



## Convention on Biological Diversity

Distr.  
GENERAL

UNEP/CBD/COP/13/11/Rev1\*  
16 November 2016

ORIGINAL: ENGLISH

CONFERENCE OF THE PARTIES TO THE  
CONVENTION ON BIOLOGICAL DIVERSITY  
Thirteenth meeting  
Cancun, Mexico, 4-17 December 2016  
Item 11 of the provisional agenda\*\*

### RESOURCE MOBILIZATION

#### ANALYSIS OF THE INFORMATION PROVIDED THROUGH THE FINANCIAL REPORTING FRAMEWORK AND OF METHODOLOGICAL INFORMATION AND DEFINITIONS AS PROVIDED BY PARTIES

*Note by the Executive Secretary*

#### I. INTRODUCTION

1. In paragraph 1 of decision XII/3, the Conference of the Parties adopted targets for resource mobilization and, in paragraph 3 of the same decision, decided to review, at its thirteenth meeting, progress towards the above targets, and their adequacy, and to consider the need for appropriate action, based on information provided by Parties through the Financial Reporting Framework, including their respective identified resource needs, and taking into account their absorption capacities.
2. The COP also decided on a series of operational activities:
  - (i) The Executive Secretary was requested to develop options for strengthening systems of information on biodiversity-related international financial resource flows to developing countries, as well as on domestic resource flows, making use of the Financial Reporting Framework (decision XII/3, paragraph 27);
  - (ii) the Executive Secretary was also requested to facilitate the exchange of views and experiences on the contribution of collective action to biodiversity conservation and resource mobilization, including on experiences and lessons learned in applying pertinent methodologies, and to make this information available to the Subsidiary Body on Implementation at its first meeting for its consideration for update and provision of relevant guidelines (paragraph 31 of the same decision);
  - (iii) the Executive Secretary was also requested to integrate the financial reporting framework into the draft guidelines for the sixth national report, in order to allow for long-term tracking of progress (paragraph 26);
  - (iv) Parties were urged to consider undertaking, as appropriate, a review and assessment of existing legislation and policies governing biodiversity financing mechanisms, with a view to identifying opportunities for mainstreaming biodiversity and strengthening current

\* Revised in the light of completed financial reporting frameworks received by 15 November 2016.

\*\* UNEP/CBD/COP/13/1.

policies and their complementary safeguards (paragraph 17). Parties were also invited to report on progress in the milestones for Aichi Biodiversity Target 3 (paragraph 22).

2. The Subsidiary Body on Implementation addressed these issues on the basis of information prepared by the Executive Secretary and forwarded recommendation I/6 including a draft decision, for consideration by the Conference of the Parties at its thirteenth meeting. The draft decision is included in the compilation of draft decisions provided in document UNEP/CBD/COP/13/1/Add.2.

3. In recommendation 1/6, the Subsidiary Body, noting the limited number of completed financial reporting frameworks received, urged Parties that have not yet done so to report using the framework, and also invited them to make available any additional national methodological information and definitions (paragraphs 1 and 2). Further to the request expressed in paragraph 3 of the same recommendation, the present note provides, for consideration by the Conference of the Parties at its thirteenth meeting, (a) an updated analysis of financial reports received, in the light of new submissions received by 15 November 2016 (section II), and (b) an analysis of the methodological information and definitions as provided by Parties through the financial reporting framework and other relevant sources, and options on how to advance further work towards indicative methodological guidance (section III). Section provides conclusions and suggested way ahead, including elements of a draft decision for consideration by the Conference of the Parties. A compilation of methodological information and definitions as provided by Parties through the financial reporting framework and other relevant sources is provided as an information document.

## **II. ANALYSIS OF THE INFORMATION PROVIDED THROUGH THE FINANCIAL REPORTING FRAMEWORK**

### **Introduction**

4. In paragraph 1 of decision XII/3, the Conference of the Parties at its twelfth meeting reaffirmed its commitment to an overall substantial increase in total biodiversity-related funding for the implementation of the Strategic Plan for Biodiversity 2011–2020 from a variety of sources, and adopted the following targets for resource mobilization, under Aichi Target 20 of the Strategic Plan for Biodiversity 2011-2020, as follows:

(a) Double total biodiversity-related international financial resource flows to developing countries, in particular least developed countries and small island developing States, as well as countries with economies in transition, using average annual biodiversity funding for the years 2006-2010 as a baseline, by 2015, and at least maintain this level until 2020, in accordance with Article 20 of the Convention, to contribute to the achievement of the Convention's three objectives, including through a country-driven prioritization of biodiversity within development plans in recipient countries;

(b) Endeavour for 100 per cent, but at least 75 per cent, of Parties to have included biodiversity in their national priorities or development plans by 2015, and to have therefore made appropriate domestic financial provisions;

(c) Endeavour for 100 per cent, but at least 75 per cent, of Parties provided with adequate financial resources to have reported domestic biodiversity expenditures, as well as funding needs, gaps and priorities, by 2015, in order to improve the robustness of the baseline;

(d) Endeavour for 100 per cent, but at least 75 per cent, of Parties provided with adequate financial resources to have prepared national financial plans for biodiversity by 2015, and that 30 per cent of those Parties have assessed and/or evaluated the intrinsic, ecological, genetic, socioeconomic, scientific, educational, cultural, recreational and aesthetic values of biological diversity and its components;

(e) Mobilize domestic financial resources from all sources to reduce the gap between identified needs and available resources at domestic level, for effectively implementing by 2020 Parties' national biodiversity strategies and action plans, in accordance with Article 20;

5. In paragraph 2 of the same decision, the Conference of the Parties, recalling Article 20 of the Convention, decided that the targets in subparagraphs (a) to (e) above are to be considered mutually supportive and, in paragraph 4, urged Parties and other Governments, with the support of international and regional organizations, to develop their national resource mobilization strategies or finance plans consistent with identified needs and priorities, using the targets for resource mobilization above as a flexible framework.

