WHAT IS BIOFIN?

BIOFIN is a global mechanism designed to mobilise additional resources for biodiversity by increasing funding available for biodiversity through the fiscus as well as non-state resources, and strengthening the framework of economic instruments that support biodiversity management.

BIOFIN aims to:

- Develop a comprehensive national resource mobilizing strategy

- Improve cost effectiveness through the mainstreaming of biodiversity into national development and sectoral planning

- Develop a methodology for quantifying the biodiversity finance gap at national level
WHAT ARE THE OUTPUTS OF BIOFIN?

- An increase in funding, either from new sources (e.g. innovative finance) or existing sources

- Better spending of existing funds

- Reducing costs associated with biodiversity conservation and management

- Realigning neutral or harmful expenditure to be beneficial (such as adjusting agricultural subsidies to support green agriculture)
THE NEED FOR BIOFIN

REDUCE NEEDS
- Realign expenditures
- Avoid future expenditures
- Deliver better

INCREASE RESOURCES
- Generate revenue
- Realign expenditures

Baseline Situation
- Finance gap (unknown)
- National/International finance

Expected Results
- Finance gap (known)
- National/International finance

Resources needed
- Existing Resources

Biodiversity Finance (US$)

Department: Environmental Affairs
Republic of South Africa

BIOFIN
THE BIODIVERSITY FINANCE INITIATIVE

20 YEARS OF FREEDOM
OVERACHING COMPONENTS

National BIOFIN Process

Policy & Institutional Review

Biodiv. Exp. Review

Fin. Needs Assessment

Biodiversity Finance Plan

Implement finance solution/s
Total cost for implementing NBSAP 2015-2025 is **R 63 billion**
Finance gap range between **24% - 67%**
The 3 Action Pillars

Protected Areas management
- Making a case
- Growing revenue
- Reform property law
- Tax incentives
- Biodiversity offsets
- Revolving land trusts

Ecosystem Restoration
- Ecological infrastructure investments
- NRM and land use incentives
- NRM Value-added industries
- Water tariff funding
- Carbon tax offsets
- Global Climate Funds

Sustainable Use
- Effectiveness of fines and penalties
- Tourism conservation fund
- Biodiversity Economy - Wildlife certification - Bio-prospecting (Catalogue)

STEWARDSHIP IS AN OVERARCHING TOOL
Over 80% of total quantified financial gains would be sourced from the private sector, although the development of most of these finance solutions still require active leadership and policy development by the government.
Financial gains per finance solution

- Tourism Conservation Fund; 5.3%
- Case for PAs funding; 7.1%
- PAs own revenue; 7.5%
- PA, PPA property rates reform; 7.7%
- Biodiversity tax incentives; 8.8%
- Biodiversity offsets; 7.9%
- Revolving land trust; 5.2%
- NRM land user incentives; 8.4%
- NRM value-added industries; 7.2%
- Carbon tax offsets funds; 2.2%
- Global climate change funds; 3.8%
- Water tariff funding; 28.8%

Note: These estimates do not include financial gains from the following solutions - (1) Enhancing, consolidating and adequately financing the biodiversity stewardship programmes, (2) Accessing existing government grants and funds for ecological infrastructure investment, (3) Improving effectiveness of environmental fines and penalties and (4) Implementing South Africa’s Biodiversity Economy Strategy.

Financial gains per biodiversity outcome

- Ecosystem restoration
- Protected areas
- Sustainable utilisation
STEWARDSHIP AND INCENTIVES

• Biodiversity stewardship is seen as a key strategy for protected area expansion by government.

• The South African biodiversity stewardship programmes are considered one of the most cost effective means of expanding and managing the South African protected area estate.

• Motivation and engagement with the programme will be enhanced by an effective tax benefit system for landowners.

• A beneficial tax system provides a unique finance model able to leverage public funding as well as private investment, by stimulating landowner input into PAs.

• Builds on an existing initiative with initial funding and a legal framework.

• National Treasury and South African Revenue Service have demonstrated a willingness to continue to engage in improving and implementing an effective tax benefit system.
FISCAL BENEFITS OF INCENTIVES

• Ability of the landowners to offset land costs and management expenses,

• Reduced total costs of acquisition and management of new protected areas for government,

• Low cost incentive scheme with minimal transaction costs for government,

• Increased economic viability of landowner entities.
PHASE 2 (2019-2022)
Effective knowledge foundations, including indigenous knowledge and citizen science, support the management, conservation and sustainable use of biodiversity.

1. Management of biodiversity assets and their contribution to the economy, rural development, job creation and social well-being is enhanced.

2. Investments in ecological infrastructure enhance resilience and ensure benefits to society.

3. Biodiversity considerations are mainstreamed into policies, strategies and practices of a range of sectors.

4. People are mobilised to adopt practices that sustain the long term benefits of biodiversity.

5. Conservation and management of biodiversity is improved through the development of an equitable and suitably skilled workforce.

