of those domestic activities which are intended to achieve the objectives

GOALS AND OBJECTIVES

From the Strategy for Resource Mobilization (decision IX/11)

capacities of relevant ministries and agencies to make the case for including biodiversity and its associated ecosystem services in discussions with donors and relevant financial institutions.

2.2. To prepare national financial plans in the context of national biodiversity strategies and action plans that can be implemented by local, national, regional and international stakeholders.

2.3. To strengthen capacity for integration of biodiversity issues and its associated ecosystem services into national and sectoral planning, and promote budgetary allocations for biological diversity and its associated ecosystem services in national and relevant sectoral budgets.

2.4. To develop and implement economic incentives that are supportive of the Convention's three objectives at local and national levels, consistent and in harmony with the other relevant international obligations.

2.5. To consider the enhancement of existing, or the establishment of new, domestic funds and funding programmes through voluntary contributions, including for official development assistance, where biodiversity is identified as a priority by developing country Parties in poverty reduction strategies, national development strategies, United Nations development assistance frameworks and other development assistance strategies, that include innovative financing instruments to achieve the Convention's three objectives.

2.6. To establish enabling conditions for private sector involvement in supporting the Convention's three objectives, including the financial sector.

INDICATORS FOR MONITORING PROGRESS

From decision X/3

of this Convention;

2B. Number of countries that have: (c) Developed national financial plans for biodiversity;

2C. Number of countries that have: (d) Been provided with the necessary funding and capacity building to undertake the above activities

2D. Resources mobilized from the removal, reform or phase-out of incentives, including subsidies, harmful to biodiversity, which could be used for the promotion of positive incentives, including but not limited to innovative financial mechanisms, that are consistent and in harmony with the Convention and other international obligations, taking into account national social and economic conditions;

Goal 3: Strengthen existing financial institutions and, promote replication and scaling-up of successful financial mechanisms and instruments

3.1. To enhance efforts in mobilizing co-financing and other modes of project financing for biological diversity.

3.2. To strive to increase official development assistance associated with biological diversity, where biodiversity is identified as a priority by developing country Parties in poverty reduction strategies, national development strategies, United Nations development assistance frameworks and other development assistance strategies and in accordance with priorities identified in national biodiversity strategies and action plans.

3.3. To mobilize public sector investments in biological diversity and its associated ecosystem services.

3.4. To mobilize private sector investments in biological diversity and its associated ecosystem services.

3.5. To establish, as appropriate, new and additional funding programmes through voluntary contributions to support the three objectives of the Convention.

3.6. To fulfil the implementation of the provisions of the Monterrey Consensus on mobilizing international and domestic funding as related to biodiversity.

3.7. To continue to support, as appropriate, domestic environmental funds as essential complements to the national biodiversity resource base.

3.8. To promote biological diversity in debt relief and

3A. Amount of funding provided through the Global Environment Facility and allocated to biodiversity focal area

3B. Level of CBD and Parties' support to other financial institutions that promote replication and scaling-up of relevant successful financial mechanisms and instruments

3C. Amount of financial resources from all sources from developed countries to developing countries to contribute to achieving the Convention's objectives

3D. Amount of financial resources from all sources from developed countries to developing countries towards the implementation of the Strategic Plan for Biodiversity 2011-2020

GOALS AND OBJECTIVES

From the Strategy for Resource Mobilization (decision IX/11)

INDICATORS FOR MONITORING PROGRESS

From decision X/3

conversion initiatives, including debt-for-nature swaps.

Goal 4: Explore new and innovative financial mechanisms at all levels with a view to increasing funding to support the three objectives of the Convention

- 4.1. To promote, where applicable, schemes for payment for ecosystem services, **consistent and in harmony with the Convention and other relevant international obligations.**
- 4.2. To consider biodiversity offset mechanisms where relevant and appropriate while ensuring that they are not used to undermine unique components of biodiversity.
- 4.3. To explore opportunities presented by environmental fiscal reforms including innovative taxation models and fiscal incentives for achieving the three objectives of the Convention.
- 4.4. To explore opportunities presented by promising innovative financial mechanisms such as markets for green products, business-biodiversity partnerships and new forms of charity.
- 4.5. To integrate biological diversity and its associated ecosystem services in the development of new and innovative sources of international development finance, taking into account conservation costs.
- 4.6. To encourage the Parties to United Nations Framework Convention on Climate Change and its Kyoto Protocol to take into account biodiversity when developing any funding mechanisms for climate change.

4. Number of initiatives, and respective amounts, supplementary to the financial mechanism established under Article 21, that engage Parties and relevant organizations in new and innovative financial mechanisms, which consider intrinsic values and all other values of biodiversity, in accordance with the objectives of the Convention and the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of the Benefits Arising out of Their Utilization

Goal 5: Mainstream biological diversity and its associated ecosystem services in development cooperation plans and priorities including the linkage between Convention's work programmes and Millennium Development Goals

- 5.1. To integrate considerations on biological diversity and its associated ecosystem services into the priorities, strategies and programmes of multilateral and bilateral donor organizations, including sectoral and regional priorities, taking into account the Paris Declaration on Aid Effectiveness.
- 5.2. To integrate considerations on biological diversity and its associated ecosystem services in economic and development plans, strategies and budgets of developing country Parties.
- 5.3. To integrate effectively the three objectives of the Convention into the United Nations development system, as well as international financial institutions and development banks.
- 5.4. To strengthen cooperation and coordination among funding partners at the regional and subregional levels, taking into account the Paris Declaration on Aid Effectiveness.
- 5.5. To enhance financial, scientific, technical and technological cooperation with international organizations, non-governmental organizations, indigenous peoples' organizations and public institutions for biological diversity and its associated ecosystem services.

- 5A. Number of international financing institutions, United Nations organizations, funds and programmes, and the development agencies that report to the Development Assistance Committee of Organisation for Economic Co-operation and Development (OECD/DAC), with biodiversity and associated ecosystem services as a cross-cutting policy
- 5B. Number of Parties that integrate considerations on biological diversity and its associated ecosystem services in development plans, strategies and budgets

Goal 6: Build capacity for resource mobilization and utilization and promote South-South cooperation as a complement to necessary North-South cooperation

GOALS AND OBJECTIVES From the Strategy for Resource Mobilization (decision IX/11)	INDICATORS FOR MONITORING PROGRESS From decision X/3
<p>6.1. To build local, national and regional capacities on resource mobilization skills, financial planning and effective resource utilization and management, and support awareness raising activities.</p> <p>6.2. To identify, engage and increase South-South cooperation as complement to North-South cooperation to enhance technical, technological, scientific and financial cooperation.</p> <p>6.3. To promote exchange of experience and good practice in financing for biological diversity.</p>	<p>6A. Number of South-South cooperation initiatives conducted by developing country Parties and those that may be supported by other Parties and relevant partners, as a complement to necessary North-South cooperation;</p> <p>6B. Amount and number of South-South and North-South technical cooperation and capacity-building initiatives that support biodiversity;</p>
Goal 7: Enhancing implementation of access and benefit-sharing initiatives and mechanisms in support of resource mobilization	
<p>7.1. To raise awareness and build the capacity of different stakeholders to implement access and benefit-sharing initiatives and mechanisms.</p> <p>7.2. To promote exchange of experiences and good practices in access and benefit sharing.</p>	<p>7. Number of access and benefit-sharing initiatives and mechanisms, consistent with the Convention and, when in effect, with the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of the Benefits Arising out of Their Utilization, including awareness-raising, that enhance resource mobilization;</p>
Goal 8: Enhance the global engagement for resource mobilization in support of the achievement of the Convention's three objectives	
<p>8.1. To raise public awareness of the importance of biological diversity and the goods and services that it provides at all levels in support of resource mobilization.</p>	<p>8. Number of global initiatives that heighten awareness on the need for resource mobilization for biodiversity;</p>

I. INFORMATION BASE ON FUNDING NEEDS, GAPS AND PRIORITIES

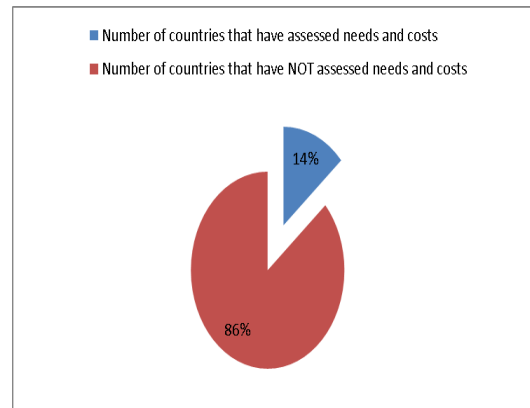
Goal 1 of the strategy for resource mobilization seeks to improve information base on funding needs, gaps and priorities. Complete information of biodiversity financing is essential for celebrating financial accomplishments, understanding gaps and envisaging future actions. It offers an early sign for predicting the progress made in achieving nationally approved goals and targets that contribute to globally agreed targets, and enables the global community to consider corrective measures.

Economic valuation and financial costing provide economic justifications for financial flows and investments into biodiversity activities through conventional cost-benefit analyses. A participatory financial planning process can bring all interested stakeholders together periodically in reviewing progress and status, debating funding needs, gaps and priorities and developing scale-up funding measures. External funders are increasingly interested in receiving national information related to economic values, funding needs, gaps and priorities as well as national financial plans for biodiversity. A global sense of economic values, funding needs, gaps and priorities is believed to contribute to informed decisions on resource mobilization by the Conference of the Parties.

The availability of funding information has been improved considerably at the global level, particularly through OECD/DAC Rio markers on biodiversity and fourth national reports under the Convention, but accuracy, consistency and delivery of national funding data remains to be a major challenge. While a global system of biodiversity funding data should provide data standards and reporting guidance, corresponding national systems must be in place to enable proper functioning of a global funding data system, including both costs and benefits.

1.1 Unit cost of conservation and sustainable use tends to converge across countries and increase over time

Status 1: Only a small number of countries have assessed funding needs and gaps in quantitative terms in the first round of national biodiversity strategies and action plans, and these assessments have applied different methodologies, mostly by presenting a list of project proposals/ideas/concepts. National submissions on funding needs and costs of implementing the Strategic Plan for Biodiversity 2011-2020 are also limited in number, and have followed different methodologies of estimation, making global aggregation an impossible task.



Trend: Aichi target 20 on resource mobilization will be subject to changes contingent to resource needs assessments to be developed and reported by Parties. The new round of national biodiversity strategies and action plans is expected to address funding needs, gaps and priorities, likely in an increasingly uniform format. Globally speaking, funding needs for implementing the conservation and sustainable use commitments of the Strategic Plan for Biodiversity 2011-2020 in developing countries are expected to be around \$60 billion per annum in 2010 and can go up to \$150 billion per annum in 2020.

Country	Cost estimates of national biodiversity strategies and action plans
Algeria (1997)	US\$6.5 billion for national biodiversity strategy and action plan
Bahamas (1999)	Around US\$5 million for nine project proposals
Bangladesh (2010)	US\$327 million for biodiversity programme of actions 2020
Belize (1998)	Around US\$48.7 million for action plan
Benin (2002)	US\$649 million for four-year action plan
Botswana (2004)	US\$43 million for action plan
Brazil (2010)	US\$1.596 billion for protected areas system
Burkina Faso (1999)	US\$537 million for national action plan in the field of biodiversity
Burundi (2000)	US\$27.6 million for 16 project ideas
Cameroon (1997)	US\$ 11 million for its five-year strategy
Central African Republic (2000)	US\$14 million for action plan
China (2001)	US\$798 million for annual incremental costs for implementing the Convention
CDR Congo (2002)	US\$189 million
Egypt (1998)	Around US\$195 million for programme priority activities (1998-2003)
Fiji (2003)	US\$4.65 million for 8 project briefs
Grenada (2000)	US\$1.05 million for seven project concepts
Guinea (2002)	US\$92 million for 68 projects
Guyana (1999)	US\$3 million
Lebanon (1998)	US\$2.6 million in short term, US\$9.1 in medium term, and US\$9.4 in long term for strategy implementation
Malawi (1998)	About US\$ 32 million
Moldova (2005)	Approximately \$18.7 million, about 0.47% of its GDP for biodiversity conservation national strategy and action plan
Seychelles (2001)	US\$12.3 million for a list of projects
Sierra Leone (2006)	US\$95 million for implementation of national biodiversity strategy and action plan
St. Kitts and Nevis (2004)	US\$3.44 million for a list of projects
St. Vincent and the Grenadines (2000)	US\$0.565 million for priority actions
Trinidad and Tobago (2010)	US\$6.56 million
Yemen (2005)	US\$40.3 million for seven programmes

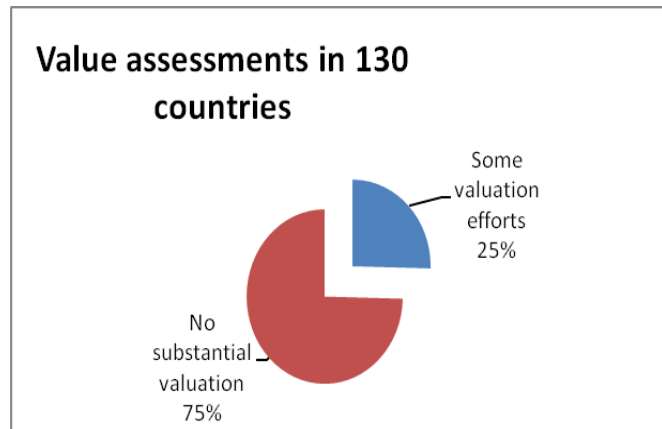
Options: The baseline on the number of countries that have identified and reported funding needs, gaps and priorities for the new decade should be set at zero as the existing efforts have diminishing relevance to the year 2010. Together with the on-going progress in financial planning, the target can be that by 2014, all countries will have identified and reported funding needs, gaps and priorities, and this target should be renewed for 2018. Some countries have already started the estimation process. Bangladesh estimated that the total resource requirements for implementation of biodiversity programme of actions 2020 amount to US\$0.3 billion, and has sporadic financial arrangements through its mid-term budgetary framework to support project based biodiversity conservation efforts. At the global level, technical references on assessing funding needs and gaps and identifying priorities and close monitoring of development of financing elements of new national biodiversity strategies and action plans can be helpful. Timely regional and subregional workshops for joint learning and peer reviews on funding needs, gaps and priorities can be held in order to improve the overall quality in the next two years. As funding needs, gaps and priorities are essential for financial planning and can be sensitive to changing political and economic circumstances, the same exercise should be renewed periodically, for instance, every two to four years.

1 Strategic objective 1.1: To improve the existing financial information base through enhancing accuracy, consistency and delivery of existing data and improved reporting on funding needs and shortfalls for the Convention's three objectives
Strategic objective 1.3: To improve priority-setting for guiding resource allocation to biological diversity and its associated ecosystem services

Indicator: Number of countries that have identified and reported funding needs, gaps and priorities

1.2 Unaccounted values of biodiversity and ecosystem services are greater than combined gross domestic products globally

Status₁: Only a quarter of countries have undertaken valuation exercise, and the drivers for valuation include promotion of biodiversity-based goods and services (green markets/biotrade, agriculture, fisheries, forest products, medicinal plants, tourism, wildlife), use of labels/ certificates, application of market mechanisms such as transferable rights or quota, liability and insurance, polluter-pays-principle, environmental impact assessment procedures. Lack of human and technical capacity in conducting such valuation studies was identified as a constraint.



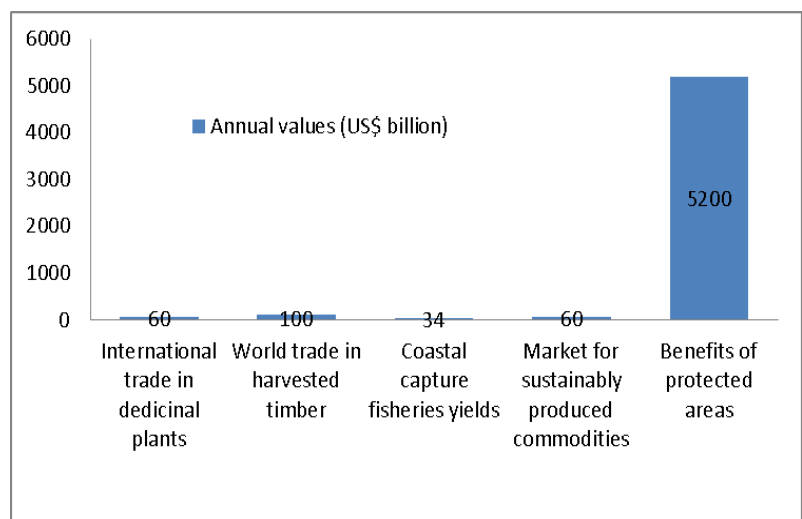
Challenges on valuation identified by South Africa

- Valuation studies are not always taken into account in informing policy at provincial or national level
- Valuations are performed but are not necessarily considered in trade-off decisions, for example water allocation
- Valuations need to be site specific rather than estimating “general” values
- Limited expertise for performing studies
- Limited monitoring of biodiversity values at provincial and local level, with resources for monitoring a constraint
- There are many examples of biodiversity contributing to livelihoods, but case studies are often not written up in easily accessible form and disseminated
- Some excellent studies and information is available – the challenge is to present these to politicians and decision-makers at the national, provincial and local levels in support of a strong case for biodiversity

The rough order-of-magnitude estimates of values of biodiversity and ecosystem services are available at the global level, and several countries have started to implement the economics of ecosystems and

biodiversity at the national level. Most existing valuation exercises have been done at project level and incomprehensive in nature, and national-level aggregations of biodiversity values in general are not available. In the late 1980s, Costa Rica and Mexico implemented national environmental accounting through pilot projects, and subsequently Chile, Argentina, Peru, Colombia, Brazil, Bolivia, Dominican Republic, Venezuela, Panama, Guatemala all have experimented with environmental accounts, though not including data on ecosystem services outside of land use and land cover.

Trend: Countries are expected to undertake value assessment of biodiversity and ecosystem services, in order to achieve target 2 stating that by 2020, at the latest, biodiversity values



1 Strategic objective 1.2: To assess economic costs of the loss of biodiversity and its associated ecosystem services, of the failure to take measures to fulfill the three objectives of the Convention, and benefits of early action to reduce loss of biological diversity and its associated ecosystem services

Indicator: Number of countries that have assessed values of biodiversity, in accordance with the Convention

have been integrated into national and local development and poverty reduction strategies and planning processes and are being incorporated into national accounting, as appropriate, and reporting systems. The Global Partnership for Ecosystem Valuation and Wealth Accounting, which builds on the World Bank's work on Comprehensive Wealth and Adjusted Net Saving and experience using the System of Environmental and Economic Accounts under the aegis of the UN Statistics Commission, provides new impetus to value ecosystems services in terms of national income and wealth accounts, incorporate natural wealth accounting in macroeconomic and sectoral development planning.