6. In paragraph 24 of the decision, the Conference of the Parties adopted the revised Financial Reporting Framework, intended for use by Parties for providing baseline information and reporting on their contribution to reach the global financial targets as adopted by the Conference of the Parties (Annex II of the decision). Pursuant to paragraph 25 of the decision, the revised financial reporting framework was made available online and, by 15 February 2016, the cut off data for the preparation of the initial analysis for the first meeting of the Subsidiary Body on Implementation, 26 reports had been posted online, and three additional reports had been received in hard copy.

7. In recommendation I/6, the date for submitting the financial reporting framework was extended to 31 August 2016. This was communicated to Parties by the Executive Secretary through notification 2016-066 on 27 May 2016, and a reminder sent on 10 August 2016. As of 9 September 2016, completed financial reporting framework has been posted online by the following 57 Parties: Austria, Barbados, Bhutan, Bosnia and Herzegovina, Bulgaria, Burundi, Canada, Chile, China, Colombia, Croatia, Cuba, Czech Republic, the Democratic Republic of the Congo, Denmark, Egypt, Eritrea, Estonia, Ethiopia, European Union, Finland, France, Georgia, Germany, India, Iran (Islamic Republic of), Japan, Latvia, Lebanon, Luxembourg, Madagascar, Malawi, Mexico, Morocco, Mozambique, Myanmar, Netherlands, New Zealand, Panama, Philippines, Poland, Republic of Korea, Republic of Moldova, Rwanda, Serbia, Slovakia, Slovenia, South Africa, South Sudan, Spain, Sudan, Swaziland, Sweden, Switzerland, Tunisia, Uganda, and the United Kingdom of Great Britain and Northern Ireland. As of 15 November 2016, nine additional financial reporting frameworks had been posted online by the following Parties: Burkina Faso, Côte d'Ivoire, Greece, Guinea, Hungary, Maldives, Niue, Norway and Peru. This comprises 22 Parties that are members of the Development Assistance Committee (DAC) of the OECD, and 44 non-members. All reports can be seen under <https://chm.cbd.int/search/reporting-map?filter=resourceMobilisation>. Reports from the following countries were received in hard copy: Bolivia,<sup>1</sup> Costa Rica, Ecuador, Micronesia, Suriname, and Venezuela. While these reports at the time of preparation of this note had not yet been posted online, the information provided as pertinent to the financial reporting framework was included in the analysis below.

8. While the number of reports has almost tripled, compared with the number received for the first meeting of the Subsidiary Body on Implementation, it is still relatively limited and this has to be borne in mind in appreciating the quantitative and semi-quantitative information provided in the remainder of this section. Moreover, several reports cautioned, or continue to caution, that the information provided is preliminary and that the reporting constitutes “work in progress”.

9. Notwithstanding these caveats, around 79 % of DAC members, Parties to the Convention, have reported data, including on target 1 (a), at least up to 2013. Moreover, two-thirds of megadiverse countries (11 out of 17) already submitted their report. This thus represents high rates of reporting, especially considering that the largest donor countries, Party to the Convention, are among those reporting.

10. Out of the 12 Parties reporting 2015 data relevant to target 1 (a), six Parties have individually met the target to double international flows (eight adding those not providing baseline data). Progress against target 1 (b) and against the values assessment element of target 1 (d) is seemingly satisfactory, as is, to a somewhat lesser degree, the reporting of domestic biodiversity expenditures as per target 1 (c). However, reporting on funding needs, gaps, and priorities (target 1 (c)) and on the national finance plan (target 1 (d)) seems to be more challenging. The detailed analysis is provided in the next sub-section.

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<sup>1</sup> Bolivia provided a preliminary report on domestic expenditures including an assessment of the contribution of collective action.

### International financial resource flows

11. A total of 28 Parties (the 22 DAC members and 6 non-DAC members) provided information on the amount of resources they provided in support of biodiversity in developing countries, in particular least developed countries and Small Island developing States, as well as countries with economies in transition. All provided information on progress in mobilizing international financial resource flows (question 1.1.2), while all but two Parties (Bulgaria and Slovakia, in light of their changing status) did provide baseline information (question 1.1.1). In the tables provided, 27 reporting countries reported on biodiversity-related official development assistance (ODA), while the Czech Republic, the European Union, Hungary, Norway, Switzerland and the United Kingdom also reported on other official funds provided (OOF) and China reported on funds provided in the context of south-south cooperation, using the OOF column as foreseen in the FRF. France, Hungary and Switzerland reported on other funds in the dedicated column, mobilized by the private sector as well as non-governmental organizations, foundations, and academia.

12. Two non-DAC members, while not providing quantitative information, made a reference to their development cooperation programmes: India noted that it has not been possible to work out the amount of resources being provided specifically in support of biodiversity to developing countries, while Mexico informed that it is in the process of developing a National Inventory of International Cooperation and Development (RENCID), which is expected to have official results by 2017.

13. In terms of information on progress, most countries (24) presented data up to 2014, presumably because data for 2015 is often not yet available or confirmed. However, another 12 Parties reported data for 2015, while three Parties reported up to 2013. The last column in tables 2 and 4 should therefore be interpreted with particular caution.

	<i>Number of countries: 28</i>	
ODA includes:	Bilateral: 25	Multilateral: 19
ODA/OOF:	Commitments: 5	Disbursements: 19
ODA/OOF includes:	Directly related: 27	Indirectly related: 20
Other flows include:	Directly related: 2	Indirectly related: 3
Methodology used to identify official resource flows:	OECD DAC Rio markers: 16	Other: 8

14. Table 1 provides an aggregated overview of the methodological information provided. In the light of the methodological divergences transpiring from the table, it would not be appropriate to undertake direct, detailed comparisons between individual countries, or to provide a meaningful aggregate figure of international funds actually provided in specific years. Taking however the baseline information provided by a country as its individual commitment towards attaining target 1 (a) of decision XII/3, namely, to double total biodiversity-related international financial resource flows to developing countries, it would seem to be possible, in principle, to use the data to define an aggregated quotient which indicates where Parties collectively stand at this point of time in achieving target 1 (a).

