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RESOURCE MOBILIZATION

ANALYSIS OF THE INFORMATION PROVIDED THROUGH THE FINANCIAL REPORTING FRAMEWORK, AND OPTIONS FOR STRENGTHENING BIODIVERSITY-RELATED FINANCIAL INFORMATION SYSTEMS

Note by the Executive Secretary

I. ANALYSIS OF THE INFORMATION PROVIDED THROUGH THE FINANCIAL REPORTING FRAMEWORK

A. Introduction

1. 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;

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(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;

2. 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.

3. In paragraph 3 of the decision, the Conference of the Parties decided to review, at the 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.

4. 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). By paragraph 25, the Executive Secretary was to make the revised financial reporting framework available online no later than 1 June 2015, and Parties and other Governments were invited to report thereon, using online reporting systems, where feasible, by 31 December 2015.

5. By notification 2015-067, dated 3 June 2015, the Executive Secretary confirmed the online availability of the Financial Reporting Framework.¹ Reminder notification 2015-134 was sent on 23 November 2015.² In the light of the limited number of submissions received by the deadline above, notification 2016-003 of 7 January 2016 urged those Parties that have not yet submitted the financial reporting framework to do so as soon as possible and, if they have not yet done so, to provide information on progress made and expected date of submission, preferably by 15 February 2016.

6. By 15 February 2016, 26 reports were received and posted online by the following Parties: Bosnia and Herzegovina, Colombia, Croatia, Cuba, Czech Republic, the Democratic Republic of the Congo, Denmark, Egypt, Eritrea, Estonia, France, Germany, India, Japan, Latvia, Luxembourg, Malawi, Mexico, Netherlands, Panama, Poland, Republic of Korea, Rwanda, Slovenia, Spain, the United Kingdom of Great Britain and Northern Ireland. This comprises 12 countries that are members of the Development Assistance Committee (DAC) of the OECD, and 14 non-members. All reports can be seen under <https://chm.cbd.int/search/reporting-map?filter=resourceMobilisation>. In addition, three reports were received in hard copy from Peru, Suriname, and Uruguay, and, while these reports at the time of preparation had not yet been posted online, the information provided as pertinent to the financial reporting framework was included in the analysis below. The limited number of reports received 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 that the information provided is preliminary and that the reporting constitutes "work in progress".

B. Analysis

International financial resource flows

7. A total of 15 countries (the 12 DAC members and 3 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, both baseline information (question 1.1.1) and information on progress in mobilizing international financial resource flows (question 1.1.2). In the tables provided, all reporting countries reported on biodiversity-related official development assistance (ODA), while the Czech Republic and the

¹ <https://www.cbd.int/doc/notifications/2015/ntf-2015-067-resourcemobilization-en.pdf>.

² <https://www.cbd.int/doc/notifications/2015/ntf-2015-134-rm-en.pdf>.

United Kingdom also reported on other official funds provided (OOF). No country reported on other funds in the dedicated column, mobilized by the private sector as well as non-governmental organizations, foundations, and academia (see however comment by France below).

8. In terms of additional methodological observations or comments, 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 2016 and 2017.

9. Specifically with regard to other funds, France noted that funding for biodiversity-related research by academic institutions was included in the 2014 ODA figures. As regards private funds, France noted that it could not identify a reliable statistical method to account for this funding stream.

10. In terms of information on progress, most countries (9) presented data for 2011-14, presumably because data for 2015 is often not yet available or confirmed; for instance, Denmark pointed out that the reporting is an ongoing process and not a final or comprehensive assessment of Denmark's contributions. Even 2014 data may in some cases not be fully available or final. Four countries report up to 2013. The last columns in tables 2 and 4 should therefore be interpreted with particular caution.

Table 1. Methodological information on international financial flows			
	<i>Number of countries: 15</i>		
ODA includes:	Bilateral: 15	Multilateral: 13	N/i: 0
ODA/OOF:	Commitments: 4	Disbursements: 9	N/i: 2
ODA/OOF includes:	Directly related: 15	Indirectly related: 10	N/i: 0
Other flows include:	Directly related: 1	Indirectly related: 1	N/i: 0
Methodology used to identify official resource flows:	OECD DAC Rio markers: 9	Other: 4	N/i: 2

11. 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).

12. In table 2 below, such a quotient was calculated by adding up the individual baselines as provided by countries (i.e. the average 2006-2010 data per country) as well as data for 2011-14³ and by dividing the aggregated annual data for 2011-14 by the aggregate baseline. 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.

