

BIOFIN MEXICO

Biodiversity Finance Initiative

Implementing finance solutions for biodiversity
and sustainable development



*Empowered lives.
Resilient nations.*

Executive Summary of Phase I: **Results and Biodiversity Finance Solutions**



BIOFIN Mexico

Executive Summary of Phase I: Results and Biodiversity Finance Solutions

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United Nations Development Programme (UNDP)

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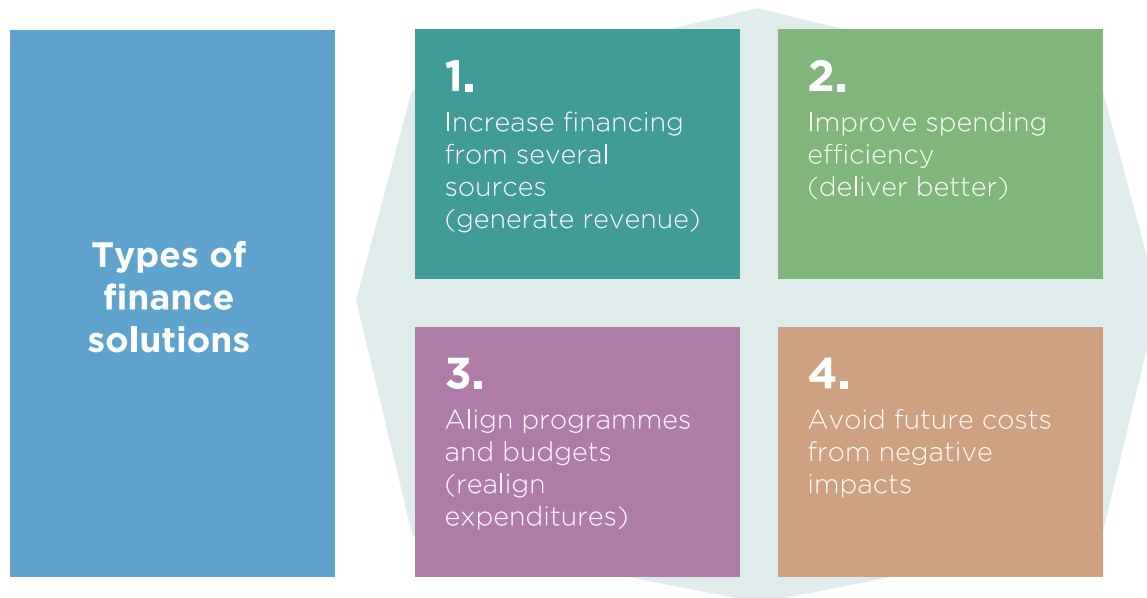
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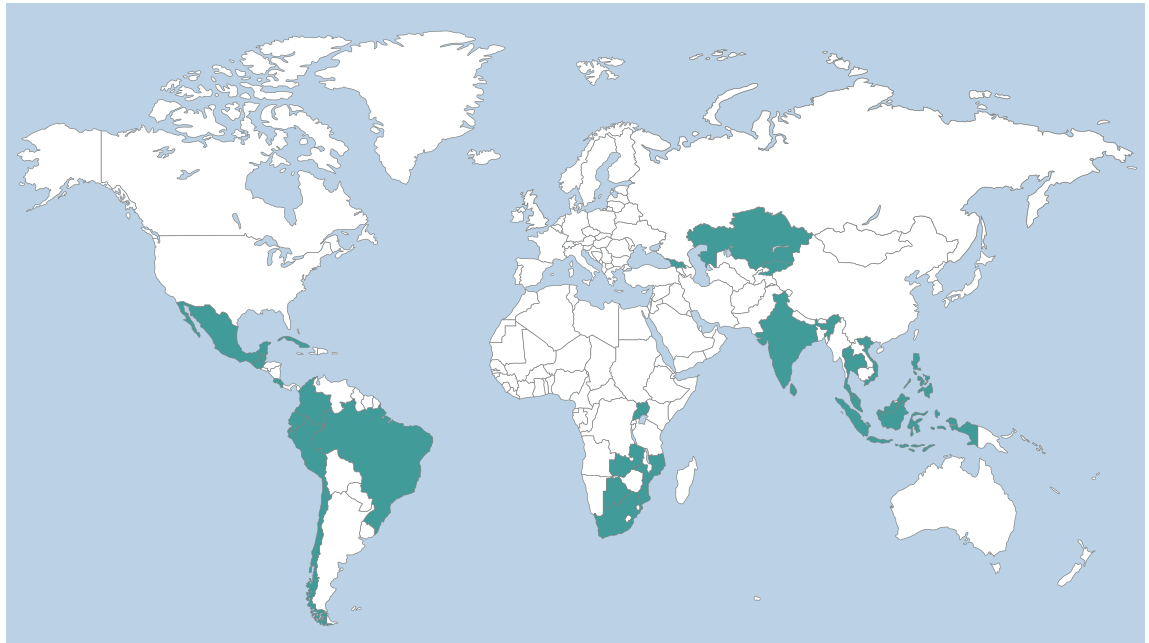
Background

The United Nations Development Programme (UNDP) launched in 2012, the Biodiversity Finance Initiative (BIOFIN) in response to the urgent need to divert more finance from all possible sources to support the implementation of the commitments of the Strategic Plan 2011-2020 and the Aichi Targets of the Convention on Biological Diversity (CBD). Mexico joined the BIOFIN Initiative in 2015, under the leadership of the Ministry of Environment and Natural Resources and the participation of the Ministry of Finance and Public Credit, the National Institute of Statistics and Geography, the National Commission of Protected Natural Areas, the National Forestry Commission, and the National Commission for Biodiversity Knowledge and Use.

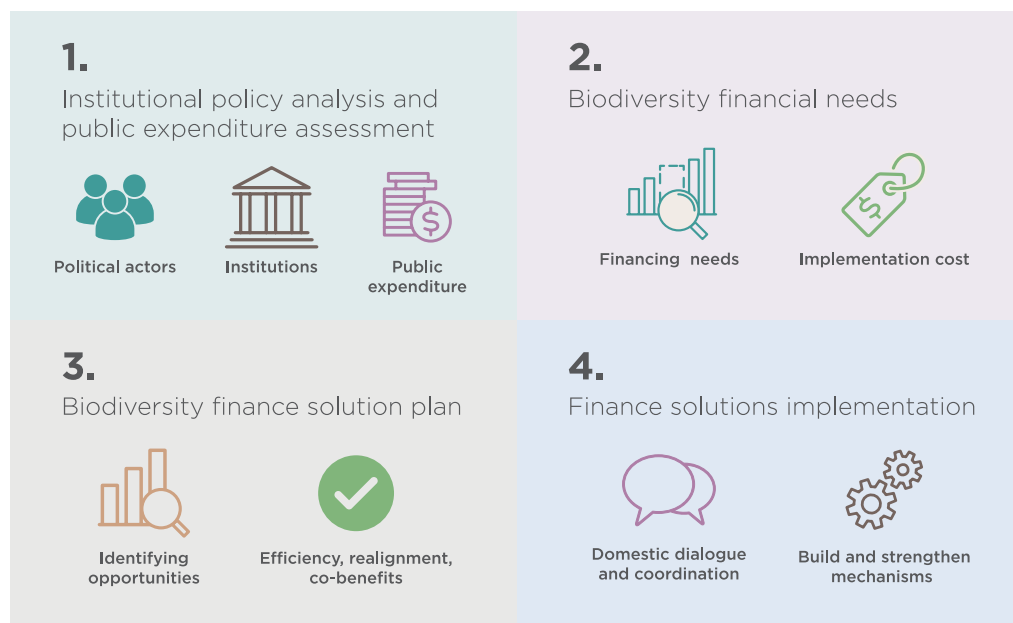
The goal of BIOFIN is developing finance solutions to increase resources for biodiversity based on solid information on the current state of biodiversity finances. BIOFIN countries must develop an analysis of public policies framework regarding biodiversity; estimate public spending for biodiversity; define funding needs for its national goals and objectives; and apply a finance solution plan build upon the former information. Within the BIOFIN Initiative framework, finance solution is defined as the set of financial mechanisms and instruments that work effectively to: 1) increase funding from several sources; 2) improve spending efficiency; 3) align programmes and budgets; and/or 4) reduce future costs from negative impacts.