15. In table 2 below, such a quotient was calculated by adding up the individual baselines as provided by Parties (i.e. the average 2006-2010 data per Parties) as well as data for 2011-15<sup>2</sup> and by dividing the aggregated annual data for 2011-15 by the aggregate baseline. For each year, only those Parties were

<sup>2</sup> National currencies were converted into USD as needed using annual average exchange rates (using data from the IMF World Economic Outlook (WEO) database). Figures were kept nominal, as reported. A test was undertaken to convert into real figures using national GDP deflators from the WEO database; this had minimal impact, due to the general low-inflation or even deflationary environment in the recent past.

included that provided data for this particular year. As said, in the light of the divergences above, this addition should not be interpreted as a meaningful aggregate figure of the sum of flows provided. This methodological concern notwithstanding, Parties that were in a position to report 2015 data on time for the preparation of this report have collectively achieved their contribution to this target.

<b>Table 2: International flows</b>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>
Aggregate quotient	1.3	1.1	1.3	1.4	2.5
Number of reporting Parties	26	24	27	24	12

16. The table in the annex provides the annual quotients above at country level, together with the country-specific reported baselines in absolute numbers. Again, due to the methodological divergences above, the figures should not be used for detailed comparisons. A total of 6 countries reporting 2015 data have individually met target 1 (a) to double international flows, namely: China, Croatia, France, Germany, Latvia and Norway; Bulgaria and Slovakia report progress data but no baseline. The flows provided by the European Union (centrally, in addition to those of the member states) is also close to showing a doubling by 2015. In addition, Estonia, Hungary, Luxembourg, Sweden and the United Kingdom reported a doubling by 2014.

17. While the quotient calculated for 2015 seems to warrant some optimism with regard to meeting target 1 (a) of decision XII/3, caution still needs to be exercised as a significant number of Parties providing baseline data had yet to report their 2015 data by the time of preparation of this note (see the table in the annex) and, moreover, several members of the DAC have yet to submit their completed Financial Reporting Framework.

18. On measures taken to encourage the private sector as well as non-governmental organizations, foundations and academia to provide international support for implementing the Strategic Plan, 52 Parties provided an answer, out of which 22 countries report that no measures were taken while 28 Parties indicate that some measures were taken, and the Netherlands as well as Côte d'Ivoire indicated that comprehensive measures were taken. A total of 23 Parties pointed to specific examples of important initiatives and activities, including in the context of national business and biodiversity initiatives. For instance, the Netherlands pointed to the Verified Conservation Areas Register, which aims at mobilizing private sector finance for biodiversity conservation and sustainable use, to efforts to stimulate a more efficient production and consumption through the Sustainable Trade Initiative (IDH) as well as through direct agreements between businesses and social organisations, and to its support to the partnership on Wealth Accounting and Valuation of Ecosystem Services (WAVES), and Côte d'Ivoire mentioned the establishment of a foundation for the sustainable financing of protected areas and a platform with the private sector being created.

#### **Inclusion of biodiversity in priorities and plans and assessment and/or evaluation of values**

19. All reporting Parties responded to whether they included biodiversity in national priorities or development plans, and all of them reported at least some progress: 50 Parties, or 69 %, indicated that some inclusion was achieved, while 22 countries, or 31 %, indicated that comprehensive inclusion was achieved. This seems to indicate that progress is satisfactory with regard to target 1 (b) of decision XII/3.

20. This is further corroborated by the additional information, provided by 63 Parties. While some countries refer to the NBSAP, it is the linkages to sectorial plans or top-level plans or policies like National (Sustainable) Development or Growth Plans, resource efficiency frameworks, or even the national Constitution, referenced by a total of 22 countries, which seem to provide the main avenue for effective mainstreaming of biodiversity. For instance, Canada referred to its recently adopted National Sustainable Development Strategy, while Peru referenced also various sectorial plans (covering agriculture; fisheries; education; science, technology, and innovation; and energy). Croatia explicitly noted that inter-sectoral cooperation has significantly improved in the last few years, in sectors such as

forestry, agriculture and water management, and concludes that cooperation on mainstreaming biodiversity improves and intensifies in cases when sectors are obliged to implement certain activities or include nature protection issues into their agenda.

21. The information provided presents a slightly more optimistic picture, when compared with information provided in the fifth national reports, where according to the most recent assessment fewer than 10 per cent of reports contain information which suggests that this target is on track to be met; however, in light of the more limited number of reports received, it would be too early to confirm this as a trend.

22. A total of 71 Parties responded to whether they assessed and/or evaluated the intrinsic, ecological, genetic, socioeconomic, scientific, educational, cultural, recreational and aesthetic values of biological diversity and its components. One Party indicated that no such assessment was necessary, nine Parties indicated that they have not yet started, while 57 indicated that they undertook some assessments and four countries (Finland, Japan, the Netherlands and Norway) indicated that comprehensive assessments were undertaken. Hence, 85 per cent of reporting countries have undertaken at least some assessments, which overall, despite the low number of comprehensive assessments, seems to indicate rather satisfactory progress with regard to the relevant element of target 1 (d) of decision XII/3.

This is further reinforced by the additional comments, provided by 53 Parties. Among those, 33 make reference to broad assessment exercises, completed or under way, such as national ecosystems assessments, for instance in the context of the European project on Mapping and Assessment of Ecosystem Services (MAES), supported by the European Union, national studies on the Economics of Ecosystems or Biodiversity, or similar initiatives. Burkina Faso referred to a study on the contribution of the environment to the national economy of the Poverty Environment Initiative (PEI), and Norway refers to the appointment of an expert Commission to assess and study the value of ecosystem services and describe the consequences for society of the degradation of ecosystem services. This seems to indicate that the number of comprehensive assessments could increase in the future. Other countries make reference to smaller-scale studies, including economic valuation studies; for instance, Tunisia pointed to studies undertaken on the intrinsic value of agricultural biodiversity and of the economic cost of forest degradation. Cuba notes that a total of 20 economic valuation studies have been taken place in the country, typically in a project context and with external funding, technical capacity at national level being a critically limiting factor.

### **Reporting current domestic biodiversity expenditures**

23. Out of the 72 reporting Parties, 67 Parties, or over 90 per cent, reported on their annual financial support provided to domestic biodiversity-related activities in the country. While this may also seem satisfactory, it represents just around 30 % of all Parties hence, on a strict interpretation, this element of target 1 (c) of decision XII/3 has not been met.

