The Biodiversity Finance Initiative – BIOFIN

The Biodiversity Finance Initiative

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The Biodiversity Finance Initiative - Annabelle Trinidad, Senior Technical Adviser, Global BIOFIN

Mobilizing Resources for the Philippine Biodiversity Strategy and Action Plan - Anabelle Plantilla, Project Manager, BIOFIN Philippines

Investing in biodiversity for people and planet: a Case of a Small Island Called Koh Tao - Niran Nirannoot, Project Manager, BIOFIN Thailand

Sukuk and Islamic giving as a finance solution in Indonesia - Bayuni Shantiko, Project Manager, BIOFIN Indonesia

From national to local: BIOFIN applied to Mindoro - Lorenzo Cordova, Lead Consultant, BIOFIN Philippines

Open Forum / Panel discussion

Crowdsourcing of ideas: scaling up finance solutions for the East Asian Seas Region
BIOFIN and the East Asian Congress

- Alignment of SDS-EAS with SDGs, Aichi Targets, and the country National Biodiversity Strategies and Action Plans
- Identification of investment opportunities using the BIOFIN methodology
- Inform the State of the Coast Reports by including investment plan based on financing needs and current expenditure profiles
Presentation Outline

• Background / Rationale for BIOFIN
• Primer on the BIOFIN Methodology
• Highlights of BIOFIN success
• Regional Nodes
The Biodiversity Finance Initiative

A global collaborative partnership to develop and implement an evidence-based methodology that improves biodiversity outcomes using finance and economics
Origin

BIOFIN conceived in response to CBD COP-10 and especially because of:

- The ambitious Strategic Plan for BD 2011-2020 & request for new NBSAPs
- The Strategy for Resource Mobilisation and its reporting requirements
- The need to address the gap in biodiversity finance
Comparing biodiversity values and finance

US$24 trillion
Conservative Estimate of Economic Value of Natural Assets

US$150-440 billion
Estimated Annual Finance Needs

US$52 billion
Current Annual Global Biodiversity Funding
US$ 52 billion

Source: Adapted from the Global Canopy Programme, 2012.
Expected Outcomes of the BIOFIN Process

1. Create dialogue on biodiversity finance to improve
   • Budget planning
   • Resource mobilization
   • Biodiversity management
2. Improve understanding of economic & financial drivers on biodiversity
3. Enable targeted policy recommendations for mainstreaming biodiversity
4. Determine a baseline level of biodiversity expenditures for the country and track biodiversity in budgets
5. Identify specific financial needs for national achievement of CBD Strategic Plan (20 Aichi Targets)
6. Develop, pilot and implement a suite of finance solutions
**BIOFIN Activities**

**Reduce Needs**
- Realign expenditures
- Avoid future expenditures
- Deliver better

**Increase Resources**
- Generate revenue
- Realign expenditures

**Baseline Situation**
- Finance gap (unknown)
- National/International finance

**Expected Results**
- Finance gap (known)
- National/International finance

**Resources needed**
- Existing Resources

**Biodiversity Finance ($)**

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**Legend**
- Finance gap (unknown)
- National/International finance
- Finance gap (known)

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The BIOFIN Methodology: An innovative approach to develop national financing strategies

Policy and Institutional Review (PIR)
What are the drivers, policies, actors, and existing mechanisms that influence biodiversity finance?

Biodiversity Expenditure Review (BER)
How much is spent for biodiversity in the country?

Financial Needs Assessments (FNA)
How much is needed to reach the national biodiversity targets?

Biodiversity Finance Plan (BFP)
Which finance solutions are optimal for the country?
Why should the country adopt them – the business case?
How to implement successfully these optimal solutions step by step?

Implementation
Implement the solutions, achieve, and monitor finance results:
Generate Revenue, Deliver Better, Avoid Future Expenditures, Realign Finance.
Biodiversity Finance Policy and Institutional Review (PIR)


2. Drivers of Change

3. Existing Finance Landscape
   - National Budgeting Process
   - Biodiversity Specific:
     - Finance Laws and Policies
     - Existing Finance Solutions
     - Biodiversity Revenues
     - Harmful Subsidies

4. Institutional Analysis
Biodiversity Expenditure Review (BER)

1. Preparations
2. Defining the main parameters of the BER
3. Data collection
4. Data Analysis
5. Project future expenditures
Comparative analysis of BER results, % spending to GDP
Financial Needs Assessment (FNA)