Options: The baseline for the indicator on the number of countries that have assessed values of biodiversity in 2010 is that only several countries conducted a country-wide assessment of values of biodiversity and natural resources on a trial basis, though many countries planned to undertake comprehensive economic assessments. If the current interest in economic valuation of biodiversity and ecosystem services can be sustained in the coming years, the target for valuation can be that by 2020, all countries will have conducted a comprehensive valuation exercise for biodiversity and ecosystem services, noting that the valuation exercise needs to be renewed periodically, preferably into national statistical system. To achieve this target, valuation theory and techniques should be incorporated in post-graduate education, and initial financial support be provided to all developing countries for carrying out valuation projects. National expertise can

Country	Economic assessment related to biodiversity values in national planning
Barbados (2002)	Economic valuation of agricultural biodiversity, vegetation and forest, and marine resources
Brazil (2010)	Sectoral and regional studies
Canada (2009)	Counting Canada's Natural Capital in 2006 observed that services from the boreal alone, amounts to roughly 9% of GDP; surveys on the Importance of Wildlife/Nature to Canadians
China (2005)	Experiment on a system of green national account
Fiji (2003)	Summary value of Fiji's ecosystems
Finland (2009)	The report "biodiversity as an economic issue" and "The Economics of the State of the Baltic Sea"
Georgia (2010)	Total economic valuation of Georgian forest
Germany (2010)	Employment potential and sectoral productivity of biodiversity
Ghana (2002)	Total economic value of forest ecosystem
Guatemala (1999)	Inclusion of economic values of biodiversity in national accounts
Guinea (2002)	Food value, wood products value, cultural values
India (2008)	Development of a system of natural resources accounting
Indonesia (1993)	Economic and environmental benefits of national parks
Ireland (2010)	Quantitative benefits of ecosystem services in agriculture, forestry, marine, human welfare, and health (annual benefit of over €2.6 billion at a policy cost of €370 million)
Jordan (2001)	Establishment of a comprehensive national database on biodiversity values
Kenya (2009)	Total costs, benefits and needs of conservation and sustainable use based on UNEP country study guidelines
Kuwait (1998)	Broadening the scope of the national account system to include benefits and costs of ecosystem-based production activities such as fisheries, agriculture and manufacturing
Malawi (2010)	Sectoral contributions of biodiversity to gross domestic products
Malaysia (2009)	Guidelines on the economic valuation of the environmental impacts for environmental impact assessments projects
Mexico (2009)	System of Economic and Ecological Account of Mexico (SCEEM) to obtain the Ecological Net Domestic Product (PINE)
Mongolia (1996)	Adoption of an environmental accounting system using advanced methods
Mozambique (2003)	Creation of a satellite national accounting system for environmental accounting
Nepal (2006)	Economic value of forest ecosystems
Nigeria (2007)	Commercial values of biodiversity were about 46% of GDP in 2001 while conservation costs require about 3.8% of GDP
Panama (2010)	Economic valuation of protected areas, by environmental economics unit
Peru (1997)	Direct value of products and potential value of biodiversity
Seychelles (2001)	Total quantifiable annual value of economic activities supported by biodiversity, mainly from tourism and fisheries, as well as from forests, protected areas and other plant and animal products
South Africa (2005)	Conducting a periodic countrywide total economic valuation of biodiversity
Sri Lanka (1998)	Development of valuation methodologies
Swaziland (2009)	For natural resources accounting
Sweden (1995)	Examination of different methods of monetary valuation
Trinidad and Tobago (2006)	Values of wildlife, fisheries, forests, tourism as well as employment
Turkmenistan (2002)	Economic and non-economic values of biodiversity

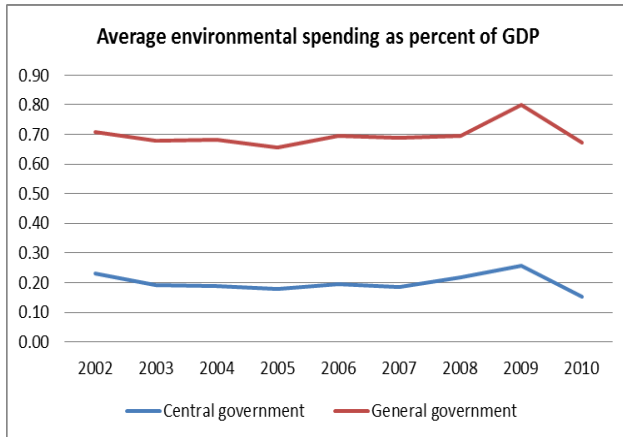
be enhanced by partnering with Environmentally Sustainable Mediterranean Development Program, Economy and Environment Program for Southeast Asia (EEPSEA), South Asian Network of Development and Environment Economics (SANDEE), Environment for Development (EfD), Latin American Association for Environment and Resource Economics (ALEAR), Latin American and Caribbean Environmental Economics Program (LACEEP). Globally, valuation databases of ecosystem services, as well as standardized guidelines for practical implementation of natural wealth accounting, can be developed in collaboration with The Economics of Ecosystems and Biodiversity (TEEB), Ecosystem Services for Poverty Alleviation, Poverty Environment Partnership, Poverty-Environment Initiative (UNDP-UNEP), and Global Partnership for Ecosystem Valuation and Wealth Accounting (World Bank).

II. NATIONAL CAPACITY FOR RESOURCE MOBILIZATION

Goal 2 aims to strengthen national capacity for resource utilization and mobilize domestic financial resources for the Convention's three objectives. The stewardship of biodiversity and ecosystem services has been traditionally provided by domestic users, particularly by indigenous peoples and local communities. The associated financial contributions, however, have never been counted appropriately. Although the loss of biodiversity and ecosystem services has been recognized as a common concern, domestic financial contributions have been largely ignored or not duly recognized globally. This has led to further problems in considering the linkage and synergies between domestic and foreign financial support. Global discussions of biodiversity financing cannot proceed appropriately without the information concerning domestic financial support to domestic biodiversity activities.

Goal 2 recommends six strategic objectives, namely, national budgetary capacity, national financial plan, sectoral consideration, financial incentives, domestic funds and funding programmes, and enabling conditions for private sector involvement. The starting point for considering national resource mobilization is the national institutional structure dedicated to biodiversity – a biodiversity unit or biodiversity office mostly located in the Ministry of the Environment. As most national biodiversity offices have only a normative policy mandate, their budgets are relatively very small in size. The principal budgetary resources for biodiversity are from sectoral ministries, as well as newly established funds and funding programmes. Although the expectation for private sector involvement remains high, private resources can only be induced through economic incentives and enabling conditions that can be established and improved by governments. One way to track private financing is to examine the extent to which economic incentives and enabling conditions have been used.

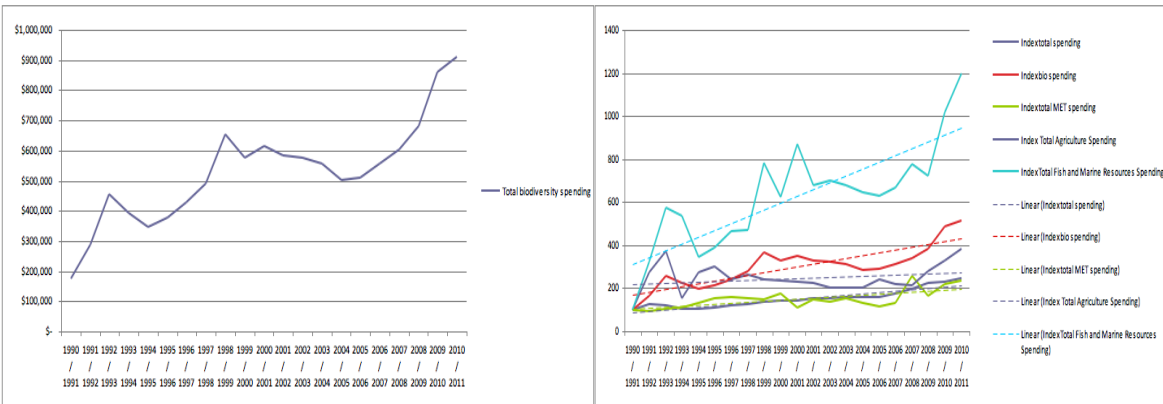
2.1 National budgets for the environment including biodiversity have not improved visibly relative to economic growth over time



Status 1: The average percentage of environmental expenditure of central governments in gross domestic products of some 40 countries has stayed around 0.2 per cent over the period between 2002 and 2010, and the average percentage of general governments including lower levels of governments has been around 0.7 percent, implying that a difference of 0.5 percent of gross domestic products for environmental protection has come from provincial and local governments. Several countries registered higher than 1 percentage of general government

environmental protection spending in their national domestic products in 2009.

Trend: Although the overall trend in environmental spending is rather stable, many countries reported quantum jump in national budgets for biodiversity and ecosystem services. The two diagrams from Namibia provide a snapshot of the story that can also be found in South Africa, Vietnam, and Antigua and Barbuda, where ten-fold increase in biodiversity funding was reported. Globally speaking, national budgetary support to biodiversity and ecosystem services is estimated to be in the range between US\$15 billion - \$45 billion in 2010. If one per mille of gross domestic products can be allocated for biodiversity and ecosystem services, some US\$63 billion may be expected in 2010.



Options: The baseline for national biodiversity budgets in 2010 is 0.02-0.07% of gross domestic products, and the target needs to be 0.1% of gross domestic products for conservation and sustainable use of biodiversity by 2020. Clear definition of biodiversity and ecosystem services in funding statistics, and building of national financing teams for improving financial monitoring and project planning are prerequisite for making progress towards such targets.

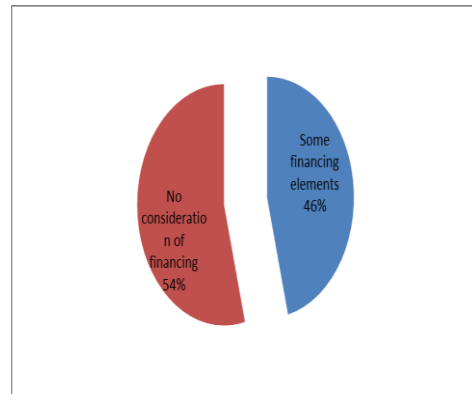
1 Strategic objective 2.1: To strengthen institutional capacities for effective resource mobilization and utilization, including strengthening capacities of relevant ministries and agencies to make the case for including biodiversity and its associated ecosystem services in discussions with donors and relevant financial institutions

Indicator: Amount of domestic financial support, per annum, in respect of those domestic activities which are intended to achieve the objectives of this Convention

Indicator: Aggregated financial flows, in the amount and where relevant percentage, of biodiversity-related funding, per annum, for achieving the Convention's three objectives, in domestic budgets at all levels

2.2 National financial plans for biodiversity may become a primary tool to give effect to national biodiversity strategies and action plans

Status₁: Country-specific resource mobilization strategies are needed to support national biodiversity strategies, and national financial plans to realize national biodiversity action plans. In broad sense, nearly 90 countries have some elements of funding strategies in their existing national biodiversity strategies, and only several countries have developed detailed, though one-time, national financial plans for biodiversity. In general, national financial plans for biodiversity are not synchronized with national budgetary cycles or with international funding processes.



NBSAP Revision and Related Activities	
I. Stocktaking and Assessment	<ol style="list-style-type: none"> 1. Rapid stocktaking and review of relevant plans, policies and reports 2. Identification of stakeholders; consultations and awareness 3. Rapid assessment of the causes and consequences of biodiversity loss highlighting the value of biodiversity and ecosystem services and their contribution to Human well-being
II. Setting national targets, principles, & main priorities of the strategy	<ol style="list-style-type: none"> 4. Setting national targets, principles, & main priorities of the strategy through national consultations
III. Strategy and action plan development	<ol style="list-style-type: none"> 5. Developing the strategy and actions to implement the agreed targets through national consultations 6. Application of the NBSAP to sub-national entities through sub-national and local consultations 7. Sectoral integration including mainstreaming into development, poverty reduction and climate change plans through sectoral consultations
IV. Development of Implementation plans and related activities	<ol style="list-style-type: none"> 8. Development of a plan for capacity development for NBSAP implementation. 9. Technology needs assessment 10. Development of a communication and outreach strategy for the NBSAP. 11. Development of a plan for resource mobilization for NBSAP implementation
V. Institutional, monitoring, reporting and exchange	<ol style="list-style-type: none"> 12. Establishment/ strengthening of national coordination structures 13. CHM development. 14. Development of indicators and monitoring approach 15. Fifth national report

A total of 148 countries received financial support of over \$36.6 million from the financial mechanism of the Convention to the formulation of their national biodiversity strategies and action plans at a cost of \$41.9 million in the past two decades, mostly in 1997-1998. The Global Environment Facility also developed a capacity development initiative in advancing capacity needs assessments and capacity building projects.

Trend : GEF makes available funding for 145 countries to undertake national planning processes, and about 70% of GEF-eligible countries have received financial support to revise their national biodiversity strategies and action plans (GEF2012). The Japan Biodiversity Fund executed by the Convention Secretariat

supports sharing and transfer of knowledge and know-how on financial planning.

Options: The baseline in 2010 for the number of counties that have developed national financial plans and received funding and capacity building should be set at zero as all countries should develop new national financial plans in response to the strategic plan for biodiversity 2011-2020. The desirable target can be that by 2014, all countries will have developed and implemented national financial plans for biodiversity, and received necessary funding and capacity building. International support may development of a consolidated financial planning process as a consolidated platform through which Parties can present annual national financial plans for biodiversity and demonstrate information on funding needs and priorities broadly, in order to promote clear elaboration of national funding needs and priorities for biodiversity and ecosystem services regularly, keep under annual review national funding status, gaps and options for biodiversity and ecosystem services, mobilize broad attention to project proposals, success stories and lessons learned, and foster a coordinated response.

1 Strategic objective 2.2: To prepare national financial plans in the context of national biodiversity strategies and action plans that can be implemented by local, national, regional and international stakeholders

Indicator: Number of countries that have developed national financial plans for biodiversity

Indicator: Number of countries that have been provided with the necessary funding and capacity building to undertake the valuation and planning activities

2.3 A wide range of sectoral budgets provide support to biodiversity and ecosystem services

Status₁: The bulk of biodiversity funding has come from various sectoral ministries, most frequently ministries of agriculture, forestry and fisheries, despite the varied relative importance of different ministries in different countries. In Colombia, electricity sector was transferred to regional environment authorities and city and municipal administrations in the area of river basins, dams and steam generating plants, and has resulted resources to programs for the protection and conservation of basins, environmental improvement and basic sanitation. But

Chile: Expenditure on Natural Resources and Biodiversity 2002

Partida	Componente				Total Biodiv.	%	Total Gasto Amb.
	Flora	Fauna	Ecosist.	Paisaje			
Ministerio de Agricultura	7.555	3.242	7.041	2.683	20.521	33,99	60.376
Ministerio de Bienes Nacionales	0	0	199	0	199	97,07	205
Ministerio de Defensa	9	18	48	99	174	3,74	4.655
Ministerio de Economía	0	24	1.257	15	1296	17,30	7.493
Ministerio de Educación	12	880	241	0	1133	41,05	2.760
Ministerio de Minería	0	0	2	18	20	0,89	2.238
Ministerio de Obras Públicas	106	120	46	53	325	1,96	16.617
Ministerio de Planificación y Coop.	0	0	2	58	60	2,01	2.986
Ministerio de Relaciones Exteriores	0	0	0	0	0	0,00	1.537
Ministerio de Salud	0	0	0	0	0	0,00	20.637
Ministerio de Transporte y Telecom.	0	0	0	0	0	0,00	613
Ministerio de Vivienda y Urbanismo	0	0	0	6.627	6627	62,94	10.529
Ministerio del Interior	38	111	1.175	3.402	4726	14,69	32.169
Ministerio Sec. Gral. De la Presid.	18	18	91	0	127	1,12	11.373
Total por Componente	7.738	4.413	10.102	12.955	35.208	20,21	174.188

contributions to the environmental sector from the National Mineral Royalties Fund were reduced because of the prioritization of basic hygiene, health and education. In Cameroon, the Ministry of Transport decided to include an environmental unit to take care of the environmental aspect in the course of their road infrastructure. Algeria links biodiversity funding with its food security and physical and biological balance, and progressively mobilizes oil profits for national biological development.

Trend: Biodiversity and ecosystem services are seen as an emerging opportunity for new investments at the interface between economic sectors and biodiversity in order to feed the increasing human population with increasing demand for higher calories,

Estonia: BDAP need for financing in years 2000–2005

Sector	Need for financing (1000 eek)	%
1. Biotechnology	140 050	6.2
2. Education	131 510	5.8
3. Landscape aspects in planning and land management	94 725	4.2
4. Agriculture	392 405	17.4
5. Forestry	62 790	2.8
6. Hunting	3 970	0.2
7. Fishing	24 735	1.1
8. National defence	2 080	0.1
9. Border control	3 000	0.1
10. Industry	1 144 825	50.7
11. Transport	98 265	4.3
12. Tourism	100 830	4.5
13. Nature conservation	60 945	2.7
BDAP total	2 260 130	100.0

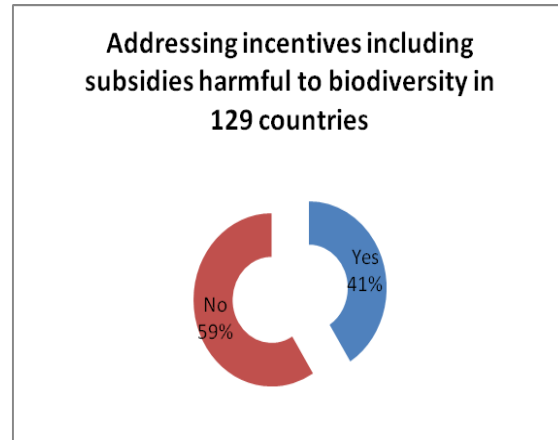
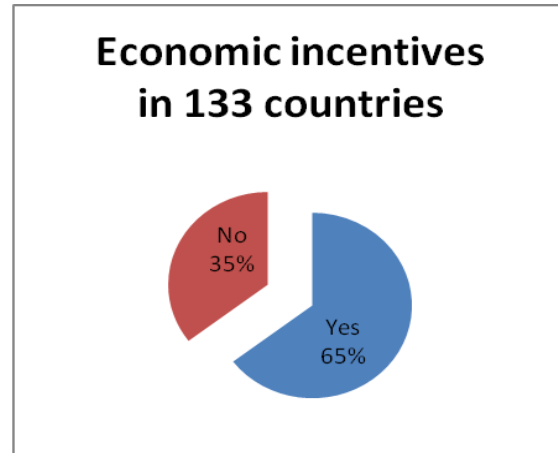
better health, energy and transportation. If all countries achieve 25% of their agricultural lands under sustainable use during 2011-2020, particularly those proximate to protected areas, there can be a funding and investing opportunity of US\$21 billion –US\$32 billion annually for the international community, public and private alike. A 10% of territorial waters under conservation as marine protected areas can provide a funding and investing opportunity of US\$14 billion. The mitigation costs (excluding emissions) of the transport sector may mean a business of US\$12 billion – US\$64 billion for the biodiversity community.