24. Table 3 provides an overview of the sources and categories included in the numbers provided. Presumably reflecting the increasing difficulty in gathering or accessing relevant data, there is a notable gradient in the number of countries covering lower levels of government, non-government sources or expenditures that are indirectly related to biodiversity. In addition, countries also report on different years. These divergences make it again difficult to undertake comparisons among countries or to provide a meaningful aggregate figure of domestic expenditures for biodiversity; however, the data provided allow for a trend analysis of how biodiversity-related expenditures develop over time. Table 4 below synthesizes this analysis, indicating that around half of non DAC member countries and the majority of megadiverse countries report (at least some) resource mobilization progress, and 14 % of developing countries and no megadiverse country report a decrease in biodiversity expenditures.

<b>Table 3: Domestic expenditure sources and categories</b>	<i>Number of countries</i>	
	<i>Expenditures</i>	<i>Expenditures</i>
<i>Numbers provided cover</i>		

	<i>directly related to biodiversity</i>	<i>indirectly related to biodiversity</i>
Government budgets – central	65	39
Government budgets – state/provincial	27	17
Government budgets – local/municipal	24	15
Extra-budgetary	21	15
Private/market	16	11
Other (NGO, foundations, academia)	29	18
Collective action of indigenous and local communities	7	4

<b>Table 4: Domestic expenditure trends</b>	<i>Increase</i>	<i>Decrease</i>	<i>Neutral</i>	<i>N/A</i>	<i>Total</i>
DAC members	6	7	8	1	22
Non DAC members	22	7	17	4	50
Megadiverse countries	8	0	3	0	11

#### **Assessment of the role of collective action**

25. A total of 61 Parties provided information on whether they assessed the role of collective action, including by indigenous and local communities, and non-market approaches for mobilizing resources for achieving the objectives of the Convention. A total of 18 Parties indicated that no such assessment is necessary while 37 Parties had not yet started and six countries reported that some assessments were undertaken. No country indicated that comprehensive assessments were undertaken.

26. A total of five countries (Bolivia, Canada, Costa Rica, Peru, and South Africa) provided additional information on this aspect,<sup>3</sup> including monetary or other data: (i) In its preliminary report, Bolivia assessed the role of collective action to an approximated monetary equivalent of 360 million USD annually between 2006 and 2015; (ii) Canada conducted a partial assessment of the role of collective action based on nineteen examples of collective action programmes or initiatives, amounting to an annual average of 151 million CDN between 2006 and 2014; (iii) Costa Rica reported that 3 million USD of payments for ecosystem services were provided annually between 2007 and 2011 to indigenous and local communities for their contribution to biodiversity conservation; (iv) Peru reported on the contribution of small farmers to conserving the genetic diversity of potatoes, amounting to a monetary equivalent of 66 million USD in 2014; (v) South Africa pointed to the land area conserved by private and communal landowners, which amounts to around 3 440 009 hectares or close to 30% of the total protected area estate in South Africa.

#### **Reporting funding needs, gaps, and priorities**

27. A total of 29 reporting Parties (40 %) indicated their annual estimated funding need (typically based on the revised NBSAP; see below), and most of them calculated the estimated funding gap by subtracting estimated available resources. A total of 20 countries, or about 30 per cent, also indicated actions for priority funding. An additional 7 Parties (China, Estonia, the European Union, Latvia, Spain, Switzerland, and the United Kingdom), while not providing data in the table, provided additional information including illustrative numbers for instance on the total funding need for Natura 2000 sites. Madagascar and Sudan pointed to their revised NBSAP for identifying actions for priority funding. Including these, it would bring percentage shares to around 60 % for funding needs and gaps, and to 33 % for funding priorities, which would fall short of target 1 (c) of decision XII/3 even just for reporting Parties (on a strict interpretation, these elements of target 1 (c) were not met in the first place).

<sup>3</sup> Switzerland noted that, while there are no indigenous and local communities as understood by the Convention in Switzerland, there is collective action in the form of informal in-kind contributions of many civil society organizations, but this collective action is currently not tracked.

28. Reporting countries referred in particular to their revised NBSAP as a basis for their assessment. Burundi, Finland, Malawi, Tunisia, and Uganda referred specifically to their resource mobilization plan and the Democratic Republic of the Congo and South Sudan also pointed to the GEF-7 needs assessment<sup>4</sup> as complementary sources of information. Among those countries that did not report on their funding needs, gaps, and priorities, and as a flipside to the above, 9 countries noted that their NBSAP is still under review and would therefore not yet be available for a “costing” exercise. Bhutan, Cuba, Mexico, India, Switzerland and Peru pointed to ongoing work, such as inter-ministerial consultations or the ongoing work of the initiative on Transforming Biodiversity Finance of the United Nations Development Programme (UNDP BIOFIN initiative). The Netherlands noted that funding gaps are not applicable and have therefore not been estimated in the country.

### **National finance plans**

29. A total of 18 Parties, or 25 %, provided at least some element of a finance plan. Only five countries (the Democratic Republic of the Congo, Egypt, Guinea, South Africa, and Tunisia), or less than 7 % of reporting countries, provided a synthesis of their finance plan in the pertinent table. While the Democratic Republic of the Congo and Egypt provided aggregated figures on the amount of domestic and international resources they plan to mobilize, Guinea, South Africa and Tunisia also indicated individual funding sources, both domestic and international ones, with which they plan to reduce their funding gap in the coming years. Tunisia provided also its complete national resource mobilization plan, from where a select number of funding sources had been included in the pertinent table, including ecological taxation and payment/compensation schemes.