1. Preparation
2. Scoping and Clarifying the NBSAP Actions
3. Desktop study and initial costing tables
4. Refining cost models with expert input
5. Analyse Costing Results
6. Estimate Finance Needs
Biodiversity Finance Plan (BFP)

1. List Existing and Potential Finance Solutions
2. Prioritise Finance Solutions
3. Finance Solutions – Technical Proposals
4. Business Case:
   - Plan Level
   - Finance Solutions Level
generate revenues
Generate or leverage financial resources
- Impact Investment, green taxes, entry fees

realign expenditure
Re-orient existing financial flows
- Phase out harmful subsidies, lobbying for public budget realignment

avoid expenditure
Prevent / reduce future expenditures needs
- Stopping invasive alien species

deliver better
Cost savings through efficiency gains and synergies
- Challenge funds, central procurement, staff incentives
Schematic Diagram Showing the Main Elements of Most Finance Solutions and their Relationship with Finance Instruments

Finance Source → Lead Agent or Intermediary → Instrument → Financial Results

- Regulatory
- Market
- Fiscal
- Grant
- Debt/Equity
- Risk
- Generate Revenues
- Deliver Better
- Realign Expenditures
- Avoid Future Expenditure
Global

The BIOFIN Catalogue of Finance solutions completed

BIOFIN Catalogue of Finance Solutions

The biodiversity finance landscape is changing. Both domestic and international financial flows have grown and the range of financing instruments, providers and delivery mechanisms now available is significantly wider than ever before. This online “catalogue” is a comprehensive list of these instruments, tools and strategies that are applicable to the field of biodiversity finance. Each catalogue entry is a mechanism or “finance solution” and includes a brief description as well as links to guidance material or case studies.

The searchable catalogue below provides a listing of all solutions profiled. Solutions can also be searched by the financial result they produce, the financial instrument they rely upon, whether they are public or private finance, and the economic sector in which their use is most prevalent.
1. Biodiversity offsets
2. Bioprospecting
3. Biosafety fee
4. **Carbon markets**
5. **Conservation easement (external-analysis)**
6. Conservation or wildlife themed items
7. Corporate and corporate foundations’ donations
8. Corporate social responsibility tax
9. Corporate sustainability
10. Crowd funding
11. **Debt-for-Nature Swaps**
12. Disaster risk insurance
13. Earmarking and retention of biodiversity revenues (self income)
14. **Ecological fiscal transfers**
15. Effective procurement
16. **Enterprise challenge and innovation funds**
17. Environmental risk insurance
18. Financial and operational mergers
19. Green banks
20. **Green bonds**
21. Green lending
22. Green procurement
23. Cost effectiveness measures
24. Human resources management
25. **Impact investment**
26. Enhance public budget execution
27. Incentives for sustainable business
28. Enhanced Land or Marine Stewardship
29. Islamic finance
30. Lobbying for public budget allocations
31. **Lotteries**
32. Lower cost of capital for conservation investments
33. Mobile banking
34. Mobilization of private donations
35. Increasing Official Development Assistance (ODA)
36. Promoting Natural capital accounting
37. Outsourcing strategies
38. **Payment for Ecosystem Services**
39. Compensation for planned environmental damage
40. Penalties and other compensation for unplanned environmental damage
41. Promotion of sustainable tourism
42. Non-State Protected Areas
43. Financial guarantees
44. **Remittances**
45. Result based budgeting
46. **Social and development impact bonds**
47. Sovereign Wealth Funds
48. Change subsidies harmful to biodiversity
49. Sustainability standards and certification (voluntary)
50. Biodiversity friendly subsidies
51. Earmarking of taxes on financial transactions
52. Taxes, fees and quotas in the fishery sector
53. Taxes on natural resources (non-renewables)
54. **Taxes on renewable natural capital**
55. Taxes, Fees and Royalties in the Forestry Sector
56. Tariffs, fees and taxes in the water sector
57. **Taxes on pesticides and fertilizers**
58. Taxes and fees in the tourism sector
59. Taxes and fees in the wildlife sector
60. Technology upgrade and maintenance
61. Trade finance
62. **Trust funds**
63. Venture capital
64. Water markets
65. Fees, penalties, and management expenditures for Environmental (and Social) Impact Assessment
66. Finance for Permanence
67. Pasture (and grazing) Fees
BIOFIN Catalogue of Finance Solutions

