

Resource Mobilization and Financial Reporting under the CBD

Assessing biodiversity-related expenditures

Sub-regional workshop on financial reporting and resource
mobilization for South Asia
New Delhi, India, 16-18 September 2015

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Secretariat of the Convention on Biological Diversity





Introduction

Quantifying domestic biodiversity related expenditures is critical to understanding how to most effectively increase and leverage financial resources **to meet national objectives** provided in revised National Biodiversity Strategies and Action Plans (NBSAPs), based on the Strategic Plan for Biodiversity 2011-2020.



Domestic Biodiversity Expenditures

Annual expenditures on domestic activities
(2006-onwards)

- **Does not** include funds **sent to** other countries
- **Does** include expenditures **financed by international sources** (*OECD CRS database – could be helpful*)
- **Does** include funds spent **on *direct (minimally) and indirect (if possible)*** biodiversity action
- **Includes all sources** but minimally central government
- **Does** include contribution of collective action/ IPLCs if measured and expressed in monetary terms



Domestic Biodiversity Expenditures in CHM

Please select currency *

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All values are : *

in thousands ▾

Year	Domestic expenditures	Overall confidence
2006 ▾	1000	Low ▾ 
2007 ▾	2000	Medium ▾ 
2008 ▾	1800	Medium ▾ 
2009 ▾	2200	Medium ▾ 
▾		▾
Average	1750	Medium

Domestic biodiversity expenditures: Sources and categories of flows

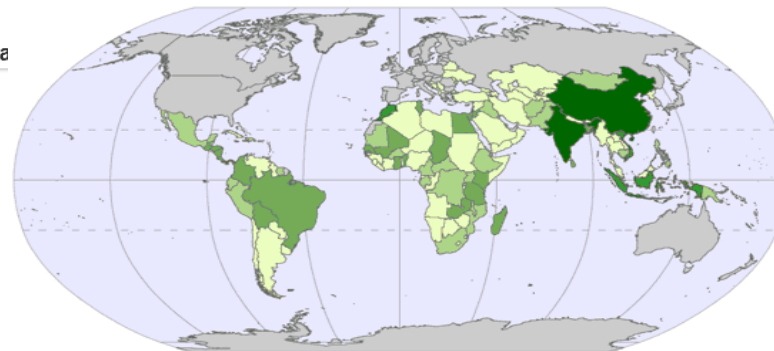
Minimum

4.2 Information on sources and categories

Numbers above cover	Expenditures directly related to biodiversity i	Expenditures indirectly related to biodiversity i
Government budgets – central i	☐	☐
Government budgets – state/provincial i	☐	☐
Government budgets – local/municipal i	☐	☐
Extra-budgetary i	☐	☐
Private/market i	☐	☐
Other (NGO, foundations, academia) i	☐	☐
Collective action of indigenous and local communities i	☐	☐

Additional methodological information, including sources of data

\$ from international flows- ODA, OOF, other



USD (Million) 0 0 - 5 5 - 15 15 - 50 50 - 150 > 150

Recipients of biodiversity related aid, USD million, constant 2011 prices, Source: OECD and UNEP-WCMC

Identifying and assessing biodiversity-related activities

Methodological issues

- Identifying 'indirect' biodiversity-related activities: biodiversity concepts
- Using statistical frameworks and related data collection: CEPA under SEEA and COFOG
- Quantifying 'indirect' biodiversity-related activities: assigning coefficients





1. Scope and definition

Conclusions of the Mexico workshop

- Classification systems generally refer to **the three objectives of the Convention** but may diverge on the details
- Flexibility needed due to targets being defined nationally but some standard guidance and boundaries would reduce variability and could help facilitate the tracking of resource mobilization efforts at the global level
- **Build on existing reporting processes and associated datasets:** Is pertinent data already collected through other processes at national level, such as national statistical offices (NSO) or other as statistical authorities? The classifications used may then provide a useful starting point for analysis.



