Resource Mobilization and Financial Reporting under the CBD

Assessing funding needs: costing the NBSAPs

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Csoban Somodi
Secretariat of the Convention on Biological Diversity

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Introduction

- Very few countries have so far submitted fully costed NBSAP
- Every country has its own approach to budgeting
- The question to ask is : “who will be deciding on the budget financing?”

Financial decision makers

- Ministry of Finance
- Other ministries
- International donors
- Development banks
- NGOs

Better integration of NBSAPs

- Greater chance of integration into national budget of the NBSAP budgeting process if it adheres to the national budget process
- The use of the detailed budgeting codes of a country (UNDP BIOFIN initiative).

Guidance on cost effectiveness

- It is suggested to follow the NBSAP process by identifying, prioritizing and categorizing the most critical areas.
- Begin with the effective tools that are already in place and where we have experience.
- It is advised to do as much costing as possible and developing an action plan with clear, quantifiable targets.

How to determine funding needs

- Using NBSAP to clarify on the actual activities that should be implemented to achieve the Aichi Biodiversity Targets – including scope, scale, timing, and responsible actors
- Trying to assess actual cost of specific activities by developing a detailed program of activities
- Synergize with the GEF cycle and the GEF-7 needs assessment (see questionnaire)

Key elements to prepare for accurate NBSAP costing

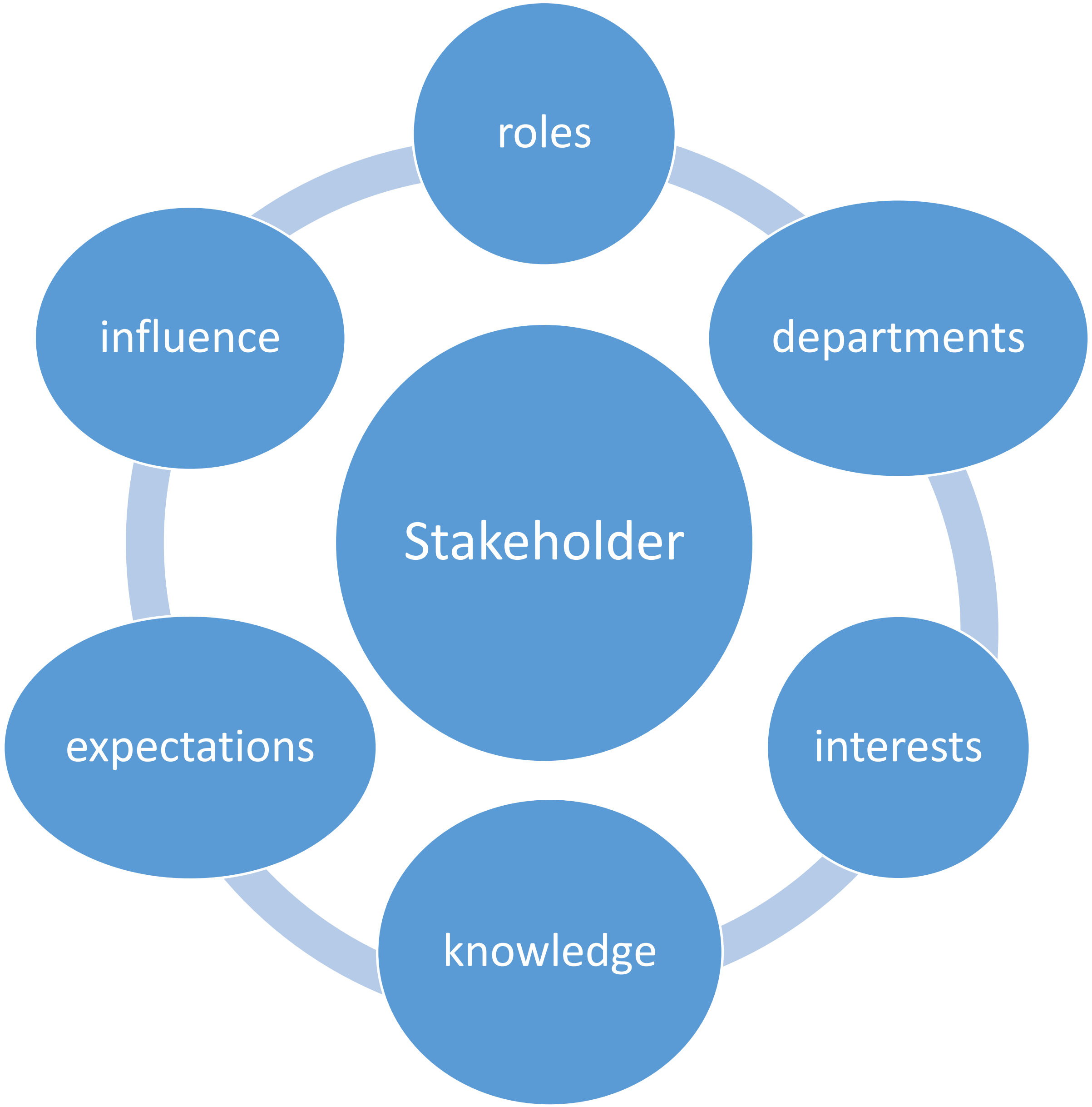
- **Scope and scale**
  - Region
  - Quantified results
- **Timing of implementation**
  - Disbursement
  - Capital Investment
  - Recurring costs
- **Responsible actors**
  - Identified early and during the process
  - Different expectations

