

DEVELOPMENT CO-OPERATION DIRECTORATE  
DEVELOPMENT ASSISTANCE COMMITTEE

## DAC Network on Environment and Development Co-operation

FINAL PROPOSAL OF A SCOPING PAPER ON BIODIVERSITY AND DEVELOPMENT  
CO-OPERATION

*Following discussion at the 15th Meeting of the DAC Network on Environment and Development Co-operation (ENVIRONET) on 26 - 27 June 2013 in Paris, this project proposal received strong support and will move ahead as part of the DAC PWB on green growth and development co-operation. This revised document incorporates comments received to date from DAC ENVIRONET members and from the Environmental Policy Committee's (EPOC) Working Party on Biodiversity, Water and Ecosystems (WPBWE). This document will be the basis for implementing the project as outlined here. An informal group of interested delegates are advising the secretariat to carry this project; those interested to join this group are invited to contact the secretariat.*

## Contacts:

Jan Corfee-Morlot, Tel: 33 1 45 24 79 24, [jan.corfee-morlot@oecd.org](mailto:jan.corfee-morlot@oecd.org)Anna Drutschinin, Tel: 33 1 45 24 91 15, [anna.drutschinin@oecd.org](mailto:anna.drutschinin@oecd.org)

JT03343180

Complete document available on OLIS in its original format

*This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.*



**TABLE OF CONTENTS**

FINAL PROPOSAL OF A SCOPING PAPER ON BIODIVERSITY AND DEVELOPMENT  
CO-OPERATION

|                                                                  |    |
|------------------------------------------------------------------|----|
| <u>1. Introduction</u> .....                                     | 3  |
| <u>2. Areas of action</u> .....                                  | 4  |
| <u>3. Focus of the scoping paper</u> .....                       | 5  |
| <u>Phase I: External development finance data analysis</u> ..... | 5  |
| <u>Phase II: Qualitative work on framework issues</u> .....      | 6  |
| <u>Phase III: Other strategic implementation issues</u> .....    | 6  |
| <u>4. Timeline, Deliverables and Audience</u> .....              | 7  |
| <u>5. Working Arrangement</u> .....                              | 8  |
| <u>6. References</u> .....                                       | 9  |
| <u>7. Annex</u> .....                                            | 10 |

## FINAL PROPOSAL OF A SCOPING PAPER ON BIODIVERSITY AND DEVELOPMENT CO-OPERATION

### 1. Introduction

1. Biodiversity loss and degradation already have adverse impacts on, for example, food security, climate change and human health (OECD, 2012). These impacts tend to affect poor countries in particular and will most likely compromise their existing development efforts (OECD, 2013). In light of the recent movement of developing countries towards green growth for long-term sustainable and inclusive development, development co-operation agencies can play a key role to support partner developing countries in ensuring sound management and sustainable use of their natural resources and ecosystem services and to promote synergies with development goals. Official Development Assistance (ODA) to support partner developing countries to implement the Convention of Biological Diversity (CBD) has increased steadily between 1998 and 2010, reaching almost USD 6.6bn in 2010 (DAC CRS, 2013).

2. Endorsed in 2010 prior to the CBD COP10 in Nagoya, Japan, the DAC Policy Statement on *Integrating Biodiversity and Associated Ecosystem Services into Development Co-operation* was a step forward in identifying concrete actions that international donors can take to halt the loss of biodiversity and ecosystem services. A specific decision<sup>1</sup> on this was reached at CBD COP10 calling for ‘*active involvement and commitment of development co-operation agencies and implementing agencies in supporting the mainstreaming of biodiversity and ecosystem services into poverty eradication and development processes*’. The Nagoya Declaration on Biodiversity in Development Co-operation, adopted at the COP10, reaffirmed the strong commitments from donor agencies to take leadership in promoting this objective. The CBD Decision has also called on the OECD to further examine the Rio-Markers for Biodiversity. In addition, Decision X/3 of CBD COP10 adopted a number of indicators for monitoring the implementation of the Strategy for Resource Mobilization (see Annex in this document). These indicators include ODA, international financial institutions, non-ODA public funding, amongst others.