1. Scope and definition

Conclusions of the Mexico workshop

Two important international classifications:

- As part of SEEA, the Classification of Environmental Activities (**CEA**) and its two groups covering the two types of environmental activities: environmental protection activities and resource management activities
- Initially developed by the OECD, the Classification of the Functions of Government (**COFOG**) classifies government expenditure data from the System of National Accounts by the purpose for which the funds are used. The breakdown of environmental protection (COFOG 05) is again based upon the Classification of Environmental Protection Activities (CEPA).
- CEA Group I (Environmental Protection) and COFOG 05 use the 2000 Classification of Environmental Protection Activities (CEPA).



Scope and definition

Environmental Expenditures

Biodiversity Expenditures

Non-Biodiversity

Primary
(Principal)
3 CBD Objectives -
primary intent

Secondary
(Significant)
Any of 20 Aichi
Targets cited as
intent

out of scope
(e.g. Pure
Renewables, etc.)





EU tracking methodology

(Proposed for EU central budget)

- protected areas
- species conservation measures
- infrastructure investments
- conservation of genetic diversity
- control of invasive alien species
- sustainable agriculture and agri-environment measures
- sustainable forestry and forest environment measures
- sustainable fisheries and marine management actions
- tourism and recreation
- pollution control
- climate change mitigation and adaptation
- access and benefit-sharing
- research, surveys, monitoring and data management
- education, training and capacity-building
- development and implementation of policies, plans, and strategies..





India:

- **Core:** “direct and immediate biodiversity impact”
- **Non-core:** “non-direct”
- **Peripheral:** biodiversity relevant schemes of Ministries/Departments other than the MoEFCC.





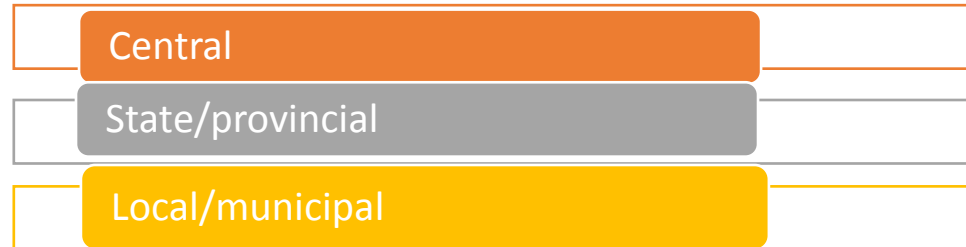
Guidance on concepts and definitions: conclusions of the Mexico workshop

- The **three objectives of the Convention** as an important starting point for galvanizing methodological convergence.
- Use **national targets** in revised NBSAPs as a starting point for a national analysis.
- **Build on existing reporting processes** and associated datasets. Enhanced cooperation and coordination
 - could reduce the need to navigate complexities of different government agencies in the process of data collection, as well as issues of transfer of data ownership and associated buy in
- These systems have a **hierarchical taxonomy** that allows for aggregation and disaggregation, and the identification of relevant entries in the classification. There would be need to provide guidance on where to determine the “**cut-off**” **point** for excluding activities from the secondary biodiversity category – that is, a determination of what is truly “out of scope” is needed. Furthermore, a system for attribution (coefficients) of secondary activities would need to be established (see next section).
- The twenty **Aichi Biodiversity Targets** would provide a useful starting point for determining whether ‘indirect’ or ‘secondary’ activities and associated expenditures are ‘in scope.’



2. Sources of expenditures

- Government



- Extra budgetary
- Private market; other (NGO, foundations, academia)
- Collective action of indigenous and local communities



2.1 Government budgets

www.imf.org/external/pubs/ft/gfs/manual/gfs.htm

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Government Finance Statistics Manual 2014 (GFSM 2014)—Pre-publication Draft
The pre-publication draft of the Government Finance Statistics Manual 2014 updates the internationally recognized guidelines for the compilation of statistics required for fiscal analysis that were established by the earlier manuals (*Government Finance Statistics Manual 2001* and *A Manual of Government Finance Statistics 1986*).