13. Moreover, in the light of the limited number of reports received, there is presently some sample bias and these figures therefore have to be interpreted accordingly. For instance, as per current reporting,

³ 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.

the biggest donor country (Japan) contributes to approximately 50 per cent of the collective baseline and its trend contributes accordingly to the quotient in table 3. To showcase this, in the second line, the same quotient has been calculated by omitting this country's data.

Table 2	2011	2012	2013	2014
Aggregate quotient	1.3	0.9	0.9	1.3
Quotient without biggest donor	1.4	1.5	1.7	1.6

14. To further illustrate this “base effect” on the quotient, 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.

15. 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, 20 countries provided an answer, out of which eight countries report that no measures were taken while 11 Parties indicate that some measures were taken and the Netherlands indicated that comprehensive measures were taken. A total of nine countries pointed to specific examples of important initiatives and activities (Denmark, Germany, Japan, Panama, Netherlands, Peru, Republic of Korea, Slovenia, and the United Kingdom).

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

16. All reporting countries responded to whether they included biodiversity in national priorities or development plans, and all of them reported progress: 19 Parties indicated that some inclusion was achieved while 10 countries indicated that comprehensive inclusion was achieved. This seems to indicate that progress is satisfactory with regard to target 1 (b) of decision XII/3.

17. This is further corroborated by the additional information, provided by 25 countries. 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, or even the national Constitution, referenced by a total of 12 countries, that seem to provide the main avenue for effective mainstreaming of biodiversity. Croatia explicitly noted that intersectoral 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.

18. All reporting countries 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. Only two countries indicated that they have not yet started while 25 indicated that they undertook some assessments while two countries indicated that comprehensive assessments were undertaken. Hence, over 90 per cent of reporting countries have undertaken at least some assessments, which seems to indicate satisfactory progress with regard to the relevant element of target 1 (d) of decision XII/3.

19. This is further reinforced by the additional comments, provided by 23 countries. Among those, 12 make reference to broad assessment exercises, completed or well 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, or national studies on the Economics of Ecosystems or Biodiversity. This seems to indicate that the number of comprehensive assessments could increase in the future. A total of eight countries make reference to smaller-scale studies, including economic valuation studies; for instance, 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. In this context, Peru noted that, while it had not started, it recently developed a guide and manual of economic valuation of natural heritage.

Reporting current domestic biodiversity expenditures

20. Out of the 29 reporting countries, 25 countries, or over 80 per cent, reported on their annual financial support provided to domestic biodiversity-related activities in the country, which, bearing in mind the methodological reservations stated earlier, would seem to indicate satisfactory progress against the relevant element of target 1 (c) of decision XII/3.

21. 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.

Table 3 <i>Numbers provided cover</i>	<i>Number of countries</i>	
	<i>Expenditures directly related to biodiversity</i>	<i>Expenditures indirectly related to biodiversity</i>
Government budgets – central	25	14
Government budgets – state/provincial	14	9
Government budgets – local/municipal	13	8
Extrabudgetary	6	3
Private/market	6	4
Other (NGO, foundations, academia)	10	6
Collective action of indigenous and local communities	0	1

22. A total of 22 countries 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 nine countries indicated that no such assessment is necessary while 12 countries had not yet started. Colombia reported that some assessments were undertaken. No country indicated that comprehensive assessments were undertaken. No country provided additional comments.

Reporting funding needs, gaps, and priorities

23. Only 7 reporting countries (25 %) indicated their annual estimated funding need (typically based on the revised NBSAP; see below), out of which 6 calculated the estimated funding gap by subtracting estimated available resources. A total of four countries, or less than 15 per cent, also indicated actions for priority funding (The Democratic Republic of the Congo, Egypt, Eritrea, and Malawi). Three countries (Latvia, Spain and the United Kingdom) did not provide data in the table, but provided additional information including illustrative numbers for instance on the total funding need for Natura 2000 sites. Even including these, the numbers would fall significantly short of target 1 (c) of decision XII/3.

24. A total of 17 countries provided additional explanations. Among those, four countries that reported their funding needs and gaps referred in particular to their revised NBSAP as a basis for their assessment. The Democratic Republic of the Congo also pointed to the GEF-7 needs assessment⁴ and to the budget of the agriculture framework programme 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, 7 countries noted that their NBSAP is still under review and would therefore not yet be available for a “costing” exercise; among those, Mexico and Peru pointed to the ongoing work of the UNDP

⁴ See <http://www.cbd.int/financial/survey2016.shtml>.

BIOFIN initiative. The Netherlands noted that funding gaps are not applicable and have therefore not been estimated in the country.

National finance plans

25. Consistent with these explanations, only two countries (the Democratic Republic of the Congo and Egypt), or less than 10 per cent of reporting countries, provided a synthesis of their finance plan in the pertinent table, by indicating, without further disaggregation by individual funding sources, their planned resource mobilization by domestic and international sources.