BIOFIN Mexico permanently seeks to get involved in the financial, productive and social sectors, and foster intersectoral collaboration to increase the relevance of financing for biodiversity. Currently, the BIOFIN initiative is being implemented in 36 countries.



BIOFIN implementation process



Objectives

- To generate information through public policies and actors' analysis, as well as of federal public expenditure with impact on biodiversity from 2006-2015.
- To identify the finance needs for biodiversity based on the National Biodiversity Strategy (ENBIOMEX) and other domestic priorities such as Payment for Environmental Services and Protected Natural Areas.
- To develop and implement biodiversity finance solutions allowing to increase resources, reduce expenses, align public programmes, and avoid future costs caused by negative impacts.

From 2015 to 2018, BIOFIN Mexico developed Phase I of the BIOFIN methodology comprising steps 1 to 3 of the project's implementation process.

Result 1. Policy and Institutional Review on Biodiversity

The Policy and Institutional Review identified the main public policies, legal instruments and programmes supporting public actions for the conservation, management and sustainable use of biodiversity, as well as the incentives that could be redirected to generate a positive impact and those that potentially have a negative effect on biodiversity.

Constitutional and international agreements: Mexico has a robust legal framework for supporting actions for biodiversity conservation and sustainable use. The basis of this framework is the Mexican Constitution, which states that "every person has the right to a healthy environment for its development and well-being". In addition, Mexico is a signatory of international commitments such as the Convention on Biological Diversity (CBD) and its protocols (Cartagena and Nagoya), the United Nations Framework Convention on Climate Change (UNFCCC), the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and the 2030 Agenda and its Sustainable Development Goals (SDG), among others. The institutional framework of Mexico places these instruments and their commitments at the federal legislation level.

Domestic laws: there are at least eight laws directly regulating biodiversity conservation and sustainable use and at least 36 laws controlling productive activities impacting on biodiversity. Among them are those that directly regulate biodiversity management:

- General Law of Ecological Equilibrium and Environmental Protection (LGEEPA)
- General Wildlife Act (LGVS)
- General Law of Sustainable Forest Development (LGDFS)
- Sustainable Rural Development Act (LDRS)
- General Law of Sustainable Fisheries and Aquaculture (LGPAS)
- Law on Biosafety of Genetically Modified Organisms (LBOGM)
- Federal Law of the Sea (LFM)
- Federal Law of Environmental Responsibility (LFRA)

However, while there is a comprehensive legal framework, it is necessary to harmonize the definitions on conservation and biodiversity sustainable use as well as to improve the articulation of policies and programmes.

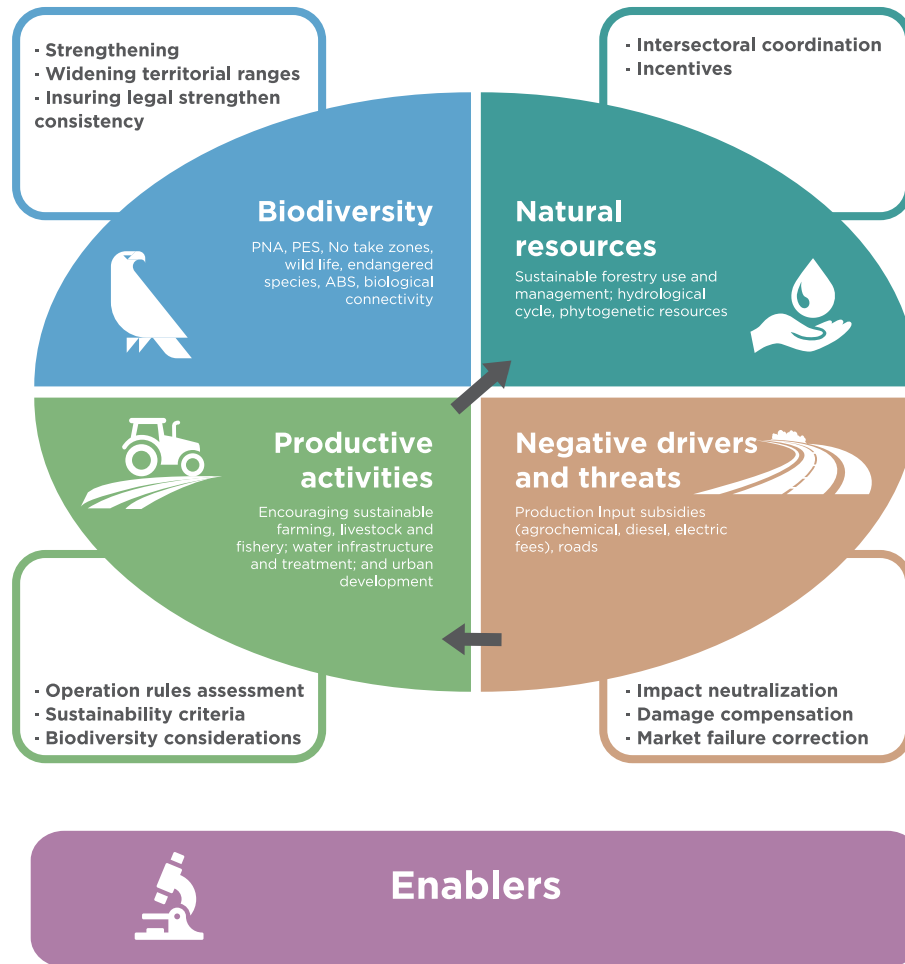
Planning instruments: mainly the National Biodiversity Strategy and its Action Plan (ENBIOMEX) and the National Climate Change Strategy (ENCC).

