

India's comments on CBD's draft documents on" UNEP/CBD/SRM/Indicators/1; and (ii) UNEP/SRM/Indicators/2

General comments

Effective implementation of the Strategic Plan on Biodiversity 2011-20 and achievement of Aichi targets hinge upon provision of adequate financial resources to the developing country Parties for this purpose, and the extent to which developing countries are able to meet their commitments is related to provision of financial resources and transfer of technology (Decision X/2, para 10). In decision X/3, CoP-10 while adopting the 15 indicators for monitoring the implementation of strategy for resource mobilisation, has come out with a process for increasing resources against an established baseline (para 8(a) to (i), leading to adoption of targets at CoP-11. This process or roadmap is not only somewhat convoluted and complex, but its culmination in adoption of targets at CoP-11 hinges on two things: identification and endorsement of robust baselines; and adoption of effective reporting framework. The first operational steps in this process [para 8(d)] are for the Secretariat to come out with methodological guidance to the 15 indicators and guidelines for implementation of this methodology. Accordingly, the Secretariat has come out with these two documents currently being posted for peer review. This itself has taken exactly one year since adoption of the decisions by CoP-10. Following completion of the peer review process, the Parties are required to apply this methodology to measure gaps and needs in mobilisation of resources against the indicators set and communicate this information to the Secretariat, which will then present it before CoP-11. The compilation of the required information is not an easy task and is beset with several complexities, some of which have been reflected in the detailed comments that follow. Thus, it is an extremely tight schedule to meet before CoP-11, more so for the already capacity and resource-constrained developing countries. Moreover, considering that many indicators and methodologies will take time to sink in, understood and absorbed, achieving the tasks in a time-bound manner seems to be a tall order.

In this background, some specific comments on the two documents are given below.

Specific comments

I. Document UNEP/CBD/SRM/Indicators/1

On the use of indicators, difficulties are foreseen especially for three indicators: 3, 13 and 14. In the case of indicator 3 on domestic financial support, there could be constraints on two fronts: (i) At present there is no mechanism to monitor government expenditures on biodiversity incurred by different departments. (ii) Second, of the total expenditures incurred by a concerned ministry dealing with a particular ecosystem activity, only a subset may deal with the one or more objectives of the CBD. The real economic problem is the ubiquitous nature of joint and common costs in programmes

related to biodiversity conservation and difficulty of measuring costs attributable to biodiversity activities.

Regarding indicator 13 on subsidies, para 1.13.5 states that no definition for the phrase “incentives, including subsidies, harmful to biodiversity” is provided in the Methodological Guidance on Indicators. The Methodological Guidance on Indicators focuses on the government’s intention rather than on the effect of any subsidy, and there is no clear limit on the activities and purposes that might be used to define harmful subsidies. In addition, for implicit harmful subsidies, there is no actual transaction or monetary flow between entities of biodiversity financing, and hence the flow cannot be recorded appropriately. (1.13.6) says that a subsidy should be considered to be for biodiversity objectives when the intent or purpose of the government is that subsidy be used for support to any activities of the Classification of Biodiversity Activities contained in annex 2.2.

There are many practical difficulties in identifying and measuring harmful subsidies. First, one commonly accepted definition of subsidy for product or service, based on Pareto criterion of economic efficiency, is the difference between the social cost and the price. The government cost data is based on accounting and not social costs. Second, many countries do provide subsidies for provision of merit goods at affordable prices and the intention is to achieve the social goal of sustainable development. Thus there is trade off between efficiency and equity. Third, it is true subsidized underground and surface irrigation water, under pricing of chemical fertilizers and pesticides and policies encouraging unsustainable uses of natural resources have perverse incentives and such subsidies should be phased out over time or at least be targeted to the poor. The Survey may seek information from the members about their road for phasing out the perverse subsidies, political and other obstacles they face and methods of overcoming them.