Options: Sectoral integration of biodiversity has been explored extensively at the national level, and requires more in-depth consideration at the global level. In agriculture, for instance, discussions can be initiated on transfer of green technology, payment for agricultural services, market for green products through green public procurements, partnerships between biodiversity and agribusinesses, agricultural development banks, public funding realignment, emerging cross-border agricultural development etc.

1 Strategic objective 2.3: To strengthen capacity for integration of biodiversity issues and its associated ecosystem services into national and sectoral planning, and promote budgetary allocations for biological diversity and its associated ecosystem services in national and relevant sectoral budgets

2.4 The potential of correcting incentives including subsidies harmful to biodiversity remains largely unexploited

Status 1: Economic incentives take many forms, including subsidies. Subsidies are deliberate governmental fiscal actions to influence market condition for production and consumption in order to achieve public objectives, often through direct transfer of funds (grants), credit-related subsidies (interest rate subsidies, preferential loans, debt forgiveness, export insurance, loan guarantees and insurance programmes), government equity participation, revenue foregone or not collected (accelerated depreciation and other tax deferrals, credits, refunds and exemptions from income tax, exemptions and relief from indirect taxes), government provision or purchase, and income or price support. 86 reports out of 133 countries examined have certain economic incentives for conservation and sustainable use of components of biodiversity and 47 has not adopted any incentive measures. Among 129 reports examined, some 53 countries made some progress in removing or mitigating policies or practices that generate perverse incentives for the conservation and sustainable use of biological diversity, and 76 countries did not.



Trend: The international call for removal, reform or phase-out of incentives, including subsidies, harmful to biodiversity has become stronger in the recent years. The subsidy estimation has demonstrated that agricultural subsidies in OECD countries averaged US\$261 billion/year in 2006-8, global fisheries subsidies at US\$15-35 billion, energy subsidies around US\$500 billion per year worldwide, transport subsidies US\$238-306 billion/year, and water subsidies US\$67 billion. A portion of these subsidies re-directed can be significant for biodiversity objectives.

Options: The baseline for the indicator on resources mobilized from subsidy reform can be assumed to be nil in 2010, because although a number of countries have started to reform subsidies, the resultant resources remain largely insignificant up to now. The target by 2020 could be two-folded: all countries will have participated in subsidy reform in favour of biodiversity objectives, and one third or even higher of the subsidies harmful to biodiversity will be eliminated. An international levy could be imposed on perverse subsidies in a way that countries must pay for introducing or maintaining these subsidies harmful to biodiversity, and this levy could be used to reward the countries that reform subsidies proactively. Countries need to build better understanding of the adverse impact of their subsidies on biodiversity, and a vigorous reporting system on subsidy also needs to be established.

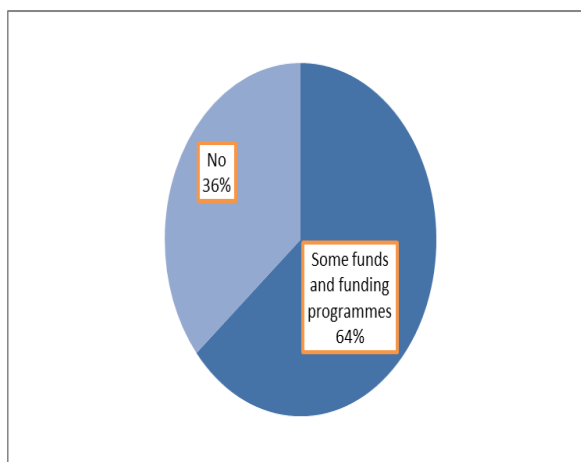
¹ Strategic objective 2.4: To develop and implement economic incentives that are supportive of the Convention's three objectives at local and national levels, consistent and in harmony with the other relevant international obligations
Indicator: Resources mobilized from the removal, reform or phase-out of incentives, including subsidies, harmful to biodiversity, which could be used for the promotion of positive incentives, including but not limited to innovative financial mechanisms, that are consistent and in harmony with the Convention and other international obligations, taking into account national social and economic conditions

2.5 Financial deepening is essential to domestic funds and funding programmes through voluntary contributions

Status₁: Domestic funds and funding programmes enhance the visibility of funding availability to biodiversity, and about 64% of Parties reported the establishment of new domestic funds and funding programmes or the enhancement of existing ones.

Domestic budgetary allocations are among the drivers of creating and enhancing domestic funds and funding programmes, and external voluntary contributions appear to be the principal driver in most developing countries. In United Kingdom, the Heritage Lottery Fund distributes a share of the money raised by the National Lottery for Good Causes, and raised over £125 million for biodiversity projects in the past ten years. Bangladesh and US government have established Tropical Forest Conservation Fund (TFCF) for conservation, restoration and afforestation of tropical forest.

In Chile, Agricultural Research Fund (FIA), National Fund for Technology and Production (FONTEC), Fisheries Research Fund (FIP), CONAMA Environmental Fund (FAC), Fund of the Americas, SAG Fund, National Fund for Regional Development (FNDR), all provide financial support to biodiversity projects.



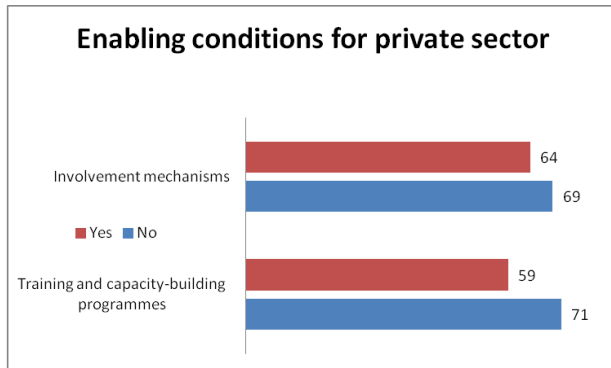
Trend: The number of domestic funds and funding programmes tend to increase during fiscal expansionary periods, but decline during fiscal consolidation periods. Many countries continue to explore opportunities through domestic funds and funding programmes. While the interest of biodiversity and ecosystem services will be further extended into new funds and funding programmes, enhancing biodiversity components within existing domestic funds and funding programmes can become increasingly important. There will likely be more financial deepening for biodiversity in existing funds and funding programmes in the coming decade.

Options: A challenge for mobilizing resources through domestic funds and funding programmes is to maximize resources by bringing projects that have the same objectives together to coordinate and synchronize their activities and objectives as pursued in Antigua and Barbuda. Domestic funds and funding programmes with no specific biodiversity mandates offer greater potential for resourcing than domestic funds and funding programmes with specific biodiversity mandates, but can be more difficult in terms of coordination with biodiversity objectives. Official development assistance, particularly those grants from the financial mechanism, may help leverage resources from domestic funds and funding programmes with no specific biodiversity mandates. Safeguard policy on biodiversity and ecosystem services needs to be introduced and implemented to provide assurance that domestic funds and funding programmes with no specific biodiversity mandates do not run counter to the objectives of biodiversity. Greater sharing of information and experiences on domestic funds and funding programmes, such as the practice of earmarking for biodiversity, can help build stronger case for biodiversity.

₁ Strategic objective 2.5: To consider the enhancement of existing, or the establishment of new, domestic funds and funding programmes through voluntary contributions, including for official development assistance, where biodiversity is identified as a priority by developing country Parties in poverty reduction strategies, national development strategies, United Nations development assistance frameworks and other development assistance strategies, that include innovative financing instruments to achieve the Convention's three objectives

2.6 Enabling conditions for private sector involvement require a systematic approach

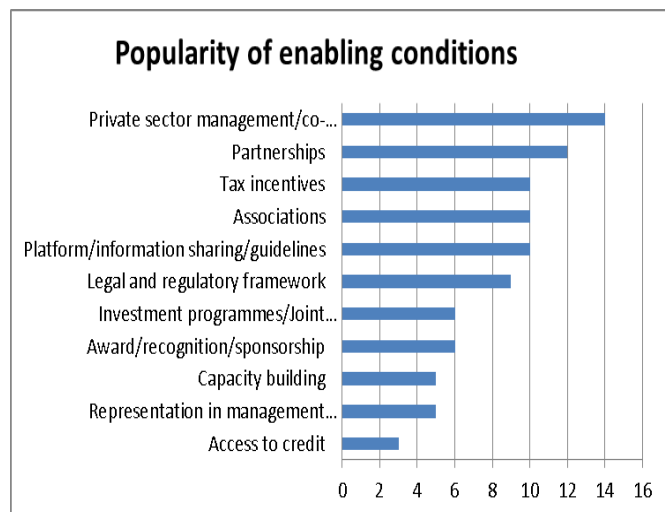
Status¹: 45% of the examined countries have reported training and capacity-building programmes to implement incentive measures and promote private-sector initiatives, and 48% of the 133 countries



examined have developed or explored mechanisms to involve the private sector in initiatives on the sustainable use of biodiversity. In addition, countries have applied many other forms of enabling conditions to involve the private sector. The most popular form of enabling condition is to introduce private sector management or co-management of biodiversity. When annual funding of its parks system was slashed by 20% since 2009, California concluded its first corporate agreement with American Land

& Leisure Co. that would take over operations of three state parks for five years. The decentralization policy in Burkina Faso, Cambodia, Uganda, Vietnam and Zambia ensures increased private sector participation and decision making in environmental and natural resources management. Zimbabwe transformed some of its departments or parastatals to for subsidiary companies in order to mobilize financial resources from their business transactions.

Trend: Private sector involvement, although increasingly regarded as an effective way to sustain biodiversity objectives during a period of budgetary difficulties, have helped broaden management perspectives on biodiversity and ecosystem services, by introducing private sector provision of public good. The initial measures of engagement, such as capacity building, recognition awards and sponsorship, investment programme and joint venture, participation in management decision-making and access to credit will continue to expand in



many countries, particularly in developing countries. The private sector will increasingly seek to provide their expertise and resources in managing biodiversity and ecosystem services through management contracts, voluntary covenants, public-private partnerships and trade associations.

Options: Governments can be more proactively in promoting private sector involvement in supporting the Convention by providing tax privileges and incentives, legal, regulatory and administrative certainty and information sharing platforms. Australia promotes voluntary conservation covenants on private land with taxation concessions. Kyrgyz Republic and the Gambia work on legal and regulatory framework for engaging the private sector. European Community has set up the EU Business and Biodiversity Platform, which brings together businesses from six different sectors (agriculture, extractive industries, finance, food supply, forestry and tourism) to share their experiences and best practices.

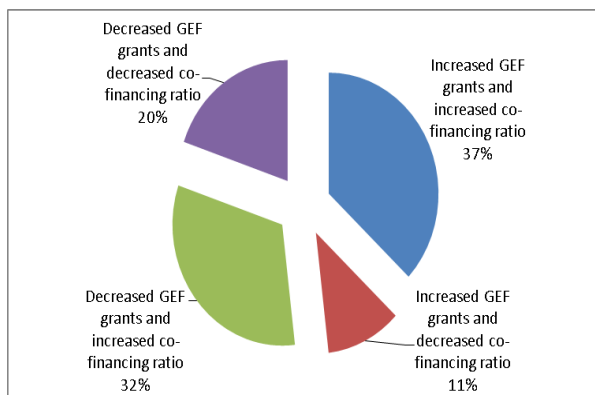
¹ Strategic objective 2.6: To establish enabling conditions for private sector involvement in supporting the Convention's three objectives, including the financial sector

III. MOBILIZATION OF EXTERNAL RESOURCES

Goal 3 of the strategy for resource mobilization intends to strengthen existing financial institutions and, promote replication and scaling-up of successful financial mechanisms and instruments. The extent to which developing countries and countries with economies in transition effectively achieve global biodiversity objectives depends on the effective utilization of financial resources made available by developed countries as economic and social development and eradication of poverty are the first and overriding priorities of the developing countries. The resources from the Global Environment Facility thus far have considerably contributed to the policy, regulatory, administrative and budgetary changes for biodiversity in many developing countries and countries with economies in transition. External finances continue to be critical for sustaining biodiversity achievements and aiming for further and rapid advancement towards the 2020 global targets for resources-constraining countries, particularly the least developed countries and Small Island Developing States.

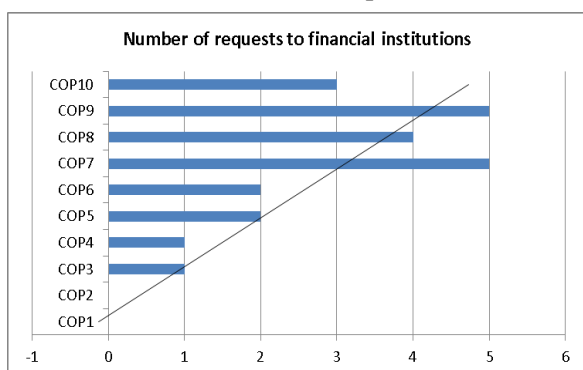
3.1 Larger co-financing ratio appears to have slightly better chance of attracting increased GEF grants

Status₁: The overall co-financing ratio for GEF grants has been increased by 14 per cent, from 3.19 in



GEF-3 to 3.65 in GEF-4. Increased co-financing ratio appears to have slightly better chance of receiving larger GEF grants (increase in 30 cases of 80 samples but decrease in 26 cases), and decreased co-financing ratio can lead to higher chance of receiving decreased GEF grants (decrease in 15 cases and increase in 9 cases). Co-financing ratios may not be necessarily correlated to the level of development of a recipient country.

The interest in financial institutions, other than the Global Environment Facility is manifest in the decisions adopted by the Conference of the Parties. There have been three to five requests to other financial institutions from the Conference of the Parties in



its recent decisions. These decisions call to other financial institutions for financial support to protected areas, forests, coral reefs, indigenous and local communities, island biodiversity, management of invasive alien species, strategic plan, but most requests to other financial institutions have been observed in the decisions on financial resources, which directly demonstrates the increased level of CBD and Parties' support to other financial institutions that promote replication

and scaling-up of relevant successful financial mechanisms and instruments.

Trends: The average annual amount of biodiversity funding from the Global Environment Facility was US\$240 million in the GEF-3 replenishment period (2002-2006) and US\$257 million in the GEF-4 replenishment period (2006-2010). The nominal annual increase was close to 2 per cent, and to a large extent, helped offset the impact of inflation during the same period. Some 56 per cent of 138 recipient countries (77) saw certain increase in average annual funding for biodiversity from the Global Environment Facility over the two periods.

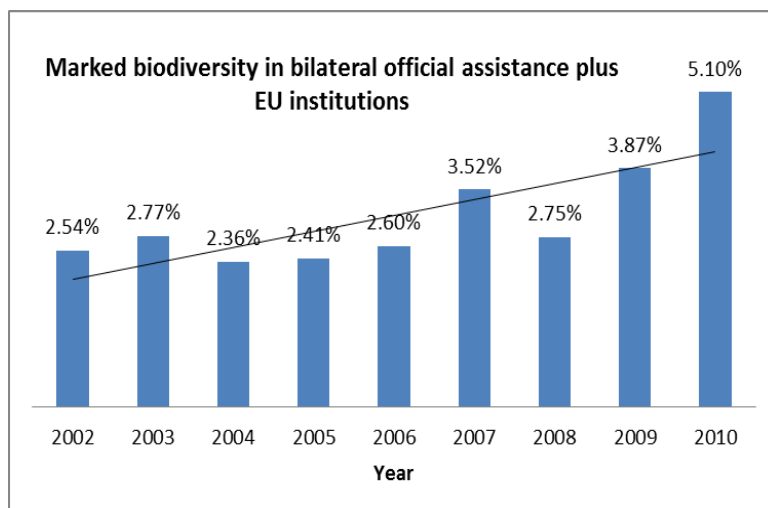
Options: The baseline for the financial mechanism in 2010 may be set at US\$257 million - an annual average of the GEF-4 replenishment period 2006-2010, and the baseline number of support to other financial institutions in 2010 was 3 requests. As the financial mechanism is centered on the global financial architecture for biodiversity, the target for annual funding average from the financial mechanism in 2020 could be set as 10%-20% of official development assistance marked for biodiversity (annual average for the period 2018-2022), and the target requests to other financial institutions can be doubled by 2020. The resource allocation system needs to reconcile and realign national priorities with global guidance in order to maximize the impacts of resource allocation and utilization.

1 Strategic objective 3.1: To enhance efforts in mobilizing co-financing and other modes of project financing for biological diversity

Indicator: Amount of funding provided through the Global Environment Facility and allocated to biodiversity focal area
Indicator: Level of CBD and Parties' support to other financial institutions that promote replication and scaling-up of relevant successful financial mechanisms and instruments

3.2 Marked bilateral official development assistance has entered a growing phase

Status¹: EU Institutions and the 23 countries that are member of the Development Assistance Committee (DAC) marked US\$6.57 billion biodiversity assistance from their development cooperation data in 2010, three times higher than the same measurement in 2002 (US\$1.35 billion in current price and US\$1.99 billion in 2010 price). The percentage of marked biodiversity in bilateral official development assistance has also increased from 2.54% in 2002 to 5.1% in 2010, with the average point of 3.1%. The top ten donors are as follows (in descending order in terms of total amounts): Japan, EU Institutions, Germany, Netherlands, France, United Kingdom, Norway, Spain, Denmark, and United States.



Eleven donors have higher than the annual ratio average of marked biodiversity assistance in official development assistance over the nine year period, including Denmark, Japan, Netherlands, Finland, Norway, Spain, Belgium, Ireland, Germany, Canada, and Australia.

Trend: The considerable increase in marked official development assistance for biodiversity can be attributed to many factors. In addition to improved reporting, the global increase in available official development assistance and the percentage increase of biodiversity in official development assistance have also been observed. This has occurred, maybe coincidentally, after the adoption of the strategy for resource mobilization when official development assistance marked for biodiversity dipped in 2008. As the potential increase from improved reporting will likely be exhausted soon, the future trend in biodiversity assistance will depend upon the extent to which overall official development assistance and their biodiversity components can be further increased.