30. An additional four countries (China, Switzerland, Suriname, and the United Kingdom), while not providing data in the table, provided additional information. While Suriname pointed to the difficulties in mobilizing financial resources, both China and Switzerland expressed their expectation that funding will mostly come from public sources, and China and the United Kingdom also pointed to other funding sources (natural resources taxation and compensation mechanisms in the case of China, and contributions from non-governmental organization and the private sector, payments for ecosystems, and enhanced effectiveness in the case of the United Kingdom). Switzerland underlined that, despite various methodological challenges, it is still interested to collaborate with the private sector in order to mobilize additional resources. Including this qualitative information brings the percentage share of Parties reporting on (elements of) their finance plan to 31 %, which falls significantly short of this element of target 1 (d) of decision XII/3.

31. On measures taken to encourage the private sector as well as non-governmental organizations, foundations and academia to provide domestic support for implementing the Strategic Plan, 64 countries provided an answer, out of which 10 countries report that no measures were taken while 52 Parties indicate that some measures were taken and two countries indicate that comprehensive measures were taken. A total of 42 countries provided additional information of their engagement with non-governmental organizations, foundations and academia. Costa Rica pointed to its recent cooperation with the Chamber of Commerce to survey the environmental expenditures of businesses. The European Union, Finland, India and Peru pointed to the establishment and/or ongoing work of business and biodiversity initiatives, while India also mentioned mandatory CRS spending for companies above certain thresholds and Malawi mentioned public-private partnerships in restoring degraded habitats.

## **III. ANALYSIS OF THE METHODOLOGICAL INFORMATION AND DEFINITIONS PROVIDED, AND OPTIONS ON HOW TO ADVANCE FURTHER WORK TOWARDS INDICATIVE METHODOLOGICAL GUIDANCE**

### **Introduction**

32. In paragraph 3 (b) of recommendation 1/6, the Subsidiary Body at its first meeting, requested the Executive Secretary, for consideration by the Conference of the Parties at its thirteenth meeting, to

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<sup>4</sup> See <http://www.cbd.int/financial/survey2016.shtml> and the information provided in document UNEP/CBD/COP/13/12.



compile and analyse the methodological information and definitions as provided by Parties through the financial reporting framework and other relevant sources, and, based on this analysis, identify options on how to advance further work towards indicative methodological guidance, building on the conclusions of the Mexico workshop.<sup>5</sup> The present section responds to this request. In addition to submissions from Parties through the financial reporting framework, the following sources were taken into consideration and reflected below: (i) ongoing work by the OECD on the Rio markers; (ii) ongoing work of multilateral development banks on multilateral financial flows; and (iii) recent work of the UNDP BIOFIN initiative.

### International financial resource flows

33. Members of the OECD Development Assistance Committee (DAC) typically referred to the OECD Creditor Reporting System as the basis of their assessments of resources provided. Several Parties (see Spain, United Kingdom) focussed their analyses on specific CRS sector codes, while many other Parties reporting on the pertinent section of the FRF used the Rio marker methodology as the basis of their assessments. Given the qualitative nature of the Rio markers, Parties have adopted different approaches on how to aggregate figures on resource flows that relate directly to biodiversity and those that relate indirectly to biodiversity, using the ‘principal’ and ‘significant’ markers as a basis. For instance:

- Several Parties count both figures marked as ‘principal’ and those marked as ‘significant’ with 100 %;
- Others count figures marked as ‘principal’ with 100 % and those marked as ‘significant’ with 40 %;
- Still others also apply coefficients or percentage shares, but in a more differentiated manner: France counted 100 % of funds marked as ‘principal’ and, based on project-specific assessments and a guidance table, 5, 30 or 80 % of funds marked ‘significant’. Finland applied shares for ‘significant’ funds ranging from 10 to 50 %, and for funds marked ‘principal’ ranging from 50 to 100 %.
- Germany assigned 100 % to projects that are marked ‘principal’. For projects which are only partly related to biodiversity (marker 1), only those sectoral components which are directly related to biodiversity are counted.

34. The Slovak Republic decided to abandon a similar coefficient-based or share-based approach, and to count funds as 100 % but based on stricter identification criteria for biodiversity-relevant projects or activities.

35. The OECD is currently looking into refining the Rio Markers for Biodiversity and Desertification and the associated guidance,<sup>6</sup> with a view to improve the balance between the goals of the Convention and to encompass broader activities for mainstreaming of biodiversity and ecosystems. The revised guidance could include an agreed indicative table in order to facilitate and better harmonize the assignment of the different markers by individual members.

36. Several non-members of the DAC reported on international flows provided by identifying specific biodiversity-relevant projects, and complementing resulting figures with membership contributions to relevant international agreements, as well as voluntary contributions to the GEF. For instance, China explained that *“support provided by China directly related to the implementation of the Convention and the achievement of its three major objectives includes: specialized donation of 10 million USD to Africa for the protection of African wild animals, contribution of 8.85 million USD to the GEF (accounting for about 30% of China’s total contributions to the GEF) and specialized contribution of 1 million USD (during 2013-2015) to UNEP Trust Fund for the South-South Cooperation.”*

<sup>5</sup> The international technical expert workshop on identifying, accessing, compiling and aggregating domestic and international biodiversity-related investments and impacts was organized in close cooperation with the United Nations Development Programme (UNDP), through its Biodiversity Finance Initiative (BIOFIN) and hosted by the Government of Mexico in Mexico City from 5 to 7 May 2015, with financial support provided by the European Union as well as, through the UNDP-BIOFIN Initiative, by the Governments of Germany and Switzerland. The report of the workshop was made available as an information document to SBI-1 (UNEP/CBD/SBI/1/INF/20).

<sup>6</sup> See SBI recommendation I/6, draft decision, paragraph 8.

37. As sources of information, China referred to a White Paper on Foreign Aid prepared in 2014, while the Estonia and the Slovak Republic referred to databases, maintained by the Ministries of Foreign Affairs and/or for the Environment. Mexico mentioned that a National Inventory of International Cooperation and Development (RENCID) is currently under development and expected to have official results by 2017.

