

# Strategy for Resource Mobilization

(Agenda item 4.4)

**Tenth Meeting of the Conference of the Parties to the Convention on Biological Diversity (CBD COP10), 18-29 October, 2010, Nagoya, Japan**

## Summary of Recommendations

With regard to the Resource Mobilization Strategy of the Convention, IUCN urges Parties to:

- ✓ Adopt a broad view of resource mobilization, notably by mobilizing resources beyond international development assistance and the existing financial mechanism of the CBD;
- ✓ Support efforts to develop and implement innovative financial mechanisms, as noted in paragraph 6(e) in the draft decision text;
- ✓ Support efforts to mobilize additional business contributions to biodiversity conservation, in particular through the Business and Biodiversity Offset Program (BBOP) and the Green Development Mechanism (GDM) initiative;
- ✓ Implement the recommendations of the study of The Economics of Ecosystems and Biodiversity (TEEB) with regard to the integration of biodiversity and ecosystem service values in the development of national policy and economic decisions at all levels; and
- ✓ Align existing biodiversity financing mechanisms with broader efforts to accelerate the transition to a green economy.

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## The financial imperative

As recognized by the 10<sup>th</sup> Conference of the Parties to the Convention on Biological Diversity (Decision IX/11), insufficient financing is a major constraint to achieving the objectives of the Convention. The draft decision on Resource Mobilization, prepared by the Executive Secretary of the CBD, states that the failure to achieve the 2010 biodiversity target can be largely explained by a lack of resources.

IUCN recognizes that funding is only part of a broader resource mobilization strategy, which must also include capacity building, institutional strengthening and technology transfer, and must be aligned with efforts to reform environmentally-harmful subsidies, introduce positive economic incentives, increase the engagement of business and other stakeholders, and facilitate access and ensure equitable benefit-sharing for genetic resources. More money, in itself, is not sufficient to achieve the objectives of the Convention or the Targets of the draft Strategic Plan. Nevertheless, it is also clear that if the Strategic Plan is to be implemented successfully, more funding will be needed.

Bearing in mind the urgent need to mobilize additional resources to support conservation:

- ✓ IUCN supports the resource mobilization strategy approved by Parties at CBD COP9 and considers its full implementation to be essential to the achievement of the proposed Strategic Plan.

## Enhance the information base

Due to persistent information and reporting gaps, it is not possible to make a precise assessment of the funding required to implement the draft Strategic Plan. IUCN agrees with suggestions by several Parties, during recent discussions of the Ad-Hoc Working Group on Review of Implementation of the Convention (WGRI-3), that the CBD should avoid unfounded speculation on the amount of funding needed to halt biodiversity loss. Instead, IUCN urges Parties to focus their discussions on the options available to reduce the economic costs of biodiversity loss and ensure that the economic benefits of conservation are better reflected in economic statistics and decision-making.

The study of The Economics of Ecosystems and Biodiversity (TEEB) represents a historic step forward in understanding this issue. TEEB provides a basis for Parties to estimate the biodiversity financing gap more accurately but

also, and more importantly, TEEB can help Parties to identify ways and means to mobilize new and additional resources for conservation.

As highlighted in the draft decision on resource mobilization, prepared by the Executive Secretary of the CBD, TEEB shows that the economic benefits provided by biodiversity and ecosystem services generally exceed the costs of their conservation and supply. However, TEEB also reveals that many of the economic benefits provided by ecosystems are undervalued by markets and over-looked by society. As a result, the multiple values of biodiversity are not fully reflected in economic policies and decisions. This neglect of the economic values of biodiversity represents a major missed opportunity to foster sustainable development and contribute to the achievement of the Millennium Development Goals.

The resources available for biodiversity conservation can be significantly increased, if policies and incentives are developed and/or reformed as appropriate to account for biodiversity and ecosystem values. A first step is to integrate ecosystem values in national economic accounting systems, as suggested in Target 2 of the proposed Strategic Plan.

In relation to goal 1 of the resource mobilization strategy (information base), IUCN strongly supports the language of the draft decision and offers its assistance to Parties to:

- ✓ Undertake national (or sub-national) economic evaluations of biodiversity and ecosystem services;
- ✓ Develop and evaluate policy options for improved stewardship of natural capital, such as payments for ecosystem services, environmental fiscal reform, and investments in ecological infrastructure; and
- ✓ Consider the findings and implement the recommendations of TEEB, based on more focused national or regional analyses.

## Strengthen existing financial mechanisms

Existing financial mechanisms can and should do more to support developing countries to conserve biodiversity. TEEB has shown that a large share of the benefits of biodiversity conservation is enjoyed at a global level (in the form of 'non-use' or 'intrinsic' values). Notwithstanding the commitments of developed countries to meet their financial obligations, as set out in the provisions of Article 20 of the

CBD, there is also a clear economic rationale for increased international transfers for conserving biodiversity, notably for the maintenance and enhancement of *global* ecosystem services and biodiversity benefits.

Another implication of the TEEB study is that the mobilization of resources for biodiversity can occur everywhere. Addressing the drivers of biodiversity loss, notably unsustainable patterns of production and consumption (Target 4 of the proposed Strategic Plan), is a challenge shared by all societies. While it is appropriate that the developed world provides more support for conservation in developing countries, efforts to internalize biodiversity costs and benefits in economic decision-making must be made in all countries.

IUCN recognizes the need to strengthen existing financial mechanisms, such as the Global Environmental Facility (GEF), as noted in goal (3) of the resource mobilization strategy. However, IUCN believes that existing biodiversity financing mechanisms and funding allocation criteria should put more emphasis on efforts to integrate biodiversity benefits and costs in market prices and investment decisions in all economic sectors.

