

The Green Development Mechanism



A presentation on a green economy transformation initiative for the ecosystems workshop on:

**The Economics of Ecosystems and Biodiversity:
Evidence of values, policy options and implications for business**

**WBCSD Liaison Delegates Meeting
12 March 2010 - Montreux, Switzerland**

The green development opportunity

Biodiversity is... threatened by rapid global change...

The 2010 International Year of Biodiversity presents a unique opportunity to address biodiversity loss...

The concept of a green economy in the context of sustainable development and poverty eradication can... deliver economic development opportunities

Current environmental challenges... represent opportunities for individuals, local communities, and businesses...

The Nusa Dua Declaration
UNEP Global Ministerial Environment Forum
February 2010 - Bali, Indonesia



GDM 2010



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.





Making the case for the GDM (1/4)

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.

1st Expert Workshop on a GDM
February 2009 - Amsterdam, The Netherlands

Making the case for the GDM (2/4)

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 3rd Business and Biodiversity Challenge Conference
December 2009 - Jakarta, Indonesia



Making the case for the GDM (3/4)

There was a general consensus on the business-case for an international initiative, the need... to raise additional international funds... and the need [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) and to undertake further discussions and analytical and conceptual work...

CBD/TEEB Workshop on Innovative Financial Mechanisms
January 2010 - Bonn, Germany



Making the case for the GDM (4/4)

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...

Further discussion is needed on potential market structures to support payments for GDM-certified activities...

2nd Expert Workshop on a GDM
February 2010 - Bali, Indonesia

Building markets for biodiversity



Biodiversity finance has primarily focused on **donor/recipient** relationships:

CBD Article 20: The developed country Parties shall provide new and additional financial resources to enable developing country Parties to meet the agreed full incremental costs to them of implementing measures which fulfil the obligations of this Convention...

The GDM will focus on **buyer/seller** relationships:

Bali workshop: A GDM should support conservation, ecological restoration and biodiversity business activities in relevant sectors, such as agriculture, landscape management, real estate, forestry, fisheries, and tourism.



The supply of biodiversity

A 'green development' project will

- Conserve biodiversity,
- Use biological resources sustainably, and
- Ensure equitable sharing of the benefits arising from this use

As appropriate, with respect to:

- Landscapes, ecosystems, species, and genetic resources

And, in developing countries, contribute to:

- Economic and social development, and
- Poverty eradication



Examples of biodiversity supply

- 5 hectares of 'green' holiday home property development in Cyprus
- 50 hectares of community-managed sustainable coral reef fish harvesting in Indonesia
- 200 hectares of tropical forest restoration and sustainable timber harvesting in Brazil
- 20,000 hectares of organic cattle ranching on protected grasslands in South Africa



Certifying biodiversity supply

Establish a ‘green development’ standard and verification system for *hectares* of certified biodiversity-protected landscapes or areas.

CBD Article 2: ‘Protected area’ means a geographically defined area which is designated or regulated and managed to achieve specific conservation objectives.

Build on best practice from the conservation, development, certification and business communities.

(Note: biodiversity traded as certified property, while carbon is traded as a certified commodity)

Biodiversity suppliers



- Field-based conservation projects
 - ecological restoration, sustainable resource management
- Landscape-based industries
 - agriculture, mining, forestry, fisheries, energy, tourism
- Protected area systems
 - IUCN categories I - VI
- Property managers
 - residential, commercial, industrial, farm



Biodiversity demand

- Corporate social responsibility
(Nippon Keidanren, Airbus)
- Corporate biodiversity management
(WBCSD ecosystems review, Yemen LNG)
- Mitigating supply chain footprints
(‘offsets plus’, RSPO, Danone)
- Green investors
(Dutch green funds, Verde Ventures)
- Green consumers
(WWF, organic products)

The market for certified biodiversity



According to classical economics, supply creates its own demand. Will a supply of certified biodiversity create its own demand?

Amsterdam workshop: Some form of **regulatory mechanism** will be required in order to achieve the scale of financial flows necessary to effectively deliver biodiversity protection. However, this may be preceded by voluntary activities as part of a demonstration phase of implementation.

Can the gdm be set up initially as a voluntary mechanism to develop the market for certified biodiversity? Or is a regulated mechanism required?



From Bonn to Nairobi to Nagoya

May 2008 - Bonn - COP9

COP9 Decision 11 Goal 2.6: Establish enabling conditions for private sector involvement in supporting the Convention's three objectives...

February 2009 - Amsterdam

December 2009 - Jakarta

January 2010 - Bonn

February 2010 - Bali

March 2010 - Montreux

May 2010 - Nairobi - WGR13

3rd meeting of the Ad Hoc Open-ended Working Group on Review of Implementation of the Convention - *including innovative financial mechanisms*

October 2010 - Nagoya - COP10

10th Conference of the Parties of the Convention on Biological Diversity
- *a decision in support of the GDM?*

Business support for the GDM



How can business help?

- Engage in the debate
- Participate in upcoming consultations
- Inform and feed back views of your stakeholders
- Help us to better understand the opportunities for stimulating voluntary biodiversity demand

The Green Development Mechanism



A green economy transformation initiative making markets work for biodiversity conservation

Your comments and suggestions are most welcome

Thank you

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