38. As regards multilateral aid, both DAC and non-DAC members mention their contribution to the GEF, with several Parties providing more information on how the biodiversity portion was assessed: Japan mentioned using the GEF-5 share for the biodiversity focal area, in addition to its contributions to MEAs, while the United Kingdom used a 33 % share to account for its GEF contribution. Switzerland did not include core contributions to multilateral organisations (even if they do biodiversity-related work), unless the biodiversity relevant part was assessable. Work is currently being undertaken by a joint working group of Multilateral Development Banks (MDB), led by the European Investment Bank (EIB) to develop a methodology to track and report multilateral biodiversity finance flows.<sup>7</sup>

39. Several Parties provided additional information on how they assessed and reported on other international flows, including by liaising with, and receiving data from, select academic institutions (Denmark) or non-governmental organizations (Switzerland). However, with regard to private sector flows, France noted that there is no reliable statistical method to assess such flows, while Switzerland noted that cooperative efforts for assessing such flows were undertaken but with very little results.

### **Domestic Biodiversity Expenditures**

40. A total of 27 Parties referred to an analysis of national budget documents, including at least budgets of authorities tasked directly with biodiversity issues, but in several cases also select organizations or programmes, and associated budget lines, with indirect contributions to biodiversity. Several submissions explicitly mentioned the specific percentage shares applied to account for indirect contributions: the EU and Poland counted those as 40 %, while others (India, Peru, and Switzerland) used a more granular scheme of percentage shares; for instance, Peru used 10 %, 20 % and 30 %. The European Union and Peru made reference to the Rio marker methodology in this regard.

41. A smaller group but still substantial group of 11 Parties referred to using national statistics based on environmental public expenditures accounts (EPEA), making reference to internationally agreed classifications such as the Classification of Environmental Protection Activities (CEPA) or the Classification of Functions of government (COFOG), and in particular the ‘biodiversity and landscape protection’ sub-class contained therein. Among those, several submissions (7) indicate that they also covered expenditures indirectly related to biodiversity, but only one submission (Finland) indicated the CEPA classes considered for this purpose (waste management, waste water management and water protection, and other environmental protection). The Czech Republic pointed to a very similar list (wastewater management, waste management, soil, groundwater and surface water protection and remediation, etc.) but noted that the associated expenditures were not included in the report. The Democratic Republic of the Congo point to availability constraints for COFOG data, which would be available for 2011-13 only.

42. As regards extra-budgetary expenditures, several Parties (Bulgaria, Burundi, and Tunisia) explained that they undertook an assessment of development cooperation projects in order to identify those that are relevant for biodiversity. Bulgaria applied a percentage share of 30% to those indirectly related, while Tunisia applied 25% to integrated agricultural development or natural resource management projects and 75 % to activities related to the implementation of the forestry strategy. A total of four submissions (from the Democratic Republic of the Congo, India, Lebanon, and Myanmar) mentioned that they used the OECD CRS database for identifying pertinent projects and associated expenditures, with India and Lebanon also explaining that they used percentage shares to account for projects marked ‘significant’ (in the Indian case: water resources protection 10%; agriculture, forestry, and fishing 25%; environmental policy and administrative management 30%; biosphere protection 75%;

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<sup>7</sup> See SBI recommendation I/6, draft decision, paragraph 9.

site preservation 10%; flood prevention/control 10%; environmental education/training 30%; and environmental research 30%).

43. As regards expenditures undertaken by private companies as well as non-governmental organizations, foundations, and academia, comments reflect the broad spectrum of (statistical) realities at national level, ranging from indications that reporting on these categories is currently not possible (see comments by Austria and China) to the broad coverage of private sources in the environmental protection expenditure accounts in a number of EU member countries (see comments made by the Czech Republic and Finland). France noted that some data from companies were collected through a survey by the national statistical authority but that it could not yet report thereon in a systematic manner. Other Parties (Canada, Croatia, Denmark, Japan, Lebanon, and Switzerland) reported that they were able to include reports from pertinent companies or institutions based on ad-hoc collaboration; in the case of Denmark, Japan, and Switzerland, this included reliable data from individual foundations and academia, but not from the private sector. Peru noted that it included private sector data only to the extent that the pertinent activity was executed through a public agency. Croatia pointed to an Act adopted in 2014 which includes an obligation for transparent reporting by non-governmental organizations, which should improve data availability in the future. Switzerland noted the lack of data and coherence between the different data sources related to the expenditures of private companies.

44. Several submissions commented on assessing expenditures of sub-national governments. Finland noted that the statistical data on public sector environmental protection expenditures include lower levels of government in a consolidated manner (transfers between the central government and municipalities are taken into account). Japan referred to an analysis of such expenditures, based on statistical extrapolation, but explained that its results were not included in the aggregated data. Canada pointed to data inconsistencies limiting reporting thereon, and Denmark and the Netherlands pointed to recent re-allocation of responsibilities among government levels, with the same impact on reporting.

45. Three pilot countries of the UNDP BIOFIN initiative referred to their ongoing work in this context and explained that they expect enhanced reporting once the relevant activities are concluded (Chile, Mexico, and Rwanda).

46. The BIOFIN initiative informed on progress made by participating countries. In the past two years, 14 countries have completed their policy analysis on biodiversity finance and 11 countries carried out a biodiversity expenditure analysis.

#### **Assessment of the role of collective action**

47. A total of three countries (Bolivia, Canada, and Peru) provided additional methodological information on this aspect:

- Bolivia approximated the contribution of collective action within protected areas using the number of inhabitants of indigenous and local communities in protected areas and the minimum salary. For contributions of collective action outside of protected areas, Bolivia applied the conceptual and methodological framework for evaluating the contribution of collective action to biodiversity conservation<sup>8</sup>, by using the surface area inhabited by indigenous and local communities outside of protected areas and the per-hectare official spending on protected area management.
- Canada used the total amount of funding leveraged by two or more partners (e.g. Aboriginal groups, NGOs, academic institutions), and including mostly federal government programs that aim to achieve a minimum of 1:1 leveraging on funds invested so that, for every \$1 provided by the program, at least \$1 is co-funded by project recipients through financial or in-kind resources (e.g. volunteered labour, products or services). Canada used financial indicators since this information was most readily available and could be compared across a larger number of examples. The submission notes that it was challenging to quantify non-

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<sup>8</sup> See document UNEP/CBD/COP/12/INF/7 .

financial indicators in a comparable way since different initiatives or programmes use different metrics of biodiversity outcome.