Institutions: the Federal Public Administration (APF) ministries that have direct budgetary allocations that impact on biodiversity are: Environment and Natural Resources (SEMARNAT); Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA); and the Navy (SEMAR). However, there are other such as Finance and Public Credit (SHCP), Territorial and Urban Agrarian Development (SEDATU); Social Development (SEDESOL); Tourism (SECTUR), Economy (SE); Energy (SENER); and Communications and Transport (SCT) which also have a bearing on them, although it is not explicit.

Intersecretariat commissions: knowledge and Use of Biodiversity (CONABIO); Climate Change (CICC); Sustainable Rural Development (CIDRS); Biosecurity and Genetically Modified Organisms (CIBIOGEM) and Seas and Coasts (CIMARES).

Public policies and programmes for biodiversity conservation and sustainable use: in 2014, 37 public programmes regarding biodiversity were identified by BIOFIN. The policies and programmes were classified as: 1) biodiversity; 2) sustainable use of natural resources; 3) productive activities; and 4) negative drivers and threats. It should be noted that, for those programmes related to productive activities, they could be converted in programmes that explicitly promote biodiversity sustainable use with specific changes in its operation rules. Of the 37 programmes identified, 17, with productive purposes, have the possibility of reducing its impact on biodiversity or contributing to its management by including sustainability criteria through modifications to its operation rules and guidelines.

Classification of policies and programmes and their impact on biodiversity



Result 2. Biodiversity Expenditure Review, 2006-2015¹.

Based on the Environmental Protection Expenditures annually estimated by the National Institute of Statistics and Geography (INEGI), and other expenses related to the biodiversity sustainable use identified in the Ministry of Finance (SHCP) public account, BIOFIN Mexico estimated the federal public expenditure for biodiversity, which has had a growing trend from 2006 to 2013.

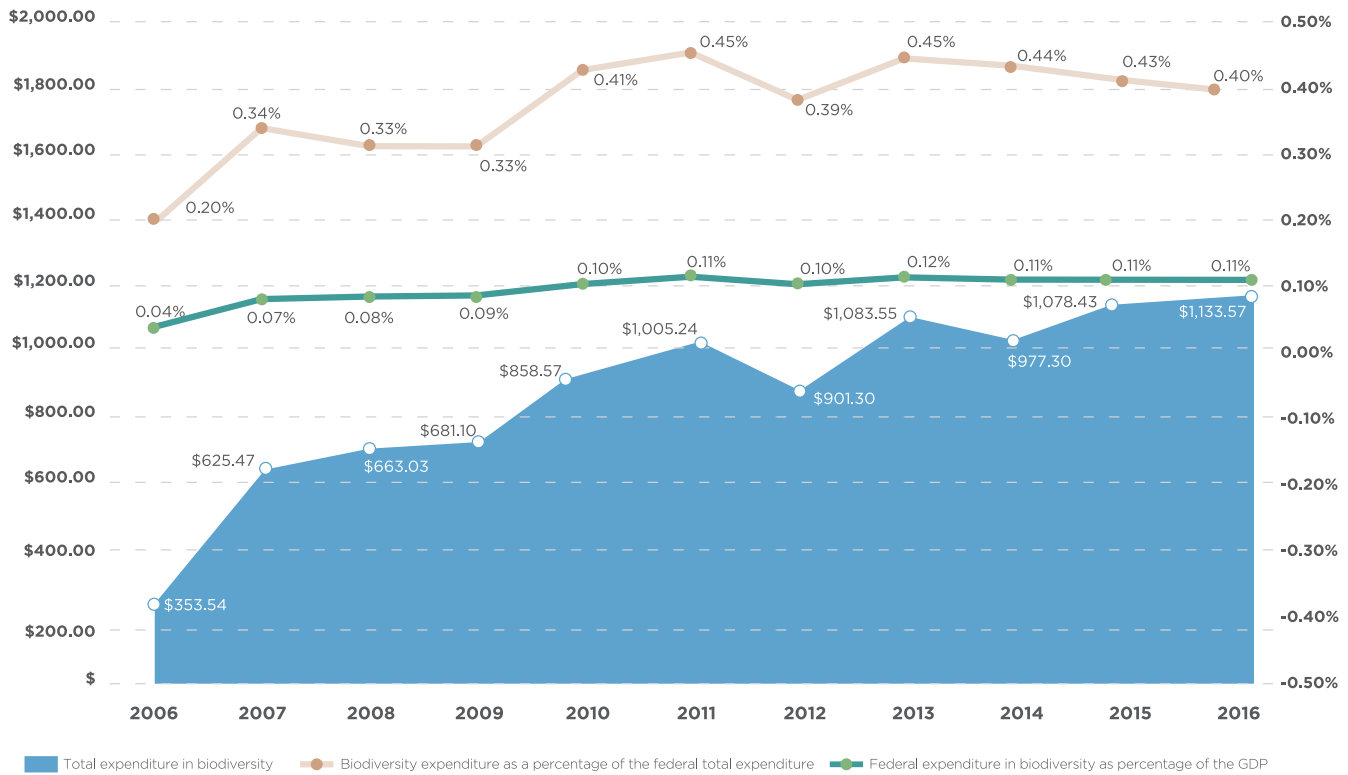
As shown in the graph below, it increased from USD 351²million in 2006 to USD 1,079 million in 2014, 207% growth in real terms, thus, from 2006 to 2014 the federal spending tripled. However, from 2015 a decrease of 9% was observed. Nonetheless, biodiversity spending has shown a constant proportion related to gross domestic product (GDP) representing on average 0.09% of GDP.

¹This information will be updated annually.

²The exchange rate is of 18.8MXN per 1USD. The numbers are also rounded.

Biodiversity Federal Expenditure in Mexico 2006-2015

FIGURES IN MILLIONS OF USD



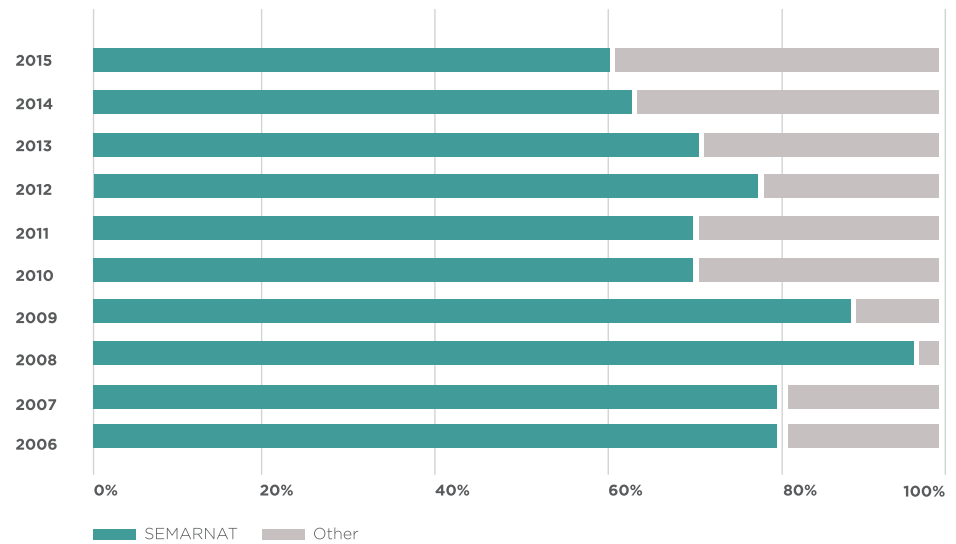
Source: own elaboration based on SHCP and INEGI.