The TEEB study provides further evidence that unsustainable economic policies and decisions are the most significant drivers of biodiversity loss. Consequently, the challenge of resource mobilization is intimately linked to the capacity of governments and the willingness of societies to reform unsustainable policies and make the transition to a greener economy.

In times of fiscal austerity some governments may be reluctant to devote more resources to global environmental problems. However, IUCN believes that governments can make a virtue of current fiscal necessity by reducing or redirecting environmentally-harmful subsidies, notably those related to industrial fishing, intensive agriculture and fossil energy production. These three sectors alone are estimated to receive over US\$500 billion/year in public subsidies in OECD countries. Reforming such subsidies would make a very significant contribution to biodiversity conservation (and help achieve Target 3 of the Strategic Plan) by reducing incentives to engage in environmentally destructive activities. In addition, if a portion of the fiscal savings achieved by reducing subsidies were redirected to international conservation efforts, this would further reduce the biodiversity financing gap.

In regard to strengthening existing financial mechanisms, IUCN urges Parties to:

- ✓ Increase official public assistance for biodiversity in developing countries, while focusing such assistance on the reform of economic incentives and engagement of the private sector in conservation efforts;
- ✓ Align existing biodiversity financing mechanisms with broader efforts to accelerate the transition to a green economy; and
- ✓ Reform environmentally-harmful subsidies and dedicate a portion of the savings realized to international conservation efforts.

### **Innovative biodiversity finance mechanisms**

IUCN supports the draft text under goal (4) of the resource mobilization strategy on innovative financial mechanisms. IUCN believes that mobilizing the resources needed to implement the Strategic Plan requires a diversification of funding sources and mechanisms.

One of the findings of the TEEB study is the great diversity of responses to biodiversity loss, reflecting differences in capacity and social preferences. In other words, one size does not fit all. IUCN strongly supports the development of nationally-appropriate financing strategies and mechanisms for biodiversity conservation.

In this regard, the development of eco-certification schemes, payments and/or markets for biodiversity and ecosystem services may be appropriate in some countries as a means to mobilize previously un-engaged actors in biodiversity conservation efforts. Such approaches can facilitate private sector engagement and are therefore consistent with the objectives and priorities of the GEF and its Earth Fund initiative. The creation of market-based schemes is noted as one approach or support activity for the period 2010-2014 (see the Report of the GEF, UNEP/CBD/COP10/6, paragraph 196). IUCN urges Parties at the GEF Council to consider this a cross cutting issue and to give it higher priority.

Another promising biodiversity financing mechanism, which has shown its potential in many countries, is the use of biodiversity offsets, on a voluntary or mandatory basis, to address the unavoidable, residual impacts of development projects. IUCN encourages Parties to support efforts to develop the theory

and practice of effective biodiversity offsets, building on the work of the Business and Biodiversity Offsets Program (BBOP). Such efforts should be seen as part of wider efforts to ensure that development is broadly neutral or positive with respect to biodiversity and ecosystem services.

At an international level, another opportunity to implement payments for ecosystem services is through efforts to Reduce Emissions from Deforestation and forest Degradation and related climate mitigation activities (REDD+). REDD+ policies and measures can provide significant new resources for biodiversity conservation, sustainable forest management and the enhancement of land-based carbon stocks.

In addition to REDD+, IUCN believes that more efforts are needed to develop international standards and funding mechanisms that can mobilize private sector support for biodiversity conservation, including through the 'greening' of supply chains. In this regard, IUCN encourages Parties to support the integration of biodiversity in emerging product sustainability standards and assurance processes, as well as the Green Development Mechanism (GDM) initiative.

In regard to the 4<sup>th</sup> goal of the resource mobilization strategy, IUCN encourages and offers its assistance to Parties to:

- ✓ Explore the feasibility of and, where appropriate, implement national payment for ecosystem service and biodiversity offset schemes;
- ✓ Collaborate with stakeholders to establish voluntary frameworks that create positive incentives for business investment in biodiversity while also reducing business risks, notably by integrating biodiversity in product sustainability standards; and
- ✓ Explore new opportunities to mobilize international private sector contributions to biodiversity conservation, through initiatives such as REDD+ and the Green Development Mechanism (GDM) initiative.

### **Setting an ambitious target**

IUCN believes that the TEEB study and the proposed Strategic Plan – with its associated targets – provide a basis for a more coherent approach to biodiversity funding.

IUCN also recognizes the need to monitor and evaluate progress in implementing the resource

mobilization strategy. In this regard, IUCN believes that the lists of indicators and targets proposed, and bracketed, in the draft decision on resource mobilization requires further refinement, and offers to support Parties in this endeavor.

While it is difficult to estimate precisely how much funding is needed to implement the Strategic Plan, the measures outlined in this paper, if widely adopted, have the potential to mobilize significant new funding for biodiversity conservation. Bearing in mind the enormous economic benefits of conservation, and the large costs of inaction, IUCN encourages Parties to adopt an ambitious financing target for the Strategic Plan (Target 20).

As a provisional global funding target for 2020, IUCN recommends a goal of US\$300 billion from all sources, including current spending. This is equivalent to one hundred times the current level of biodiversity-related aid, as reported by the OECD (OECD 2007). IUCN believes that this ambitious target can be achieved but only by using a variety of instruments and by mobilizing resources at all levels, from national to international, and from all sources, both public and private.

In order to reach an ambitious target for the financing of the CBD Strategic Plan:

- ✓ IUCN strongly urges Parties to adopt a global, multi-sector, and multi-source approach to resource mobilization.