



# What is the Green Development Mechanism?

## **SBSTTA side event:**

*Post-2010 targets and a green development mechanism*

**Friday, 21 May 2010 - 13:15 - 14:45**  
CR-10, Roof Top Floor

This event will explore the role that a green development mechanism could play in supporting post-2010 goals and targets.

## **WGRI side event:**

*A green development mechanism and international innovative financing*

**Tuesday, 25 May 2010 - 13:15 - 14:45**  
CR-6, Lower Floor

This event will explore the modalities of a green development mechanism and its potential as an international financial mechanism for biodiversity conservation.

## MANDATE

Decision 11/Goal 2.6: "To establish enabling conditions for private sector involvement in supporting the Convention's three objectives, including the financial sector." (CBD COP 9 - Bonn, May 2008)



"There is a clear need for an international mechanism that will help to generate trans-boundary payments to compensate hosts of biodiversity for their opportunity costs of conservation... There is a clear mandate for a role for the CBD in the development and future implementation of a GDM." (1<sup>st</sup> Expert Workshop on a GDM - Amsterdam, February 2009)



"Mainstreaming biodiversity into business needs to be enhanced through voluntary corporate actions as well as market-oriented enabling policies and approaches such as the Green Development Mechanism..." (Jakarta Charter on Business & Biodiversity, UNEP/CBD 3<sup>rd</sup> Business and Biodiversity Conference - Jakarta, December 2009)



"There was a general consensus on the business-case for... investments in sustainable use and management in rural 'productive areas'... The International Workshop supported the proposal to consider the need and viability of a new international mechanism (a 'green development' mechanism)..." (CBD/TEEB Workshop on Innovative Financial Mechanisms - Bonn, January 2010)



"A key role for a gdm would be to establish a crediting scheme to identify and verify the biodiversity and/or development outcomes of projects... In this regard, a gdm should... establish a gdm standard and related methodologies and modalities..." (2nd Expert Workshop on a GDM - Bali, February 2010)

## FREQUENTLY ASKED QUESTIONS

### **WHAT IS THE GREEN DEVELOPMENT MECHANISM (GDM)?**

The green development mechanism (gdm) is the working name of a proposed innovative financial mechanism to create enabling conditions for increased private sector support for the implementation of the CBD. It seeks to mobilize private sector finance to mitigate biodiversity loss, much as the CDM has done to mitigate climate change. Whereas biodiversity finance has traditionally come from official development assistance and philanthropic grants, a gdm would mobilise private finance by linking biodiversity supply with biodiversity demand through a market mechanism. By establishing a standard and accrediting process to certify the supply of biodiversity-protected areas and by facilitating a functional market, a gdm would enable the sale of certified biodiversity conservation to willing buyers, including businesses and consumers.

### **WHY IS A GREEN DEVELOPMENT MECHANISM NECESSARY?**

It is needed because recent efforts to halt or even limit the rate of biodiversity loss have, by common consent, failed. In inaugurating the 2010 International Year of Biodiversity, the UN Secretary General, Ban Ki Moon, said that "Our lives depend on biological diversity... We stand to lose a wide variety of environmental goods and services that we take for granted. The consequences for economies and people will be profound. Especially for the world's poorest people. Especially for the Millennium Development Goals... We need new vision. And new efforts. Business as usual is not an option."

### **HOW WILL THE GDM DIFFER FROM EXISTING FUNDING SCHEMES?**

A gdm would seek to mobilise additional resources by supporting market processes for conserving biodiversity and in so doing enable new opportunities for private sector engagement - from both businesses and consumers. It would shift the funding paradigm from one dependent on traditional official development assistance (ODA) to a dynamic, durable, but regulated, market-based system which links willing buyers and sellers. In this respect, a gdm would support and complement, not substitute for, the funding commitments set out under Articles 20 and 21 of the CBD.

For the answers to 17 other **Frequently Asked Questions**, see the official 'inf doc': <http://gdm.earthmind.net/2010-05-nairobi/>

## WHAT CAN BE DONE AT WGRI 3?

WGRI3 provides a unique opportunity for the Parties to recommend a global discussion on the need for and modalities of a gdm, which, in its pilot phase, could develop a voluntary standard and certification process for validating the supply of biodiversity-protected areas and a market-based institutional framework for enabling payments by companies, consumers and other stakeholders.



With respect to the discussion on innovative financial mechanisms, the Parties may want to refer to the CBD Secretariat's official document<sup>1</sup> which reports on the outcomes of the recent expert meeting on innovative finance (Bonn, January 2010).

Paragraph 32 of the document specifically addresses the gdm. Paragraph 33 proposes that the Parties “develop a plan of priority action to promote innovative financial mechanisms,” which could include further work on the gdm. And paragraph 34 proposes draft text for a recommendation on innovative financial mechanisms, to which the Parties may consider including an explicit reference to the gdm.

In addition to these specific suggestions, other opportunities may arise to support further work on a gdm in the course of the deliberations at WGRI3.



## THE GDM 2010 INITIATIVE

The aim of the **GDM 2010 Initiative** is to achieve a significant level of support for a green development mechanism leading to a decision by CBD COP10 in October 2010 in Nagoya, Japan. The initiative is supported by Earthmind, IUCN, the OECD and UNEP, in close collaboration with the CBD Secretariat and with financial support from the Government of the Netherlands. It is guided by a steering committee composed of biodiversity finance experts from these organisations. For more information, please visit [gdm.earthmind.net](http://gdm.earthmind.net).