It is important to note that the participation of other ministries regarding Mexico's spending on biodiversity conservation, has increased in the period under review. In 2006, SEMARNAT executed 80% of expenditure, while in 2015 was 62%. As a result, federal spending on biodiversity diversified throughout the period because other ministries increased their participation, such as SAGARPA, which went from 14% (2006) to 21.5% (2015). In the last year of the period, SAGARPA used its resources for biodiversity mainly through programmes relating to phytogenetic conservation resources, fisheries management and pest control. Other ministries also allocated resources for biodiversity in reforestation (SEDENA) inspection and monitoring of seas and coasts (SEMAR).

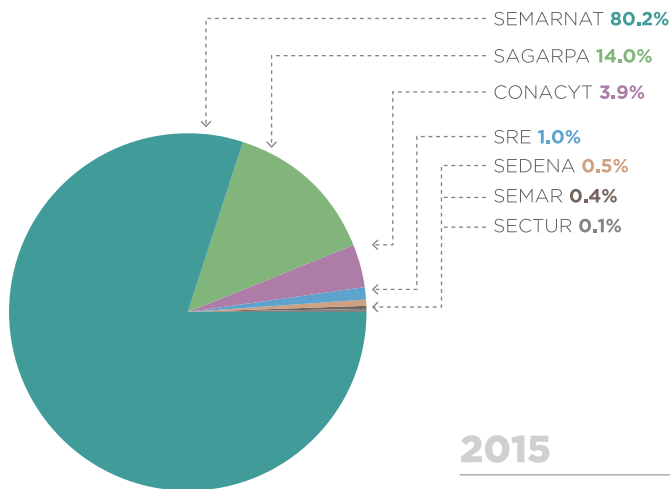
It is important to point out that, even though there was an increasing trend on biodiversity expenditure from 2006 (USD \$353.5 million) to 2014 (USD \$1,078.4 million), Mexico started a fiscal adjustment period from 2016, that is still under way. This has caused a general decrease on the federal budget, including the environmental sector. It is estimated that for 2017 and 2018, the biodiversity expenditure will decrease as a result of the budget allocations and the executed expenditure.

Ministries' Participation in Public Spending on Biodiversity 2006-2015

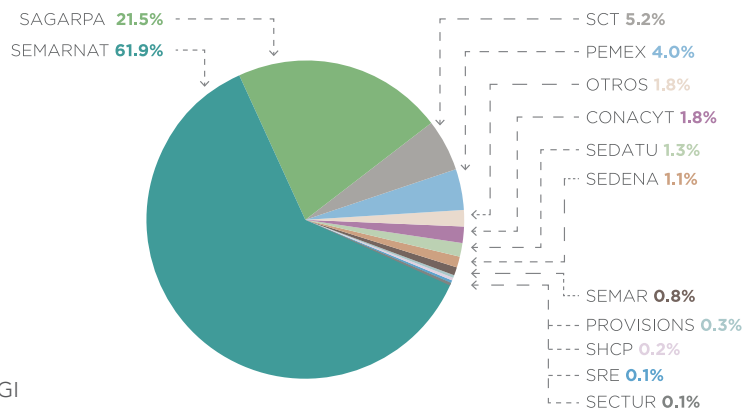
FIGURES IN PERCENTAGES



2006



2015

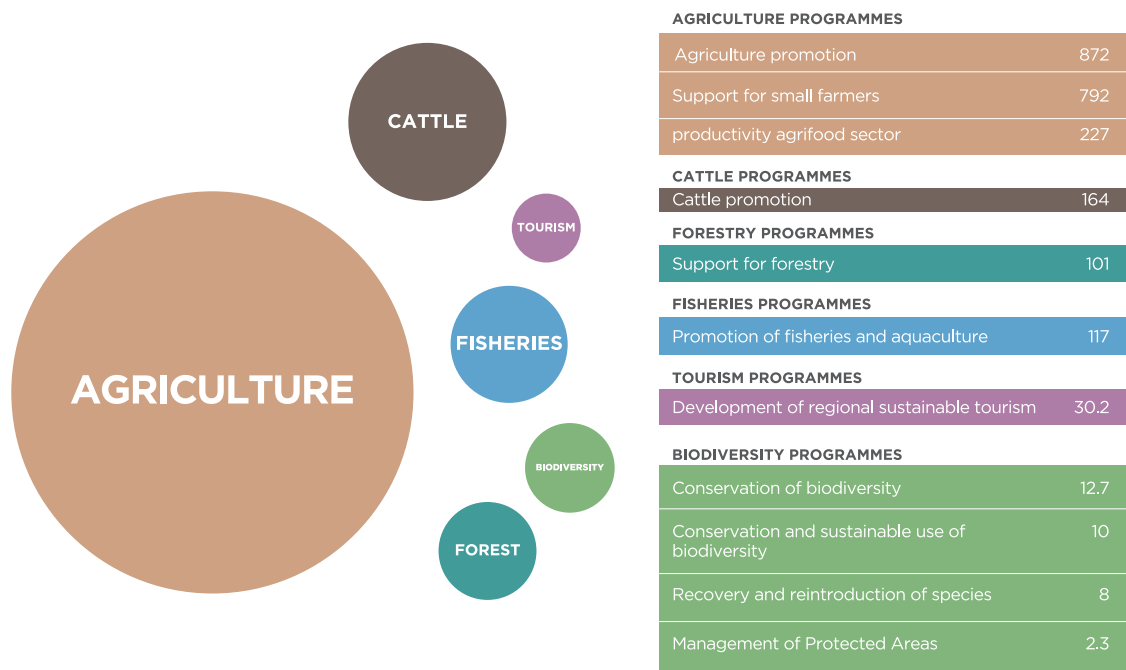


Source: own elaboration based on SHCP and INEGI

Strategic Sector Subsidies Programmes: most of the subsidies in the primary sector in Mexico are destined for agricultural and livestock activities causing important impacts on biodiversity. If the resource designed to promote productive activities is compared with the one given to programmes for conservation and biodiversity sustainable use, the differences are substantive. Accordingly, the effort to align public programmes is essential, as this will encourage greater efficiency of spending and avoid generating negative impacts involving future costs, i.e.: restoration costs, as well as the ecosystems' value loss due to forest decrease.

Subsidies Programmes in Strategic Sectors 2017

FIGURES IN MILLIONS OF USD



Source: own elaboration based on SHCP

Result 3. Biodiversity Financial Needs Assessment

According to the estimation of financial needs for biodiversity management, there is a need for an additional USD 461.9 million per year during the period 2017-2020, which represents an increase of 46.7% to biodiversity spending, based on the one exercised during 2015.