Options: The baseline for the indicator on financial flows in terms official development assistance to developing countries in 2010 is 5% of official development assistance marked for biodiversity. The effective consideration of future official development assistance should take place within the overall financial architecture for biodiversity, in particularly in terms of effective allocations of available global resources. If Parties are committed to provide 0.15 of global gross domestic products for biodiversity and ecosystem services, it makes sense to it as the target by 2020 that one third of biodiversity funding of developed countries will have been transferred to developing countries. This proportional approach gives full consideration to all prevailing economic and financial circumstances. Appropriate reporting framework, particularly reference handbook on marking biodiversity projects in official development assistance will have to be developed, discussed and implemented.

¹ Strategic objective 3.2: To strive to increase official development assistance associated with biological diversity, where biodiversity is identified as a priority by developing country Parties in poverty reduction strategies, national development strategies, United Nations development assistance frameworks and other development assistance strategies and in accordance with priorities identified in national biodiversity strategies and action plans

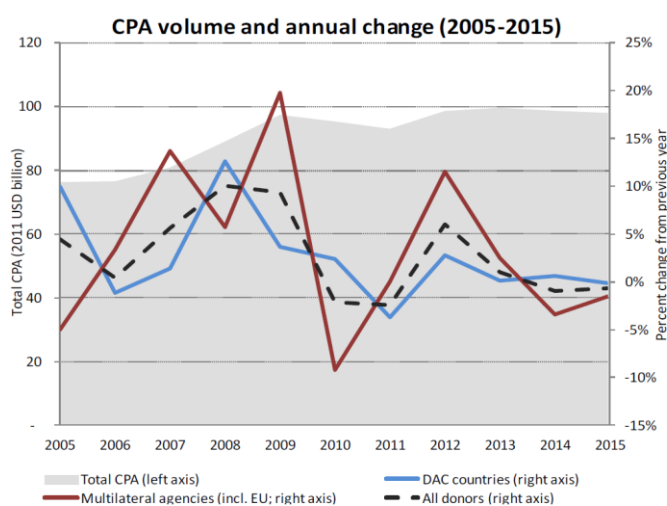
Indicator: Amount of financial resources from all sources from developed countries to developing countries to contribute to achieving the Convention's objectives

Indicator: Amount of financial resources from all sources from developed countries to developing countries towards the implementation of the Strategic Plan for Biodiversity 2011-2020

Indicator: Aggregated financial flows, in the amount and where relevant percentage, of biodiversity-related funding, per annum, for achieving the Convention's three objectives, in official Development Assistance (ODA)

3.3 Greater momentum is needed to implement the Monterrey Consensus

Status: The Monterrey Consensus provides an international framework of resource mobilization for broad development purposes, within which the strategy for resource mobilization for biodiversity should be considered. Recognizing its importance, the ninth meeting of the Conference of the Parties adopted the Bonn message on finance and biological diversity, as an input of the Convention on Biological Diversity to the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus held in Doha from 29 November to 2 December 2008. The Bonn message was posted on the website of the Follow-up International Conference, but was not referred to in the Doha Declaration on Financing for Development. Nevertheless, the Monterrey Consensus and the Doha Declaration outline a balanced approach to considering all the elements of financing for biodiversity, including mobilizing domestic financial resources for development, mobilizing foreign direct investment and other private flows, international trade as an engine for development, increasing international financial and technical cooperation for development, external debt, and enhancing the coherence and consistency of the international monetary, financial and trading systems in support of development



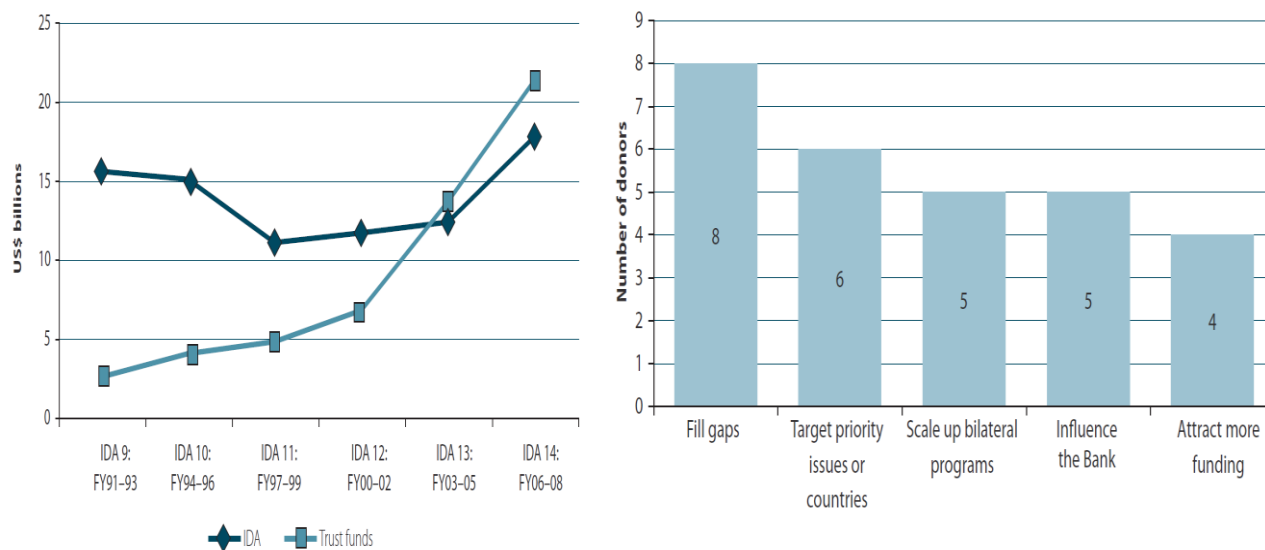
Trend: Global Country Programmable Aid (CPA) in 2011 is estimated at US\$ 93.1 billion, representing a decline 2.4% compared to 2010. In real terms, the decline represents nearly US\$ 2.3 billion, and countries in Central America and in East Asia (e.g. Indonesia and the Philippines) are mainly affected. Global CPA is estimated to increase by 6% in real terms in 2012, mainly due to expected increases in soft loans from multilateral agencies. From 2013, global CPA is expected to stagnate, reflecting delayed

full impacts of a great recession on aid flows. In general, few changes are expected for Africa, but some decrease for Latin America. South and Central Asian countries (e.g. Bangladesh, Myanmar and Nepal) can still experience some increases in CPA.

Options: The prevailing international development cooperation architecture has been built on market interdependence and diplomatic necessity, and may require rethinking in terms of its relevance to addressing global common concerns, such as biodiversity and ecosystem services, and climate change. Further research needs to be advanced on the effective and efficient provision of global public goods, including possible new financial arrangements. Development of a new development cooperation order for addressing common concerns requires collective wisdom and visionary courage of all countries and may not be avoidable eventually. The negotiation for post-2015 development goals and targets can be the first chance to promote international rethinking on financing arrangements for biodiversity and climate change. Parties and the Secretariat of the Convention should avail themselves of new and innovative ideas, thinking and knowledge on financing global commons, and proactively participate in the debates on financial innovations and the need for a new development cooperation order.

3.4 Donors mainly use trust funds to fill gaps in the system of multilateral aid

Status 1: The idea of establishing new and additional funding programmes through voluntary contributions has gained increasing traction under the Convention process. The Nagoya Protocol Implementation Fund became operational at the Global Environment Facility in 2011, and the Japan Biodiversity Fund, though not a separate trust fund, has been used by the Convention Secretariat to promote the revision of national biodiversity strategies and action plans. The tenth meeting of the Conference of the Parties invited the Global Environment Facility to consider establishing a South-South biodiversity cooperation trust fund for the implementation of the Strategic Plan for Biodiversity 2011-2020 based on voluntary contributions. Further ideas for biosafety trust fund and other special-purpose funds also emerged in several official documents in the past few years. This new phenomenon of fund creation has triggered the debate on comparative merits of trust funds.



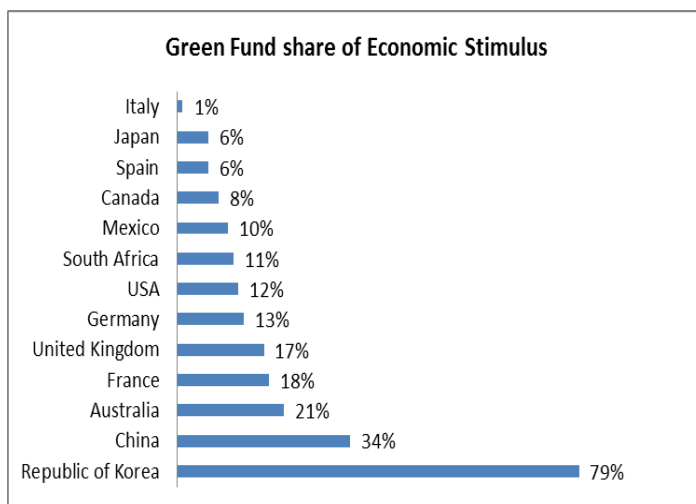
Trend: Globally speaking, trust funds accounted for about 11 percent of total official development assistance in 2007-2008, and donors' trust fund contributions exceeded their International Development Association (IDA) contributions in the past three IDA replenishment periods. In fiscal year 2010, the World Bank administered about 1,075 active trust funds entrusted to it by just over 200 donors (IEG 2011). The global average indicates that trust funds for biodiversity may go up to US\$600 - \$800 million annually, including through the Global Environment Facility Trust Fund, and there is considerable space for the current level of biodiversity allocation through trust funds to grow. As indicated by Botswana, even when funding is available it is often difficult to get donors to invest in some biodiversity priorities.

Options: Trust funds do not necessarily provide additional financial resources at the global level, but can add value by providing coordinated financing and grant resources on targeted issues for individual countries, particularly considering the relatively low priority status of biodiversity and ecosystem services, and the even lower priority status of certain biodiversity issues within the established biodiversity assistance system. Despite considerable overlapping interests of various stakeholders in the concept of trust funds, views still diverge on specific issues such as how trust fund allocation decisions are made and how trust funds are governed and managed. Trust funds should at least ensure sufficient recipient participation and clear outcome objectives.

¹ Strategic objective 3.5: To establish, as appropriate, new and additional funding programmes through voluntary contributions to support the three objectives of the Convention

3.5 Global stimulus packages were largely a missed opportunity for investing in biodiversity and ecosystem services

Status: Public sector investment in nature conservation can provide solutions to severe economic crises. The Civilian Conservation Corps (CCC), a public work relief program that operated from 1933 to 1942 in the United States, provided employment for 2.5 million young men in implementing a general natural resource conservation program in rural lands owned by federal, state and local governments. The global economic stimulus packages, introduced after the 2008 great recession, contained green investments in rail, grid, water/waste, building energy efficiency,



renewable energy, and low carbon vehicles, and only very limited consideration was given to biodiversity and ecosystem services. France's stimulus package financed the priority areas identified within the "Grenelle de l'Environnement" that support ecology, sustainable development and land use management. Mexico invested in forest fire prevention measures, and Republic of Korea promoted the restoration of its four major rivers to enhance adaptation to climate change.

Trend: The public sector varies by country, but many countries have established public sector investment programmes, offering an entry point for promoting public sector investment in biodiversity ecosystem services. The surprisingly low level of overall public sector investments, other than budgetary allocations, indicates that public sector investments have not been used effectively as a policy instrument option, and that public sector investment can be a promising area for future exploration. In Comoros, the offer of banking products remains relatively small, both in terms of savings and loans, for targeted actions.

Options: Conservation and sustainable use of biodiversity largely remain within the remit of public sector investment as about 90 percent of land and water for conservation is owned by governments themselves. China introduced environmental criteria including biodiversity in credit policies of its state-owned banks, and the practice may be replicated for all national development banks and agricultural banks. In Belgium, export credit agencies have begun to consider biodiversity and ecosystem services. Uganda incorporated biodiversity in its Sector Wide Investment Plans (SWIPs). Zimbabwe's Public Sector Investment Programme (PSIP) contains provisions to relevant departments and institutions. In Antigua and Barbuda where government programs and projects make up over 50% of development, the public sector investment programme (PSIP) process offers a focus on achieving predetermined goals including biodiversity targets. In Brazil, Petrobras developed a biodiversity management system through its corporate standard for managing potential impacts on biodiversity. Mexico incorporated environmental criteria into investment projects financed by development banks. More comprehensive understanding of public sector investment into biodiversity and ecosystem services and its dynamics is needed. With nearly \$5 trillion in assets under management at the end of 2011, sovereign wealth funds possess significant potential for further investment in biodiversity and ecosystem services.

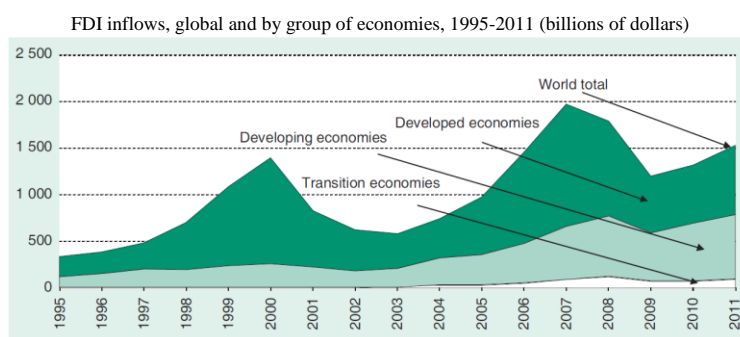
¹ Strategic objective 3.3: To mobilize public sector investments in biological diversity and its associated ecosystem services

3.6 The avenues for private sector investments in biodiversity and ecosystem services remain limited

Status: Private sector investment refers to investing activities by for-profit business entities, and can be a driver for turning perceived global values of biodiversity and ecosystem services into multi-billion dollar business operations. The diversity of private sector investors – domestic or foreign, large or small, formal or informal – offers different challenges and opportunities for realizing values of biodiversity. A very large number of private sector investors in the field of biodiversity and ecosystem services are small and medium-sized enterprises, often women-owned businesses. They need expanded access to financial services, greater access to associations and larger firms, support to participation in national forums and capacity building. Microcredit and microfinance, as pioneered by the Grameen Bank in Bangladesh, have emerged as new tools for promoting small-scale entrepreneurial activity. Over 60 major private banks in developing countries have adopted the Equator Principles, launched in 2003, committing themselves to financing only projects that meet basic environmental and social standards, or where necessary, have social and environmental management systems to mitigate, manage and monitor the impacts and risks. Georgia and Kyrgyz Republic advocated for ecological insurance systems - a way of integrating risk, including environmental risk, into economic decision-making, giving an indication of which risks are worth taking and which are not.

Challenges for private sector investment
Macro-economic stability
Transparent and accountable government
Rigorous enforcement of the rule of law
Functioning markets and institutions
A skilled and productive labour force
A strong commitment to fighting bribe solicitation and corruption
Affordable and accessible infrastructure
Intellectual property right protection
Political and social stability

Trend: Global foreign direct investment inflows to developing countries and countries with economies in transition reached over US\$ 600 billion in 2010, mainly in green-field investments, and grew by 21% in 2011. The flows to Latin America and the Caribbean rose most since foreign investors continued to find appeal in South America's natural resources.



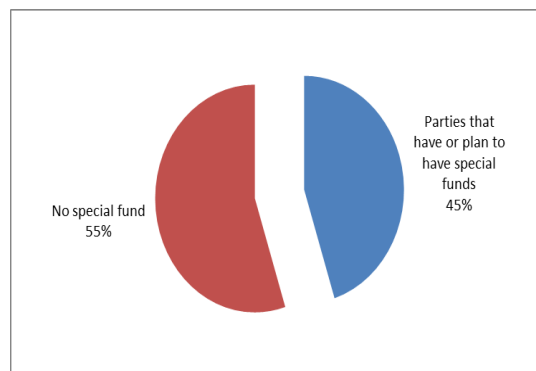
Nevertheless, it is rare that foreign direct investments participate in the provision of biodiversity and ecosystem services. As the global market for green products and ecosystem services expands in size, credit and security market can emerge for their producers, market operators and other providers of associated services. Corporations offering green products and ecosystem services may even be able to raise funds through share offering at domestic and international stock markets, and merge and acquisition activities will also emerge to optimize management structure and force out inefficiencies in the global system for biodiversity and ecosystem services.

Options: The baseline for the indicator on financial flows in private sector to biodiversity objectives in 2010 can be significant in specific location, but globally may be deemed as nil in terms of billion dollars. The target financial flow from private sector for 2020 can be set as 10% of global biodiversity financing that will come from the private sector. The statistical system for counting private sector investment must be designed carefully, on which the future market for biodiversity and ecosystem services will depend.

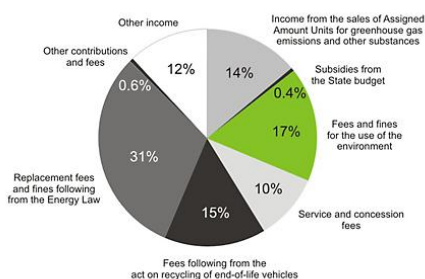
1 Strategic objective 3.4: To mobilize private sector investments in biological diversity and its associated ecosystem services.
Indicator: Aggregated financial flows, in the amount and where relevant percentage, of biodiversity-related funding, per annum, for achieving the Convention's three objectives, in private sector

3.7 National environmental funds

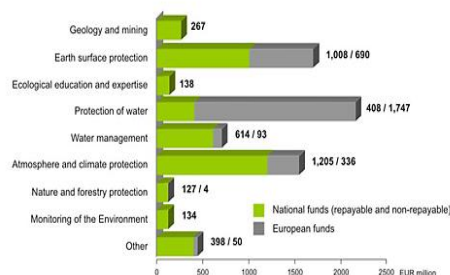
Status: National environmental funds make a considerable share of its resources to conservation and sustainable use of biodiversity, and in some cases, the entire environmental funds are designed for pursuing biodiversity objectives. Some 87 Parties have reported the existence or planned introduction of national environmental funds used for biodiversity purposes, implying that less than half the Parties have adopted the idea of a special fund for biodiversity. The established environmental funds differ in terms of sources of revenue, governance and institutional structure, scope of function, legislative base, relation to national biodiversity finance structure, as well as other aspects. A review of 50 conservation trust funds has observed that some US \$810 million have been raised for biodiversity conservation worldwide, including 74% in Latin America, 10% in Asia, 9% in Africa, and 7% in Europe. The contribution from United States, Global Environment Facility and Germany accounts for 70%, and resources from national governments and other donors cover the remaining 30%.



