

Opening Remarks on: A New Biodiversity Finance Agenda for 2021-2030

Session 6 of the
OECD Biodiversity Land Use and Ecosystems (BLUE) and UNDP Biodiversity
Finance Initiative (BIOFIN)
Virtual Global Conference on Biodiversity Finance

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Ladies and gentlemen, distinguished participants, good afternoon:

Thanks OECD for organizing this Virtual Global Conference on Biodiversity Finance. It is my great honor to attend this conference. On behalf of the Office of the Executive Committee for CBD COP15, I highly appreciate the related work of biodiversity financing made by OECD and UNDP, and I wish to thank all participants for your concerns and supports. I would like to express my sincere thanks to colleagues from OECD BLUE and UNDP BIOFIN Program for your thoughtful and meticulous work.

The adoption and implementation of the post-2020 framework cannot be separated from financial guarantee, which should be the focus of our attention. To meet the financial needs of all parties, especially developing countries, which account for the majority of the parties, for the implementation of the framework and alleviate the financial difficulties is the major challenge that we need to address together. I'd like to share my four observations:

First, it's essential to adhere to Article 20 of CBD, which explicitly addressed requirements on resource mobilization. Adequate and sustainable grants from developed countries is an important support for the implementation of CBD in developing countries, and it remains the main financial source of CBD. It is important to adopt a variety of measures to mobilize resources, but the role of the international grants, which is the main source, should not be diluted, and the contribution obligations of the developed countries should not be weakened.

Second, multi-channel and innovative financing is an important supplement to CBD Article 20.

Last November, the Ministry of Ecology and Environment of China together with Ministry of Finance of China and World Bank jointly hosted a workshop on innovative financing mechanisms for CBD in Beijing, where experts in biodiversity, green finance and other related fields discussed the potential and challenges of resource mobilization in the private sector. It revealed that it has been the consensus to broaden the multiple financing channels, integrate biodiversity into the decision-making of private sector, and promote its mainstreaming in various industries, however, in the practical operation level, involving biodiversity into investment risk guidelines of private sector, identifying the management mode of funds from different sources, the financing ratio and expenditure distribution of each kinds of financing are technical issues to be addressed urgently.

In China, there are about 100 foundations carrying out ecological and environmental protection work. In 2018, the social fund for ecological and environmental protection reached 60 billion yuan, accounting for 54% of the total social fund raised in the whole year. In terms of private sector financing, China has also made many successful attempts, such as ecological compensation, mainly in payment of watershed services.

At present, the leverage effect of international grants still needs to be improved, which should be given full play in the future, integrating with exploring diversified capital operation modes should be explored, which should be combined with loans from financial institutions and investment from domestic and foreign enterprises.

My team joined the interesting discussion on biodiversity harmful subsidies last week. Representatives from Germany, Italy, Switzerland and BIOFIN made valuable and constructive remarks on BHS identification and reforming, which gave us a lot of enlightenment. BHS identification and reforming are powerful measures to optimize the allocation of domestic resources and reduce the driving force of biodiversity loss, which we highly appreciate. In addition to this, figuring out approaches of making use of this part of the international assistance fund to meet the needs of developing countries, is what we need to take our joint efforts in the future.

Third, we call upon parties to fully mobilize domestic resources, and increase the mainstreaming of domestic biodiversity, supporting domestic implementation activities through policy instruments.

The Chinese government attaches great importance to CBD implementation, and government funds are the main source, which provides a solid guarantee for biodiversity conservation in China. Since 2017, China's government financial investment related to biodiversity has exceeded 260 billion yuan annually. In addition, China has set up a 23-ministry national commission on biodiversity under the leadership of our vice premier Han Zheng, which has incorporated biodiversity into the daily management of social and economic development and various sectors, greatly promoting the mainstreaming of biodiversity in China.

The CBD covers a wide range of issues, including the competent areas of other ministries except the environment. Biodiversity mainstreaming is a long-term challenge and a major opportunity for all parties. Making all sectors realize the value and significance of biodiversity is an important way to mainstreaming. The environment departments should strengthen the communication and cooperation with others to optimize production method and life style.

Fourth, in addition to increasing capital scale for the post-2020 framework implementation, we should further enhance the existing funds efficiency by optimizing the allocation and management ways, and strengthening the supervision and evaluation methods.

At present, the evaluation system for CBD funds still needs to be improved, and there is a lack of unified performance evaluation standards. And there is no standardized evaluation system for the biodiversity activities supports by private funds. In the future, a long-term mechanism should be established to evaluate and supervise the utilization efficiency of biodiversity conservation funds, so as to timely regulate and assess the utilization efficiency. While increasing financial investment in biodiversity

conservation, we should strictly manage the structure of capital expenditure to ensure that it serves the post-2020 framework. My team looks forward to keeping close exchanges and cooperation with OECD BLUE and UNDP BIOFIN in the technical level of financing.

While we have many hurdles to overcome in biodiversity financing from 2021 to 2030, we should also see potential and hope. China is ready to work with all sides to develop a feasible financial strategy with strong driving forces, creating favorable conditions for the formulation and implementation of an ambitious and realistic post-2020 framework. Thank you!