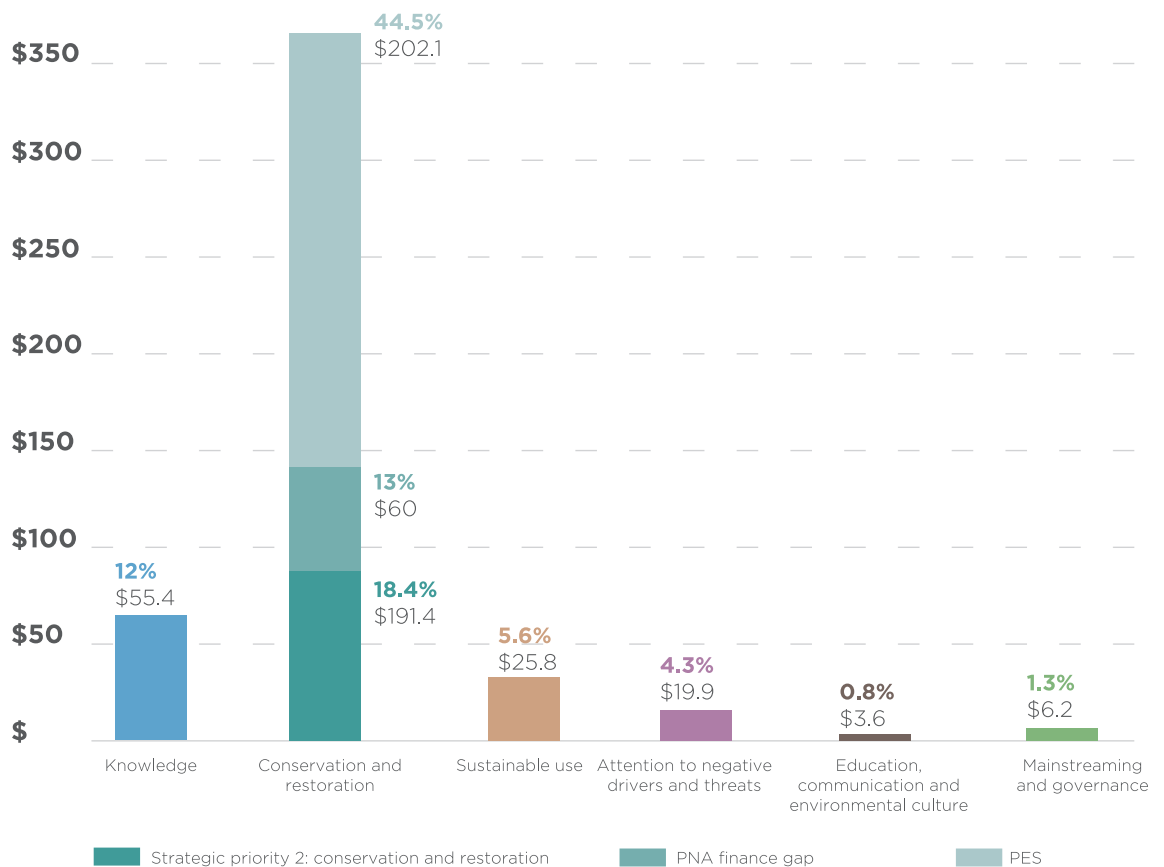
The financial needs assessment includes: 1) Protected Natural Areas (PNA) financial gap calculated in USD 60 million per year estimated by CONANP; 2) the finance needs to cover the Payment for Environmental Services (PES) demand estimated at USD 202.1 million by CONAFOR; and 3) the National Biodiversity Strategy and the Action Plan (NBSAP-ENBIOMEX) finance needs estimated at MXN 191.4 million.

ENBIOMEX's Finance Needs:

- Strategic priority 1 Knowledge: USD 55.4 million (12%)
- Strategic priority 2 Conservation and restoration: USD 350.8 million (76%)³
- Strategic priority 3 Sustainable use and management: USD 25.8 million (5.6%)
- Strategic priority 4 Attention to negative drivers and threats: USD 19.9 million (4.3%)
- Strategic priority 5 Education, communication and environmental culture: USD 3.6 million (0.8%)
- Strategic priority 6 Integration and governance: USD 6.2 million (1.3%)

Biodiversity Annual Financial Needs by ENBIOMEX strategic priorities for the period 2017-2020

FIGURES IN MILLIONS OF USD



Source: own elaboration

³Includes the financial gap of PNA calculated by CONANP and the estimate of finance needs to cover the demand for CONAFOR's PES

Another result of the financial needs assessment was that 76% of the required resources are current expenditure and 24% are investment spending. However, due to the fiscal adjustment process in recent years, an increase in the current expenditures of the federal government is unlikely. Accordingly, more initiatives and projects that can leverage public spending for investment projects in restoration, environmental infrastructure and conservation, should be considered.

BIOFIN's financial needs assessment has helped to establish a path of implementation for the ENBIOMEX and has shown the required resources for its implementation up to 2020. It also enabled the identification of major gaps and opportunities in the field of biodiversity which will be crucial for the design and development of finance solutions. This exercise sets a precedent by including the finance approach for updating and/or elaborating future national biodiversity strategies and action plans.