Poland: Structure of income of the National Fund in 2010



Planned financial commitments of Poland's Environmental Fund for 2011-2015

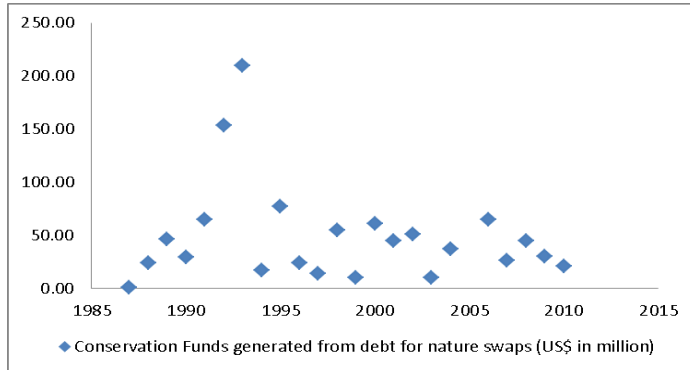


Trend: Unlike many biodiversity-specific funds and funding programmes, national environmental funds normally have nationally designated stable sources of revenues, domestic and external alike. Despite the competition by different environmental priorities for allocations from national environmental funds, many countries, in particular in Africa and Asia, which do not yet have national environmental funds, continue to advocate for new environmental funds in their national biodiversity strategies and action plans. The Arab Environment Facility is already ready to grow. Zambia undertook the feasibility study to develop an environmental fund with Norwegian funding. Zimbabwe's environmental management policy and act provides for the establishment of an environment fund. Bolivia's National Environmental Fund (FONAMA) had to be restructured to resolve institutional difficulties in terms of changes in mandate, autonomy, hierarchy within the state apparatus, political problems that led to constant changes in personnel, and delays in processing applications for financial support.

Options: The level of allocations to biodiversity from national environmental funds can be boosted by the availability of international co-financing arrangements, and introduction of revenue streams arising out of conservation and sustainable use of biodiversity as well as benefit sharing.

3.8 Debt relief and conversion initiatives, including debt-for-nature swaps

Status₁: Servicing of external debts may exert a devastating impact on biodiversity and ecosystem services because the pressured need to generate hard currency through export can magnify unsustainable exploitation pattern in relation to biodiversity and ecosystem services. A debt crisis can wipe out virtually all financial gains in sustaining biodiversity and ecosystem services, and debt conversion, on the other hand, can provide additional resources for conservation. 13 creditor countries and 31 debtor countries have been involved in debt for nature swaps. Non-governmental organizations also



collaborated with official and private creditors, including Conservation International, The Nature Conservancy, the World Wildlife Fund, Smithsonian Institution, Rainforest Alliance, Missouri Botanical Garden, etc. Conservation funds generated from debt-for-nature swaps peaked in 1992 and 1993, and have since then stabilized in terms of generated funds and number of transactions.

Trend: Among the seven developing countries with the highest external debt stock in 2010, five countries are listed by Conservation International as mega-diverse countries, including China, Brazil, India, Mexico and Indonesia. Half of the twenty-two developing countries with the highest external debt stock in 2010 are member countries of the Like-Minded Mega-diverse Countries. Although these countries have managed their debt services well by increasing international reserves, any surprise debt shock can lead to unprecedented adverse impacts on achieving biodiversity objectives on the global scale. Debt-for-nature swaps have moved away from forcing a reactive solution for debtors in distress, to seeking a proactive outcome of debt solution for debtors not so much deep in debt problems. For instance, the latest debt-for-nature agreement signed between the United States of America and Brazil in August, 2010 aimed to reduce Brazil's debt payments to the United States by close to \$21 million through 2015. There is still considerable interest from creditor countries in debt swap, and the Global Fund to fight Aids, tuberculosis and malaria received considerable amounts from Australia and Germany. France planed debt reduction contract for development up to 1.5 billion € for ten countries between 2000 and 2015. Through the debt relief initiatives, eligible countries have increased markedly their expenditures on health, education, and other social services. On average, such spending is about five times the amount of debt-service payments. However, poverty reduction strategy papers provide little evidence that support mainstreaming biodiversity and ecosystem services in these countries.

Options: Global consideration needs to be given to the chronic problem for addressing the potential adverse impacts of external debts on biodiversity and ecosystem services. One option is to allow an automatic reduction of 1% of all external debts of developing countries and countries with economies in transition, and use the resultant funds to support biodiversity and ecosystem services. Using the data of total external debt outstanding in 2010, the nature in lieu of debt option can generate some US\$40.76 billion per year. Several developing countries have demonstrated continued interest in exploring the opportunity of debt-for-nature swap, including Colombia, Central African Republic, Bhutan, Democratic Republic of Congo, Gambia and Indonesia with present and potential donors.

1 Strategic objective 3.8: To promote biological diversity in debt relief and conversion initiatives, including debt-for-nature swaps

IV. INNOVATIVE FINANCIAL MECHANISMS

Goal 4 of the strategy for resource mobilization explores new and innovative financial mechanisms at all levels with a view to increasing funding to support the three objectives of the Convention. Innovative financial mechanisms have the potential to generate substantial financial resources and also bring new perspectives on biodiversity financing. Removal, reform or phase-out of perverse incentives can considerably reduce the financial needs of addressing the adverse impacts of these incentives, even when the freed resources are returned to general budgetary accounts, not to biodiversity allocations per se. Regulated by appropriate safeguards, markets for green products and ecosystem services provide a new avenue of generating financial resources by market creation and trade expansion. The market and trade opportunities for biodiversity and ecosystem services can bring effective transformation to the prevailing economic and financial analysis of unsustainable development projects.

Further development of innovative financial mechanisms can benefit from the following four core principles:

Principle 1: Innovative financial mechanisms should be consistent and in harmony with the Convention on Biological Diversity and its protocols and ensure that they are not used to undermine unique components of biodiversity

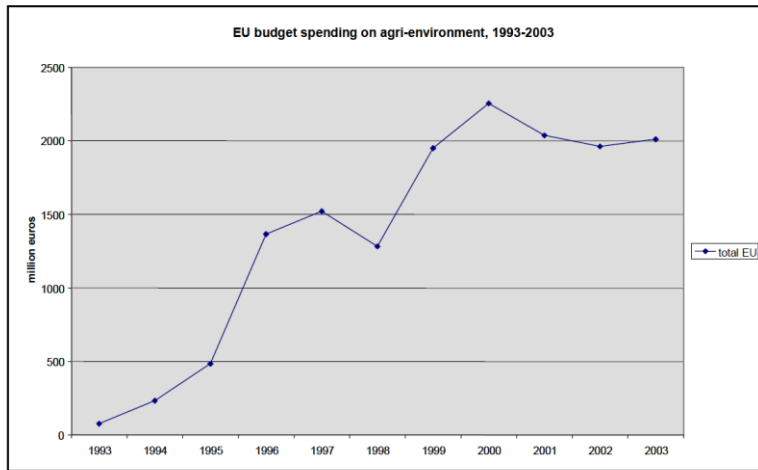
Principle 2: Innovative financial mechanisms should not replace the financial mechanism established under the provisions of Article 21 of the Convention, and the resultant resources are complementary to the commitment and obligations of Parties under the provisions of Article 20 of the Convention

Principle 3: Innovative financial mechanisms should respect, preserve and maintain knowledge, innovations and practices of indigenous and local communities, and bring added benefits to indigenous and local communities

Principle 4: Innovative financial mechanisms should be consistent and in harmony with the relevant international obligations, and should not be used as a disguised restriction on international trade

4.1 European Union's agri-environment model has the potential for wider replication

Status¹: Payment for ecosystem services, an infant form of market for ecosystem services, refers to financial transactions through which the provision of specific ecosystem services is either not adversely affected by projected development activities or enhanced by proactive project activities. Most large-scale schemes of payment for ecosystem services have been sponsored by governments.

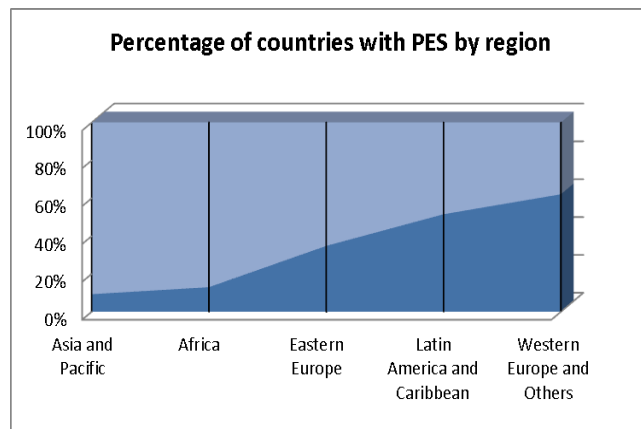


Agri-environmental measures provide payments to farmers in return for carrying out commitments that go beyond legal obligations and provide environment services such as reducing environmental risks associated with intensive farming, and/or preserving nature and cultivated landscapes in more extensive farming areas. The

measures are designed at national, regional or local level and pay for additional costs and income foregone due to the commitments stipulated in contracts between farmers and respective administration. EU spending on agri-environment has progressed rapidly after agri-environment measures were introduced to the Common Agricultural Policy (CAP) in 1992, and amounts to nearly 20 billion € or 22% of the expenditure for rural development for 2007-2013.

Trend: The concept of payment for ecosystem services has been spread steadily from developed countries to less developed countries over the past two decades. Latin America is accumulating more interests and experiences than other developing regions, but other regions will likely catch up rapidly.

Options: The baseline for the indicator on the number of initiatives on payment for ecosystem services in 2010 is 28.5% of countries with or interested in payment for ecosystem services. The target for 2020 can be that all countries will develop an interest in and design and implement payment for ecosystem services schemes. The exact magnitude of resultant funding in 2010 will be available over time when appropriate statistical system is in place, but such funding can be tripled if the scheme is replicated successfully worldwide.

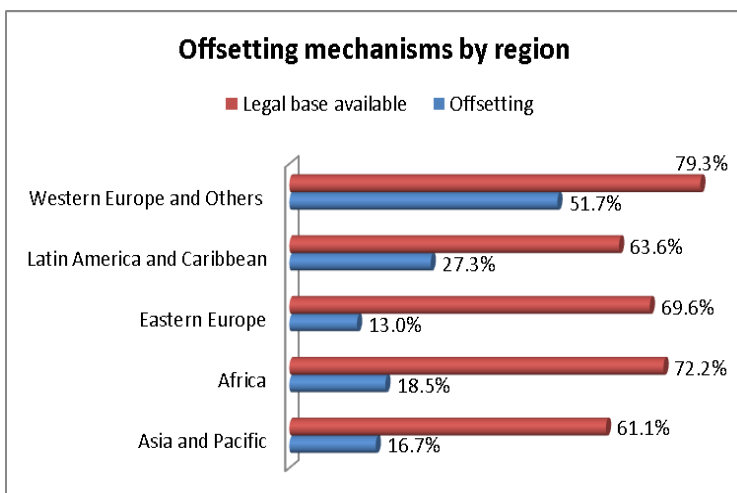
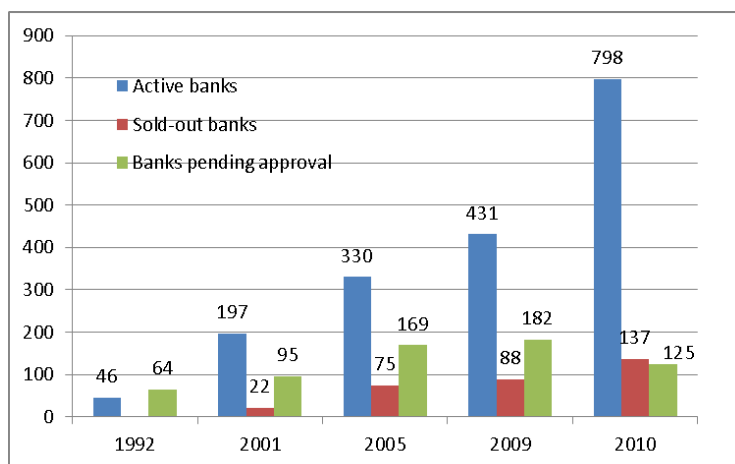


¹ Strategic objective 4.1: To promote, where applicable, schemes for payment for ecosystem services, consistent and in harmony with the Convention and other relevant international obligations

Indicator: Number of initiatives, and respective amounts, supplementary to the financial mechanism established under Article 21, that engage Parties and relevant organizations in new and innovative financial mechanisms, which consider intrinsic values and all other values of biodiversity, in accordance with the objectives of the Convention and the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of the Benefits Arising out of Their Utilization

4.2 In the United States, the number of wetland banks have grown phenomenally over the past two decades

Status₁: Biodiversity offset mechanisms are well advanced in North America and Australia, and increasingly developed in a number of European countries, such as United Kingdom, France and Sweden. Private and public expenditures for ecological compensation under key federal programs are estimated to be approximately \$3.8 billion annually in the United States (ELI 2007). Mitigation banking mechanisms can reduce uncertainty over whether the compensatory mitigation will be successful in offsetting project impacts; assemble and apply extensive financial resources, planning, and scientific expertise not always available to many permittee-responsible compensatory mitigation proposals; reduce permit processing times and provide more cost-effective compensatory mitigation opportunities; and enable the efficient use of limited agency resources in the review and compliance monitoring of compensatory mitigation projects because of consolidation (U.S.EPA).



Trend: Over two thirds of countries have legal requirements through environmental impact assessment legislations, policies and procedures for compensations for environmental damages, and nearly a quarter of them have already implemented or tested various forms of biodiversity offset mechanisms. As 9 percent of global ecosystems need to be restored under the Strategic Plan for Biodiversity 2011-2020, the potential for biodiversity offsets can mount up

to \$45 billion through ecosystems restoration.

Options: The baseline for the indicator on the number of initiatives on biodiversity offset mechanisms in 2010 is 23.8% of countries with some form of biodiversity offset mechanisms. The target for 2020 can be that all countries will benefit from biodiversity offset mechanisms. The approximate magnitude of resultant funding in 2010 is around US\$5 billion and will become more precise over time when appropriate statistical system is in place. Such funding can be more than tripled if international protocols and best practice guidelines accompanied by capacity building and technical assistance are available.

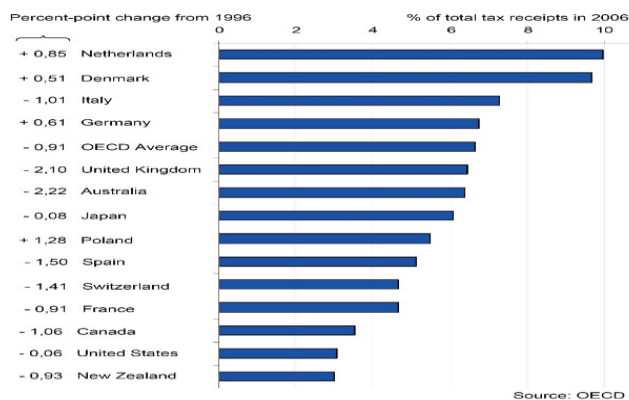
¹ Strategic objective 4.2: To consider biodiversity offset mechanisms where relevant and appropriate while ensuring that they are not used to undermine unique components of biodiversity

Indicator: Number of initiatives, and respective amounts, supplementary to the financial mechanism established under Article 21, that engage Parties and relevant organizations in new and innovative financial mechanisms, which consider intrinsic values and all other values of biodiversity, in accordance with the objectives of the Convention and the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of the Benefits Arising out of Their Utilization

4.3 Environmental Fiscal Reform

Status: Environmental fiscal reform refers to a wide range of structural adjustments to a country's fiscal system, particularly taxation models and fiscal incentives, which can reflect true values and importance of biodiversity and ecosystem services in national economies. Over 70 countries indicated

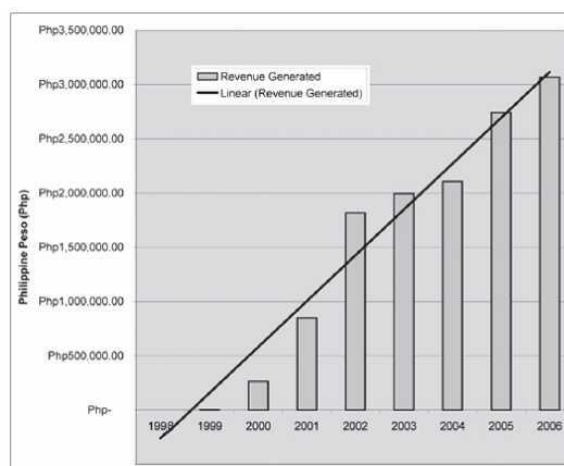
Environmental Taxes in OECD countries



Source: <http://media.economist.com/images/columns/2008w14/Environment.jpg>

million in user fee income in 2008 compared to about Php 550,000 in 2001. Tax exemptions for biodiversity-related objects and activities are observed in a large number of countries including Kenya and Myanmar. Norway undertook to reduce the environmental pressure caused by the consumption of goods and services by giving greater weight to environmental considerations in public procurement processes. In Brazil and Portugal, biodiversity has introduced into their indexes for calculating intergovernmental transfer to subnational governments.

that certain fiscal measures have been undertaken or planned. Sri Lanka introduced environmental tax system into the 2008 budget proposals. Georgia tried to bring the budget law and tax law in line with environmental legislation. In the Netherlands, revenues from green taxes over the past 23 years quadrupled from 4.8 billion euros in 1987 to nearly 20 billion euros in 2010. In Philippines, the Gilutongan Island Marine Sanctuary (GIMS) in the Municipality of Cordova in Cebu generated about Php 3.0



User fees income in the Gilutongan Island Marine Sanctuary (GIMS) in the Municipality of Cordova in Cebu, Philippines, 1998 -2008

Trend: 37% of countries have some experience of mobilizing resources from reforming fiscal systems. There is still considerable fiscal space available for introducing fiscal measures in many countries and deepening existing environmental fiscal reforms that have proved successful.

