



***PAN-EUROPEAN BIOLOGICAL AND LANDSCAPE
DIVERSITY STRATEGY***

Geneva and Strasbourg, 24 September 2004

STRA-CO (2004) 3 e REV 2

**COUNCIL FOR THE PAN-EUROPEAN
BIOLOGICAL AND LANDSCAPE DIVERSITY STRATEGY**

**THIRD INTERGOVERNMENTAL CONFERENCE
“BIODIVERSITY IN EUROPE”**

**Eighth Meeting of the Council
for the Pan-European Biological and Landscape Diversity Strategy**

**19-21 January 2004
Palacio de Congresos
Madrid, Spain**

**FOLLOW UP OF THE KYIV BIODIVERSITY RESOLUTION:
FINANCING BIODIVERSITY ACTION PLAN PROPOSAL**

*Document prepared by the
European Centre for Nature Conservation*

Implementation of the Kyiv Biodiversity Resolution

Title of Action Proposal:	Action to meet the Kyiv Resolution on Financing Biodiversity
Lead Government(s):	
Co-operating Agency/	- ECNC, EBRD and OECD, and other organisations, including World Bank, GEF, European Investment Bank, PPC, UNEP, EC, Fauna and Flora International, ECOFORUM, etc;
Supporting Organization	- European Task Force for Banking, Business and Biodiversity.
Duration of the Action Proposal:	Start: 2004 End: 2008

Strategic Framework of the Action Proposal:

The overall objective, as agreed to by the European Ministers of Environment and Heads of Delegations of the States participating in the PEBLDS process, is to halt the loss of biodiversity at all levels by 2010.

The specific objective of the **Resolution on Financing Biodiversity** is that:

“by 2008, there will be substantially increased public and private financial investments in integrated biodiversity activities in Europe, via partnerships with the finance and business sectors, that have resulted in new investment opportunities and facilities as outlined by the European Biodiversity Resourcing Initiative, taking into account the special needs of the countries of Central and Eastern Europe, Caucasus and Central Asia.”

In addition, there is reference to the **Statement on the Pan-European Ecological Network** attached as an Appendix to the Kyiv Resolution on Biodiversity, in which one of the objectives is to “encourage financial institutions and mechanisms to prioritise green investments in relevant parts of the Pan-European Ecological Network and to avoid investments in these areas that will harm biological diversity and landscapes”.

Action Proposal Summary:

Background

Following the increased priority the Conference of the Parties of the CBD and the Council of PEBLDS attach to financing biodiversity and cooperation with the financial sector, there is currently an interest within financial institutions and mechanisms to increase investments in biodiversity, making this the right time for exploring opportunities for increasing biodiversity relevant investments. A combination of public funds with bankable investments – in the form of equity participation and loans – as well as technical assistance grants could considerably increase the scope for biodiversity resourcing¹.

In order to make financial resources available, the European Biodiversity Resourcing Initiative (EBRI)², was initiated in the framework of the Pan-European Biological and Landscape Diversity Strategy (PEBLDS), following the request at the Fourth Ministerial “Environment for Europe” Conference in Aarhus for the financial sector to increase their involvement in sustainable development issues. EBRI was also a European response to the growing interest in CBD framework for additional financial resources, which, inter alia, has been reflected in COP6 Decision VI/16 (2002). Subsequently in COP-7 significant progress occurred towards further development of the global initiative on banking, business and biodiversity, as placed into context by the Note of the Executive Secretary (UNEP/CBD/COP/7/18) on *Financial Resources and Mechanism (Articles (20 and 21))*. In decision VII/21 (additional financial resources), paragraph 8, the

¹ Bankable biodiversity-relevant investments are defined as investments by financial institutions and mechanisms that have a certain financial return from investment and an acceptable risk rate. They can take the form of equity and various forms of loans, associated when necessary and possible with technical assistance support.

² EBRI has been supported principally by Switzerland, and also by The Netherlands, United Kingdom, UNEP and Rabobank.

Conference of the Parties: “Invites Parties and Governments to develop and encourage biodiversity-related partnership arrangements with and among funding institutions and other stakeholders, including with banking and business sectors, in order to promote, inter alia, the development and implementation of initiatives such as the Global Initiative on Banking, Business and Biodiversity, in support of the achievement of the objectives of the Convention and agreed global targets.”

The purpose of Phase 1 of the European Biodiversity Resourcing Initiative (EBRI) was to establish an operational framework that would bring the needs for biodiversity resourcing in Europe together with the interests of the Banking Community and International Financial Institutions (IFI's), with the ultimate aim to increase the investments in bankable biodiversity activities in Europe. In autumn 2002, the first phase of EBRI was concluded.