Government Finance Statistics Manual 2001 (GFSM 2001)
Describes an integrated Government Finance Statistics (GFS) system that is harmonized, to the extent possible, with the *System of National Accounts, 1993*. Currently available in [English](#) | [Arabic](#) (1278 kb pdf file), [Chinese](#) | [French](#) | [Russian](#) | [Spanish](#).

Quarterly Government Finance Statistics - Guide for Compilers and Users
This *Guide* is a reference for compilers and users of Government Finance Statistics. We hope that it will contribute to more timely, accurate, and more internationally comparable data and an improved understanding of the complex issues involved.

The Public Sector Debt Statistics – Guide for Compilers and Users
The *Public Sector Debt Statistics-Guide for Compilers and Users (PSDSG)* provides comprehensive guidance for the measurement, compilation, analytical use, and presentation of public sector debt statistics. The *PSDSG* was produced by the IMF in conjunction with other members from the Task Force on Finance Statistics (TFFS).

Government Finance Statistics: Compilation Guide for Developing Countries
[English](#) | [French](#) | [Spanish](#)
The GFS Compilation Guide provides detailed information on how to gradually introduce the guidelines of the Government Finance Statistics Manual 2001 and best practices into the compilation and dissemination of fiscal statistics. The key issues in the compilation of statistics for government institutions in developing countries are discussed, and illustrated with many examples, figures, and tables.



Classification of the Functions of Government

7	Total expenditure		
701	General public services	706	Housing and community amenities
7011	Executive and legislative organs, financial and fiscal affairs, external affairs	7061	Housing development
7012	Foreign economic aid	7062	Community development
7013	General services	7063	Water supply
7014	Basic research	7064	Street lighting
7015	R & D General public services	7065	R & D Housing and community amenities
7016	General public services n.e.c.	7066	Housing and community amenities n.e.c.
7017	Public debt transactions	707	Health
7018	Transfers of a general character between different levels of government	7071	Medical products, appliances, and equipment
702	Defense	7072	Outpatient services
7021	Military defense	7073	Hospital services
7022	Civil defense	7074	Public health services
7023	Foreign military aid	7075	R & D Health
7024	R & D Defense	7076	Health n.e.c.
7025	Defense n.e.c.	708	Recreation, culture and religion
703	Public order and safety	7081	Recreational and sporting services
7031	Police services	7082	Cultural services
7032	Fire protection services	7083	Broadcasting and publishing services
7033	Law courts	7084	Religious and other community services
7034	Prisons	7085	R & D Recreation, culture, and religion
7035	R & D Public order and safety	7086	Recreation, culture, and religion n.e.c.
7036	Public order and safety n.e.c.	709	Education
704	Economic affairs	7091	Pre-primary and primary education
7041	General economic, commercial, and labor affairs	7092	Secondary education
7042	Agriculture, forestry, fishing, and hunting	7093	Postsecondary nontertiary education
7043	Fuel and energy	7094	Tertiary education
7044	Mining, manufacturing, and construction	7095	Education not definable by level
7045	Transport	7096	Subsidiary services to education
7046	Communication	7097	R & D Education
7047	Other industries	7098	Education n.e.c.
7048	R & D Economic affairs	710	Social protection
7049	Economic affairs n.e.c.	7101	Sickness and disability
705	Environmental protection	7102	Old age
7051	Waste management	7103	Survivors
7052	Waste water management	7104	Family and children
7053	Pollution abatement	7105	Unemployment
7054	Protection of biodiversity and landscape	7106	Housing
7055	R & D Environmental protection	7107	Social exclusion n.e.c.
7056	Environmental protection n.e.c.	7108	R & D Social protection