3. In 2006, through a joint ministerial level meeting, the OECD Development and Environment Ministries and Agencies joined forces to launch a process to work in partnership with developing countries to integrate environmental factors efficiently into national development policies and poverty reduction strategies.

4. This proposal on *Biodiversity and Development Co-operation* was jointly developed by an ad hoc working group of DAC Network on Environment and Development Co-operation (ENVIRONET)<sup>2</sup> and the OECD Secretariats of the ENVIRONET and the Environmental Policy Committee’s (EPOC) Working Party on Biodiversity, Water and Ecosystems (WPBWE)<sup>3</sup>. It puts forward a short-term work plan for carrying out a scoping paper to understand the current state-of-play of development co-

---

<sup>1</sup> COP10 Decision X/6 – Integration of biodiversity into poverty eradication and development, available at <https://www.cbd.int/decision/cop/default.shtml?id=12272>.

<sup>2</sup> At the moment, the ad hoc working group of DAC ENVIRONET on biodiversity currently include representatives from UNDP, Finland, France, Sweden, United States and the International Union for Conservation of Nature (IUCN).

<sup>3</sup> Please refer to section 5 on specific arrangement in seeking inputs and comments from the DAC ENVIRONET and EPOC WPBWE. In particular, to simplify the process, EPOC WPBWE delegates are requested to liaise and provide comments through their DAC ENVIRONET members.

operation support in promoting the integration of biodiversity into development. By bringing together both quantitative and qualitative analysis on relevant issues to this policy agenda, the scoping study aims to:

- i) examine to what extent the CRS database can provide input for monitoring the implementation of commitments under the CBD, including the Strategy for Resource Mobilisation, and
- ii) present examples of good development co-operation and planning practices, challenges and bottlenecks, and provide recommendations on how biodiversity issues can be effectively integrated into the development agenda to help developing country partners achieve long term green growth and poverty reduction.

5. For the latter, the paper will also build on existing analytical work carried out by the former DAC ENVIRONET Task Team on Green Growth and Poverty Reduction (2011-12), in particular on the guidance notes prepared by Task Team members on “governance” and on “generating higher value from natural capital,” which will help to frame the themes of the biodiversity and ecosystem service provision in the context of poverty reduction, pro-poor green growth and the role of development co-operation. Highlighted findings from this exercise can also provide useful inputs to the post-2015 development goal discussion, where sustainability is central.

6. The scoping paper is intended to make an important contribution to two on-going work areas in the PWB 2013-14: i) contribute to a larger ENVIRONET work stream on the theme of Green Growth and Development Co-operation, and ii) contribute to the EPOC WPBWE work stream on “Biodiversity Policy Response Indicators” [ENV/EPOC/WPBWE(2013)4]. The following sections of the proposal contain an overview of four key areas of action in the context of biodiversity and development co-operation, details of the deliverables, working arrangements and the timeline of producing this scoping paper. It is envisioned that this scoping work could provide a starting point for possible further work on biodiversity and development, should delegates wish, to be undertaken jointly by EPOC and DAC, in the PWB 2015-2016 timeframe.

## 2. Areas of action

7. Following the OECD DAC Policy Statement on Integrating Biodiversity and Ecosystem Services into Development Co-operation adopted in 2010, the COP10 Nagoya Declaration, the CBD COP10 Strategy for Resource Mobilization and CBD COP11 Decision XI/4 on the Review of the implementation of the Strategy for Resource Mobilisation, including establishment of targets, there are four key areas of action on which development co-operation agencies will need to focus their efforts. These are:

- **Measuring development support for biodiversity and ensuring its effectiveness.** This includes improving the accuracy of measuring the contribution of development co-operation agencies to support global biodiversity and ecosystem services as part of the use of Rio Markers, as well as using other indicators of resource mobilisation to ensure the needs of partner countries are met.
- **Mainstreaming biodiversity into development co-operation and planning and avoiding the negative impacts of development activities on biodiversity.** This includes supporting regulatory and voluntary means to augment social and environmental responsibility of development agencies and their partners in the design and implementation of sectoral development plans. Also important in this context is enhancing the use of Strategic Environmental Assessment (SEA) and Environmental Impact Assessment (EIA) and other environmental assessment tools to avoid, mitigate and offset negative impacts on biodiversity.