In December 2003, the second phase of EBRI was initiated by Switzerland and ECNC. The purpose is for information, expertise and project-related experience to be made available to potential entrepreneurs in EECCA countries. The means currently being worked on include the setting up of norms and criteria for the development of a biodiversity project portfolio, awareness raising, information transfer and training. In addition, a European Task Force on Banking, Business and Biodiversity has been established, based on a decision of the Budapest “Biodiversity in Europe” Conference.

The work of the Task Force is to advise the PEBLDS process on the issue of banking, business and biodiversity in a European context, and more in particular to advance the establishment of a Biodiversity Finance Facility for biodiversity-related investments and a European Biodiversity Investment Partnership for involving the private sector in supporting such investments. The Task Force has determined that a complementary European Biodiversity Technical Assistance Facility should also operate during the first years of operation of the Biodiversity Finance Facility, in order to ‘prime the pump’ by soliciting project proposals and then controlling their eligibility from both the biodiversity and financial perspectives, and also offering advice and some technical support when necessary in order to bring promising proposals up to the required level of acceptability for consideration by the Biodiversity Finance Facility.

Proposal

The action plan will facilitate the implementation of the Kyiv Biodiversity Resourcing target while taking into account relevant CBD decisions, in particular via the establishment of the Biodiversity Technical Assistance Facility and the European Biodiversity Investment Partnership, and support the establishment of the Biodiversity Finance Facility by European financial institutions. It will support the monitoring and reporting of investment in biodiversity-related projects in the EECCA region for the attention of the Environment for Europe and CBD processes and other relevant stakeholder groups. To this end, the project will contribute to the creation appropriate indicators and the implementation of adequate record keeping.

Throughout the period, in 2004 and 2005 a complementary activity of outreach to the business sector will commence as part of the European Biodiversity Investment Partnership programme. By 2006 the indicators for monitoring biodiversity-related investment will begin to be followed on a regular basis so as to report to the next EfE ministerial conference, and in 2008 a full assessment of progress with biodiversity financing in the EECCA region will be made, including the role of Debt for Nature Swaps in the EECCA region. A specific study of the impact of green financing within the Pan-European Ecological Network will also be carried out.

The action plan will involve the European Task Force on Banking, Business and Biodiversity, and other national and international policy-making institutions, data collecting organizations, voluntary organisations and private sector interests that the Task Force determines should be involved. Co-ordination will be provided through the existing technical secretariat of the Task Force under the guidance of the Task Force and the PEBLDS process. The Task Force will closely liaise with the CBD process and CBD Secretariat.

Objectives:

- The implementation of the Kyiv Resolution on Financing Biodiversity requires complementary provision for Technical Assistance in the establishment of a Biodiversity Finance Facility, and a

European Biodiversity Investment Partnership should also be established to insure synergy with the business community;

- The measurement of the impact of the financing of biodiversity-related projects, in particular within the pan-European Ecological Network, requires review and monitoring of indicators regarding such investment;
- Contribution of European expertise to the implementation of relevant decisions on biodiversity resourcing of the Conferences of the Parties of the CBD, including the CBD Initiative on banking, business and biodiversity (COP 6 Decision VI/16 (2002)), and fine-tuning of relevant CBD activities with relevant PEBLDS activities.

Results:

- Effective institutional structures to achieve and monitor the 2008 biodiversity financing targets;
- Integration of the business sector into the European Task Force on Banking, Business and Biodiversity;
- Regular monitoring of the level of biodiversity-related investment in the EECCA region, including the involvement from local and regional stakeholders;
- Evaluation of the impact of biodiversity-related investment with regard to the establishment /enhancement of the Pan-European Ecological Network;
- Full synergy between relevant CBD and PEBLDS activities on biodiversity resourcing, and exchange of information and expertise on lessons learned.

Outputs:

- The establishment of a Biodiversity Technical Assistance Facility in 2004/2005;
- A programme to involve the business sector in the support of biodiversity-related investments in the EECCA region, through an European Biodiversity Investment Partnership;
- The integration of the business sector in the European Task Force on Banking, Business and Biodiversity;
- The establishment of a biodiversity-related investment monitoring programme for the EECCA region by 2006, which includes attention for involvement of local communities and NGOs.
- An evaluation of the evolution of biodiversity-related investment in the EECCA region by 2008;
- An analysis of the impact of biodiversity-related investment on the establishment / enhancement of the Pan-European Ecological Network in 2008.