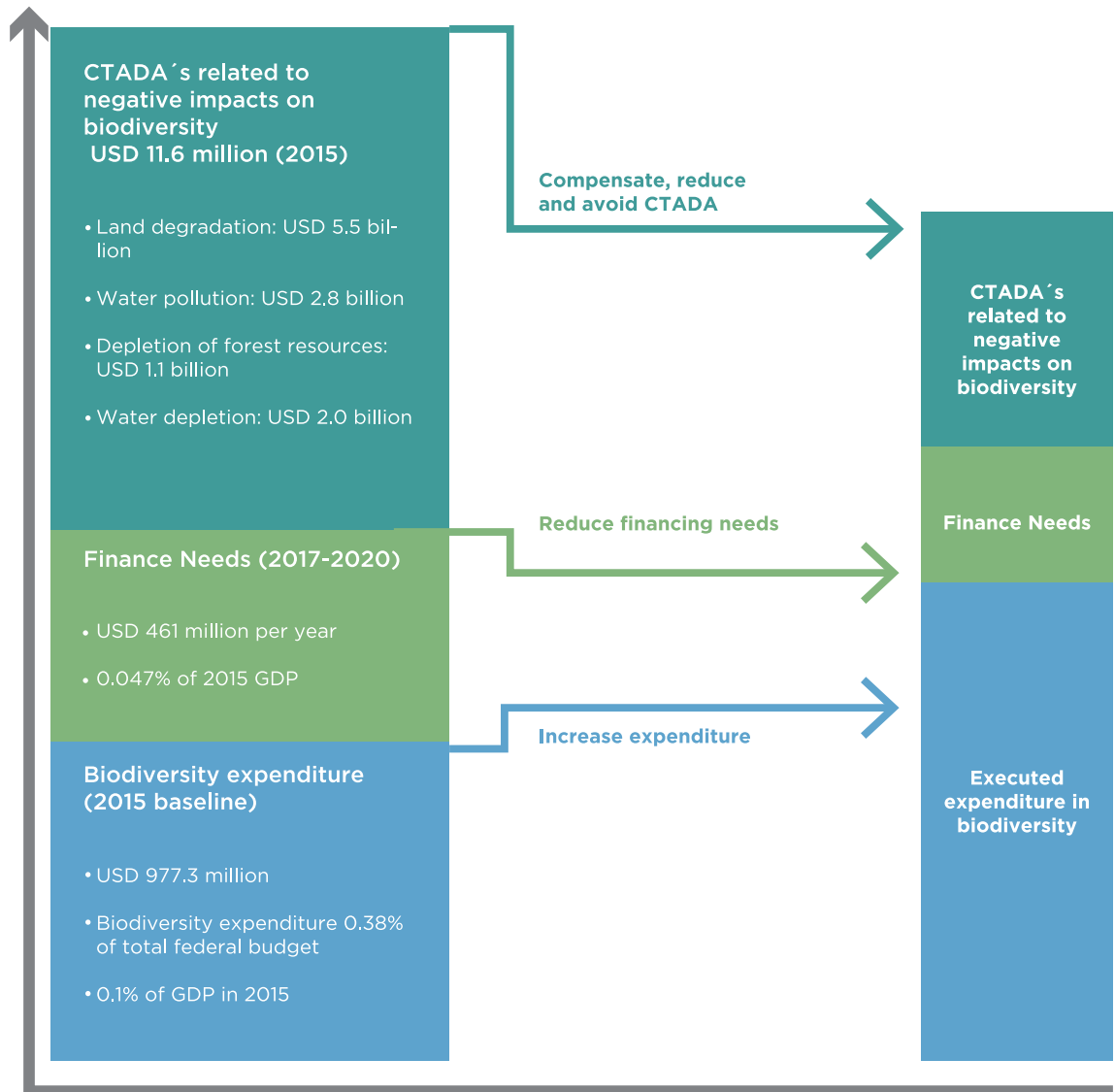
Financial Needs Beyond ENBIOMEX

Increasing financial resources will not be enough to close the funding gap, because to meet the objectives of ENBIOMEX in the medium and long term, some actions indirectly affecting biodiversity should be considered, for instance the Environmental Degradation and Resource Depletion Total Costs (CTADA)⁴ annually estimated by INEGI. In 2015, these costs represented USD \$11.6 million (1% of GDP) of which 67.2% corresponded to the primary sector economic activities that potentially affect the ecosystems and species. Therefore, the mainstreaming, and internalization of biodiversity criteria in programmes, projects and policies in other sectors are crucial to prevent and neutralize negative impacts to biodiversity.

This is illustrated in the following figure representing the amount needed to cover the biodiversity finance needs, which is significantly lesser than the CTADA related to negative impacts to biodiversity. To reduce the financial gap, is required to increase the expenditure intended for biodiversity as well as increase the efficiency in expenditure. However, compensating, reducing and preventing CTADA's related to biodiversity is essential. Otherwise, the gap will continue to grow even if the ENBIOMEX's financial needs are covered.

⁴The costs that society would have to take to repair, retribute or prevent the depletion and degradation of natural resources and environment, as a result of the processes of production, distribution and consumption are considered (INEGI)

Financing Needs for Biodiversity and Total Costs for Environmental Degradation and Resource Depletion Costs (CTADA) Related to Biodiversity



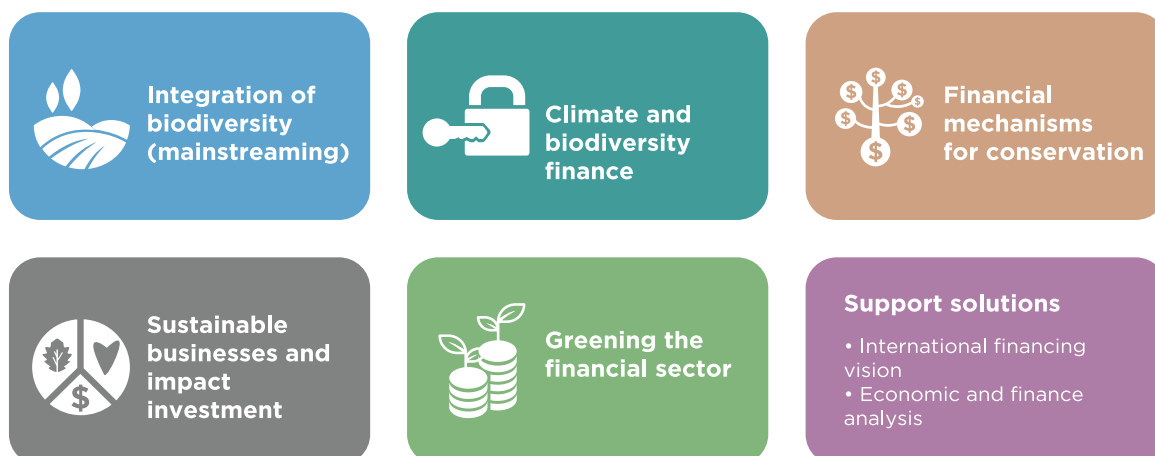
Source: own elaboration with INEGI and BIOFIN data.

Result 4. Biodiversity Finance Plan

The financial needs for biodiversity should be addressed through a strategy of diversified resources with a multi-actor participation. This strategy should be formulated based on the biodiversity federal public expenditure estimation, the analysis of the public programme framework and policies that affect it, and the estimate of finance needs to meet the domestic priorities on biodiversity. BIOFIN Mexico, along with a great diversity of actors and experts, developed the Biodiversity Finance Plan. This plan recognized that there is previous national experience within many instruments and mechanisms of public, private and public-private partnerships that have managed to generate and leverage additional resources to public budgets. These are included as an annex to this document.

Biodiversity Finance Plan objective: to present a consistent and integral finance approach for biodiversity, covering innovative finance solutions, with participation from the public-private sector and civil society to help decrease the finance gap and aid the population that is directly dependent on biodiversity.

Biodiversity Finance Solutions Proposal





1) Biodiversity mainstreaming in public policies and processes

- **Green budget based on results aligned to Sustainable Development Goals (SDG):** to institutionalize the biodiversity expenditure review; to contribute to the formulation of a green budget; and to improve the result based planning through modification of the design, rules of operation and Indicator Matrix (MIR) of budgetary programmes related to biodiversity and align them to the SDG. In addition, to identify and adapt operation rules of the federal budgetary programmes for the promotion of sustainable productive activities; to promote and consolidate territorial public policies in strategic areas integrating biodiversity considerations; and to enable a fund that allows the alignment of resources of various programmes under an unified criteria at the territorial level.