- **Supporting partner developing countries to build effective governance structures to achieve objectives outlined in the CBD, in particular to mainstream biodiversity into development planning.** This includes looking at the ways in which governance aspects are taken into account in the portfolio of development co-operation and the cost of those governance-related components. This could contribute to an exercise of building governance standards or an understanding of “good practice” in development co-operation activities.
- **Supporting partner developing countries to systematically acknowledge and identify the broad value of natural capital and to promote the use of economic tools and policy incentive mechanisms,** such as the removal of perverse incentives, use of environmentally-related taxes, charges and fees, payments for ecosystem services to eradicate poverty, conserve biodiversity and catalyse sustainable ecosystem management. The development community in particular should take note of existing work and initiatives that provide insights on the valuation of natural capital and the promotion of improved natural capital management. These include the OECD work on the economics of biodiversity<sup>4</sup> and the OECD Council Recommendation on Biodiversity [C(2004)81], *the Economics of Ecosystems and Biodiversity (TEEB) Initiative*, and the international Wealth Accounting and the Valuation of Ecosystem Services (WAVES) programme.

8. These four areas of action are, in many ways, interrelated and together form the crucial entry points to the topic of biodiversity and development co-operation.

### 3. Focus of the scoping paper

9. The scoping paper will in particular examine the issues and questions outlined below. The work would be undertaken in several phases, starting with phases I and II. The work is based on the current DAC CRS database (Rio Marker on Biodiversity) and evaluation efforts carried out by the DAC in co-operation with development assistance agencies as well as other independent assessments. Phase III could follow, perhaps at the start of the next biennium (2015-2016) and would be based on initial results and the availability of additional financial resources.

#### *Phase I: External development finance data analysis*

- Who are the *major donors* in providing financial and technical support on biodiversity and ecosystem services? And which countries are the major recipients?
- Which *issues and sectors* have donor support focused on and why? How are potential synergies between the objectives of development assistance and the goal to maintain biodiversity reconciled in the programmes and projects receiving support (e.g. in the areas of water, forestry management, environmental education and capacity development, etc)? Which *issues and sectors* are lagging behind in terms of attracting external development finance (e.g. incentive mechanisms to promote ecosystem service payments, supporting natural capital accounting framework, etc)?
- What *aid instruments* (e.g. grants, loans and other development finance mechanisms) / *modalities* (budgetary support, programme support or project support) have been chosen and why? How do these relate to or connect with non-ODA flows to support biodiversity?

---

<sup>4</sup> The OECD work on the economics of biodiversity was initiated in 1993, resulting in a series of books with relevant policy recommendations. These will provide input to this project. See: [www.oecd.org/env/biodiversity](http://www.oecd.org/env/biodiversity)

- To what extent can the current CRS database be used to address the issues raised in the *CBD Strategy for Resource Mobilization (CBD COP10 Decision X/3 and CBD COP11 Decision 11/4)*? How could the CRS database further evolve to meet a larger number of these issues? How can the Rio Markers be used in the preliminary reporting framework (e.g. direct and indirect biodiversity financial flows)? Could possible approaches and/or guidance be developed to use the Rio Marker for Biodiversity in a more consistent way (i.e. for biodiversity funding reporting under the CBD)? For example, recent on-going work in the OECD Development Co-operation Directorate is exploring how the database can be expanded and used to better measure non-ODA flows. Building on these anticipated changes in the database, this paper will explore issues around how to measure non-ODA flows to biodiversity.
- In light of the first Global Assessment of Resources for Implementing the Strategic Plan for Biodiversity 2011-2020 by the High-Level Panel (UN CBD, 2011), and the follow-up work recently initiated by the High-Level Panel, can DAC CRS data be useful to help identify where the current financial gaps are and how aid can be better allocated to close this financial gap?

