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Item 4.1 of the annotated agenda*

REVIEW OF IMPLEMENTATION OF THE STRATEGY FOR RESOURCE MOBILIZATION, INCLUDING THE ESTABLISHMENT OF TARGETS

Note by the Executive Secretary

I. INTRODUCTION

1. In 2008, the Conference of the Parties, at its ninth meeting, adopted a resource mobilization strategy to assist Parties in establishing national targets, goals as well as action for enhancing international financial flows and domestic funding for biological diversity (decision IX/11). In 2010, the tenth meeting of the Conference of the Parties decided to adopt targets for resource mobilization at the eleventh meeting of the Conference of the Parties based on an assessment (decision X/3) and to conduct a specific assessment on the funding needs for the sixth replenishment of the Global Environment Facility (GEF-6) (decision X/26). Decisions X/2 and X/3 also reiterate that national implementation of the Strategic Plan for Biodiversity 2011-2020 and the strategy for resource mobilization should include the elaboration of country-specific resource mobilization strategies in the framework of updated national biodiversity strategies and action plans.

2. Through decision X/3, the Conference of the Parties adopted fifteen indicators for monitoring the implementation of the strategy for resource mobilization (paragraph 7) and also set the steps in a process to be carried out prior to the eleventh meeting of the Conference of the Parties, making use of these indicators (paragraph 8). In the same decision Parties committed to substantially increasing resources (financial, human and technical) from all sources, including innovative financial mechanisms, balanced with the effective implementation of the Convention on Biological Diversity and its Strategic Plan for Biodiversity 2011-2020, against an established baseline. In the same decision it also decided to adopt targets related to resource mobilization at its eleventh meeting, provided that robust baselines have been identified and endorsed and that an effective reporting framework has been adopted.

* UNEP/CBD/COP/11/1.

3. A Preliminary Reporting Framework was developed to assist Parties in providing data on resource mobilization according to the indicators adopted in decision X/3. The framework (UNEP/CBD/WG-RI/4/6/Add.1) was considered by the fourth meeting of the Ad Hoc Open-ended Working Group on Review of Implementation of the Convention. In recommendation 4/2 Parties requested the Executive Secretary to elaborate the further development of the preliminary reporting framework and invited Parties to use it as a flexible and tentative framework to monitor resources mobilized for biodiversity at national and global level, adapting it to national needs and circumstances, as appropriate. Twenty-five Parties (Belgium, Bulgaria, Canada, China, Denmark, Ecuador, Estonia, Ethiopia, the European Union, Finland, France, Germany, Grenada, India, Italy, Japan, Kuwait, Mexico, Myanmar, Netherlands, Norway, Poland, Spain, Sweden and Switzerland) provided comments related to the preliminary reporting framework, used it to provide biodiversity funding information and/or provided comments relevant to this issue. In light of these comments and experience in using the preliminary reporting framework it has subsequently been revised and is available as UNEP/CBD/COP/11/14/Add.1.

4. In recommendation 4/2 the Working Group also requested the Executive Secretary to complete the review of implementation of Goals 2, 5, 6, 7 and 8 of the strategy for resource mobilization. Given the short amount of time between the fourth meeting of the Ad Hoc Open-ended Working Group on Review of Implementation of the Convention and the period for the preparation of documents for the eleventh meeting of the Conference of the Parties, no further information on the implementation of Goals 2, 5, 7, and 6, 8 is available at this time. Should more information become available between now and the eleventh meeting of the Conference of the Parties it will be made available as an information document.

5. At its second meeting, the Intergovernmental Committee for the Nagoya Protocol (the Intergovernmental Committee) considered the elaboration of guidance for resource mobilization for the implementation of the Nagoya Protocol. With a view to assisting the Intergovernmental Committee in the consideration of this issue, the Executive Secretary prepared the document UNEP/CBD/ICNP/2/4. The report of the meeting is available in document UNEP/CBD/COP/11/6 and contains recommendations of the Intergovernmental Committee in its annex. In recommendation 2/2, paragraph 4, the Intergovernmental Committee recommended that the eleventh meeting of the Conference of the Parties take into consideration resource mobilization for the implementation of the Protocol in considering agenda item 4.1 (Review of the implementation of the strategy for resource mobilization including the establishment of targets).

6. The present note has been prepared to assist with the consideration of the issues mentioned above by the Conference of the Parties. This document builds on document UNEP/CBD/WG-RI/4/6. Section II provides information on the consideration of targets and baselines for the strategy for resource mobilization and section III provides options for targets and baseline years. Section IV contains possible elements of a draft decision for the consideration of the Conference of the Parties during its eleventh meeting.

7. This note is supported by three addendums containing:

(a) Information on the methodological and implementation guidance for the indicators for monitoring the implementation of the Convention's strategy for resource mobilization (UNEP/CBD/COP/11/14/Add.1),

(b) Executive Summary from the High-level Panel on Global Assessment of Resources for Implementing the Strategic Plan for Biodiversity 2011-2020 (UNEP/CBD/COP/11/14/Add.2), and

(c) A synthesis report, provided in line with paragraph 5 (f) of recommendation 4/2, taking into account the submissions in response to paragraph 8 (c) of decision X/3 as well as the informal seminar dialogue on Scaling up Biodiversity Finance held in Quito, Ecuador from 6 to 9 March 2012 and

the workshop on Financing Mechanisms for Biodiversity held in Montreal, Canada on 12 May 2012 (UNEP/CBD/COP/11/14/Add.3).