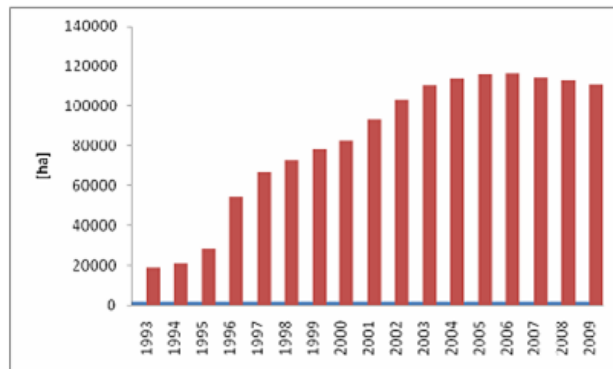
Options: The baseline for the indicator on the number of initiatives on environmental fiscal reform in 2010 is that 37% of countries undertook such reform. The target for 2020 can be that all countries will benefit from environmental fiscal reforms. The precise amount of resultant funding is reflected in new national budgets for biodiversity and ecosystem services. Parties need to first undertake a review of fiscal system from the perspectives of biodiversity and ecosystem services, identify potential opportunities for reform, mobilize public support and international financial support for smoothing the transition, and address associated effects.

1 Strategic objective 4.3: To explore opportunities presented by environmental fiscal reforms including innovative taxation models and fiscal incentives for achieving the three objectives of the Convention

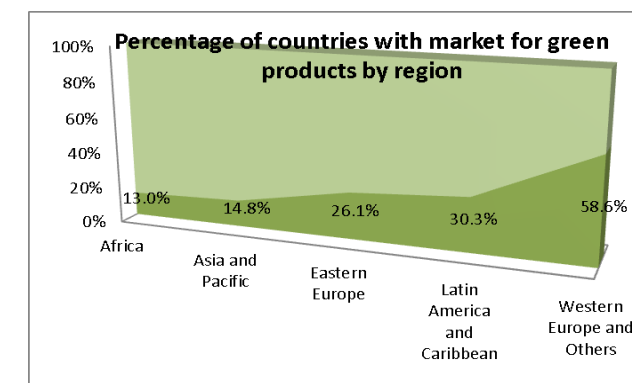
Indicator: Number of initiatives, and respective amounts, supplementary to the financial mechanism established under Article 21, that engage Parties and relevant organizations in new and innovative financial mechanisms, which consider intrinsic values and all other values of biodiversity, in accordance with the objectives of the Convention and the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of the Benefits Arising out of Their Utilization

4.4 Markets for green products can be boosted by green purchases

Status¹: Market for green products refers to the trade mechanism for products certified using criteria that support the three objectives of the Convention. Such products are either natural products including wild plant and animal products used as food sources or used for biochemicals, new pharmaceuticals, cosmetics, personal care, bioremediation, biomonitoring, and ecological restoration, or nature-based products involving many industries, such as agriculture, fisheries, forestry, biotechnology based on genetic resources, recreation and ecotourism. Nearly 50 countries reported national measures to promote certification and organic products, and nearly forty certification schemes and standards are available internationally for agriculture, finance, fisheries, forestry, mining, tourism, carbon and biotrade. Some countries committed themselves to create specific products brands, and part of the revenues from the sale of these products are reallocated to finance programmes to sustain biodiversity and ecosystem services. American Express,



Development of organically farmed area in Switzerland (Source: OFAG).



Apple, Beats by Dr. Dre, Belvedere Vodka, Bugaboo, Converse, Dell, Gap, Nike, Penfolds, and Starbucks contributed 161 million USD to the Global Fund to fight Aids, tuberculosis and malaria since 2006.

Trend: The market for green products is driven by green producers, and can be scaled up by green purchasers. Many governments, influenced by the directives and Action Plan for Green Public

Procurement in the EU, have established green procurement policies that stimulate markets that might otherwise be slow to develop. Standards and criteria can well inform green private procurements. In 2009, goods and services expense of governments were US\$2,221 billion - 12 per cent of their total expenses, and 3.8 per cent of global gross domestic products. Any percentage of this amount means a significant market for green products.

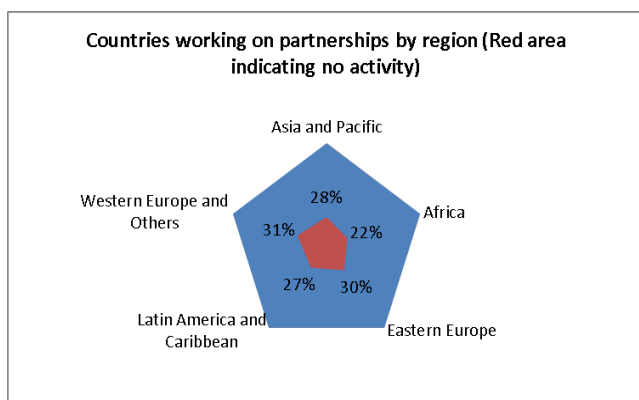
Options: The baseline for the indicator on the number of initiatives on market for green products in 2010 is that 25% of countries have taken measures related to market for green products. The target for 2020 can be that all countries will benefit from the growing market for green products. The accurate estimates of resultant funding for biodiversity in 2010 can be defined when necessary data becomes available, and may be deemed as nil in terms of billion dollars. The target amount can be derived from a target of a quarter of global government purchases from market for green products.

¹ Strategic objective 4.4: To explore opportunities presented by promising innovative financial mechanisms such as markets for green products, business-biodiversity partnerships and new forms of charity

Indicator: Number of initiatives, and respective amounts, supplementary to the financial mechanism established under Article 21, that engage Parties and relevant organizations in new and innovative financial mechanisms, which consider intrinsic values and all other values of biodiversity, in accordance with the objectives of the Convention and the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of the Benefits Arising out of Their Utilization

4.4 Business-biodiversity partnerships call for business approaches

Status 1: Business-biodiversity partnerships offer operational arrangements that take advantage of enabling conditions and deliver private resources for biodiversity objectives. There are higher percentages of developing countries in Africa, Latin America and Caribbean, Asia and Pacific that work



on partnering with the business sector than that of developed countries. Many developing countries are focused on inducement measures that may attract business engagement, while in developed countries, business-biodiversity partnerships are already providing business solutions to biodiversity problems. Austrian Development Co-operation promotes public private partnerships in development activities including the environment.

Trend: Despite the widespread interest in private funding, the global progress on business and biodiversity partnerships remains slow in pace and limited in scope. While business and biodiversity partnerships will continue to spread out to all sectors and all countries, how to enhance resourcing contents of such partnerships will also need to be explored. Developing countries have an additional challenge of reconciling biodiversity objectives and the need to attract foreign investments, including by multinational corporations.

Sector	Examples of case study
Agriculture & Food	Hokkaido Fuyumizu-tambo (Winter-flooded Rice Paddies) Project (Aleph Inc.); Best Atlantic Canada Best Management Practices Program (Syngenta)
Banking & Financial Services	Testing the first habitat banking project in Europe
Cosmetics	Sharing the benefits arising from the use of biodiversity in cosmetics; Responsible sourcing of argan oil (L'Oréal)
Energy	Ontario Power Generation biodiversity policy (Canada); Partnering for biodiversity conservation on landfill sites (SITA France)
Fisheries	International Seafood Sustainability Foundation (WWF)
Forestry & Paper	Planting trees in the Philippines to preserve biodiversity (Pioneer Hi-Bred); Implementing "zero impact" invoices (EDP – Energias de Portugal)
Health & Pharmaceuticals	Biodiversity and Access to Affordable medicines (Labfarve, Colombia)
Infrastructure & Construction	Ecosystem services review of an aluminum smelter in a biosphere reserve (Alcoa); Land use stewardship standard implementation in facilities worldwide implementation in facilities worldwide (Rio Tinto Alcan)
Mining & Extraction	Biodiversity conservation through quarry rehabilitation (Holcim); Sustaining our Great Lakes (ArcelorMittal)
Other Industrial Sector	Creating business value through ecological stormwater management (Cook Composites and Polymers Co.); Utilizing household wastewater in the large-scale (Dow)
Retail	Biodiversity monitoring (Nestlé); Everyday Wildlife Champions (Procter & Gamble Co.)
Textile	Supporting Pesticide-free Cotton Farms that Contribute to Greener Agriculture and a Better Environment (Tsubame Towel Corporation)
Tourism	Penhale Sands Special Area of Conservation Project (Perran Sands Holiday Park)
Travel & Transportation	
Water	20-year commitment to biodiversity (Anglian Water)

Source: Global Platform on Business and Biodiversity

Options: The baseline for the indicator on the number of initiatives on business-

biodiversity partnerships in 2010 is that 73% of countries work on partnerships with the business sector. The target for 2020 can be that all countries will benefit financially from business and biodiversity partnerships. The accurate estimates of resultant funding for biodiversity in 2010 can be significant for specific sites and countries, but globally may be deemed as nil in terms of billion dollars. The target amount for 2020 can be set as 10% of global biodiversity financing that will come from business-biodiversity partnerships.

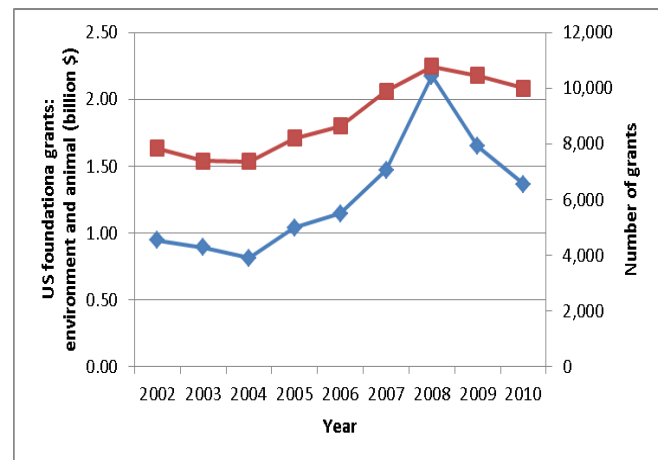
1 Strategic objective 4.4: To explore opportunities presented by promising innovative financial mechanisms such as markets for green products, business-biodiversity partnerships and new forms of charity

Indicator: Number of initiatives, and respective amounts, supplementary to the financial mechanism established under Article 21, that engage Parties and relevant organizations in new and innovative financial mechanisms, which consider intrinsic values and all other values of biodiversity, in accordance with the objectives of the Convention and the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of the Benefits Arising out of Their Utilization

4.4 Charitable giving remains largely untapped for biodiversity and ecosystem services

Status¹: Philanthropy is rooted in all cultures and all religions promote philanthropic behaviour in one way or another. Care for animals and the environment is part of this tradition, but has not benefited equally from philanthropic giving worldwide. Globally speaking, philanthropic giving may mount up to over US\$600 billion per year, half of them in U.S.A and one fourth in European countries in recent years. Very limited proportion of this funding has been channelled to biodiversity and ecosystem services. This estimate does not include workers' remittances from host countries to home countries. According to the World Bank, officially recorded remittance flows to developing countries are estimated to have reached US\$372 billion in 2011, and are expected to reach US\$467 billion by 2014 (US\$615 billion if flows to high-income countries are included). Any small portion of this massive flow can be financially significant for biodiversity and ecosystem services.

Trend: Religious and cultural activities, education and health have been most successful in attracting philanthropic contributions. Many factors may contribute to their success, but the global presence of institutionalized micro-foundation, such as churches, schools, cultural and health centres, is instrumental in resource mobilization from individual donors or givers. Similar success stories for biodiversity can be found from non-government organizations and grant-making foundations in U.S. Some 6 percent of grants from U.S. grant-making foundations were devoted to the environment and animals, which was US\$1.36 billion in 2010. If 5 per cent of global philanthropic giving can be mobilized, some US\$30 billion can be available for sustaining biodiversity and ecosystem services.

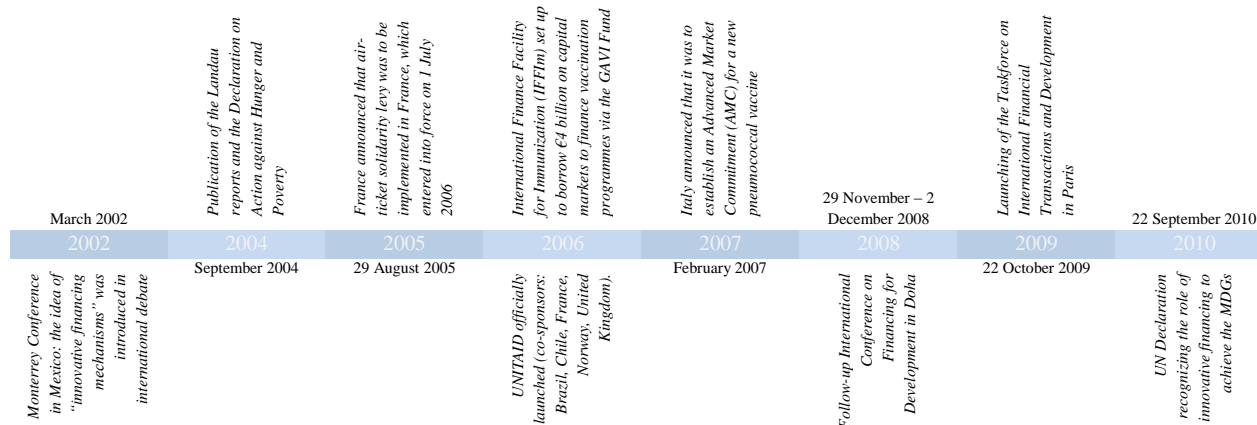


Options: The baseline for the indicator on the number of initiatives on charity for biodiversity in 2010 is nil and the global amount of charitable resources for biodiversity in 2010 is around US\$1.5 billion. The target for 2020 can be that at least two global initiatives on charity will be introduced, and some US\$3 billion will be generated for biodiversity objectives. One option is to encourage the harmonization of tax standards for ecosystem management institutions, considering that nearly all national regulations require tax-deductible donations to be made to domestically-based organizations, even if it is to be used overseas, but a donation with same objectives cannot have same tax benefits if made to foreign organizations. In Armenia, a funding plan focusing on Armenian Diasporas, particularly in Europe and the Americas was developed to promote investments from Diaspora for financing of environmental activities. Workers' remittances have never benefited from income tax deductions in host countries. If tax incentives can be provided to workers' remittances that will be used by ecosystem management institutions, a single-point percentage of the current remittances re-directed would bring nearly US\$4 billion to ecosystem institutions for biodiversity purposes.

¹ Strategic objective 4.4: To explore opportunities presented by promising innovative financial mechanisms such as markets for green products, business-biodiversity partnerships and new forms of charity

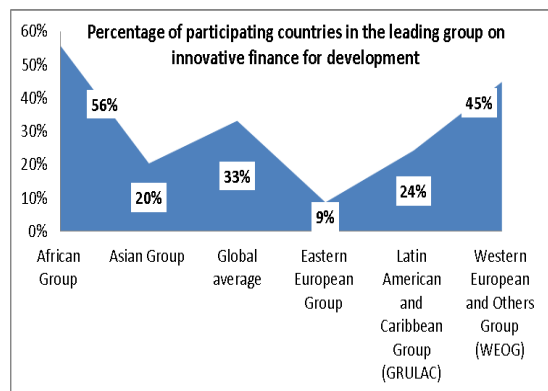
Indicator: Number of initiatives, and respective amounts, supplementary to the financial mechanism established under Article 21, that engage Parties and relevant organizations in new and innovative financial mechanisms, which consider intrinsic values and all other values of biodiversity, in accordance with the objectives of the Convention and the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of the Benefits Arising out of Their Utilization

4.5 New and innovative sources of international development finance remain to be tapped



Status: About twenty countries already set up one or more innovative financings so far, and raised nearly US\$6 billion since 2006. Advanced Market Commitments (AMC) leveraged US\$1.45 billion to guarantee the price of vaccines once they have been developed. IFFIm (International Finance Facility for Immunization) uses long-term donor pledges from donor governments to issue bonds on financial markets, and levied some US\$3.4 billion between 2006 and 2011 for GAVI. Solidarity levy on air ticket generated US\$1.22 billion. Belgian Fund for Food Security received 20% of the revenues of the national lottery each year. The Currency Exchange Fund (TCX) has mobilized US\$ 50 million in the Netherlands and US\$40 million in Germany.

Trend: Innovative development financing mechanisms have evolved considerably over the past decade,



with growing interests from both developed and developing countries. African Group and Western Europe and Others Group have demonstrated the highest interest in those mechanisms, while the interest from Eastern Europe Group and Asia Group is developing.

Options: The baseline for the indicator on the number of initiatives on innovative development financing for biodiversity and the global amount of resultant resources in 2010 is nil. The target for 2020 can be that similar innovative mechanisms will be introduced for

biodiversity, and mobilize a symbolic amount of US\$1 billion for biodiversity objectives. For instance, the concept of advanced market commitment can easily be replicated to the market for green products where certain price guarantee for green products can effectively transform production decisions for green products. International finance facility can be introduced to enable the Global Environment Facility Trust Fund to frontload the replenishment resources for immediate project commitments.

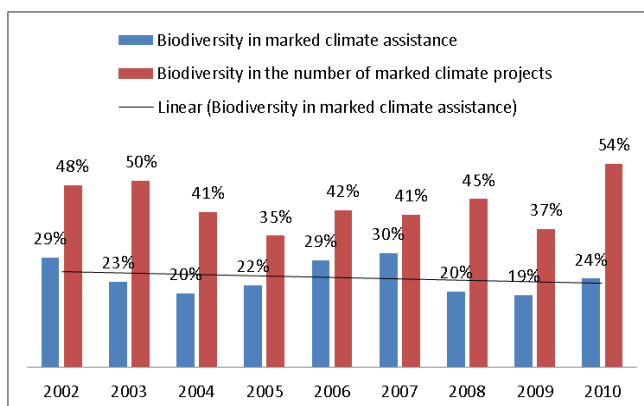
1 Strategic objective 4.5: To integrate biological diversity and its associated ecosystem services in the development of new and innovative sources of international development finance, taking into account conservation costs

Indicator: Number of initiatives, and respective amounts, supplementary to the financial mechanism established under Article 21, that engage Parties and relevant organizations in new and innovative financial mechanisms, which consider intrinsic values and all other values of biodiversity, in accordance with the objectives of the Convention and the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of the Benefits Arising out of Their Utilization

4.6 Climate funding can contribute to biodiversity objectives tremendously

Status¹: Climate change has been identified as an emerging major cause of biodiversity loss, and any funding action that combats climate change is thus also considered to address biodiversity objectives.

Some climate interventions have explicit relevance to conservation and sustainable use of biodiversity. For instance, the International Climate Initiative of Germany earmarks 10% of its resources for biodiversity projects. On average, about 23% of development assistance projects marked for climate change are also marked for biodiversity. This ratio may go up when climate adaptation marker is to be introduced. The percentage of biodiversity-



related climate change projects in all climate projects is relatively high, signifying that biodiversity contents can help spread out the impacts of climate investments.