***Phase II: Qualitative work on framework issues***

- What *strategies or mechanisms (including governance mechanisms)* are in place in donor agencies for mainstreaming biodiversity and ecosystem services considerations into development programmes in co-operation with partner countries or regions? For instance, what strategies or mechanisms are in place to ensure greater coherence between infrastructure development and environmental sustainability and establish reliable governance processes for effective long-term integration of biodiversity into development planning?
- On what basis are these strategies formulated / mechanisms developed to help partner countries and donors to make smarter decisions on aid activities, such as infrastructure development, which can have high impacts on biodiversity? To what extent are these strategies and mechanisms responding to the biodiversity and development priorities already identified by partner developing countries?
- Other than measuring the volume of ODA and development finance support, do any donor agencies have *frameworks or mechanisms* in place to help monitor and evaluate the impacts of their support on improving biodiversity conditions in partner developing countries? If so, how is this done (e.g. through regular evaluation undertaken by the agencies themselves, by the partner countries, or through independent review)? How are results measured and to what extent are the results of the evaluation studies communicated and are good practices highlighted for future replication and scaling-up?

***Phase III: Other strategic implementation issues***

10. Phase III will begin with examining a series of other strategic questions, such as:

- How do donor agencies *use Strategic Environmental Assessments (SEAs)* and when and where do these occur? How do they explicitly consider the impacts of the supported policies, plans and programmes on biodiversity and ecosystem services?
- To what extent are *non-ODA instruments or private investment* playing a role? What are the benefits and incentives for these non-ODA flows?

- What are *the mechanisms and governance structures* in place today to co-ordinate and harmonise various donor activities on mainstreaming biodiversity and ecosystem services at the regional and country levels? Are these activities competing with rather than promoting synergies, and if so, how? Are there good governance structure examples of effective donor harmonisation and co-ordination on biodiversity and development? How can these good practice examples be scaled up?

11. In addition, the OECD work on *Putting Green Growth at the Heart of Development* (OECD, 2013) has a strong emphasis on sustainable management of biodiversity and ecosystem services as a crucial way for developing countries to achieve stable and secure long-term development. How are donor agencies supporting synergies between biodiversity, poverty reduction and other social development objectives? For instance how can payments for ecosystem services be designed and promoted to achieve local job creation? Or through sustainably managing ecosystems to improve the resilience of local communities and their livelihoods from climate change?

12. The conclusions of Phase III will highlight good practice examples, identify challenges and bottlenecks of biodiversity mainstreaming in development planning and co-operation, and provide recommendations to donor agencies for better mainstreaming and more effective delivery.

#### 4. **Timeline, Deliverables and Audience**<sup>5</sup>

13. The final deliverable of this scoping exercise will be a short working paper (about 30 pages) structured around the questions listed in Phases I and II in Section 4 above. The issues raised in Phase III would be sequenced to be undertaken after Phases I and II are completed, tentatively in the next biennium, and would depend upon both the results of the initial analysis, and on additional resources.

14. The intended audience of this deliverable include OECD country officials from development co-operation agencies (from both at a strategic level in headquarters and in the field), environment ministries, and relevant international organisations as well as developing country officials working on biodiversity and ecosystem service provision. Another audience is environment and other ministry officials involved in the CBD negotiations. To the extent possible (resources permitting), case studies on donor experience will be brought into the analysis, including contributions from selected developing countries. Feedback and endorsement is sought from ENVIRONET members, and in parallel comments will be sought from the OECD EPOC Working Party on Biodiversity, Water and Ecosystems (WPBWE), with a request for WPBWE delegates to liaise and provide comments through their DAC ENVIRONET members. The scoping paper will be prepared between July 2013 and May 2014. The proposed timeline and main interim outputs of the work are set out below.