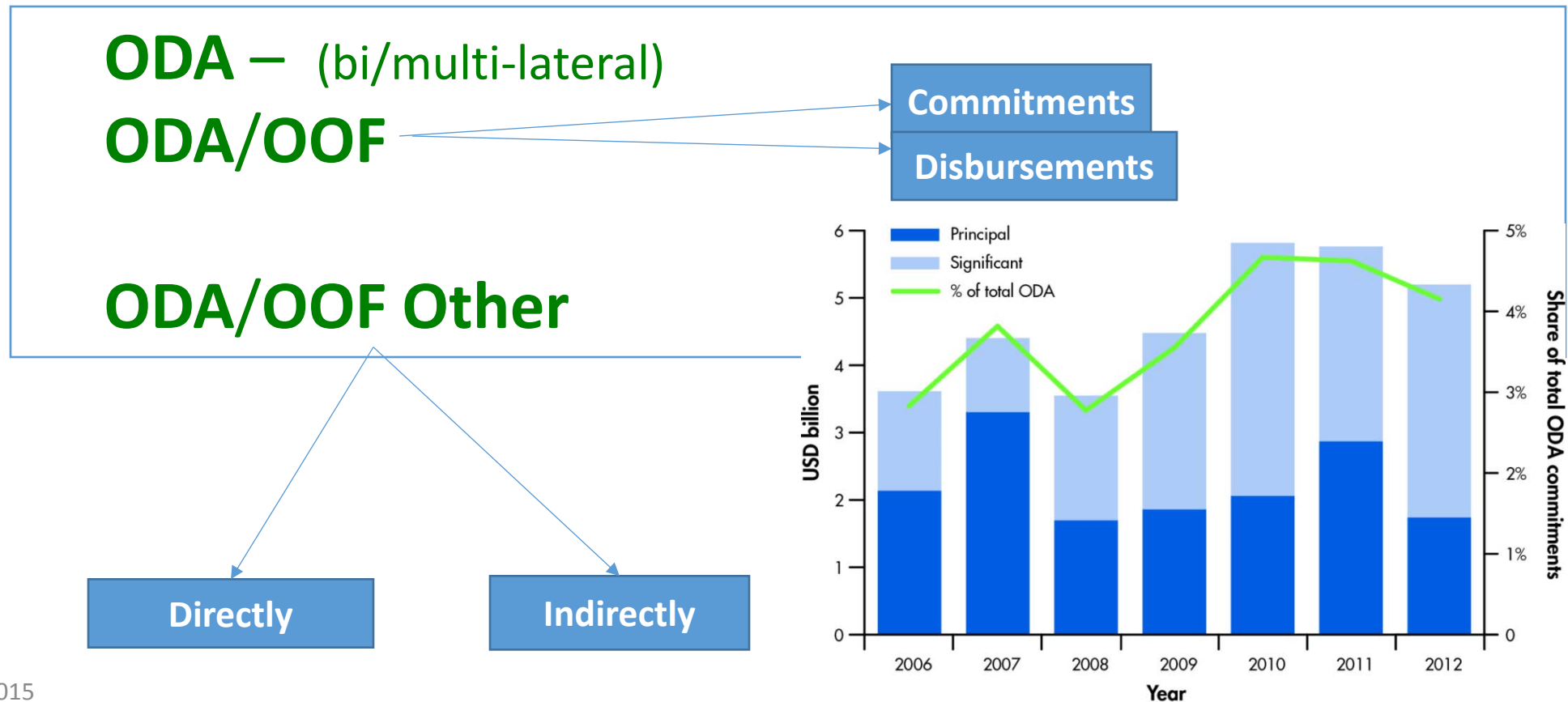
Medium Term Expenditure Framework

- The MTEF is annual, rolling three year-expenditure planning. It sets out the medium-term expenditure priorities and budget constraints against which sector plans can be developed and refined.