2) Climate Change and Biodiversity Finance

- **Climate Change Fund strengthening:** to increase, diversify and improve funding for biodiversity through the operationalization and full implementation of the Fund to contribute to the fulfilment of national and international commitments on climate change and biodiversity.
- **To fund projects of environmental infrastructure and/or ecosystem-based adaptation issues through the Environmental Programme of the National System of Public Investment (SNIP):** to realign and increase funding for biodiversity through the Environmental Programme of the SNIP whose purpose is financing conservation, biodiversity, restoration and pollution remediation projects.
- **To promote the Ecosystem-Based Adaptation (EBA) through international climate finance:** to increase international cooperation resources (Global Environment Facility, Green Climate Fund, etc.) for projects of EBA to finance large-scale interventions that reduce the vulnerability of people and ecosystems to climate change.
- **To develop a forest carbon protocol including biodiversity and social considerations:** to design a protocol for forestry projects of capture and storage of emissions in the framework of the new carbon market set by the General Law on Climate Change.



3) Conservation financial mechanisms

- **To increase the local mechanisms for the payment of environmental services programme:** expand and diversify the financing sources for active conservation and sustainable forest management by increasing the resources with CONAFOR's PES programme, with a multi-stakeholder intervention: private sector, subnational governments and civil society.
- **Conservation local mechanisms in Protected Areas:** expand and diversify fund sources (private and civil society organizations) for the PA through innovative finance local mechanisms.



4) Sustainable business and impact investment for biodiversity

- **Nature entrepreneurship and impact investing:** to promote impact investment on biodiversity conservation in Mexico by introducing a finance approach in partnership with the private sector. It seeks to catalyze a process on impact investments to generate a profitable portfolio aligned to the objectives of biodiversity, and to design a hybrid financial mechanism, that could channel grants and private investments in accordance with the project needs. This solution involves civil society organizations, private sector, donors and governments. The participation of the private sector in early stages is key for the exchange of best practices, awareness-raising and to promote a multiplier and scalable effect. It is also important to generate incentives to encourage the sustainable, legal and traceable trade of wild species, thereby contributing to the conservation of biodiversity, creation of new markets and development of rural communities by implementing the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).



5) Greening the financial sector

- **Facilitate the implementation of an Environmental and Social Risk Management System (SARAS) in the financial sector to adequately acknowledge biodiversity:** reduce the negative impacts on biodiversity with the establishment of SARAS through guidelines and clear indicators of risk assessment, and to support the development of information systems to parameterize and generate a homogeneous and automatic risk level classification.
- **Green Bonds Issuance:** to issue a green bond for anchoring a portfolio of productive projects of restoration or green infrastructure for biodiversity and ecosystems.
- **Facilitate the development of guidelines for investors of companies listed on the Mexican Stock Exchange (BMV):** to promote the development of indicator and metrics on impact and management of natural capital for companies listed on the BMV. This, in order to generate business reports that serve for investors interested in measuring the impact on its investment portfolio.

6) Implementation support solutions

- **International finance vision to close the finance gap in biodiversity:** develop a concerted vision of international finance aligned to national and international priorities of biodiversity, promoting synergies and coordination between projects, as well as efficiently take advantage of the resources of international cooperation while avoiding duplication of activities.
- **Economic and financial analysis as a support for finance solutions:** To develop economic valuations for estimating the inaction cost of biodiversity conservation and environmental services. In addition, to develop financial analysis of policies and investments (public and private) to align public policies and programmes and minimize negative impacts on biodiversity.

BIOFIN Mexico Phase II 2018-2022

BIOFIN Mexico concluded Phase I in 2018, meeting the goals and results proposed above. Consequently, UNDP granted Mexico additional resources to implement the priorities of the Biodiversity Finance Plan, as well as others that are identified as priorities in the coming years. The identification and prioritization of finance solutions was done in collaboration with representatives of the BIOFIN Mexico Steering Committee, as well as with a large number of parties and specialists in various fields and sectors.

Conclusions and Recommendations

Having a national diagnosis on the status of finance biodiversity that identifies major institutions, actors, sources of funding (including those that can promote negative impacts) and biodiversity financial needs, provides a tool to propose solutions for the conservation and sustainable use of biodiversity from a financial perspective.

Regarding the challenges of biodiversity financing, it is necessary to design finance solutions that can diversify sources of assets, national and international, public and private. In addition, it is important to promote efficiency improvement of expenditure, the alignment of programmes and public budgets, and to avoid future costs for negative impacts (restoration is more expensive than conservation).

After ENBIOMEX's finance needs assessment, the importance of embedding –within planning tools– the link between productive sectors and the underlying causes of biodiversity loss and the strategies to address them was recognized. Only in 2015, the costs to compensate the biodiversity related environment damage were estimated at USD 11.6 million of which 67.2% is caused by the primary sector activities (INEGI, 2015).

It is essential to create and facilitate coordination mechanisms, strengthen inter-secretariat commissions, internalize biodiversity criteria in different sectors and promote sustainable productive activities that diminish the impact on biodiversity, as well as to design and implement innovative and greater impact finance solutions.

Creating linkages with actors outside the environmental sector is crucial to increase the relevance of biodiversity in domestic planning and to identify new finance opportunities with the private sector. Examples include: 1) collaboration with INEGI was key to estimate the analysis of biodiversity federal public expenditure; 2) working with SHCP allowed triggering key processes to strengthen the Climate Change Fund; and 3) to approach the private sector made it possible to identify finance opportunities such as impact investment, which has the potential to allocate resources for nature projects beyond philanthropy while generating economic gains.

There are several financial vehicles for biodiversity, but there is yet a chance to expand, diversify and improve their institutional design and operation to increase its efficiency. In addition, the private sector has contributed to the conservation and sustainable development of biodiversity, primarily through philanthropy and corporate social responsibility; however, through impact investing and hybrid vehicles (awarding grants, investments and credits) nature entrepreneurship can be promoted vehicles with sustainable practices whilst generating investment returns.

Annex: Existing Biodiversity Finance Mechanisms in Mexico

Some of the main instruments and mechanisms existing in Mexico are shown below; they are grouped by types of economic instrument: market, fiscal, regulatory risk, and environmental funds.

MARKET-BASED INSTRUMENTS

Name of Mechanism	Responsible Institution	Type of Solution	Result	Regulatory Framework
Voluntary market of carbon emissions mitigation	CSO, private buyers	Carbon market	Increase resources	Private agreement between communities and donors
Eco-labels in PA	CONANP	Eco-labels	Avoid future costs	Voluntary mechanism of producers in PA
Certification of timber	Forest Stewardship Council (FSC)	Sustainability Standards: products and services	Avoid future costs	Certificate issued by local entities under FSC standards
Certification of Sustainable Forest Management	CONAFOR	Sustainability Standards: products and services	Avoid future costs	NMX-AA-143-SCFI-2015
Certified Sustainable Fisheries	Marine Stewardship Council (MSC)	Sustainability Standards: products and services	Avoid future costs	Certificate issued by local entities under the MSC standards
Share issue for forest plantations	Proteak	Forest Bonds	Avoid future costs	Public offering of Certificates of Regular participation (July 5th, 2010)
Monterrey Metropolitan Water Fund	Latin American Alliance of Water Funds, private sector, government, academia, civil society	Environmental Fund	Increase resources Avoid future costs Improve expenditure efficiency	Private agreement between companies
Agua Capital (Water Fund)	Water Council, private sector	Environmental Fund	Increase resources	Private agreement between companies
Management System of Environmental and Social Risks (SARAS)	Citigroup Banamex, Banorte	Green Banking	Avoid future costs	Bank Voluntary Initiative
Replenishment of water projects	TNC, Pronatura, private companies (Coca-Cola, PepsiCo, Heineken, etc.)	Environmental Fund	Avoid future costs	Voluntary agreement between the parties