8. In addition several information documents have been prepared to further substantiate the information contained in this note. The information documents include a compilation of submissions on the preliminary reporting framework (UNEP/CBD/COP/11/INF/6), a compilation of submissions in response to decision X/3 paragraph 8 (c) (UNEP/CBD/COP/11/INF/16) a report of the High Level Panel on Global Assessment of Resources for Implementing the Strategic Plan for Biodiversity 2011-2020 (UNEP/CBD/COP/11/INF/20) and a Summary of the Little Biodiversity Finance Book (UNEP/CBD/COP/11/INF/21). Document UNEP/CBD/COP/11/15 addresses the separate, but related, issue of the assessment of funding needs for GEF-6, developed in line with decision X/23 and WGRI recommendation 4/3.

II. INFORMATION ON TARGETS AND BASELINES FOR THE STRATEGY FOR RESOURCE MOBILIZATION

9. Article 20 of the text of the Convention addresses the issue of financial resources and should be considered in all issues relating to resource mobilization.

10. Biodiversity financing is multifaceted, being delivered through multiple channels. As further elaborated in the following paragraphs, the preliminary reporting framework was developed keeping in view the various channels used for biodiversity financing as well as recognizing the multiple sectors relevant to biodiversity.

11. Sub-section A addresses the various channels for biodiversity finance as well as provides estimates of current biodiversity expenditures. Sub-section B presents information related to resource needs. Sub-section C presents information on resource mobilization for the implementation of the Nagoya Protocol. Sub-section D provides information related to benefits while Section E provides information on potential sources of funding.

A. *Estimates of current biodiversity expenditures*

12. Actions in support of biodiversity can take a variety of forms and the boundaries of what can be considered as financing for biodiversity are not always distinct. Some actions are designed to have a direct and intended impact on biodiversity. For example, direct actions to protect biodiversity and to support planning for biodiversity conservation and sustainable use etc., will invariably be counted as biodiversity finance and the budgets concerned are often managed by environmental organizations linked to governments or not and are distinctly marked as such. In other cases, the impacts on biodiversity from certain actions can be considered as co-benefits, that is there are benefits to biodiversity even when the actions may only be partially or indirectly aimed for biodiversity. For example initiatives across a range of sectors (e.g. agriculture, forestry, tourism) to promote actions that have other primary purposes (e.g. ecosystem-based approaches to climate-change mitigation and adaptation or watershed management) can also provide biodiversity benefits. Such actions have a wide range of funding sources that does not allow accurate attribution to funds benefiting biodiversity. Furthermore some actions also have unintended positive impacts on biodiversity and these expenditures are even more difficult to identify on a regular basis. Such activities include economy-wide and society-wide measures that address the underlying drivers of biodiversity-loss. These are not traditionally regarded as biodiversity financing. In addition, some funded programmes in other sectors may have positive or negative impacts on biodiversity, making attribution even more complex.

13. This issue of funding scope makes it challenging to obtain certain estimates of funding for some types of finance, as some activities that are relevant to the objectives of the Convention and the Strategic Plan have different primary purposes. The Preliminary Reporting Framework was designed bearing this in mind by dividing funding for biodiversity into four categories which also match the levels of certainty in data for biodiversity financing:

(a) Category A - Activities where biodiversity protection is the main purpose, such as activities funded by environmental agencies that directly and intentionally benefit biodiversity;

(b) Category B - Activities related to policy development and administration carried out in part or entirely by environmental agencies and enables biodiversity program management;

(c) Category C - Activities related to sustainable use and sustainable management that have co-benefits for biodiversity. Activities under this category would generally be led by agencies outside of the environmental sector;

(d) Category D - Activities related to sustainable production and consumption where the responsibility lies with multiple government entities, the private sector and the general public.

14. In light of WGRI recommendation 4/2 and based on experiences in using the preliminary reporting framework, the above categories have been further simplified in the revised reporting framework (UNEP/CBD/COP/11/14/Add.1). Categories A and B have been merged into a single category which considered those activities which are directly related to biodiversity and have a high level of certainty in terms of data. While categories C and D have been combined into a category that considered activities indirectly related to biodiversity and comparatively faces some uncertainty of data in many countries at the current stage.

15. In addition, biodiversity finance can be accounted for in terms of international flows and domestic sources. International flows refer to funds transferred from one country to another and which originate from multiple sources, including bilateral and multilateral official development assistance (ODA), non-ODA public funding (North-South cooperation) and cooperation among developing countries (South-South cooperation), as well as flows through private companies and through international not-for profit organizations. With regards to domestic sources of funding, these are generally provided through three main channels: the public sector (public budgets for government departments and agencies at all levels), the private (for-profit) sector (mediated through markets) and NGOs, foundations and academia (the non-profit sector). The Preliminary Reporting Framework accounts for these different sources.

16. Given the complexity of determining the scope of biodiversity financing and accounting for the various sources of funding, it is currently challenging to arrive at a precise number for biodiversity financing from all sources. However, as information collection improves, it should be possible to better measure the levels of biodiversity financing according to the two broad categories described above and in the reporting framework. Specifically, for those types of biodiversity financing that are directly related to biodiversity it should be possible to derive reasonably precise estimates. Similarly for actions that are more specifically defined, such as more traditional conservation actions, it should be possible to have more specific information. For other biodiversity objectives, such as those related to sustainable use, arriving at specific figures is likely to be more challenging currently as the range and scope of the possible actions is broad. Currently, assessing biodiversity funding needs to be seen as an ongoing process as more specific and detailed assessments would improve data availability and comparability.