2.2 Extra budgetary

Resources provided **by the reporting country to developing countries** for biodiversity





Decomposition by Sector in CRS

- 014015: Water Resources Protection
- 041020: Biosphere Protection
- 041030: Bio-diversity
- 041040: Site preservation
- 031000: Agriculture, forestry and fishing
- 041010: Environmental policy and Administrative Management
- 041050: Flood Prevention and Control
- 041081: Environmental Education and Training
- 041082: Environmental Research

2.3 Private sector



Conclusions of the Mexico workshop

- **Possible data sources:** Corporate Social Responsibility reports, SEEA environmental protection expenditure reporting, questionnaires and individual interviews, extrapolation/ estimation models from partial data (e.g. expenditures by private conservation), green capital/natural capital, TEEB for business, corporate natural capital accounting, and embedding Total Official Support for Sustainable Development (TOSSD) in wider reporting. Build on existing frameworks!
- Generally **low response rates and quality of data** reported by the private sector: terminology and methodological issues (e.g., differentiate between mitigation, revenue linked expenses and biodiversity investments; whether or not to include offsets in private sector expenditure).
- **Longer-term work:** enhancing engagement with statistical offices (e.g. SEEA) and clarifying questions related to terminology on what should be included or excluded (e.g., clarifying the difference between compliance, following certain regulations and the business case for investing in biodiversity;
- **Engage with 'early movers'** from different sectors and consider the potential for global mandatory ESG reporting (based on a mandate from COP).

2.3 Private sector EU example



- Data collection under CEPA (Classification of environmental protection activities) includes questionnaires sent to companies
- Total environmental protection expenditure gives an idea of:
 - the money spent by each sector on environmental protection activities directly and indirectly
 - also those buying environmental services from other economic units and financing environmental protection expenditure that is carried out by other units

2.3 Private sector EU example



- *SERIEE (European System for the collection of economic information on the environment)* guide to compile expenditure account:
 - identify existing data sources,
 - extract and organize these data,
 - re-arrange the data and compile the CEPA tables and main expenditure aggregates,
 - manage, publish and disseminate the CEPA data,
 - evaluate data sources and contribute to their improvement,
 - establish and maintain relations to basic data providers and to users.



2.4 Guidance on collective action

- Assessing the contribution of collective action by indigenous and local communities constitutes important work
- Promoting and harnessing collective action can enhance the effectiveness of formal policies and reduce their cost
- Monetization can be useful in some cases in order to enhance visibility and recognition. However, socio-cultural values cannot be measured adequately through monetary valuation.
- Methodological framework proposed by ACTO* study
- Possible other methodologies identified by the Guatemala dialogue workshop: Multiple Evidence Base approach; participatory mapping and GIS, video and photo stories, bio-cultural community protocols, Community Based Monitoring and Information Systems (CBMIS)

Pragmatic approach: expenditures of pertinent government programmes that promote ILC action ?

*Andean Cooperation Treaty Organization



3. Classification on environmental activities (CEA) under SEDA

Two main categories

Group I: Environmental protection (EP)

- Activities aiming at protecting the environment against pollution, losses in quality and any kind of physical degradation (qualitative perspective)

Group II: Resource management (RM)

- Activities aiming at managing natural resources and avoiding/reducing their depletion (quantitative perspective)



Classification of Environmental Activities: overview of groups and classes

CEPA

Group I: Environmental protection (EP)

- 1 Protection of ambient air and climate
- 2 Wastewater management
- 3 Waste management
- 4 Protection and remediation of soil, groundwater and surface water
- 5 Noise and vibration abatement (excluding workplace protection)
- 6 Protection of biodiversity and landscapes
- 7 Protection against radiation (excluding external safety)
- 8 Research and development for environmental protection
- 9 Other environmental protection activities

Group II: Resource management (RM)