- Peru's assessment of the contribution of small farmers to conserving the genetic diversity of potatoes covered smallholders with one hectare or less, based on data from the National Agricultural Census 2013. Contributions covered included knowledge transfer, seed exchange, and storage.

#### **Assessing funding, needs, gaps, and priorities, and developing finance plan**

48. Among the comments provided, few are of a genuine methodological nature. Costa Rico and the Philippines referred to the UNDP BIOFIN methodology as the basis for their assessment of funding needs and gaps, and Finland pointed to several methodological challenges in the assessment of funding gaps, related in particular to the extrapolation of future available resources and to technical limitations in estimating costs. A few countries not providing information in the table (Austria, Bosnia-Herzegovina, and the European Union) pointed to the technical difficulties and the lack of data availability, and even countries which provided information cautioned that the data is provisional or draft and has a low confidence level (see comments made by the Democratic Republic of the Congo, Madagascar, and South Africa). The UNDP BIOFIN initiative informed that four of their pilot countries fully assessed their national finance needs, and that 14 countries are currently elaborating national biodiversity finance plans, and among those the most advanced have started working on more than twenty finance solutions.

49. The 2016 BIOFIN workbook, to be launched at COP 13, includes a number of features enabling countries to explore the most suitable finance solutions from a broad range of options, including an inventory of subsidies affecting biodiversity and a synopsis of data on the economic value of biodiversity and ecosystems. The Finance Needs Assessments includes guidance to formulate results as targets for the actual finance needs of countries. The scope of the finance plan covers four types of finance results: (i) resource mobilisation, (ii) delivering better, (iii) preventing future costs and (iv) re-aligning existing resources. A new scoring system helps assess potential impacts (biodiversity, financial, socio-economic) and the feasibility of each proposed solution. A new data entry analysis tools enables the classification of all data from the expenditure analysis and finance needs assessment according to UN-SEEA categories and the SDGs.

50. BIOFIN is currently in the process of designing a second phase of implementation with a view to further evolving the methodology based on country learning and solutions found. The second phase would enable additional countries to sign up to the initiative, while also working with some countries in implementing their finance plan.

51. Access to technical support using the BIOFIN concept is opened to a wider number of countries through the so-called CBD-BIOFIN regional nodes, activated from mid-2016. Three dedicated regional advisors will support countries that do not participate in BIOFIN's core programme, through webinars, e-learning modules and a limited number of in-country missions. They will operate on a request basis, familiarizing countries with the BIOFIN methodology in the country, and supporting country initiatives for policy analysis, reviewing biodiversity expenditures, costing national biodiversity goals and developing national or sub-national biodiversity finance plans. They will also link interested countries to the global BIOFIN network.

## **IV. CONCLUSIONS AND SUGGESTED WAY AHEAD**

### **Progress against the targets of decision XII/3**

52. *Target 1 (a) of decision XII/3:* Parties that were in a position to report 2015 data on time for the preparation of this report have collectively achieved their contribution to this target. However, a significant number of Parties providing baseline data have yet to report their 2015 data, hence no firm conclusion can be drawn yet.

53. *Target 1 (b) of decision XII/3:* Notwithstanding methodological reservations, the cautious optimism expressed in the earlier version of this note, prepared for the first meeting of the Subsidiary Body on Implementation, is being confirmed by the present analysis and the larger sample on which it is based. While many Parties have yet to submit their financial reporting framework, Parties seem to be overall well on track in achieving this target.

54. *Target 1 (c) of decision XII/3:* On a strict interpretation, the target has not been met by 2015. However, among reporting countries, progress in reporting domestic biodiversity-related expenditures seems to be satisfactory, also in light of the fact that half of reporting countries indicated to not have adequate financial resources to report domestic biodiversity expenditures. However, the reporting of funding needs, gaps and priorities seems to be more difficult and, accordingly, 22 Parties indicated to have adequate financial resources to report funding needs, gaps, and priorities, while 33 indicated not to have adequate financial resources.

55. *Target 1 (d) of decision XII/3:* Parties seem to be overall well on track with regard to the element on the assessment of values, but seem to face particular difficulties in developing and reporting their national finance plans. Correspondingly, 18 respondents indicated having had adequate financial resources to prepare national finance plans for biodiversity, while 36 respondents did not have adequate financial resources.

56. *Target 1 (e) of decision XII/3:* This target does not have a 2015 timeline and progress against this target would therefore be assessed during the second reporting round, in conjunction with sixth national reports. However, in order to assess whether the finance gap was reduced by the mobilization of domestic financial resources, such a finance gap needs to be established and reported in the first place, and limited progress in identifying, and reporting on, finance gaps and on preparing national finance plans will also have an impact on assessing progress against this target.

57. According to the explanations provided, the unsatisfactory progress so far on targets 1 (c) and in particular 1 (d) seems to be frequently related to delays in processes on which this work would build, such as the revision of the NBSAP or the preparation of finance plans with the support of the UNDP BIOFIN initiative. Only a limited number of BIOFIN countries have so far submitted their financial reporting framework, while the number of BIOFIN countries has recently been increased to 30. This implies that more progress can be expected in the future:

- the NBSAP revision process is being finalized in an increasing number of countries;
- at the same time, some of the revised NBSAPs already received by the Convention Secretariat contain (elements of) national finance plans or national resource mobilization strategies which have yet to be included in financial reporting;<sup>9</sup>
- further progress by the BIOFIN countries in developing national finance plans can be expected in the foreseeable future and this could eventually be reflected in the financial reporting framework;
- the technical support provided through the CBD-BIOFIN regional nodes,<sup>10</sup> which are now being established, can also be expected to eventually have a positive impact on the development of national finance plans in non-BIOFIN countries.

58. The importance of the revised NBSAP and of intensifying efforts to identify funding needs, gaps and priorities, and the development of a national finance plan for the effective implementation of the revised NBSAP, has already been reflected in the draft decision submitted by the Subsidiary Body on Implementation.<sup>11</sup> As foreseen in recommendation I/6,<sup>12</sup> the draft decision could be completed in light of the present analysis. The Conference of the Parties at its thirteenth meeting may also wish to welcome the

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<sup>9</sup> See the analysis and country information provided in document UNEP/CBD/COP/13/8/Add.1, pages 7-8.