Name of mechanism	Responsible Institution	Type of Solution	Result	Regulatory Framework
Permits, authorizations and concessions in PNA	CONANP	Permits and Licenses	Avoid future costs	Federal law (Article 194-C)
Collection of biological resources for scientific purposes, for biotechnology or trade (specifically the Convention on International Trade in Endangered Species of Wild Fauna and Flora-CITES)	SEMARNAT	Permits and Licenses	Align expenditure	Federal law (Article 194-F)
Protected Natural Areas Tariffs	CONANP	Entrance fees	Avoid future costs	Federal law (Articles 198, 198-A, 198- B, 238-C)
Wildlife Conservation Management Units (UMA)	SEMARNAT	Hunting licenses, sustainable trade of species, and ecotourism	Increase resources	General Law of Ecological Equilibrium and Environmental Protection
Compensation for land use changes in forest land	CONAFOR	Environmental Compensation	Avoid future costs	Federal law (Article 238)
Special tax on carbon dioxide	SHCP	Carbon taxes	Improve the expenditure efficiency	General Law of Sustainable Forest Development
Licenses to release Genetically Modified Organisms license	SEMARNAT	Licenses, authorizations and concessions	Avoid future costs	Law of the Special Tax on Production and Services. (Article 2, Section I, subparagraph (H))
SEMARNAT licenses and concessions	SEMARNAT	Licenses, authorizations and concessions	Increase resources	Federal law (Article 194-I)
Environmental sanctions	PROFEPA	Environmental Crimes	Increase resources	Federal law (Chapter XIII)
Payment for Hydrological Environmental Services	CONAFOR	Payment for environmental services: water	Avoid future costs	Law of Environmental Responsibility
Biodiversity Payment for Environmental Services	CONAFOR	Payment for environmental services: forests	Increase resources	(Articles 19, 45 and 46)
Programme for the Conservation of Endangered Species	CONANP	Incentives for conservation	Avoid future costs	Public budget
Conservation Programme for Sustainable Development	SEMARNAT-CONANP	Incentives for conservation and sustainable businesses	Increase resources	Matching Funds
Rates and concessions for extraction and use of water resources	SEMARNAT-CONAGUA	Ecological Fiscal Transfers	Avoid future costs	Transfer of CONAGUA to CONAFOR Based on Federal Law (Article 223 paragraph (B))
Basins and cities II: Zapalinamé mountains	FMCN, GRAF, Profauna, Aguas de Saltillo	Ecological Fiscal Transfers	Increase resources	Public budget

RISK INSTRUMENTS

Name of Mechanism	Responsible Institution	Type of Solution	Result	Regulatory Framework
Insurance for reconstruction of coral reefs (in development)	Swiss RE, hoteliers in the Riviera Maya, Government of the State of Quintana Roo	Environmental and Climate Insurance Schemes	Avoid future costs	Private Agreement between companies
Livestock insurance (predators)	SAGARPA	Environmental Impact Insurance Schemes	Avoid future costs	Operating rules from the agriculture assurance programme

GRANTS

Name of Mechanism	Responsible Institution	Type of Solution	Result	Regulatory Framework
International finance for biodiversity	KfW, AFD, USAID, GEF, GIZ	Official Development Assistance (ODA)	Increase resources Avoid future costs Align spending costs Improve expenditure efficiency	Multilateral conventions and bilateral cooperation agreements Memoranda of Understanding
Philanthropy	WWF Alliance - Carlos Slim Foundation, PEMEX, Fomento Ecológico Banamex, Gonzalo Rio Arronte Foundation, Fundación Harp Helú, Televisa Foundation, among others	Donations and mobilization of private funds	Increase resources Avoid future costs	Boards of Trustees Corporate social and environmental responsibility

REGULATORY INSTRUMENTS

Name of Mechanism	Responsible Institution	Type of Solution	Result	Regulatory Framework
Mexico-Meso-America Biological Corridor Project (MBC)	SEMARNAT SAGARPA	Intersectoral approach	Align expenses Avoid future costs Improve the expenditure efficiency	Convention on Environmental Sustainability for the Mesoamerican Biological Corridor
Fishing quotas	CONAPESCA	Fishing quotas	Avoid future costs	Specific agreements on certain species published in the Official Journal of the Federation
Community management of fishing quotas	EDF, COBI	Fishing quotas	Avoid future costs	FEDECOOP
Changes in agricultural subsidies programmes	SAGARPA SEMARNAT	Harmful Subsidies: agriculture	Align expenses Avoid future costs	General Law of Sustainable Forestry Development Agriculture National Programme

ENVIRONMENTAL FUNDS

Name of Mechanism	Responsible Institution	Type of Solution	Result	Regulatory Framework
Biodiversity Fund	CONABIO	Environmental Fund	Increase resources	Trust Agreement for Biodiversity
Climate Change Fund	SEMARNAT	Environmental Fund	Increase resources Align expenses	General Law on Climate Change (Article 80)
Mexican Forest Fund	CONAFOR	Environmental Fund	Increase resources Align expenses Avoid future costs	General Law of Sustainable Forest Development (Article 142)
Biodiversity Endowment Fund	CONAFOR	Environmental equity fund	Increase resources Avoid future costs	Project Agreement 7375-ME GEF-CONAFOR of Environmental Services
Natural Protected Areas Fund	FMCN	Environmental equity fund	Increase resources Improve the expenditure efficiency	Public-private scheme between the Mexican Government and the Mexican Fund for Nature Conservation
State of Veracruz Environmental Fund	Government of Veracruz	Environmental Fund	Increase resources Improve the expenditure efficiency	Amending Decree for the creation of the Public Trust of Veracruz's Environmental Fund
Environmental Responsibility Fund	SEMARNAT	Environmental Fund	Increase resources	General Law of Ecological Equilibrium and Environmental Protection
Climate Change Fund of the Yucatan Peninsula	Yucatan, Campeche and Quintana Roo Government	Environmental Fund	Increase resources	General Cooperation Agreement and Interstate Coordination to take actions and joint strategies to address adaptation, mitigation and vulnerability reduction in the Yucatan Peninsula
Monarch Fund	FMCN	Environmental Fund	Increase resources Avoid future costs	Trust Agreement between FMCN, governmental authorities and landowners of the Monarch Butterfly Biosphere Reserve
El Triunfo Conservation Fund	FONCET	Environmental Fund	Increase resources Avoid future costs	Agreement between public and private institutions

For more information about BIOFIN Mexico, as well as to consult the reports and results of the Initiative, refer to the website:
<http://www.biodiversityfinance.net/mexico>

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