15. The aim is to have the main results of this work ready (Phases I and II) in time for the fifth meeting of the Working Group on Review of Implementation (WGRI-5) of the Convention on Biological Diversity (23-27 June, 2014), which is expected to address implementation of the Strategy for Resource Mobilization, and biodiversity and development among other issues. Some of the results of this study may also be relevant to the post-2015 development goal discussions as well as negotiations currently underway on Sustainable Development Goals.

---

<sup>5</sup> Timeline and scope of paper subject to change should the DAC PWB funding requirements not be full met.

| Objective – Interim Output                                                                                                                                                                                                                                                      | Tentative timeline        |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| 1. Incorporating comments from ENVIRONET and EPOC's WPBWE on the proposal and circulating a final proposal to members                                                                                                                                                           | 26 July 2013              |
| 2. 1 <sup>st</sup> annotated outline of the scoping study (Phases I and II) to be circulated to ENVIRONET and WPBWE delegates for comments                                                                                                                                      | 30 September 2013         |
| 3. Submission of donor agency / developing country examples to be included in the scoping study (Phases I and II), as well as key information on donor agency policy strategies concerning the integration of biodiversity into development programme design and implementation | 10 October 2013           |
| 4. Produce factsheet based on Phase I results to present the current aid support by DAC members in biodiversity and development                                                                                                                                                 | 1 November 2013           |
| 5. Revised annotated outline of the scoping study                                                                                                                                                                                                                               | 7-8 November 2013         |
| 6. DCD Secretariat presentation of progress report to EPOC's WPBWE meeting in November                                                                                                                                                                                          | 7-8 November 2013         |
| 7. Annotated outline of the scoping study agreed (Phases I and II)                                                                                                                                                                                                              | 15 November 2013          |
| 8. Zero-order draft of the scoping study (Phases I and II) to be circulated to the ad hoc working group of ENVIRONET and WPBWE for comments                                                                                                                                     | 15 December 2013          |
| 9. 1 <sup>st</sup> draft of the full scoping study (Phases I and II) to be circulated to ENVIRONET and WPBWE in advance of its 16 <sup>th</sup> meeting <i>and selected developing country reviewers and international experts</i> )                                            | 1 February 2014           |
| 10. 2 <sup>nd</sup> draft of the full scoping study (Phases I and II) to be circulated to ENVIRONET and WPBWE for final comments <i>(the draft will also be shared with selected developing country reviewers and international experts)</i>                                    | 1 April 2014              |
| 11. Final deliverable on Phase I and II, taking into account comments from ENVIRONET and WPBWE                                                                                                                                                                                  | End May / Early June 2014 |

## 5. Working Arrangement

16. The proposed scoping paper will be led by the ENVIRONET, with input from EPOC's WPBWE. Members of ENVIRONET and WPBWE are invited to join in an ad hoc working group to provide

guidance and inputs for the project (e.g. organisations and experts<sup>6</sup> involved in this group will also provide inputs such as case studies). The final paper will provide a basis to consider joint DAC-EPOC work proposal on biodiversity, development and development co-operation for the 2015-2016 PWB.

## 6. References

United Nations Convention on Biological Diversity (2011), *Resourcing the Aichi Biodiversity Targets: A First Assessment of the Resources Required for Implementing the Strategic Plan for Biodiversity 2011-2020*, available at <http://www.cbd.int/doc/meetings/fin/hlpgar-sp-01/official/hlpgar-sp-01-01-report-en.pdf> , accessed 12 July 2013.

OECD (2012), *OECD Environmental Outlook to 2050: the Consequences of Inaction*, Biodiversity Chapter. OECD Publishing, Paris.

OECD (2013), *Putting Green Growth at the Heart of Development*, OECD Publishing, Paris.