Stakeholders identification and analysis

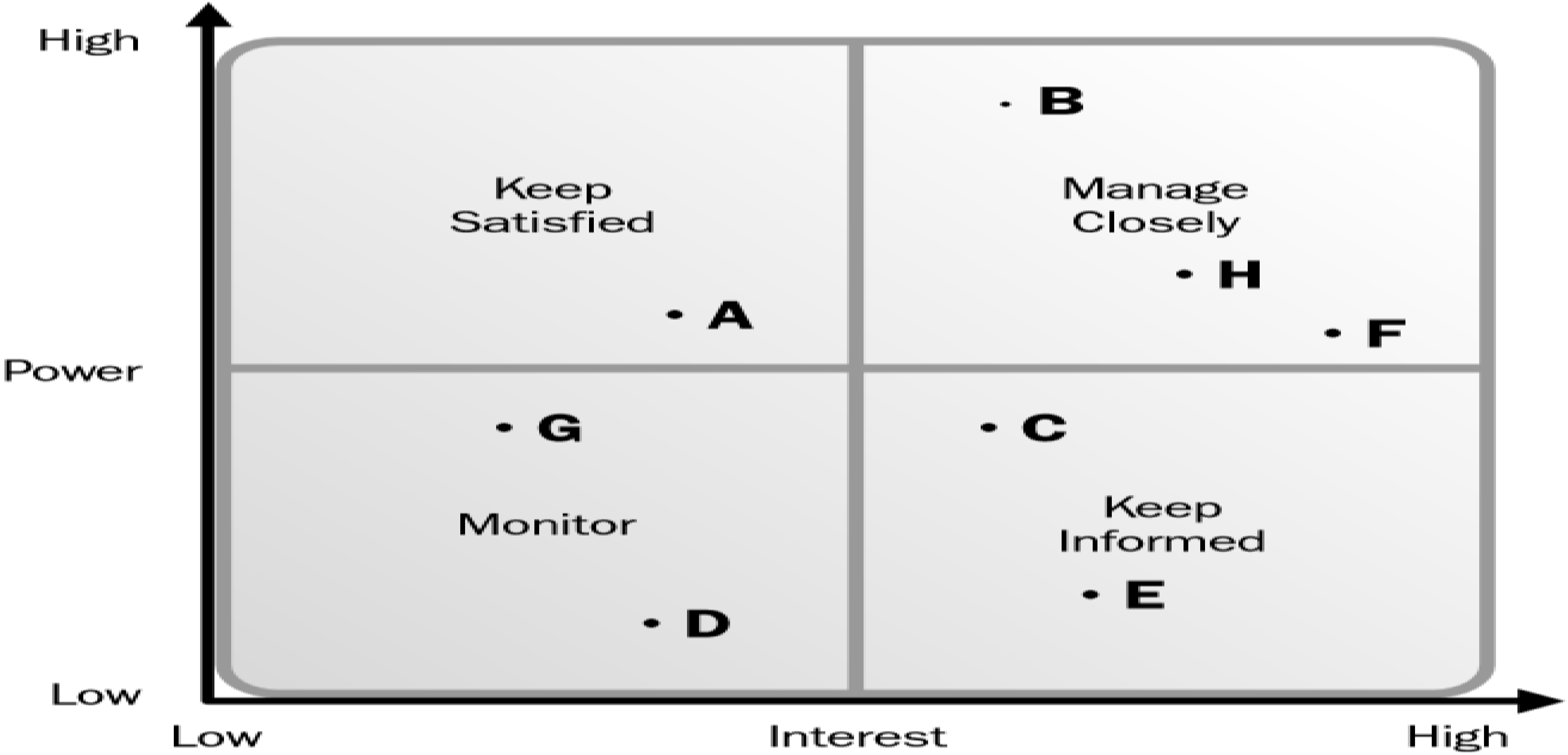
- Identify all potential stakeholders
- Analyze the potential impact and support and classify them
- Assess how key stakeholders are likely to react

- **Result: Stakeholder classification**

Stakeholders identification and analysis



Power/interest grid with Stakeholders



Scope

- NBSAP as a start for a top-down method to create the work breakdown structure (WBS)

- Lowest level of WBS to be used for resources, duration and cost estimation

- **Pitfall**: Excessive decomposition

Decomposition of NBSAP

Timing

- **Define activities**: Breakdown work packages into activities that provide a basis for estimating, scheduling.
- **Tools**:
  - Rolling wave planning (progressive elaboration)
  - Decomposition
  - Expert judgment
- **Result: Scheduled activity for resource estimations**

Estimating resources

- Estimating the type and quantities to perform each activity:
  - Material
  - Human resources
  - Equipment
  - Supplies required
- **Result: More accurate cost and duration estimates**

How to estimate activity resources?