- 10 Management of mineral and energy resources
- 11 Management of timber resources
- 12 Management of aquatic resources
- 13 Management of other biological resources (excluding timber and aquatic resources)
- 14 Management of water resources
- 15 Research and development activities for resource management
- 16 Other resource management activities



Classification of Environmental Activities: overview of groups and classes

6 Protection of biodiversity and landscapes

- 6.1 Protection and rehabilitation of species and habitats
- 6.2 Protection of natural and semi-natural landscapes
- 6.3 Measurement, control, laboratories and the like
- 6.4 Other activities

CEPA – COFOG correspondence

CEPA	COFOG Correspondence
Group Classes I: Environmental protection (EP)	
1 Protection of ambient air and climate	05.3 - Pollution abatement
2 Wastewater management	05.2 - Waste water management
3 Waste management	05.1 - Waste management
4 Protection and remediation of soil, groundwater and surface water	05.3 - Pollution abatement
5 Noise and vibration abatement (excluding workplace protection)	05.3 - Pollution abatement
6 Protection of biodiversity and landscapes	05.4 - Protection of biodiversity and landscape
7 Protection against radiation (excluding external safety)	05.3 - Pollution abatement
8 Research and development for environmental protection	05.5 - R&D Environmental protection
9 Other environmental protection activities	05.6 - Environmental protection n.e.c.
Group Classes II: Resource management (RM)	
10 Management of mineral and energy resources	04.4.1 - Mining of mineral resources other than mineral fuels (CS)
11 Management of timber resources	04.2.2 - Forestry (CS)
12 Management of aquatic resources	04.2.3 - Fishing and hunting (CS)
13 Management of other biological resources (excluding timber and aquatic resources)	04.3 - Fuel and energy
14 Management of water resources	04.2.1 - Agriculture (CS)
	06.3 - Water supply
15 Research and development activities for resource management	04.8.2 - R&D Agriculture, forestry, fishing and hunting (CS)
	04.8.3 - R&D Fuel and energy (CS)
	04.8.4 - R&D Mining, manufacturing and construction (CS)
	Group: 06.5 - R&D Housing and community amenities
16 Other resource management activities	04.7.4 - Multi-purpose development projects (CS)



4. Methodology to provide coefficients

Guidance on coefficients

- Establishing a global set of criteria for assigning coefficients and developing associated national guidance.
- The concept of activities or expenditures ‘indirectly’ related to biodiversity objectives may be misleading in the context of implementing the Strategic Plan and its Aichi Targets
- Important in the context of expenditures/activities that are ‘indirectly’ related, using for instance SEEA CEPA for orientation (outside chapter 6)



A) coefficient based on a combination of 1) relevance for the **3 CBD objectives** and/or the **Aichi Targets** and 2) the **percentage of activity financing** that can be attributed to the objectives and Targets.

B) **Categorization** of activities/actions with a suggested range of attribution

C) Detailed list of all biodiversity **supporting activities** and give concrete attribution to each detailed activity



Coefficients

Category	Proportion of total financing attributable as “favorable to biodiversity”
No biodiversity-related field	0%
Minimal biodiversity-related field	5%
Encompass much more than biodiversity-related field	25%
Contain half of biodiversity-related fields	50%
Mostly include biodiversity-related fields	90%
Include only biodiversity-related field	100%



Practical example

Project for **securing water supply** has a German contribution of **4 millions EUR**

Principal objective is the improvement of water supply

For improving water quality, it also works to **restore and sustainably manage a watershed** (=> natural reforestation)

This contributes **significantly to improvement of biodiversity** (=> hence Rio Marker 1)

⇒ Therefore considered a „**sectoral biodiversity component**“ (CRS code 41030 for biodiversity)

⇒ \$-Volume behind this indicator accounts for biodiversity-related ODA (in this case: **25% = 1 millions EUR**)

⇒ Other 75% components (indicators) do NOT account for biodiversity-related ODA Rio Marker

Biodiv – 2	The entire financial volume (100%) of the project or programme is accounted as a contribution to biodiversity.
Rio Marker Biodiv – 1	Accounts only with a certain amount of the overall financial volume. The specific amount can vary and depends on the scope of positive impact on biodiversity . If indicator(s) meets criteria, the “ sectoral component ” contributing to this indicator is fully accounted.