17. The Ad Hoc Open Ended Working Group on Review of Implementation of the Convention, during its fourth meeting invited Parties to use the preliminary reporting framework (UNEP/CBD/WG-RI/4/6/Add.1) and to provide the information to the Executive Secretary. As of 14 August 2012,

19 Parties (Belgium, Bulgaria, Canada, Denmark, Estonia, Ethiopia, the European Union, Finland, France, Germany, Italy, Mexico, Myanmar, Netherlands, Norway, Poland, Spain, Sweden and Switzerland) provided information by making use of the reporting framework. Most of the information provided by Parties was for years between 2006 and 2010 though some Parties provided information for years both before and after this period. Most Parties provided information for several years or as averages for a given period of time. The majority of the information provided was based on national government budgets. Few Parties provided information related to the amount of funding generated by not for profit organizations or the private sector. This is reflective of the challenges in gathering this type of information.

18. Most Parties providing information through the preliminary reporting framework provided undifferentiated totals for their expenditure as they did not make use of the separate funding categories to report on their biodiversity spending. Of the 19 Parties that provided information using the preliminary reporting framework, 17 provided information related to domestic biodiversity financing. This information suggests that approximately US\$ 49 billion was spent domestically on biodiversity per year between 2006 and 2010 by these 17 Parties (see Table 1).

19. Of the 19 Parties that reported 16 provided information related to international financial flows. The information suggests that these Parties provided approximately US\$ 3.3 billion for biodiversity per year between 2006 and 2010. The majority of these funds were delivered primarily in the form of official development assistance.

20. Given the modest number of Parties that have provided information by making use of the preliminary reporting framework and that most Parties noted in their submissions that the figures provided were of a preliminary nature, it would be inappropriate to extrapolate the information received to the global level. Further these figures may change as more precise information becomes available. However it is important to note that the information received is of a similar magnitude as to what has been published in other sources, the latest being the Little Finance Book (see below). As additional responses are received it is expected that it will be possible to better estimate the level of biodiversity financing based on information provided by Parties.

21. The information provided by Parties through the preliminary reporting framework as well as the discussions during the fourth meeting of the Ad Hoc Open-ended Working Group on Review of Implementation of the Convention point to the need to further refine and simplify the reporting framework in order to facilitate the reporting process and to increase the global comparability of the information received. A revised reporting framework is presented in UNEP/CBD/COP/11/14/Add.1 along with methodological guidance for its use. The primary changes to the reporting framework have been to focus on the types of information which can be more easily provided by Parties as well as to reduce and simplify the activity categories.

Table 1 – Summary of information provided through the preliminary reporting framework¹

| 2006-2010 average in US\$ | Number of Parties Reporting | Total Amount | Range for reporting Parties | |
|---------------------------|-----------------------------|--------------|-----------------------------|------|
| | | | Low | High |
| | | | | |

¹ These figures are based on information provided by Parties. Of the 19 Parties that provided information related to preliminary reporting framework, 17 provided information related to domestic biodiversity funding and 16 provided information related to international financial flows. Many Parties noted in their submissions that the figures were of preliminary nature. Given this and that a modest number of Parties have reported, it is not currently possible to extrapolate these figures to the global level.

| | | | | | |
|--|--------------------------|----|----------------|---------|----------------|
| International Financial Flows | Total (undifferentiated) | 16 | 3,346,698,792 | 17,834 | 1,068,491,897 |
| Domestic Biodiversity Financing | Total (undifferentiated) | 17 | 49,269,741,145 | 858,000 | 28,539,003,392 |

22. While global information on biodiversity financing is limited, there are several initial estimates for a subset of biodiversity funding issues. Drawing upon recent data, the Little Biodiversity Finance Book prepared by the Global Canopy Programme estimates that biodiversity financing in 2010 was of the order of US\$ 51-53 billion.² This estimate refers to a portion of biodiversity financing (mostly corresponding to categories A and B of the preliminary reporting framework) and includes domestic budget allocations, official development assistance, green commodities and direct biodiversity and ecosystem fees. If this estimate accounted for the complete scope of biodiversity financing, the value would likely be much higher. Currently the bulk of biodiversity finance identified by the Little Finance Book is provided through national government budgets. Of the estimated US\$ 51-53 billion spent annually on biodiversity about US\$ 25.6 billion is from government funding. With regards to official development assistance, according to data provided through the OECD Rio Markers, the members of the OECD-DAC marked US\$ 6.57 billion as biodiversity assistance in 2010.

B. Needs Assessments

23. Assessments of the magnitude of the investments required for biodiversity are best expressed as ranges of estimates rather than single figures. This is partially owing to the limited information available currently but it is largely the result of the different assumptions, such as the actions considered, the desired outcomes and the institutional frameworks in place, used in these types of calculations. Such diversity in approaches varies within countries and between ecosystems making it necessary to consider ranges in funding rather than arriving at a single figure.

24. A number of studies have attempted to estimate the funding needs for biodiversity. As with the issue of biodiversity expenditure, one major challenge with estimating funding needs for biodiversity is related to the scope of the activities which need to be considered. The different Aichi Biodiversity Targets and objectives of the Convention touch on a spectrum of issues which need to be considered in a balanced manner. Likewise, the financial resources required to implement the Strategic Plan will vary with the desired outcomes as well as the types of actions taken to attain them. Further, in many cases, actions taken to implement one Aichi Biodiversity Target will facilitate the attainment of the other targets and many actions may also generate economic benefits.

25. Beyond investment, the issue of recurring and non-recurring costs also needs to be considered as some activities will require one time investments while others may have recurring costs. This complexity makes it challenging to assess global needs related to the Strategic Plan.