Regarding indicator 14, para 1.14.4 says innovative financial mechanisms aim at improving financial performance by generating new and additional financial resources, by increasing cost efficiencies or by improving capacity to innovate. But all innovative financial mechanisms are associated with uncertainty over their outcome, because not all the results of the innovative financial mechanisms are known beforehand. (1.14.5) says for purposes of this indicator, new and innovative financial mechanisms as identified by the Conference of the Parties include payment for ecosystem services, biodiversity offset mechanisms, markets for green products, biodiversity-business partnerships, new forms of charity, environmental fiscal reforms, new and innovative sources of international development financing, and consideration of biodiversity in climate change funding schemes. These neoliberal measures need to be assessed in terms of their long-term sustainability, operational efficiency, transaction structures, and above all contribution to poverty alleviation.

Some of the suggested mechanisms exist only in a few countries and they are in different stages of development. PES can work only if the rights over the resources are well defined and enforced, institutional mechanisms available for sharing costs and benefits and pricing, and if the stakeholders are also made better off after PES.

Biodiversity contribution is a package of private goods, merit goods, local public goods and global public goods. Given the right structures of incentives almost every individual can help in achieving the three goals of CBD. But para 2.2.4 states that the Classification of Biodiversity Activities are limited to formal biodiversity activities that are institutionalized, intentional, and planned through public organizations and recognized private bodies, which, in their totality, make up the formal biodiversity system of a country. Informal biodiversity activities can be intentional or deliberate, but not institutionalized, and thus do not fall within the scope of the Classification of Biodiversity Activities. Para 2.2.3 gives opinions on counting certain activities.

Two criteria are used to screen for biodiversity activities: entities of biodiversity financing, and purposes of activities. As a general rule, all activities of identified entities of biodiversity financing can be considered as biodiversity activities, and all activities with the purposes of achieving biodiversity objectives are counted as biodiversity activities. Some same activities need to be treated differently, if undertaken by those that are not entities of biodiversity financing. It mentions when forest fire fighting and wastewater treatment and other activities of this nature can be considered as biodiversity activities. It says the Secretariat of the Convention should gather the cases of activities that require further examination for classification, and publish its opinions on how such activities should be treated. Appropriate consultation and consensus should be undertaken before such an opinion is formalised.

The Survey may document the existence of innovative biodiversity activities initiated by households and communities voluntarily and find out whether such initiatives are driven by their livelihood concerns, nature preservation and altruism or all of them.

Some specific suggestions on the language of the text in this document are given below.

1. Para 1.1.3 on page 11

There is need for the document to explain 'how' and 'why' the statistical quality of the aggregated financial indicator is not affected. In other words, it is important to explain how the aggregated indicator needs to exist vis-a-viz indicators 3, 4, 9, 11, 12, 13 and 14.

2. Para 1.1.4 on page 11

A footnote may be provided on what is meant by "a fixed 10 percent rate of discount". Is it discount in relation of the grant component or discount in relation to present worth of ODA flows?

3. Para 1.1.5 on page 11-12

The utility of confining ODA to bilateral sources of funding is not clear. A footnote may be added clarifying why this restricted meaning is adopted. Further, it needs to be pointed out that it is practical to seek information on bilateral lending from the OECD DAC or from the donors registers, than expect 'capacity constrained' developing countries to work out these figures,.

4. Para 1.1.7 on page 12

The words 'can be' may replace 'may be'. The latter conveys a prescriptive tone. Channelizing ODA is not a matter for donors to decide. It falls within the policy domain of recipient countries.

5. In Para 1.1.8 on page 12

There is reference to operational NGOs and campaigning NGOs. The words 'action based' and 'advocacy based' may replace 'operational' and 'campaigning'. It is also important to assess the quantum and sources of funds flowing to these NGOs in the interest of avoiding double counting.

6. Para 1.1.19 on page 13

The para may be reformulated as 'For international purposes, this indicator should be first calculated on a pilot basis for a few countries for the eleventh meeting of the Conference of the Parties in 2012, and subsequently included in the fifth and sixth national reports under the Convention.'