France: proposed attribution for domestic expenditures

(using the Rio marker methodology)

Activity Type	Examples	Proportion of total financing attributable as “favourable to biodiversity”
Projects Rio Biodiversity Marker 2	Protected Areas Support to Environmental NGOs Biodiversity Trust Funds Direct Budget Assistance for Biodiversity	100%
Projects Rio Biodiversity Marker 1	Sustainable Forest Management REDD+ Sustainable Fisheries Management Ecological Restoration	80%
Projects Rio Biodiversity Marker 1	Agro-ecology Pastoralism and nomadic livelihoods Organic and Fair Trade Supply Chains Sustainable watershed management Water treatment Integrated water systems management	30%
Projects Rio Biodiversity Marker 1	Urban biodiversity development Responsible waste treatment Reduced impact waste Credit availability for environment (non-climate related)	5%
Communication	Activities with a biodiversity component	50%
Knowledge generation	Studies dedicated to biodiversity	100%

Switzerland

ESTIMATED RELEVANCE FOR THE CBD OBJECTIVES

BIODIVERSITY FACTOR

	Value (0-1)	%
BUDGETARY ITEM SUPPORTS CBD'S OBJECTIVES TO ITS FULL EXTENT	1.00	100%
BUDGETARY ITEM SUPPORTS CBD'S OBJECTIVES SIGNIFICANTLY	0.75	75%
ABOUT HALF OF THE BUDGETARY ITEM SUPPORTS CBD'S OBJECTIVES	0.50	50%
BUDGETARY ITEM CONTRIBUTES TO CBD'S OBJECTIVES FOR THE SMALLER PART	0.25	25%
A MINOR PART OF THE BUDGETARY ITEM CONTRIBUTES TO CBD'S OBJECTIVES	0.10	10%
A MARGINAL PART OF THE BUDGETARY ITEM CONTRIBUTES TO CBD'S OBJECTIVES	0.05	5%

Germany



Guidance on coefficients (follow.)

- Relevant activities should be identified and disaggregated as far as practicable
- If it is too costly to (further) disaggregate, coefficients could be applied
- Before disaggregating, one should look:
 - relevance of the expenditure
 - feasibility of disaggregation
 - associated cost
 - administrative burden



Guidance on coefficients (follow.)

- An indicative checklist could be developed consisting of a sub-set of SEEA CEPA categories, beyond the subclass on 'protection of biodiversity and landscape protection', for further analysis and disaggregation.
- The checklist could be further fine tuned in light of specific national targets
- Achieve transparency: develop practical national guidance on assigning coefficients and share this guidance
- Comparative analysis of existing sets of national guidance on assigning coefficients could be undertaken



Domestic expenditures: summary

- **Critical step** in assessing funding gaps and in developing national finance plans
- **Cooperation with statistical offices** in order to avoid duplication of efforts in data collection etc.



5. Funding needs, gaps and priorities

Costing of
NBSAP

Can use numbers in
4.1 to extrapolate

1 minus 2

Priority actions
from NBSAP

Currency *
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All values are : *
in thousands

Year	Funding need ⁱ	Estimated available resources ⁱ	Estimated funding gap ⁱ	Actions for priority funding ⁱ
2014 ▼	1000	800	200	EN
2015 ▼	1200	700	500	EN
2016 ▼	1500	1500	0	EN
2017 ▼	1600	1700	-100	EN
2018 ▼				EN
2019 ▼				EN
2020 ▼				EN

Additional methodological observations/comments, including sources of data:

Thank you!

9/25/2015



Convention on
Biological Diversity