6. Effective knowledge foundations, including indigenous knowledge and citizen science, support the management, conservation and sustainable use of biodiversity.

Vision:
Conserve, manage and sustainably use biodiversity to ensure equitable benefits to the people of South Africa, now and in the future.
South Africa’s NBSAP has a specific outcome (outcome 3.5) which addresses resource mobilisation:

*Appropriate allocation of resources in key sectors and spheres of government facilitates effective management of biodiversity, especially in biodiversity priority areas*

**Indicator**

*Number of sector policies and/or institutional structures adjusted to facilitate the sustainable flow of resources into the biodiversity sector*

**Target**

*By 2024, 3 sector policies or institutional structures adjusted*
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<th>ACTIVITY</th>
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<tr>
<td>3.5.1 Update the review of funded programmes under the environment</td>
<td>NT, DEA DWS, DAFF, SANBI, SANParks</td>
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<tr>
<td>portfolio in the public sector</td>
<td>High</td>
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<td>3.5.2 Develop a <strong>resource mobilisation strategy</strong> for biodiversity,</td>
<td>DEA, NT SANBI, SANParks, Provincial conservation authorities</td>
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<td>initially supported by the implementation of the UNDP/DEA BIOFIN project</td>
<td>High</td>
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<td>3.5.3 Coordinate the integration of biodiversity considerations into</td>
<td>DEA Provinces, SANBI, SANParks, SALGA, municipalities, DAFF, DWS, DRDLR, DMR, DoE, NT and PTs.</td>
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<td>the budgeting process of national, provincial and municipal budgets</td>
<td>High</td>
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<td>through intergovernmental structures</td>
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<tr>
<td>3.5.4 Review and develop innovative financial instruments beyond the</td>
<td>DEA NGOs, international donors, Private sector</td>
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<td>fiscus to increase the pool of resources available for biodiversity</td>
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### Activities

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<tr>
<td>3.5.5 Review and amend natural resource pricing to leverage finance for biodiversity management and conservation, such as the water pricing strategy</td>
<td>DWS, DEA, DAFF, SANBI, SALGA, municipalities, provinces, National Treasury, private sector</td>
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<td>High</td>
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<tr>
<td>3.5.6 Develop and strengthen economic incentives such as tax incentives, conservation agriculture incentives to farmers and others</td>
<td>DEA SANBI, National Treasury, private sector</td>
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<td>Medium</td>
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<tr>
<td>3.5.7 Review and remove perverse incentives that discourage biodiversity and conservation</td>
<td>DEA SANBI, National Treasury, SALGA, municipalities, provinces, private sector, entities</td>
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<td>Medium</td>
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<td>3.5.8 Streamline environment sector functions and responsibilities at national and provincial level, and developing appropriate monitoring and enforcement</td>
<td>DEA, national and provincial treasury National and provincial departments</td>
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<td>Medium</td>
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Overview of Phase 2 (2019 – 2022)

- Focus: Implementing prioritised finance plan/finance solutions
- Resource mobilisation: Developing a comprehensive resource mobilisation strategy
- Coordination: BIOFIN as umbrella programme for biodiversity finance and (funding) in the country
- Institutionalization: Consolidation of results from Phase I, including Policy Review, Expenditure Review, Financial Needs Assessment
- Capacity development strategy: Scale up, expand and work with national training institutes
- Integration: Focus on multiple SDGs
- Mechanism: Proposal based, safeguards
Key considerations for Phase 2

1. National resource mobilisation strategy should be a guide/ framework to guide implementation
2. Level of confidence in achieving desired results from identified finance solutions
3. Monitoring and evaluation of BIOFIN to assess performance will be developed subject to country strategy in Phase 2 (2019-2022)
4. Challenge is that BIOFIN is an evolving methodology which is improved as it is being implemented (key BIOFIN aspects do not contain comprehensive information)
5. BIOFIN implementation is national level, yet SA conservation is a legal concurrent mandate
6. Finance gaps and needs are to be apportioned at inter and intra-governmental level (which is complex)
7. Need for a deep dive into expenditure & revenue flows, deepening policy implementation and a comprehensive assessment of needs

For more information www.biodiversityfinance.net
Resource mobilisation considerations

- What are the primary finance mechanisms that will constitute the main resource mobilization plan?
- What are the key actions and steps for implementing each mechanism?
- Who are the lead agencies, institutions and individuals responsible for taking each action?
- What are the key budget considerations involved in taking each action?
- What is the timeframe by which each action will be completed?
- What are the monitoring indicators that will help determine success in implementing the strategies and actions?
Concluding remarks

1. Stewardship is an anchor for the finance solutions as it can unlock other funding opportunities from public, private and non-government sector
2. Ecosystem restoration offers greater opportunities to advance stewardship
3. Whilst public expenditure is a big driver for biodiversity, more effort is to be directed at other innovative financing solutions
4. Need to balance financial incentives against biodiversity outcomes
5. Stewardship offers security for investment
KE A LEOGA