OECD DAC Creditor Reporting System Database (2013), available at <http://stats.oecd.org/Index.aspx?DataSetCode=RIOMARKERS>, accessed 12 July 2013.

UNCBD (2013), Strategy for Resource Mobilization, available at: <https://www.cbd.int/financial/strategy/> and Decision XI/4 Review of implementation of the strategy for resource mobilization, including the establishment of targets.

---

<sup>6</sup> In particular, UNDP will contribute case experiences on how finances for biodiversity (both internal and external) are being taken up by national systems; how biodiversity related expenditure is being integrated into national planning and budgetary processes; and how this is consistent with national priorities.

## 7. Annex

Paragraph 7 of Decision X/3 Strategy for resource mobilization in support of the achievement of the Convention's three objectives

*Adopts* the following indicators for monitoring the implementation of the strategy for resource mobilization, based on its mission and eight goals:

- (1) Aggregated financial flows, in the amount and where relevant percentage, of biodiversity-related funding, per annum, for achieving the Convention's three objectives, in a manner that avoids double counting, both in total and in, *inter alia*, the following categories:
  - (a) Official Development Assistance (ODA);
  - (b) Domestic budgets at all levels;
  - (c) Private sector;
  - (d) Non-governmental organizations, foundations, and academia;
  - (e) International financial institutions;
  - (f) United Nations organizations, funds and programmes;
  - (g) Non-ODA public funding;
  - (h) South-South cooperation initiatives;
- (2) Number of countries that have:
  - (a) Assessed values of biodiversity, in accordance with the Convention;
  - (b) Identified and reported funding needs, gaps and priorities;
  - (c) Developed national financial plans for biodiversity;
  - (d) Been provided with the necessary funding and capacity building to undertake the above activities;
- (3) Amount of domestic financial support, per annum, in respect of those domestic activities which are intended to achieve the objectives of this Convention;
- (4) Amount of funding provided through the Global Environment Facility and allocated to biodiversity focal area;
- (5) Level of CBD and Parties' support to other financial institutions that promote replication and scaling-up of relevant successful financial mechanisms and instruments;
- (6) Number of international financing institutions, United Nations organizations, funds and programmes, and the development agencies that report to the Development Assistance Committee of Organisation for Economic Co-operation and Development (OECD/DAC), with biodiversity and associated ecosystem services as a cross-cutting policy;
- (7) Number of Parties that integrate considerations on biological diversity and its associated ecosystem services in development plans, strategies and budgets;
- (8) Number of South-South cooperation initiatives conducted by developing country Parties and those that may be supported by other Parties and relevant partners, as a complement to necessary North-South cooperation;

- (9) Amount and number of South-South and North-South technical cooperation and capacity-building initiatives that support biodiversity;
- (10) Number of global initiatives that heighten awareness on the need for resource mobilization for biodiversity;
- (11) Amount of financial resources from all sources from developed countries to developing countries to contribute to achieving the Convention's objectives;
- (12) Amount of financial resources from all sources from developed countries to developing countries towards the implementation of the Strategic Plan for Biodiversity 2011-2020;
- (13) Resources mobilized from the removal, reform or phase-out of incentives, including subsidies, harmful to biodiversity, which could be used for the promotion of positive incentives, including but not limited to innovative financial mechanisms, that are consistent and in harmony with the Convention and other international obligations, taking into account national social and economic conditions;
- (14) Number of initiatives, and respective amounts, supplementary to the financial mechanism established under Article 21, that engage Parties and relevant organizations in new and innovative financial mechanisms, which consider intrinsic values and all other values of biodiversity, in accordance with the objectives of the Convention and the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of the Benefits Arising out of Their Utilization;
- (15) Number of access and benefit-sharing initiatives and mechanisms, consistent with the Convention and, when in effect, with the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of the Benefits Arising out of Their Utilization, including awareness-raising, that enhance resource mobilization.