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http://www.biodiversityfinance.net/finance-solutions
Highlights of BIOFIN’s work: finance solutions
Implementation

- Large biodiversity offsets pilot to guide the future development of biodiversity offsets in the country
- Blended solution where fiscal instruments and the market help fund the management hunting concessions and important species
- Carbon offsets to fund forest conservation
- Using fiscal instruments to support the development of ecotourism
Finance solutions

1) Strengthen the capacity of the Ministry of Environment for result based budgeting
2) Increasing the financial sustainability of the protected areas system
3) Better integrated biodiversity into the EIA system (e.g., hydropower) and improve the fine system for violations
4) Improved system for environmental pollution/damage payments
Mongolia

New mechanism to calculate pasture user fees developed.
India

- Mainstreaming biodiversity in agricultural schemes
- Unlocking the finances in biocommerce/ ABS
- Optimizing CSR law
越南

- **Cuc Phuong** (南部河內) 是该国最古老的国家公园。
- BIOFIN 模型开发了翻新计划，以改善访客体验和服务。
- BIOFIN 模型：基于预算的预算。
1. Results based budgeting

- New budget code entered into force January 2017: strengthening the principles of effectiveness, efficiency and transparency in the use of budgetary funds, transition to strategic budget planning and result-oriented budgeting.

- BIOFIN has played a significant role in the process of introducing **program budgeting** in the environmental sector of the Kyrgyz Republic.

- BIOFIN supported system for **monitoring and evaluating** of the budget programs effectiveness.

2. Greening harmful subsidies study

- Out of 40 identified subsidies 32 are harmful

- Transforming only two of them (heating and irrigation water) could save about 40 mln USD annually
Malaysia

National/State Park Designation Programme with Special Allocation shortlisted for further development under the Budget Cycle 2019 by the Ministry of Finance in August 2018

• Policy brief on Ecological Fiscal Transfer

• Institutionalisation through the planning cycle of 12th Malaysia Plan 2021 – 2025 as per BIOFIN stakeholder consultations, after earlier work to integrate biodiversity finance in 11th national plan
Bhutan

- Integrated methodology for biodiversity and climate change (with poverty, as a minor tag)

- Finance Solution: Ecotourism Project has now been adopted as a national flagship project for the 12th Five-Year Development Plan assuring government allocation.
  - BIOFIN contributed to new project on ecotourism implemented by UNDP-GEF
Guatemala

Sportfishing revenues
Sri Lanka

- Sustainable standards for tourism
- Green finance
- Payments for ecosystem services
Seychelles

- Institutionalization through the Biodiversity Finance Unit – presented at Ministerial Level

- Biosecurity – increase of fines, fees and penalties

Photo credits: Karine le Brun
South-Africa

- Tax break for private protected areas
BIOFIN Regional Nodes
Why

• Convention for Biodiversity (CBD) response to demand among non-BIOFIN countries to receive technical BIOFIN support.
CBD-BIOFIN Regional nodes service offer

What

1. Targeted technical support to develop in-country knowledge on the BIOFIN methodology
2. Participation in webinars about biodiversity finance solutions and the BIOFIN methodology
3. Engage in regional knowledge sharing platforms and events with other countries implementing the BIOFIN methodology.

Based on demand the Regional Nodes support includes:

4. Accessing and developing knowledge products tailored to the country needs
5. Support the development of an inventory of existing finance solutions and the analysis of potential future solutions in the country and identifying the best opportunities adapted to the country situation
6. Access to a global network of biodiversity finance experts
Opportunity

A large portion of the Asian Pacific countries govern and depend on coral reefs and the coastal and the marine environment.

Only ONE of the Pacific islands is yet a BIOFIN country i.e. all others can receive support.

Knowledge and experience gained from years of biodiversity finance related work in for example Indonesia, Malaysia, Thailand, Sri Lanka, Vietnam and Philippines to take part of.

Increased possibility to become a core BIOFIN country and receive funds to carry out a full BIOFIN methodology.
Country eligibility
Developing countries or countries with economies in transition

How to participate?
Submissions can be made to biofin@undp.org with a copy to the secretariat@cbd.int coursed through the focal point of the CBD
What to do

• At any time, submit informal expressions of interest for support to BIOFIN see BIOFIN website for contacts and instructions.

• Regional Node Asia Pacific: Jessica.Alvsilver@undp.org
Thank you

www.biodiversityfinance.net