<sup>10</sup> See paragraph 52 below.

<sup>11</sup> See preamble and paragraph 4 of the draft decision contained in recommendation I/6

<sup>12</sup> See footnote 4 to paragraph 2 of the draft decision contained in recommendation I/6.

establishment of the CBD-BIOFIN regional nodes as a means to provide technical support to non-BIOFIN countries in assessing their funding needs, gaps, and priorities; in developing their national finance plan; and in financial reporting. Suitable amendments to the draft decision are suggested below, for consideration by the Conference of the Parties.

### **Options for advancing methodological work**

59. The analysis present in section III above yields several options on how to advance further work towards indicative methodological guidance for financial reporting. These are already reflected in the draft decision submitted by the Subsidiary Body on Implementation, pertaining in particular to:

- the provision of technical support and capacity building, including by the UNDP BIOFIN initiative;<sup>13</sup>
- the continued sharing and dissemination of methodological information and definitions used, with a view to improving transparency and enabling replicability;<sup>14</sup>
- the ongoing methodological work of the OECD and multilateral development banks;<sup>15</sup>
- the establishment of pilot projects on the contribution of collective action of indigenous peoples and local communities and the development of methodological guidance for identifying, monitoring, and assessing this contribution;<sup>16</sup>
- the establishment or enhancement, as appropriate, of cooperation with regional or national statistical offices with a view to generating synergy with existing national and international processes on compiling and reporting financial data, and avoid duplication of work.<sup>17</sup>

### **Suggested amendments to the draft decision**

60. In light of the conclusions presented above, the Conference of the Parties may wish to amend the draft decision contained in recommendation I/6 of the Subsidiary Body on Implementation as follows:

2bis. *Takes note with appreciation* of the significant progress made by reporting Parties in achieving targets 1 (a) and 1 (b) of decision XII/3, as well as in reporting on their assessment and/or evaluations of the intrinsic, ecological, genetic, socioeconomic, scientific, educational, cultural, recreational and aesthetic values of biological diversity and its components, pursuant to target 1 (d);

2ter. *Takes also note* of the progress made by reporting Parties in reporting their domestic biodiversity expenditures, pursuant to target 1 (c) of decision XII/3;

2quater. *Takes note with concern* of the limited progress made by reporting Parties in reporting their funding needs, gaps, and priorities, pursuant to target 1 (c), and in reporting their national finance plans, pursuant to target 1 (d);

2quinquies. *Emphasizes* that limited progress in achieving targets 1 (c) and 1 (d) will negatively affect assessing progress towards achieving target 1 (e);

5bis. *Requests* the Executive Secretary to prepare an updated analysis of financial reports received for consideration by the Subsidiary Body of Implementation at its second meeting;

6bis. *Welcomes* the establishment of the CBD-BIOFIN regional nodes as a means to provide technical support to interested non-BIOFIN countries in assessing their funding needs, gaps, and

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<sup>13</sup> See paragraph 6 of the draft decision contained in recommendation I/6.

<sup>14</sup> *ibid.*, paragraphs 11 and 12 (b).

<sup>15</sup> *ibid.*, paras 7 and 8.

<sup>16</sup> *ibid.*, paragraphs 14 and 15.

<sup>17</sup> *ibid.*, paragraph 10.

priorities; in developing their national finance plan; and *invites* developing country Parties and Parties with economies in transition to indicate their interest, as appropriate, to the UNDP BIOFIN initiative;

61. Following established practice, these suggested amendments were included in the compilation of draft decisions provided in document UNEP/CBD/COP/13/2/Rev.1. So as to distinguish them from already negotiated text, the suggested amendments are shaded in grey in this document.

## Annex

<b>Table 5: Country quotients (reported annual international flows divided by reported baseline)</b>						
<b>Reporting countries</b>	<b>Baseline</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Austria*	18,040	--	--	2.1	1.3	--
Bulgaria	--	--	--	--	--	--
Canada*	77,160	1.1	1.0	1.2	--	--
China	600	1.8	1.8	3.5	10.2	10.8
Croatia	11	1.9	2.3	3.8	4.5	6.3
Czech Republic*	2,857	1.1	1.4	1.3	1.2	--
Denmark*	412,318	0.9	1.4	1.6	1.2	--
Estonia	19	4.2	--	--	9.3	--
European Union*	226,345	0.8	2.3	1.9	0.9	1.9
Finland*	19,945	1.9	1.5	1.2	1.0	1.3
France*	144,392	1.1	1.5	2.1	1.9	2.3
Germany*	266,815	2.6	2.6	2.7	2.6	2.4
Greece*	3,839	0.0	0.2	0.1	0.1	--
Hungary	31	0.4	0.4	0.7	54.3	--
Japan*	1,239,208	1.2	0.4	0.1	0.9	--
Latvia	54	0.2	4.0	0.4	5.5	4.1
Luxembourg*	3,348	1.6	3.7	3.6	4.7	--
Netherlands*	143,445	0.6	0.8	0.7	0.6	--
New Zealand*	16,838	1.1	1.1	1.4	1.1	1.5
Norway*	117,863	1.0	0.8	1.1	1.6	3.5
Poland*	1,497	1.6	1.4	1.6	1.7	1.6
Republic of Korea*	13,283	1.3	0.7	1.5	--	--
Slovakia*	--	--	--	--	--	--
Slovenia*	528	0.8	0.6	0.7	--	--
Spain*	69,409	0.5	0.1	0.5	0.8	--
Sweden*	160,999	--	--	1.9	2.0	--
Switzerland*	49,331	1.0	1.2	1.5	1.5	--
United Kingdom of Great Britain and Northern Ireland*	133,867	1.7	1.0	1.0	2.2	--

*Source:* Financial reporting frameworks; own calculations.

*Notes:* Baseline in thousands of United States dollars, current values, as reported. Currency conversion based on annual average exchange rates from WEO database. Bulgaria and Slovakia reported progress data up to 2015 but no baseline data.

\* OECD-DAC members