² Based on what can be accounted for, the global scale of funding for biodiversity and ecosystem services in 2010 is estimated to have been US\$ 51.5-53.4 billion. This estimate is US\$ 15 billion higher than previous estimates, but it is still significantly lower than what is likely needed to secure the world's biodiversity. This is primarily due to increases in funding for four generation mechanisms.

26. Some of the most well documented estimates of funding needs have focused on the costs associated with protected area networks both at a regional and global scale. Estimates focusing on protected areas generally fall in the range of \$20 billion to \$50 billion a year. It is estimated that spending on tropical terrestrial protected areas needs to increase from about \$1 billion per year to about \$13 billion per year, while an additional \$6-20 billion a year is needed for marine protected areas. Estimates that also include maintenance of biodiversity outside protected areas or for total ecosystem protection in the context of climate change mostly fall in the range of US\$ 300–400 billion per year. The assessment of funding needs contained in the Little Biodiversity Finance Book determines that the cost of protecting biodiversity ranged from US\$ 4-13 billion per year for an expanded protected areas network covering 15 per cent of terrestrial areas to an estimated US\$ 355-385 billion per year for total ecosystem protection.

27. Additional information on the funding needs related to protected areas is contained in the protected area actions plans developed by Parties. Of the 106 Parties that have formally submitted protected area action plans, more than 60 per cent have included an indicative budget for one or more priority actions listed for the implementation of the programme of work on protected areas. The information suggests that upwards of US\$ 2.4 billion would be required to implement the more than 400 actions identified by Parties. The cost of these actions ranges between approximately US\$ 2,000 to more than US\$ 617 million. The average amount required per country to implement the identified actions would be more than US\$ 37 million. It is important to note that because of different national circumstances and approaches to protected areas management as well as different priority actions there is wide range of estimates for implementing these actions. Similarly the assessment of funding needs have different levels of comprehensiveness. For these reasons it is not possible to extrapolate this information to the global level at this point in time.

28. In order to inform discussions on target setting, the Governments of India and the United Kingdom co-sponsored an assessment of the financial resources needed to implement the Strategic Plan for Biodiversity 2011-2020 and achieve the Aichi Biodiversity Targets. The assessment draws upon the work of experts working on specific targets or thematic clusters guided by a regionally-balanced high-level panel. A summary from the High-level Panel on Global Assessment of Resources for implementing the Strategic Plan for Biodiversity 2011-2020 is contained in UNEP/CBD/COP/11/14/Add.2.

29. Following are the key messages that High-level Panel highlighted in its work to assess the financial resources needed to implement the Strategic Plan:

(a) *Implementation and delivery of the Aichi Targets requires the development of an appropriate and coherent political and institutional framework, and strong political will, particularly at national and regional levels.* Careful planning and an enabling framework are prerequisites for effective and successful action, as well as for securing the resources required. Most of the Targets cannot be delivered instantaneously but will require a continuous and coherent process in which early and well planned commitments will reduce overall costs and difficulties;

(b) *Investment in 'natural capital' as prescribed by the Aichi Targets will deliver significant co-benefits for sustainable development.* For example, restoration of ecosystems such as mangroves, wetlands and reefs can deliver significant livelihood benefits to local communities and improve resilience and adaptation to climate change. At a global scale, reforestation and restoration acts as a cost-effective form of climate-change mitigation and adaptation. Nutrient and freshwater cycling and soil erosion prevention functions of restored forest ecosystems will add to the productivity of sustainable agriculture as well as to improved upstream supplies of freshwater. Sustainability of ocean fisheries will be

enhanced by increases in Marine Protected Areas. It is thus important that Aichi Target expenditures are recognised as part of such wider investment needs for promoting sustainable development;

(c) *The preliminary results of the Panel's work suggest that there are clear differences in the relative scale of investment required to deliver the various Targets.* Early findings indicate that the Targets (and the five associated Strategic Goals) can be classified into three groups according to their global investment needs in the period to 2020:

- (i) *Significant investment required:* For those Targets specifically aimed at addressing the drivers of biodiversity loss and ecosystem restoration, the required total global investment over the period 2012 to 2020 is likely to be in the order of several hundreds of billions of (US) dollars. However, addressing these Targets will not only deliver on biodiversity objectives but can have major positive impacts on other key policy goals. For instance, reducing atmospheric and water pollution is a major investment area, but is also driven by human health and development objectives. Such shared resource needs should be considered in the context of the full range of policy benefits they deliver. Targets in this group tend to fall under Strategic Goals B and D;
- (ii) *Moderate investment required.* Targets associated with required conservation work (e.g. establishing and maintaining protected areas), are likely to require total global investment over the period 2012 to 2020 in the order of tens of billions of (US) dollars. Targets in this group tend to fall under Strategic Goal C;
- (iii) *Low investment required:* Targets related to improving and creating the necessary enabling conditions are likely to be much less resource-intensive. This includes, for instance, raising awareness amongst key stakeholders and the wider public, and the integration of biodiversity values into strategic plans and national accounting systems. For these Targets, the total global investment needs over the period 2012 to 2020 will more likely be in the order of billions of (US) dollars. These Targets mostly relate to Strategic Goals A and E.

