

India's submission on Innovative Financial Mechanisms

- First and foremost, any discussion on innovative financial mechanisms (IFM) must be premised on the condition that these should be designed to supplement, and not substitute the new and additional financial resources committed by the developed country Parties under Article 20 of the CBD. This as yet unfulfilled commitment continues to be the main obstacle that is impeding the effective implementation of the CBD.
- Notwithstanding the above concern, there is indeed merit in discussing IFM because of their potential in complementing the existing commitments so as to increase funding in support of the three objectives of the CBD, considering that the effective implementation of the Aichi targets under the Strategic Plan on Biodiversity for 2011-2020 would require enhanced mobilisation of resources.
- There have been a few examples of IFM being practised in different parts of the world. These 10-15 IFM instruments are also being discussed in various international fora including CBD and GEF. However, many of these concepts (e.g. Business and Biodiversity offsets Programme, Green Development Mechanism etc.) are not adequately fleshed out, and therefore lack clarity and details.
- India too has been experimenting with some tools of IFM such as positive incentives for forest conservation, Protected Areas etc. However, considering the vast diversity in national circumstances at the ground level, discussions in IFM in multilateral fora can only be in the form of some guidelines, possible options, and safeguards, with each country having the flexibility of considering one or more of such tools in accordance with their national circumstances.
- While considering any IFM, care needs to be taken that the benefits spread across various stakeholders, and requisite enabling frameworks are put in place to effectively implement such processes.
- At the national level, leveraging of resources by mainstreaming biodiversity into sectoral and cross-sectoral strategies, plans and programmes can be an effective tool of IFM. This can be done by integrating biodiversity concerns into the programme of relevant sectors such as agriculture, forestry, fisheries, tourism, industry etc.; into national development plans including for implementation of MDGs and poverty reduction strategies; and into the planning processes at all levels of Government (i.e., national, State/provincial and municipal). Considering that pursuant to the decision X/2 of CoP-10, Parties have to review and revise as appropriate their NBSAPs, this is a timely opportunity for mainstreaming biodiversity into the national planning and development processes.
- At the international level, REDD plus mechanism has the potential to deliver co-benefits for biodiversity conservation as well as for poverty alleviation, thereby simultaneously addressing climate change, rural poverty, biodiversity conservation and sustaining ecosystem services.
- In this background, India has launched Green India Mission with a budget of 10 billion USD over 10 year period, under its National Action Plan on Climate Change. The objectives inter alia include to improve biodiversity, ecosystem services, hydrological services and carbon sequestration in 10 m ha and increase forest-based livelihood income for 3 m forest dependent households.

- At the international level, early entry into force and effective implementation of the Nagoya Protocol on Access and Benefit Sharing holds promise as an IFM to contribute to the CBD's first two objectives on conservation and sustainable use of biodiversity, as well as to poverty eradication and sustainable development. This would be possible because benefits accruing from utilisation of genetic resources would act as incentive to biodiversity-rich countries and their local communities to conserve and sustainably use their biodiversity. Further, by promoting the use of genetic resources and associated traditional knowledge, and by strengthening the opportunities for fair and equitable sharing of benefits from their use, the Protocol would create incentives to conserve biodiversity, sustainably use its components, and further enhance the contributions of biodiversity to sustainable development and human well-being.
- An important issue that needs to be addressed through IFM is that not undertaking developmental activities in biodiversity rich areas with the aim of protecting biodiversity would entail substantial opportunity costs. It is crucial to evaluate and meet these opportunity costs.