Trend: If the Copenhagen Accord is to be followed, some US\$100 billion climate funding will be mobilized, and based on the historic trend, direct benefits to biodiversity conservation and sustainable use are on the order of US\$20-25 billion per year. World Bank Carbon Finance Unit has reported an increasing number of climate projects that also meet biodiversity objectives. Germany's special energy and climate fund committed 340 million € between 2008 and 2010, and expected 3.2 billion € by 2015. Norway introduced a tax on airline CO₂ emission, and raised 13 million € in 2011. Canada's Financial Mechanism for Climate Change Facility, with US\$291.5 million, provides concessional financing and technical assistance to catalyse climate change projects in developing countries that would not otherwise happen due to market barriers preventing sponsors or other financiers from making those investments.

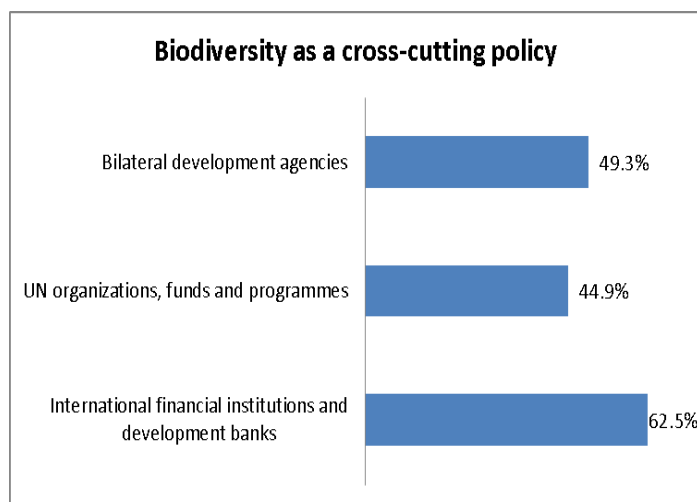
Options: The baseline for the indicator on the number of initiatives to integrate biodiversity into climate funding schemes in 2010 is 2, and the global amount of resultant resources is nil in terms of billion dollars. The target for 2020 can be that all climate funding schemes will have been integrated with the consideration of biodiversity and ecosystem services, and US\$20 billion will be mobilized from these schemes for biodiversity objectives. Since double benefits are evident for investing into the interface between climate change and biodiversity, projects addressing climate and biodiversity objectives should be preferred to single-purposed projects, in order to achieve savings and environmental impacts. One option could thus be to introduce double-benefits of climate change and biodiversity as a priority criterion in considering development cooperation projects. Another option is for key biodiversity players to seek and play a proactive role in advocating biodiversity objectives in the existing climate funds, such as the Climate Investment Fund, Forest Carbon Partnership Facility, the UN-REDD (Reducing Emissions from Deforestation and Forest Degradation) Programme, and International Climate and Forest Initiative, as well as the emerging climate funding schemes, such as green climate fund. Countries need to incorporate the double benefits of co-interventions in country-specific resource mobilization strategies and financial plans for biodiversity.

¹ Strategic objective 4.6: To encourage the Parties to United Nations Framework Convention on Climate Change and its Kyoto Protocol to take into account biodiversity when developing any funding mechanisms for climate change
Indicator: Number of initiatives, and respective amounts, supplementary to the financial mechanism established under Article 21, that engage Parties and relevant organizations in new and innovative financial mechanisms, which consider intrinsic values and all other values of biodiversity, in accordance with the objectives of the Convention and the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of the Benefits Arising out of Their Utilization

V. MAINSTREAMING IN DEVELOPMENT COOPERATION PLANS AND PRIORITIES

Goal 5 of the strategy for resource mobilization undertakes to mainstream biological diversity and its associated ecosystem services in development cooperation plans and priorities including the linkage between Convention's work programmes and Millennium Development Goals. Policy statements provide a guide and reference in developing budgetary prioritization, and policy changes eventually result in budgetary re-allocations. Although biodiversity and ecosystem services are increasingly referred to as a cross-cutting policy and in development plans, strategies and budgets, frequent re-adjustments of national policies and agency priorities require persistent advocacy for the importance of biodiversity and ecosystem services and regular re-emphasis of biodiversity and ecosystem services in the framework of national policies and agency priorities.

5.1 Biodiversity as a cross-cutting policy must be renewed periodically



Status 1: United Nations organizations, funds and programmes scored relatively low among all the development cooperation entities, because regional economic commissions and several special purpose funds did not consider biodiversity and ecosystem services at the policy level. Policy priorities of bilateral development agencies have shifted most over time: while biodiversity is sustained as a priority issue at a number of bilateral development agencies, it has become more invisible in several bilateral agencies. Among

international financial institutions and development banks, International Development Association does not have a specific theme on biodiversity, and African Development Bank only addresses biodiversity in its environmental safeguard policy. But both institutions have financed biodiversity projects, and African Development Bank is an agency for the financial mechanism.

Trend: International momentum and changes in leadership and policy reviews can lead to re-prioritization. The outcome of the United Nations Conference on Sustainable Development will have positive impacts on promoting biodiversity within the international development cooperation system.

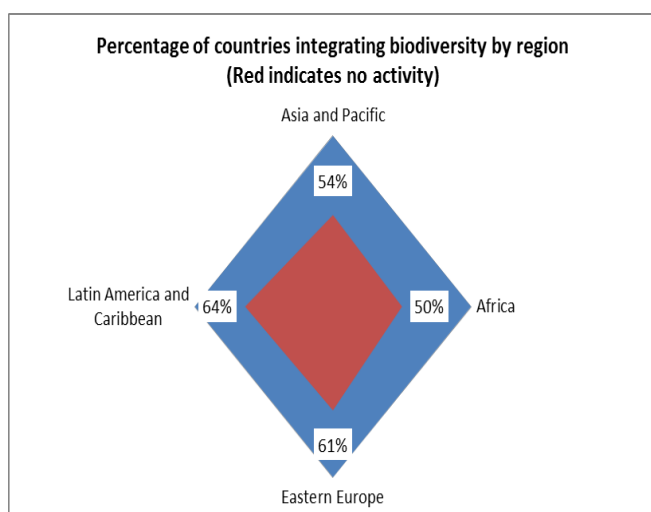
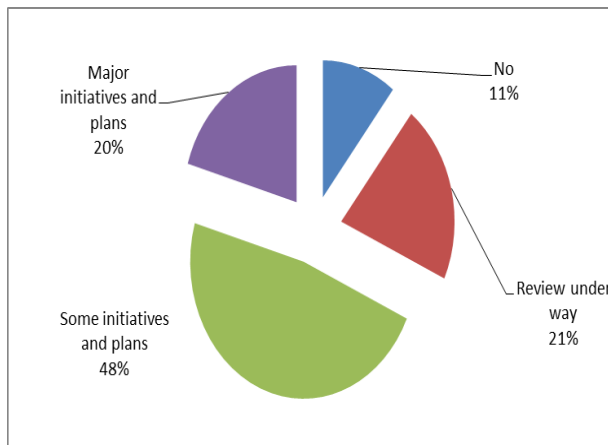
Options: The baseline for the indicator on the number of international financing institutions, United Nations organizations, funds and programmes and the development agencies in 2010 is less than half of these organizations take biodiversity and ecosystem services as a priority issue or a cross-cutting policy. The target for 2020 should be that all these organizations have biodiversity and ecosystem services as a priority issue or a cross-cutting policy. Parties have devised various innovative approaches to engage major stakeholders, for instance, France offers principal stakeholders an opportunity to subscribe to its national biodiversity strategies and action plans by signing a letter of engagement. Similarly, a Commitment to Funding Action (CFA) Process can be established as a coherent framework through which international donors and donor agencies can demonstrate their contribution to the Strategy for Resource Mobilization and the Strategic Plan for Biodiversity 2011-2020. Participating organizations should establish and update voluntary funding targets for biodiversity and ecosystem services at organizational level, and report publicly and annually on the achievement of those targets; mainstream consideration of biodiversity and ecosystem services into relevant priorities, plans, programmes and strategies; develop and enhance, where appropriate, funds and funding programmes for biodiversity and ecosystem services, including through innovative financial mechanisms; collaborate with funding partners with a view to scaling up financial support to biodiversity and ecosystem services, and become an active champion for rapid and extensive biodiversity action; build significant organizational capacity to understand fully the implications of loss of biodiversity and ecosystem services and enhance effectiveness of funding action in support of biodiversity and ecosystem services.

1 Strategic objective 5.1: To integrate considerations on biological diversity and its associated ecosystem services into the priorities, strategies and programmes of multilateral and bilateral donor organizations, including sectoral and regional priorities, taking into account the Paris Declaration on Aid Effectiveness

Indicator: Number of international financing institutions, United Nations organizations, funds and programmes, and the development agencies that report to the Development Assistance Committee of Organisation for Economic Co-operation and Development (OECD/DAC), with biodiversity and associated ecosystem services as a cross-cutting policy

5.2 Integration into national development plans, strategies and budgets calls for more operational consideration

Status 1: Two thirds of countries have reported concrete actions to review and further integrate biodiversity considerations in the development and implementation of major international development initiatives, as well as in national sustainable development plans and relevant sectoral policies and plans. Africa Group has the highest percentage of countries that have integrated biodiversity into development plans and strategies. In Latin America and Caribbean, about two thirds of countries have not featured biodiversity in their development planning processes. Croatia indicated that the integration of biological diversity has been achieved at the legislative level (it has been integrated into strategic documents) and in sectors of agriculture, forestry, hunting, fisheries, environmental protection, nature protection, marine, etc.. However, in most of the sectors, no operational mechanisms for implementation have been



established. Similarly in Zambia, the poverty reduction strategy paper and national development plan have stand-alone sections on the environment or natural resources (which include biodiversity), but with no real demonstrated linkages to other sectors. These government documents are generally not influencing the main forces affecting degradation because they mostly fail to establish systems and processes that engage the dominant sectors of society and government. Algeria left funding needs of biodiversity to be taken care of in national socioeconomic development plans.

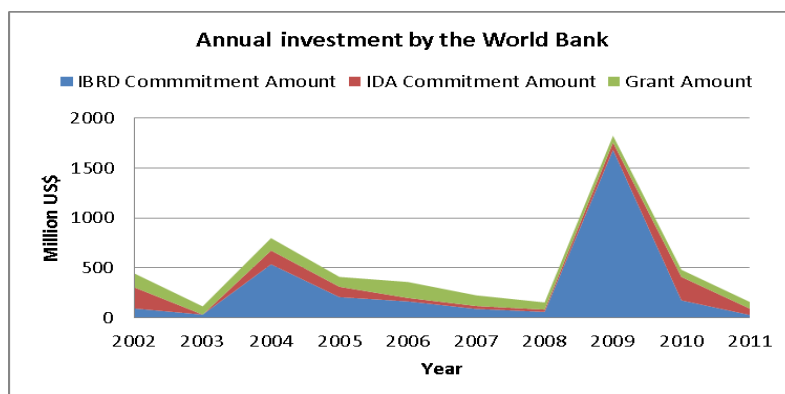
Trend: Burkina Faso noted that biodiversity conservation and sustainable use must go harmony with other national strategies and plans and sectoral development plans that exist or are being developed or planned. Belgium promotes integration of biodiversity into development plans of partner countries. France undertakes to turn biodiversity into a driver for development. Developing countries and development partners of developed countries need to redouble efforts to integrate biodiversity and ecosystem services into development plans and strategies, particularly whenever they are updated.

Options: The baseline for the indicator on the number of Parties that integrate consideration of biodiversity and ecosystem services in development plans, strategies and budgets in 2010 is two thirds of all Parties. The target for 2020 is that all Parties will have integrated biodiversity and ecosystem services in development plans, strategies and budgets.

¹ Strategic objective 5.2: To integrate considerations on biological diversity and its associated ecosystem services in economic and development plans, strategies and budgets of developing country Parties
 Indicator: Number of Parties that integrate considerations on biological diversity and its associated ecosystem services in development plans, strategies and budgets

5.3 Biodiversity makes up less than a tenth of one percent of lending at the World Bank

Status¹: All eight international financial institutions and development banks have either included biodiversity in their environmental strategy document or in their safeguard notes, partly because of their status as a GEF agency. In 2012, World Bank adopted new Environment Strategy for the next decade, replaced the one adopted in 2001. Under its green agenda, World Bank focuses on how to nurture sustainable growth and poverty reduction while protecting biodiversity and ecosystems, that is, how growth can become more sustainable and how investing in the environment can stimulate growth. The new Strategy outlines four areas of actions: support countries on valuation of ecosystem services and wealth accounting, including health of oceans and marine biodiversity; leverage work on oceans, fisheries, marine ecosystems, and coastal resources; expand financial and policy reform support for natural resource management and biodiversity; strengthen capacity in strategic environmental assessment and country environmental analysis, including analysis on ecosystem services; revitalize program focusing on pricing biases, subsidies, and market and trade barriers to environmental goods and services; promotion of sustainable supply chains, etc.. Inter-American Development Bank is developing a Biodiversity Platform around mainstreaming biodiversity in economic sectors and accounting for the value of ecosystems, maintaining the biodiversity endowment, promoting private sector investment in biodiversity, and strengthening governance and the policy framework.



Source: World Bank project database, accessed in June 2012

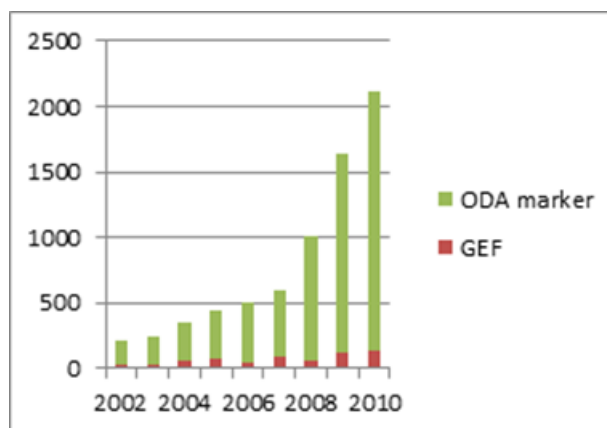
Trend: Despite the strategic importance attached to biodiversity and ecosystem services, international financial institutions and development banks still face several internal and external challenges. Biodiversity is at most a secondary concern for these banks, and the work on biodiversity can be undermined by more central pursuits with neutral or negative impacts on ecosystems, particularly at European Bank for Reconstruction and Development and African Development Bank. There is little incentive to work on “small” biodiversity projects when greater rewards come from working on the much bigger loans for agriculture, industry, or infrastructure, both requiring similar time, energy, and approval steps. The integration of biodiversity concerns into non-environmental lending can create win-win situations, but may also involve both private costs and added bureaucracy, and encourage borrowers to go for competing lenders.

Options: The baseline for the indicator on the financial flows from international financial institutions, United Nations organizations, funds and programmes in 2010 is approximately US\$ 0.45 billion. The target for 2020 can be twice the amount from the Global Environment Facility. This target may be affected by the pace of introducing agencies that will have direct access to the financial mechanism.

¹ Strategic objective 5.3: To integrate effectively the three objectives of the Convention into the United Nations development system, as well as international financial institutions and development banks
Indicator: Aggregated financial flows, in the amount and where relevant percentage, of biodiversity-related funding, per annum, for achieving the Convention’s three objectives, in international financial institutions
Indicator: Aggregated financial flows, in the amount and where relevant percentage, of biodiversity-related funding, per annum, for achieving the Convention’s three objectives, in United Nations organizations, funds and programmes

5.4 Project approaches to promoting regional, subregional and inter-regional cooperation and coordination

Status¹: The existing regional and subregional political establishments (UN regional commissions, and regional and subregional community organizations) have been active in becoming partners at the regional and subregional levels, but their involvement has been rather limited in terms of number of projects. The majority of regional and subregional biodiversity projects are initiated and executed by international development organizations and financial institutions, non-governmental organizations as well as governments and key stakeholders of donor and recipient countries. Regional and subregional projects have grown considerably over the past decade, passing the mark of US\$ 2 billion in 2010, roughly corresponding to the level of co-financing for GEF regional, subregional and interregional biodiversity projects amounted to US\$1.89 billion in the same year.



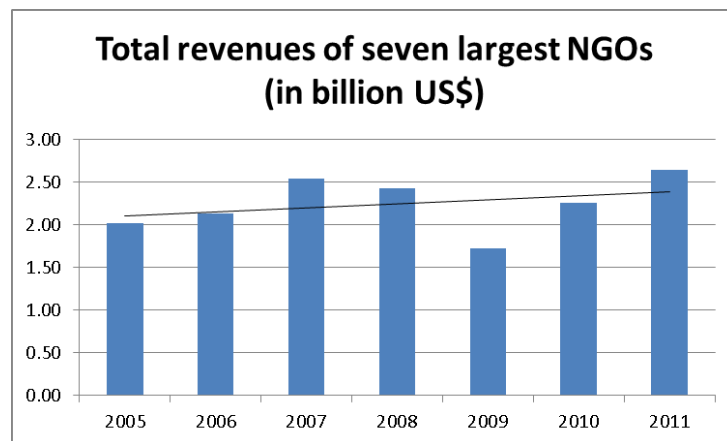
Trend: The growing trend of regional, subregional and inter-regional cooperation is expected to continue, and by 2020, regional (subregional and interregional) projects can surpass US\$3 billion. Regional and subregional environmental cooperation arrangements will play a catalytic role in mobilizing within-region partnerships, such as the African Ministerial Conference on the Environment (AMCEN) (organized by UNEP and UN Economic Commission for Africa every two years), the Ministerial Conference on Environment and Development in Asia and the Pacific (MCED) (organized by UN Economic and Social Commission for Asia and the Pacific every five years), the Forum of Ministers of the Environment of Latin America and the Caribbean (supported by the Inter-Agency Technical Committee (ITC)). The Joint Annual Meetings of the AU Conference of Ministers of Economy and Finance and ECA Conference of Ministers of Finance, Planning and Economic Development offers a promising occasions for developing linkages between biodiversity and ecosystem services and finance, planning and economic development.

Options: Cooperation and coordination among funding partners at the regional and subregional levels needs to build on the existing regional and subregional political establishments. Without involving substantial negotiations at the highest level of governance, a pragmatic mobilization option is to advance a project-based approach to regional and subregional cooperation and coordination. GEF Expanded Constituency Workshops (US\$10 million) bring regional and subregional groups of countries (GEF focal points and convention focal points) together, and thus can be used as an effective and efficient platform for incubating regional and subregional project ideas and concepts. Meantime, a longer-term vision for the project-based approach needs to be developed by utilizing the existing arrangements, such as the United Nations Regional Coordination Mechanism, United Nations Development Group, and regional and subregional ministerial forums (environmental as well as development and finance), and enriching them with biodiversity and ecosystem services as a thematic area.