(d) *The investment needed to deliver a Target is not necessarily correlated to the Target's importance.* Some Targets require relatively little investment but are actually crucial in helping to deliver other (often more expensive) Targets, especially where they aim to create the right enabling conditions. However, whilst these Targets tend to be less resource-intensive, they are usually difficult to achieve as they often require changes in institutions, policies, priorities, attitudes and behaviour;

(e) *There are many interlinkages and co-dependences to consider, both between the Targets themselves, and between the Targets and other national policy goals.* The Targets are interrelated and interdependent, such that the investment needs of one will often be influenced by the approach, resourcing and effectiveness of the delivery of others. For instance, ensuring the effective delivery of those Targets which help to establish the necessary frameworks and conditions (e.g. Targets under Strategic Goals A and E) should reduce the investment needed to deliver other Targets. Understanding these interlinkages and co-dependencies is therefore important in order to prioritize action and should be considered a crucial area for further work. Other policy areas, extending well beyond biodiversity conservation will also be impacted by the delivery of Aichi Targets. For example, national farming and fisheries policies have very important overlaps with the Aichi Targets focusing on sustainable agriculture and fisheries. Recognizing synergies and overlaps across such important national policy objectives can significantly add to the overall availability of financing, and improve budgetary efficiencies and environmental governance;

(f) *Funding from a diverse range of international and national sources, and across different policy areas, is required to secure the full range of economic and social benefits to be gained from meeting the Aichi Targets.* As policy areas impacted by the delivery of Aichi Targets extend well beyond biodiversity conservation, when enumerating funding sources, budgets and provisions beyond just conservation budgets must also be considered. For example, financing for climate change mitigation and adaptation policies, and allocations to halt the ingress of desertification are closely linked to the objectives of the forest-related Aichi Targets. Furthermore, sources of financing will include a wide range of public funding (core national biodiversity funding sources, financing from different parts of government and its agencies, as well as international flows of ODA and multilateral funding) and development of innovative measures and conservation incentives such as payments for ecosystem services (PES), conservation agreements, water fees, forest carbon offsets, and green fiscal policies, as well as private- and third-sector investment. This will also require engagement with a wide range of government and non-governmental stakeholders. The private sector has a key role to play in providing resources and reducing the costs of protecting biodiversity through more informed decision-making that mainstreams sustainable management of biodiversity and ecosystems in their actions. This will in turn deliver benefits for business, by securing their social licence to operate, and more importantly, securing sustainable supply chains;

(g) *Existing evidence suggests that benefits are likely significantly to outweigh costs.* Although it is clear that significant national and international investments will be required to meet the Targets, evidence from other studies indicates that the scale of the benefits that would be provided to the economy and society at local, regional and national levels are likely to be significantly greater, and should outweigh these resource requirements. Furthermore, without immediate action, the social and economic costs of biodiversity loss and the loss of ecosystem services will be felt at an accelerating rate in the future and will limit growth and stability. Investments made now will reduce resource requirements in the future;

(h) *Further research and analysis is vital to help further develop and refine the estimates.* The estimates of resource requirements made by the High Level Panel are preliminary and presented with the appropriate caveats. For example it has only been possible to conduct a ‘static assessment’ of resource needs across Targets, although overlaps have been considered as far as possible to avoid double counting; dynamic relationships between Targets have not been explored. In addition, the work of the Panel has not included a quantitative assessment of benefits. Further research and analysis will be needed to help further develop and refine these estimates.

30. In response to decision X/26 the Executive Secretary contracted a team of five experts (two from developing country Parties, two from developed country Parties, and one from an international non-governmental organization), to prepare a report on the full assessment of GEF funding necessary and available for the implementation of the Convention for the period July 2014 to June 2018. In recommendation 4/3 the Working Group on Review of Implementation took note of the preliminary conclusions of the expert group and requested the expert group, with the support of the Executive Secretary, to further develop the report for the consideration of the Conference of the Parties at its eleventh meeting. The Expert Team held several discussions to consider the comments provided by Parties at the fourth meeting of the Working Group on Review of Implementation and thereafter through written submissions. A revised assessment for the consideration of Parties is contained in UNEP/CBD/COP/11/15. The assessment of the Expert Team suggests that, over the sixth replenishment period of the Global Environment Facility total investments of between approximately US\$ 74 billion and US\$ 1910 billion would be required to contribute to achieve the Aichi Biodiversity Targets. These figures focus on the estimated funding needs in GEF-eligible countries only and cover only those activities which would be eligible for GEF funding prior to taking into account GEF’s incremental reasoning and any co-financing. Therefore, the magnitude would be different from what has been found by the High-level Panel.

C. Resource mobilization for the implementation of the Nagoya Protocol

31. The fair and equitable sharing of the benefits arising from the utilization of genetic resources is one of the three objectives of the Convention, and as such, the strategy aims to support its implementation through the mobilization of resources. At its tenth meeting, the Conference of the Parties adopted the Nagoya Protocol with a view to pursue the implementation of the third objective of the Convention.

32. Therefore, considering that the strategy is to support the three objectives of the Convention and that the Nagoya Protocol was adopted with a view to implement the third objective, it can be inferred that the strategy for resource mobilization should support the implementation of the Nagoya Protocol.

33. Against this background, at its second meeting, in July 2012, the Intergovernmental Committee for the Nagoya Protocol considered the elaboration of guidance for resource mobilization for the implementation of the Nagoya Protocol. In its recommendation 2/2, the Intergovernmental Committee encouraged Parties to include consideration of resource mobilization for the Protocol in the implementation of the strategy for resource mobilization (paragraph 1), and requested the Executive Secretary to include consideration of resource mobilization for the Protocol in the organization of regional and subregional workshops and other activities in support of the strategy for resource mobilization, including for indigenous and local communities (paragraph 3).

34. In paragraph 4 of the same recommendation, the Intergovernmental Committee recommended that the eleventh meeting of the Conference of the Parties take into consideration resource mobilization for the implementation of the Protocol in considering agenda item 4.1 (Review of the implementation of the strategy for resource mobilization including the establishment of targets).