TOOLS:

- Expert judgment
- Alternative analysis
- Published estimating data
- Bottom-up estimating

How to estimate activity durations?

TOOLS:

- Analogous estimating (historical data from similar project)
- Parametric estimating (statistical relationship)
- Three point estimating (Beta distribution (tO+4tM+tP)/6)
- Expert judgment
- Group decision-making techniques

How to estimate activity costs?

- Cost aggregation
- Parametric estimating (statistical relationship)
- Three point estimating (Beta distribution (tO+4tM+tP)/6)
- Expert judgment

How about administration costs?

Administration that relates to activities that are relevant to biodiversity should be included in estimations of the biodiversity budget and expenditure data.

The use of Activity Based Costing (ABC)

- Products consume activities
- It is the activities (and not the products) that consume resources
- Activities are the cost drivers
- ABC allocates direct and indirect costs to activities

Goal :

- Better understanding on how and where the funds are necessary and are spent
- Which areas have the greatest potential for cost reduction

Professors Robert Kaplan and Robin Cooper of Harvard University in late 1980's.

Estimate (Projection)

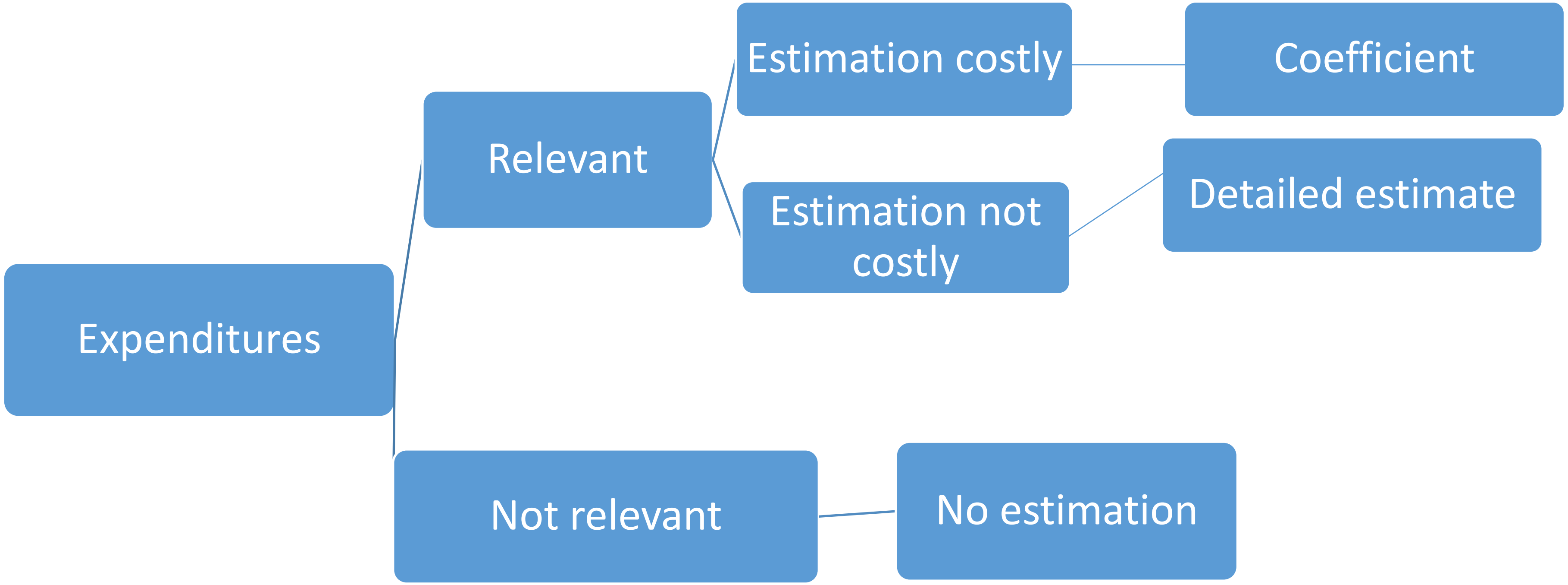
Different levels of estimations:

- 1) Disaggregated at the level of individual activities: The biodiversity budget can be estimated directly from the allocations for the activities that are classified as being relevant to biodiversity.
- 2) Disaggregated at the strategy level: by scaling total strategy budgets by the proportion of the budget that was relevant to biodiversity in previous years.
- 3) Only presented at the level of the whole Ministry: take the average of this ratio and apply it to the budget allocations.

Estimate (Projection linear)

- Linear trend of the estimates of biodiversity expenditure can be used combining with a method of weight to the selected years

Decision to disaggregate activities' expenditures



Thank you!

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United Nations Decade on Biodiversity

UNEP