Activities:

- Ensure coordination of the European Task Force on Banking, Business and Biodiversity with the EBRD / PPC team mandated to design the Biodiversity Finance and Technical Assistance Facilities, in particular for the approval of the latter;
- Participate in the establishment of the Biodiversity Technical Assistance Facility, which includes locating its operational site, manning the TA facility, preparing administrative arrangements and establishing a Financing Biodiversity CHM;
- Establish an outreach programme to the elements of the business community likely to provide significant and emblematic support for biodiversity-related investment in the EECCA region, while dedicating attention to the role of local communities and other stakeholders, such as NGOs;
- Provide for the structural commitment of banks and businesses to realise the Kyiv Resolution on Financing Biodiversity through setting up and gathering adhesion to a European Biodiversity Investment Partnership (including through the use of green finance/tax incentives at all appropriate levels of government);
- Organise regular meetings of the Task Force to oversee the implementation of this project;
- Review and develop indicators for biodiversity-relevant investment in the EECCA region in cooperation with data repositories and management organisations, notably OECD;
- Evaluate the evolution of biodiversity-related investment in the EECCA region, including Dept for Nature Swaps, and publish the findings before the next EfE ministerial conference;
- Study the impact of biodiversity-related investment upon the establishment / enhancement of the Pan-European Ecological Network, and communicate the findings to the Council of PEBLDS, in 2008;

- Frequent contacts between Secretariat of Task Force and Secretariat of CBD to ensure full coordination of global and European activities on biodiversity resourcing.

The lead on the proposed activities will be decided by the European Task Force in close consultation with the Joint Secretariat of PEBLDS and the lead government(s) and financiers of this action plan. The action plan implementation will build on ongoing structures and activities, including the ERBD lead on the Biodiversity Finance and Technical Assistance Facilities and the ECNC lead on the coordination of the meetings of the Task Force, and the interaction with other involved organisations and interested countries.

Monitoring and Evaluation of progress:

The primary bodies to carry out monitoring and evaluation of the project will be:

- the European Task Force on Banking Business and Biodiversity;
- the providers of specialist input, notably EBRD, OECD and the EBRI technical secretariat;
- financiers.

A checklist for monitoring and evaluation will include:

- Has the Task Force approved the design for the Biodiversity Finance and Technical Assistance Facilities in 2004?
- Has a programme for involving the business sector been developed by the EBRI technical secretariat in 2004?
- Has a Biodiversity Technical Assistance Facility been set in operation in 2004/early 2005?
- Has a European Biodiversity Investment Partnership become operational by the end of 2005?
- Has a review and development of indicators for monitoring biodiversity-related investment been carried out by mid 2005?
- Has the set of indicators been used for a first evaluation of biodiversity-related investment in 2006?
- Has an evaluation of biodiversity-related investment in the EECCA region been published before the next EfE ministerial meeting?
- Has a study of the impact biodiversity-related investment on the establishment / enhancement of the pan-European Ecological Network been communicated to the PEBLDS Council in 2008?

Indicative cost of Project:

Expressed in Euros

<i>Activity</i>	2004	2005	2006	2007	2008	Total
Resources to be fundraised from private sources, government sources, non-governmental sources (include cash and in-kind support needed)	<p>(1) Task Force operations and for contribution to setting up the Technical Assistance Facility €30,000</p> <p>(2) Preparation of programme to integrate businesses in biodiversity work €50,000</p> <p>(3) Consultations with CBD process €20,000</p> <p><i>In kind:</i> technical input of EBRD, participation of the members at Task Force meetings</p>	<p>(1) TA operations €100,000</p> <p>(2) Integrating the business sector into Task Force operations; €50,000</p> <p>(3) Working on biodiversity investment indicators €50,000</p> <p><i>In kind:</i> Task Force members and also EBRD and OECD technical input</p>	<p>(1) TA operations €100,000</p> <p>(2) Biodiversity investment evaluation €50,000</p> <p>(3) Full operation of European Biodiversity Partnership €50,000</p> <p><i>In kind:</i> EBRD; OECD; participating business and financial organisations</p>	<p>(1) TA operations €100,000</p> <p>(2) Study of biodiversity investment impact on PEEN €50,000</p> <p><i>In kind:</i> EBRD; OECD</p>	<p>(1) TA-operations, Biodiversity investment impact study on PEEN ready for PEELDS Council €70,000</p> <p><i>In kind:</i> OECD</p>	<p>Cash: EUR 720,000</p> <p><i>In kind:</i> hosting of meetings, providing office space, providing access to data.</p>

N.B. Specific in-kind contributions of EBRD and OECD are still to be discussed. Contributions or inputs also expected from other financial institutions, including EIB, WB, GEF, and from governments and NGOs.