35. In light of the above, the Conference of the Parties may wish to consider including consideration of resource mobilization for the Protocol in the implementation of the strategy for resource mobilization.

D. Consideration of benefits

36. A full consideration of the benefits resulting from actions to implement the Strategic Plan for Biodiversity is beyond the scope of this document. Such information can be accessed from numerous assessments and initiatives such as the Economics of Ecosystems and Biodiversity (TEEB) study that have demonstrated that the benefits from conserving and sustainably using biodiversity outweigh the costs and that action taken to address the problem of biodiversity loss now early are generally less than if actions are postponed. The High-level Panel on Global Assessment of Resources for implementing the Strategic Plan for Biodiversity 2011-2020 makes a similar conclusion.

E. Consideration of funding sources

37. There are a variety of possible funding sources and mechanisms for biodiversity activities. These include government budgets, official development assistance, the private sector, non-governmental organizations, philanthropy, markets, innovative financial mechanisms and mainstreaming biodiversity into other sectors in order to open up new sources of funds. Traditionally the major source of biodiversity funding has been government budgets. However no single funding source is likely to provide all the resources required. Moreover governments will need to continue to play an important enabling role in ensuring that the proper regulatory frameworks, such as appropriate safeguards for innovative financial mechanisms, are in place in order for such funding sources to be effective. Such frameworks will ultimately determine the performance and sustainability of such sources. The appropriateness of a funding source in providing resources will largely depend on the institutions involved, their governance and the political, social and cultural context in which they situated. The issue of funding effectiveness

will also need to be considered. With regards to development aid the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action provide guidance on this issue.

38. In decision X/3 paragraph 8(c) the Conference of the Parties requested the Executive Secretary to compile information submitted by Parties, relevant organizations and initiatives concerning innovative financial mechanisms that have potential to generate new and additional financial resources as well as possible problems that could undermine achievement of the Convention's three objectives. Subsequently WGRI-4 requested the Executive Secretary to prepare a synthesis report, taking into account the submissions in response to paragraph 8(c) of decision X/3 as well as other sources of information as appropriate, such as the informal seminar dialogue on Scaling-up Biodiversity Finance held in Quito, Ecuador from 6 to 9 March 2012 and the workshop on Financing Mechanisms for Biodiversity held in Montreal, Canada on 12 May 2012, for the consideration of the eleventh meeting of the Conference of the Parties. This synthesis report is available as document UNEP/CBD/COP/11/14/Add.3 and provides further information related to innovative financial mechanisms and of relevant to this discussion.

39. The assessment contained in the Little Biodiversity Finance Book prepared by the Global Canopy Programme suggests a potential of raising an additional US\$ 70-160 billion for biodiversity using various direct, indirect, market and non-market mechanisms. This is a conservative estimate as it predominantly considers those actions only directly related to biodiversity.

III. OPTIONS FOR TARGETS AND BASELINE YEARS

A. *Baselines*

40. In decision X/3 the Conference of the Parties decided to adopt targets related to resource mobilization at its eleventh meeting, provided that robust baselines have been identified and endorsed.

41. Baselines are lines of reference used to measure changes that are caused by or linked to some interventions that have been introduced and implemented or from changing socio-economic conditions. A baseline which is robust can generally be thought of as one which is defensible and can stand up to scrutiny. In other words the information they provide must be reliable. A baseline can also be thought of as robust if, as new information becomes available, it is unlikely to be found to false. A further indication of robustness is if different groups can examine the data used for its calculation and come to a similar conclusion. Likewise if different sources of evidence suggest a similar baseline it can be thought of as robust.

42. A baseline's robustness is dependent on the amount and quality of data which is used in its calculation as well as the degree of specificity of the baseline itself. In situations where there is a large amount of comparable data of high quality it would generally be possible to have a highly specific and robust baseline. However in situations where data is limited, as is the case for biodiversity financing, it is still possible to have a robust baseline provided that it is not overly specific. A highly specific biodiversity financing baseline, such as one that refers to a specific monetary figure is unlikely to be very robust given current data limitations. However, a more general baseline, such as the one referring to a magnitude of funding is likely to be fairly robust given the various sources of data which are currently available. In this sense the information which is currently available for recent and current expenditures related to biodiversity could provide a baseline against which progress could be compared.

43. For targets based on funding baselines refer to both a baseline period (year or years) and to an associated level of resource mobilization. Given the current limitations in biodiversity funding information, any baseline based on a specific monetary value will not be robust. However if Parties determine the period of time against which they wished to assess progress, this would automatically determine the level of the baseline even if its value was unknown. In this sense, from a technical standpoint, it is not necessary to know in advance the exact level of resources mobilized in a given period in order to decide upon the baseline period to be used. Once a baseline period was selected efforts could be concentrated on improving the robustness of the associated monetary value associated with the period (year or years) chosen. With this in mind, and given the challenge of gathering accurate and comparable information, the process of calculating a baseline could be seen as an ongoing process. For process related targets, such as those related to the number of Parties which have taken a certain type of action, the ability to calculate a baseline would be dependent on the ease of gathering the required information. As such, for both monetary and non-monetary targets, the specificity of the possible baseline could vary with the type of target which is adopted.

44. With regards to the period to be considered, baselines may be based on either a single year or an average of several years. Choosing a single year would require Parties to provide information for only the year that is chosen. Further using a single year as a baseline runs the risk that its associated value, (in the case of monetary targets biodiversity financing), could be overly influenced by economic, social and other conditions that may exist in a particular year. Choosing an average of several years reduces this problem by ensuring that annual fluctuations are smoothed. Further a baseline based on several years would allow Parties to submit the best available information for any or all of the years in that period, thus making the most of the information available.