¹ Strategic objective 5.4: To strengthen cooperation and coordination among funding partners at the regional and subregional levels, taking into account the Paris Declaration on Aid Effectiveness

5.5 Funding through international organizations and non-governmental organizations has fluctuated with economic cycles

Status 1: Large international non-government organizations, including BirdLife International, Conservation International, Flora and Fauna International, The Nature Conservancy, Wildlife Conservation Society, World Wildlife Fund, and World Resources Institute, are only a small drop of the ocean of non-governmental organizations, but have demonstrated unparalleled capabilities of resource mobilization. The financial health of these large international non-governmental organizations also serves as a bellwether for the entire community of non-governmental environmental organizations. After a sharp decline in revenues following the financial crisis in 2008, the seven largest nongovernmental organizations have recovered to their pre-crisis level, jumping over the US\$2.5 billion mark, though still lower than the historic high. As the large non-governmental organizations spend roughly 80 percent of their funding on conservation programs, policies, awareness and education, some US\$2 billion may have been extended from these organizations in 2011.



Trend: Countries have become increasingly receptive to nature-based international organizations and non-governmental organizations. Conservation organizations, such as WWF International, The Nature Conservancy and Conservation International sometimes have an Australian arm, or are regionally headquartered in Australia, with a focus on activities specifically in Australia's regions. The mobilizing capability of nongovernmental organizations is strongly correlated with economic and business environments in respective countries. But in many cases, non-governmental organizations are much more effective in mobilizing private resources from corporations and individuals. This trend will likely continue in the coming decade.

Options: The baseline for the indicator on the amount from non-governmental organizations, foundations, and academia in 2010 is approximately US\$4 billion. The target for 2020 can be set at US\$6 billion based on the historic trends. Governments can play a proactive role in helping non-governmental organizations on fund-raising. The Netherlands invested 4.37 million € to scale up the ICCO (the Netherlands-based interchurch organization for development cooperation) Fair Climate Fund with commercial loans of 4.3 million € from ING., and United Kingdom contributed 50 million € and Gates Foundation US\$50 million to the GAVI matching fund approach to resource mobilization through non-government organizations, in which contribution to biodiversity from non-governmental sources can be matched by donor countries. The matching practice already exists for many other purposes in many countries. Its conscientious use in resource mobilization for biodiversity can be an effective way to bring coherence to resources from non-governmental organizations, foundations, and academia in overall biodiversity funding plan in support of national biodiversity strategies and action plans.

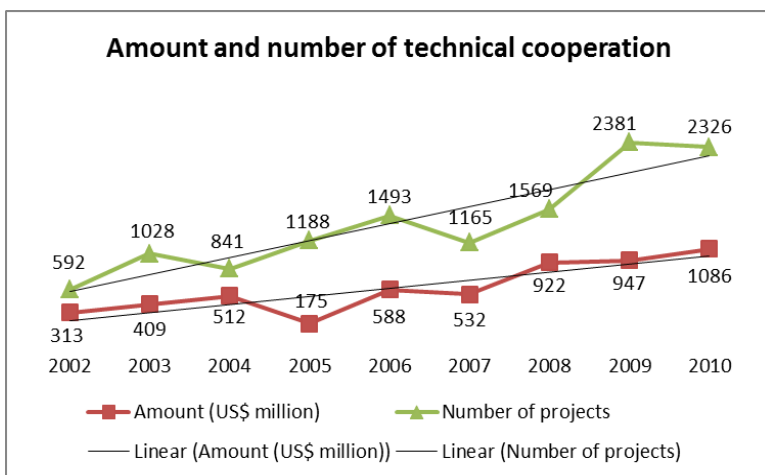
¹ Strategic objective 5.5: To enhance financial, scientific, technical and technological cooperation with international organizations, non-governmental organizations, indigenous peoples' organizations and public institutions for biological diversity and its associated ecosystem services

Indicator: Aggregated financial flows, in the amount and where relevant percentage, of biodiversity-related funding, per annum, for achieving the Convention's three objectives, in non-governmental organizations, foundations, and academia

VI. CAPACITY BUILDING AND SOUTH-SOUTH COOPERATION

Goal 6 of the strategy for resource mobilization is focused on building capacity for resource mobilization and utilization and promoting South-South cooperation as a complement to necessary North-South cooperation. Resource mobilization capacities are the prerequisites for successful resource mobilization campaigns, but the field of biodiversity and ecosystem services has not been able to attract and retain a critical mass of financial experts, particularly in developing countries and countries with economies in transition. South-South cooperation, technical cooperation and capacity building are effective tools to expedite the process of generating necessary financial capacities.

6.1 Amount and number of technical cooperation and capacity building initiatives have increased steadily



Status₁: There are two basic types of technical cooperation: (1) free-standing technical cooperation (FTC), which is the provision of resources aimed at the transfer of technical and managerial skills or of technology for the purpose of building up general national capacity without reference to the implementation of any specific investment projects; and (2) investment-related technical cooperation (IRTC), which denotes

the provision of technical services required for the implementation of specific investment projects. About 19.7% of all official development assistance marked for biodiversity from 2002 to 2010 belongs to free-standing technical cooperation projects. The amount of technical cooperation increased by 1.2 times from 2002 to 2010 using the constant price, and the number of technical cooperation projects were four times higher in 2010 than in 2002.

Trend: Stand-alone technical cooperation accounts for around 10% of South-South cooperation. Many South-South cooperation contributors (for example Brazil, Argentina, Chile, Cuba, Egypt, Indonesia, Malaysia, Mexico, Nigeria, Singapore and Tunisia) focus mainly on technical cooperation, and a number of developing countries have dedicated technical cooperation departments or agencies which are in charge of most of their South-South cooperation. The technical cooperation include sending experts to advise in-country, peer learning through study tours, training (technical and academic) and capacity building.

Options: The baseline for the indicator on technical cooperation in 2010 is 20% of official development assistance. As technical cooperation is considered as part of official development assistance, future changes in technical cooperation will fluctuate with the overall trends in official development assistance. The target for 2020 can still be that technical cooperation will account for 20% of official development assistance marked for biodiversity. As South-South technical cooperation is still a growing area, the total amount and number of technical cooperation and capacity building initiatives can be doubled by 2020. In order to access to technical cooperation, Parties should improve the capacity for designing and elaborating project proposals and applying for funding from all donors through training for key ministry employees and non-governmental organizations in project development and grants applications suitable for national and international donors. Various departments should have trained personnel to ensure implementation of actions identified within the plans and programs.

1 Strategic objective 6.1: To build local, national and regional capacities on resource mobilization skills, financial planning and effective resource utilization and management, and support awareness raising activities
 Strategic objective 6.3: To promote exchange of experience and good practice in financing for biological diversity
 Indicator: Amount and number of South-South and North-South technical cooperation and capacity-building initiatives that support biodiversity
 Indicator: Aggregated financial flows, in the amount and where relevant percentage, of biodiversity-related funding, per annum, for achieving the Convention's three objectives, in technical cooperation

6.2 The number of South-South cooperation initiatives continue to grow

Status¹: South-South cooperation in the context of resource mobilization is defined as concessional loans and grants and technical cooperation provided by a developing country for biodiversity purposes.

Globally speaking, South-South Cooperation is estimated to be US\$15 billion –US\$20 billion a year, and 22 per cent is channeled via multilateral organizations including the United Nations and World Bank. Using the OECD Rio marker for biodiversity as reference, some US\$200 million of annual South-South cooperation may be of high relevance to biodiversity purpose. Cuba implemented a total of 23 projects relating to the subject

Year	Funder	Recipient	Amount of fund	Project
2004	Arab Fund for Economic & Social Development (AFESD)	Tunisia	271,463	The Dams Biodiversity Project
2007	Brazil	Uruguay	35,829	Institutional Partnerships Network and adaptation of a data base
2007	Brazil	Haiti	3,940	Technical Cooperation to restore the plant cover of the Mapou Basin
2007	Islamic Development Bank (ISDB)	Asia	40,000	International Conference on S&T (Aquaculture, Fisheries and Oceanography)
2007	Thailand	Asia	84,014	Setting-up of ASEAN Wildlife Enforcement Network
2008	Brazil	Argentina	27,960	Capacity Development in Protected Areas Management
2009	Arab Bank for Economic Development in Africa (BADEA)	Africa	145,000	Training Session on Development and Management of Natural Pastures (Francophone countries)
2009	Brazil	Ecuador	12,564	Regional Meeting Advances in Cooperation Brazil - Ecuador - Biodiversity
2009	Kuwait	China	23,628,716	Lake Bosten River Basin Environment Protection and development Project
2009	Kuwait	Niger	29,535,895	Kandadji Dam Project
2009	Saudi Arabia	Niger	20,000,000	Kandadji Dam

of biodiversity are positive experiences for efficient use of resources. Cuba carried out training and joint projects with Colombia, Venezuela, Dominican Republic, and Mexico. The bilateral Agreements for Sustainable Development signed between the Netherlands, Bhutan, Costa Rica, and Benin have fostered technical and policy exchange with Costa Rica for Bhutan and Benin.

Trend: Between 1990 and 2008, world trade expanded fourfold, while South-South trade multiplied by more than 20 times its initial levels over the same period of time. As of 2008, developing countries accounted for around 37 per cent of global trade and nearly three quarters of global growth, with South-South flows making up about half of that total. Economists have predicted that by 2030 South-South cooperation will be one of the main engines of growth, accounting for 57 per cent of the world's gross domestic product (GDP). Several developing countries agree formal programmes with Finance and Planning Ministries, but most developing countries agree to South-South assistance at Head of State or Government level, and provide technical cooperation via line ministers, other public sector agencies or non-governmental organizations.

Options: The baseline in 2010 for the indicator on the number of South-South cooperation initiatives conducted by developing country Parties is that 30% of countries are involved in South-South cooperation initiatives. The target for 2020 can be that all countries will have participated in South-South cooperation initiatives on biodiversity. Despite the tremendous flows of South-South cooperation, the baseline in 2010 for the indicator on the amount of South-South cooperation initiatives for achieving the Convention's three objectives is still nil in terms of billion dollars. The target for 2020 could be established at an annual scale of up to US\$1 billion by 2020, in order to effectively promote positive link between South-South economic activities and biodiversity and ecosystem services. This message may help attract necessary attention at the highest level of global governance, and triangular or hybrid cooperation must be instrumental in seeding such a global target since developing countries need clear reaffirmation of the commitments under paragraph 4, Article 20 of the Convention.

¹ Strategic objective 6.2: To identify, engage and increase South-South cooperation as complement to North-South cooperation to enhance technical, technological, scientific and financial cooperation

Indicator: Number of South-South cooperation initiatives conducted by developing country Parties and those that may be supported by other Parties and relevant partners, as a complement to necessary North-South cooperation

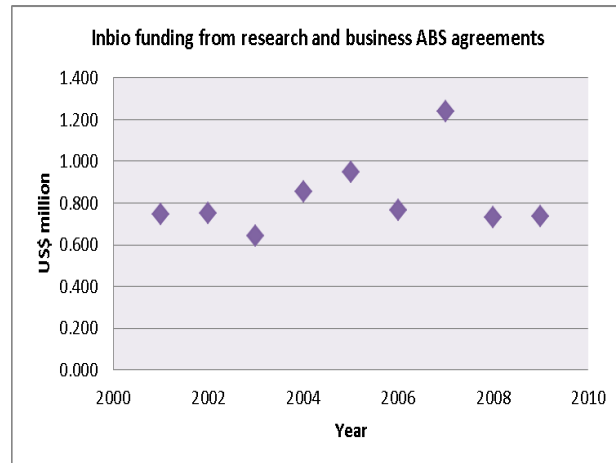
Indicator: Aggregated financial flows, in the amount and where relevant percentage, of biodiversity-related funding, per annum, for achieving the Convention's three objectives, in South-South cooperation initiatives

VII. ACCESS AND BENEFIT SHARING

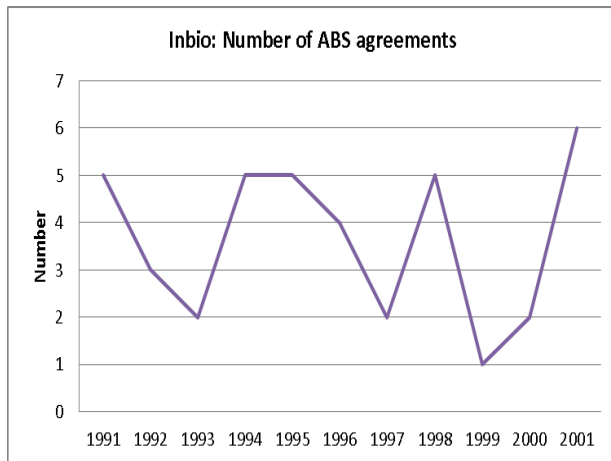
Goal 7 of the strategy for resource mobilization seeks to enhance implementation of access and benefit-sharing initiatives and mechanisms in support of resource mobilization. Genetic resources are widely used in several important industries with considerable financial benefits. In accordance with the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of the Benefits Arising out of Their Utilization, countries have committed to encourage users and providers to direct benefits arising from the utilization of genetic resources towards the conservation of biological diversity and the sustainable use of its components. Access and benefit sharing initiatives and mechanisms thus will emerge as a new source of funding for biodiversity objectives.

7. In INBio, revenues from access and benefit sharing agreements are firmly embedded in its income statements

Status 1: An access and benefit sharing initiative refers to the initial stage in accomplishing set objectives that enhance resource mobilization, and may include access and benefit sharing measures, schemes, agreements, plans and strategies. An access and benefit-sharing mechanism refers to the fundamental arrangement that intends to transform individual performance of connected basic components into a system on access and benefit sharing that operates to achieve set objectives that enhance resource mobilization. The known number of access and benefit sharing agreements are relatively low and concentrated in a selected group of countries. Their associated financial contributions to biodiversity conservation are relatively small.



Trend: Global investment in research and development is expected to grow over the next decades, and with necessary time lags, some access agreements may lead to benefits that can be shared under the Nagoya Protocol on access and benefit sharing. Some US\$500 million may be mobilized from regulatory allocations and access contracts. The global multilateral benefit-sharing mechanism and the Nagoya Protocol Implementation Fund will play a catalytic role in advancing the development of market for genetic resources.



Options: The baseline for the indicator on the number of access and benefit sharing initiatives and mechanisms in 2010, measured by countries

covered, is less than 10% of the total number of the Parties to the Convention. The target for 2020 can be that every country will have benefited financially from at least one access and benefit sharing contractual agreement. Like Colombia, Parties can promote development of bioprospecting and sustainable use of genetic resources by increasing knowledge of current and potential uses of flora, fauna and wild microbiota as active ingredients in pharmaceuticals, pest and disease control, perfumes, etc.; encouraging national uses and international markets to maximize local and national added value of these resources; promoting domestic industry to develop products and technologies; improving negotiation and management capacity of national competent authority and related entities; strengthening biodiversity-based national drug industry to compete in national and international markets; developing and implementing various techniques of economic valuation of biodiversity to guide decision-making.

1 Strategic objective 7.1: To raise awareness and build the capacity of different stakeholders to implement access and benefit-sharing initiatives and mechanisms

Strategic objective 7.2: To promote exchange of experiences and good practices in access and benefit sharing

Indicator: Number of access and benefit sharing initiatives and mechanisms, consistent with the Convention and, when in effect, with the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of the Benefits Arising out of Their Utilization, including awareness-raising, that enhance resource mobilization

VIII. GLOBAL ENGAGEMENT FOR RESOURCE MOBILIZATION

Goal 8 of the strategy for resource mobilization is targeted at enhancing the global engagement for resource mobilization in support of the achievement of the Convention's three objectives. Global awareness initiatives on funding needs provide a platform for all stakeholders to join their efforts to mobilize resources. Such initiatives can attract better media coverage and reach more audience, including high-level politicians, with more powerful political messages and more convincing evidences worldwide.

8. The strategy for resource mobilization was reflected in some high-profile outcome documents, but the momentum is at risk

Status₁: Global awareness-raising initiatives extend influence over more than one geographical region of the United Nations, which can be effectively pursued through the international high-profile political and economic processes by making explicit statements on the need for resource mobilization for biodiversity. The strategy for resource mobilization was part of the resolutions of United Nations General Assembly in 2010 and 2011 and of G8 Declaration in 2011, but not taken up by Group of 77, United Nations Economic and Social Council Annual Ministerial Reviews and Development Cooperation Forums, annual meetings of governing boards of International Monetary Fund and the World Bank, United Nations Financing for Development process, Group of Twenty.

T1			GA(64)	GA(65); G8	UNCSD
T2	AMR; OECD ministerial; FfD	GA(63); OECD ministerial; FfD			
T3	GA(62); G77; G8;	G77; G8	G77; G8	G77	GA(66)
T4					OECD ministerial
T5	DCF; IMF/WB annuals; G20	AMR; IMF/WB annuals; G20	AMR; DCF; FfD; IMF/WB annuals; G20	AMR; IMF/WB annuals; G20	DCF; IMF/WB annuals; G8; G20
Year	2008	2009	2010	2011	2012

Trends: United Nations Conference on Sustainable Development or Rio +20 points to a positive trend in further exploring financial solutions in the coming years, by stating “We welcome the Strategy for Resource Mobilization in support of the achievement of the Convention on Biological Diversity’s three objectives, including the commitment to substantially increasing resources from all sources in support of biodiversity, in accordance with decisions taken at the Tenth Conference of the Parties.” But the strategy for resource mobilization has not been able to sustain traction at the United Nations General Assembly or at Group of Eight, and financing for biodiversity will likely continue with no attention from other major international processes related to finance.

Options: The baseline for the indicator on the number of global awareness initiatives in 2010 is that the strategy for resource mobilization was incorporated in two outcome documents. The target for 2020 could be that all nine major international processes will consider the strategy for resource mobilization or its goals and strategic objectives in their outcome documents. This requires Parties to influence the preparatory processes of nine international processes through respective organizing secretariats and key negotiation groups. Parties and the convention secretariat need to proactively elaborate headline messages for world leaders, and organize dialogue workshops, seminars and similar events with key stakeholders on the margin of the nine international processes. The Conference of the Parties needs to deliver consensual messages on financing for biodiversity through its high-level segments, to the major international processes, as well as to financial institutions and development agencies.

₁ Strategic objective 8.1: To raise public awareness of the importance of biological diversity and the goods and services that it provides at all levels in support of resource mobilization
Indicator: Number of global initiatives that heighten awareness on the need for resource mobilization for biodiversity