This formulation is suggested since it may not be possible for all COP countries to come up with figures before COP 11.

7. Para 1.1.22 on page 13

The alternative formulation suggested is " National reports and surveys required from the Conference of the Parties may confirm the figures sourced from Rio markers and the Creditor Reporting System (CRS) of the Organization for Economic Cooperation and Development as well as the Government Finance Statistics of the International Monetary Fund."

8. Para 1.2.4 on page 14

The para may be re-formulated as follows: ‘, a country that has assessed values that hold for at least one third of all its biodiversity and ecosystem services is counted as part of the number of countries that have assessed values of biodiversity in accordance with the Convention’.

This reformulation is proposed since the existing para conveys that only a country that has ‘enumerated’ 1/3rd of its biodiversity /ecosystem. The reformulation is realistic since it conveys that a country that has assessed representative ecosystem services or biodiversity that is relevant to at least 1/3rd of its total biodiversity / ecosystem services can be considered to have fulfilled the Convention requirements.

9. Para 1.5.5 on page 20

The words ‘innovative debt based financing systems’ may be added after the words ‘environmental fiscal reforms’ in para 1.5.5.

10. Para 1.9.8 on page 29

The words ‘for a few countries on a pilot basis; may be inserted after the words ‘first calculated’.

11. Para 1.12.9 on page 33

The following sentence may be inserted after the sentence starting from ‘Effective use-----domestic resources.’ ‘The latter can be achieved through well chosen case studies’

12. Para 1.12.11 on page 34

The alternative formulation proposed is “ National reports and surveys required by the Conference of the Parties may confirm figures sourced from Rio markers and the Creditor Reporting System (CRS) of the Organization for Economic Cooperation and Development.”

13. Para 1.13.6 on page 35

This para may be re-formulated as: 'Subsidies redirected to biodiversity objectives also include those subsidies received by non-governmental entities of biodiversity financing, as defined by the Implementation Guidelines on Indicators.'

The re-formulation is suggested since all redirected subsidies do not go to NGOs. There could be situations where such subsidies are redirected to local public utilities and other related entities. Moreover, in our country very often the subsidies are for livelihood of the local people.

14. Para 1.13.9 on page 36

The words 'for a select group of countries' may be introduced after the word 'calculated'

15. Para 1.14.8 on page 38

It is inconceivable that new and innovative financial mechanisms will be introduced every year or every two years. Hence the reformulation can be as follows: 'For national planning and monitoring purposes, this indicator may be calculated periodically and operated upon depending on national policy cycles.'

16. Para 1.15.11 on page 40

The words 'and mechanisms' may be removed from B15.

17. Para 4.2.2 in Annexure on page 88

The proposal is loaded with suggestions that involve structural policy changes in biodiversity providing countries, and would lead to ruffling sensitivities. The paragraph therefore needs reformulation.

II. Document UNEP/CBD/SRM/Indicators/2

For this indicator-based questionnaire survey, there is a need to have some normalization in terms of for example, area of the country, GDP, population etc. Otherwise, the results emanating from the survey would not be comparable, for example how would you compare size of this effort and the need for this effort.

Some specific suggestions for improving the language of the text in this document are given below. The comments given on indicators in document UNEP/CBD/SRM/Indicators/1 are also relevant here.

1. Para 1 on page 6

The timelines for responding to the questionnaires need to be adjusted to reflect the fact that the prerequisite for successfully responding to the 2012 questionnaire is the requirement of dedicated staff at both national and global levels.

Further the words 'politically and financially' may be removed in view of their redundancy and sensitivity.

2. Para 25 on page 10

This last sentence in para 25 may be re-formulated as: 'Subsidies redirected to biodiversity objectives also include those subsidies received by non-governmental entities of biodiversity financing, as defined by the Implementation Guidelines on Indicators'.

The re-formulation is suggested since all redirected subsidies do not go to NGOs. There could be situations where such subsidies are re-directed to local public utilities and other related entities to enable them execute biodiversity conservation activities.