45. Given that Aichi Biodiversity Target 20 and the targets to be developed at the eleventh meeting of the Conference of the Parties under the Strategy for Resource Mobilization will correspond to the period of the Strategic Plan for Biodiversity 2011-2020, suitable baseline periods could be the year 2010, or the period 2006-2010, or the period 2001-2010. Alternative baselines, referring back to the origin of the Convention, could be the year 1992 or the period 1991-1995. However, the further back the baseline goes the more difficult it will likely become for Parties to provide the necessary information to calculate its value. It is also important to note that a time lag of at least one year is normally observed in data collection. As such choosing a baseline requiring data for 2011 or 2012 may cause delays in its calculation. WGRI4 in its recommendation 4/2 considered using the average of annual biodiversity funding for the years 2006-2010 or a single year during this period as a tentative baseline, though no decision could be reached at the time of the meeting.

B. Targets

46. Generally there are two types of targets, one referring to processes and other to outcomes. The latter type of targets can be based on specific values to be attained, or achieving a percentage change or they can be qualitative. Depending on the type of target being set the advantages and disadvantages of each may change. Generally targets which are based on a specific value have the advantage of being very specific however in order to be meaningful they require baseline information which has a relatively high level of certainty when they are set and in order to be monitored. It is not necessary to have concrete baseline information in advance in order to set a target based on percentage change; however it will be necessary to have the information at some stage in order to gauge progress towards it. Qualitative targets are the least specific however they require only basic baseline information to set.

47. Given the variety of issues addressed by the strategy for resource mobilization, Parties may wish to set several targets of different types. Alternatively Parties may wish to set a composite target (a single target but which has several components to guide actions or add further specificity). In addition Parties may wish to consider setting targets in relation to international flows of biodiversity and/or domestic biodiversity spending. Further, given the limitations of the information currently available on biodiversity financing, Parties may wish to consider the possibility of setting interim targets which could be reviewed by the twelfth meeting of the Conference of the Parties in light of improved information.

48. In deciding which targets to set Parties may also wish to consider the issues identified by the different indicators for monitoring implementation of the strategy for resource mobilization in decision X/3 or in relation to the different strategic goals and targets of the Strategic Plan for Biodiversity 2011-2020.

49. Parties may wish to bear in mind that while a full and precise costing of the actions needed to implement the revised Strategic Plan is not yet available, preliminary analyses, including those of the High Level Panel, suggest that total needs could be on the order of several hundreds of billions of dollars a year.

50. Further elements to consider in setting targets related to the strategy for resource mobilization are contained in decision X/3. In this decision the Conference of the Parties noted that the following issues should be considered in the development of targets:

(a) Increase the annual international financial flows by 2020 to partner countries to contribute to achieving the Convention's three objectives.

(b) All Parties provided with adequate financial resources will have, by 2015:

(i) Reported funding needs, gaps and priorities;

(ii) Assessed and/or evaluated the intrinsic value, ecological, genetic, social economic, scientific, educational, cultural, recreational and aesthetic values of biological diversity and its components;

(iii) Prepared national financial plans for biodiversity.

(c) Increase the number of initiatives for the removal, reform or phase-out of incentives, including subsidies harmful to biodiversity, which could be used for the promotion of positive incentives that are consistent and in harmony with the Convention and other international obligations.

51. In their consideration of targets Parties may also wish to bear in mind the mission of the strategy for resource mobilization as noted in decision IX/11 as well as Target 20 of the Strategic Plan for Biodiversity 2011-2020. The mission of the strategy for resources mobilization is "The target of the strategy for resource mobilization is to substantially enhance international financial flows and domestic funding for biological diversity in order to achieve a substantial reduction of the current funding gaps in support of the effective implementation of the Convention's three objectives and the 2010 target. This target for global resource mobilization should be viewed as a flexible framework for the development of measurable targets and/or indicators addressing all relevant funding sources, according to national priorities and capacities, and taking into account the special situation and needs of developing countries." Target 20 of the Strategic Plan is "By 2020, at the latest, the mobilization of financial resources for effectively implementing the Strategic Plan for Biodiversity 2011-2020 from all sources, and in accordance with the consolidated and agreed process in the strategy for resource mobilization, should

increase substantially from the current levels. This target will be subject to changes contingent to resource needs assessments to be developed and reported by Parties.”

IV. ELEMENTS OF A DRAFT DECISION RELATED TO THE REVIEW OF IMPLEMENTATION OF THE STRATEGY FOR RESOURCE MOBILIZATION INCLUDING THE ESTABLISHMENT OF TARGETS

A. Main elements from recommendation 4/2

52. The main draft decision elements related to the review of implementation of the strategy for resource mobilization are contained in paragraph 6 of recommendation 4/2 of the fourth meeting of the Ad Hoc Open-ended Group on the Review of Implementation of the Convention (UNEP/CBD/COP/11/4) and are also available in the compilation of decisions (UNEP/BD/COP/11/1/Add.2)

53. The Executive Secretary proposes the following additional draft decision elements in response to decision X/3 paragraphs 8 (i), 9 and 10 on targets for resource mobilization and recommendation 4/2 paragraph 2 and 5 concerning preliminary reporting framework, review of implementation of Goals and synthesis report taking into account submissions in response to paragraph 8 (c) of decision X/3:

The Conference of the Parties,

Reaffirming the commitment of Parties to meet the obligations set out in the provisions of Article 20 of the Convention and in accordance with the Rio Principles;

1. *Emphasizes* the importance of further improving the understanding of biodiversity financing to establish a robust baseline for the strategy for resource mobilization;

2. *Notes* the Monterrey Consensus of the International Conference on Financing for Development, The Paris Declaration on Aid Effectiveness and the Accra Agenda for Action, the Doha Declaration on Financing for Development the outcomes of the Fourth High Level Forum on Aid Effectiveness;

3. *Stresses* the need to include biodiversity financing as part of sustainable development financing in the context of the outcomes related to finance from the Rio +20 United Nations Conference on Sustainable Development, especially paragraph 255 on establishing an intergovernmental process under the United Nations General Assembly to assess financing needs and paragraph 258 on fulfilment of all ODA commitments to achieve the target of 0.7 per cent of GNP by 2015;

4. *Invites* financial institutions and development agencies (reporting under the Development Assistance Committee of Organization for Economic Co-operation and Development (OECD/DAC)) to include biodiversity and associated ecosystem services in their cross-cutting policies by 2014;

5. *Takes note of* the review³ of goals 2, 5 and 7 as well as goals 6 and 8 of the resource mobilization strategy in support of the achievement of the Convention’s three objectives, prepared by the Executive Secretary and based on submissions, in accordance with paragraph 5 of decision IX/11 B;

6. *Requests* the fifth meeting of the Ad Hoc Open-ended Group on the Review of Implementation of the Convention, with support of the Executive Secretary, to prepare for review of implementation of goals 1, 3 and 4 as well as goals 6 and 8 of the Convention’s strategy for resource

³ UNEP/CBD/WG-RI/4/6.

mobilization by the twelfth meeting of the Conference of the Parties, in accordance with decision IX/11 B;

7. *Encourages* Parties and relevant organizations to submit views, information and experience on the implementation of the Strategy for Resource Mobilization;

8. *Takes note* of the synthesis report based on the submissions in response to decision X/3 para 8 (c) highlighting the activities related to innovative financial mechanisms that have taken place since the tenth meeting of the Conference of the Parties and suggestions to consider different forms of environmental and social safeguards, depending on the mechanisms selected as well as national circumstances, so as to avoid potential trade-offs and enhance biodiversity, ecosystem services and social outcomes;

9. *Notes* that, based on the estimates of current biodiversity expenditures, global expenditure on biodiversity has been estimated to be at least on the order of several tens of billions of dollars per year;

10. *Further notes* that, based on preliminary needs assessments, global implementation of the Strategic Plan for Biodiversity could require investments estimated to be on the order of hundreds of billions of dollars;

11. *Recognizes* that more information is required in order to refine the estimates of both current biodiversity expenditure and the needs assessment, while also recognising that the implementation of the Strategic Plan for Biodiversity 2011-2020 has to be taken in earnest.

12. Given the limitations of the information currently available on biodiversity financing, *agrees* to substantially increase funding for biodiversity from all sources for the implementation of the Strategy for Resource Mobilization, based on the following targets, in light of improved information:⁴

(a) [10]% compounded annual increase in international financial flows to developing countries from 2012 to 2020, [in line with the 'Future We Want' Rio+20 outcome and the Paris Declaration, in particular taking into account the need for ODA to be demand driven];

(b) [75]% of Parties have reported domestic biodiversity expenditures as well as funding needs, gaps and priorities by 2014, in order to improve the robustness of the baseline for target-setting;

(c) At least [30]% of Parties will have prepared national financial plans for biodiversity by 2014, including an assessment of the intrinsic, cultural, social and aesthetic value of biological diversity and its compounds;

13. *Agrees* to establish a baseline and target on domestic funding at COP 12, and urges developed countries to support the assessment by developing countries of available domestic biodiversity funding as well as of the funding needs;

14. *Agrees* to include resource mobilization for the Nagoya Protocol in the implementation of the strategy for resource mobilization;

⁴ Given the variety of issues addressed by the strategy for resource mobilization Parties may wish to set several targets of different types. Alternatively Parties may wish to set a composite target (a single target which has several components to guide actions or add further specificity). In addition Parties may wish to consider setting targets in relation to international flows of biodiversity and/or domestic biodiversity spending.

15. *Urges* Parties to submit information related to the targets and baselines above prior to the fifth meeting of the Ad Hoc Open-ended Working Group on Review of Implementation of the Convention in a timely manner for their consideration by the Working Group;

16. *Decides* to review the targets for the implementation of the Strategy for Resource Mobilization in light of refined estimates of both current biodiversity expenditure and the needs assessment at its twelfth meeting and requests the fifth meeting of the Ad Hoc Open-ended Working Group on the Review of Implementation of the Convention to prepare for this review;

17. *Requests* the Executive Secretary to:

(a) Compile and consolidate data provided by Parties through the preliminary reporting framework and present this for the consideration of Parties at the fifth meeting of the Ad Hoc Open-ended Working Group on Review of Implementation of the Convention on Biological Diversity;

(b) Compile and consolidate data provided by Parties on the targets and baselines and present this for the consideration of Parties at the fifth meeting of the Ad Hoc Open-ended Working Group on Review of Implementation of the Convention on Biological Diversity;

(c) Prepare a report on the environmental, social and economic benefits expected on achievement of all the Biodiversity Aichi Targets by 2020;

(d) Prepare a compilation of the information on the review of implementation of the strategy for resource mobilization as referred to in the paragraph 6 above for consideration by the Ad Hoc Open-ended Working Group on Review of Implementation of the Convention at its fifth meeting;

(e) Continue to organize regional and expert workshops, as appropriate and based on the availability of resources, to assist Parties in mobilizing resources for implementing the strategic plan, through sharing of national experiences and gathering of information.