26. 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, 26 countries provided an answer, out of which three countries report that no measures were taken while 22 Parties indicate that some measures were taken and two countries indicate that comprehensive measures were taken. A total of nine countries provided additional information of their engagement with non-governmental organizations, foundations and academia. India and Peru pointed to the establishment of business and biodiversity initiatives, while India also mentioned mandatory CRS spending for companies above certain thresholds.

C. Preliminary conclusions and suggested way ahead

27. In the light of the limited number of reports received by the time of preparation of this document, the fact that 2015 data seems to be in most cases not yet available, and that even the 2014 data may in some cases not be final, it would be premature at this stage to draw any firm conclusions with regard to how Parties fare collectively in achieving target 1 (a) for resource mobilization adopted by the twelfth meeting of the Conference of the Parties. The 30 per cent increase of 2014 data over the baseline (60% without the biggest donor), together with the fact that several countries, including several large donors, already achieved, or were close to achieving, the doubling of their international resource flows in 2014 (see annex), are encouraging signs; however, a significant increase would still be required to achieve the collective doubling of international flows by 2015.

28. Methodological reservations notwithstanding, some cautious optimism seems to be in order with regard to target 1 (b), on the inclusion of biodiversity into national priorities or development plans, and on the element on the assessment of values of target 1 (d). On target 1 (c), given the small number of reporting Parties and on a strict interpretation, the target has not been met by 2015. However, among reporting countries, reporting domestic biodiversity-related expenditures also seems to be satisfactory.

29. A trend can however be detected with regard to the apparent difficulty many Parties seem to face in reporting their funding needs, gaps, and priorities (see target 1 (c); section 5 of the FRF) and, in particular, in developing and reporting their national finance plans (see target 1 (d); section 6 of the FRF). Looking at the explanations provided by some countries, this 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.

30. The limited progress on reporting of finance gaps and on preparing national finance plans will also have an impact on assessing progress against target 1 (e), on the mobilization of domestic financial resources to reduce the gap between identified needs and available resources at domestic level. 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.

31. The Subsidiary Body may therefore wish to recall the invitation to Parties by the Conference of the Parties at its twelfth meeting, to report on their contribution to reach the global financial targets, using the financial reporting framework, and urge Parties which have not yet done so to report thereon in time for the preparation of documentation for the thirteenth meeting of the Conference of the Parties. The subsidiary Body may also wish to recall the critical role of the NBSAP for the eventual mobilization of financial resources, including for the effective implementation of the Protocols under the Convention and

for the synergistic implementation of other biodiversity-related conventions, and to invite those Parties which already finalized their revision of the NBSAP to intensify their efforts to identify their funding needs, gaps and priorities, and to expedite the development of a national strategy for resource mobilization or finance plan for the effective implementation of the revised NBSAP. The Subsidiary Body may also wish to request the Executive Secretary to update the present analysis, for consideration by the Conference of the Parties at its thirteenth meeting.

II. OPTIONS FOR STRENGTHENING BIODIVERSITY-RELATED FINANCIAL INFORMATION SYSTEMS

32. In paragraph 27 of decision XII/3, the Conference of the Parties at its twelfth meeting requested the Executive Secretary to develop, for consideration by the Subsidiary Body on Implementation at its first meeting, 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, with a view to further increasing transparency and accessibility of information to support the implementation of Article 20 of the Convention.

33. This request relates to another request to the Executive Secretary, in paragraph 32(b) of the same decision, to initiate technical work by organizing a technical expert workshop on identifying, accessing, compiling and aggregating domestic and international biodiversity-related investments and impacts, with a view to (a) presenting, sharing and reviewing existing national experiences; (b) assessing experiences and methodologies applied in other sectors with a view to identifying opportunities for methodological transfer; and (c) identifying options for convergence towards, and possible elements of, a common methodology. The workshop report was to be made available as an element of voluntary guidance for Parties, with a view to facilitating financial reporting on domestic expenditures and the development of national finance plans (para. 32(c) of the decision).

34. Pursuant to this request, the workshop was organized in close cooperation with the United Nations Development Programme (UNDP), through its Biodiversity Finance Initiative (BIOFIN). It was 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 options presented below are based on the conclusions of the workshop, referred to hereafter as the “Mexico workshop”, as presented in its report. The full report of the workshop is made available as an information document (UNEP/CBD/SBI/1/INF/20).⁵

Synergizing with existing data collection and reporting processes

35. The Mexico workshop highlighted the importance of building on existing reporting frameworks as well as associated processes and datasets, both internationally and nationally. With regard to international frameworks, explicit reference was made to the Rio markers of the Development Assistance Committee of the Organization for Economic Development and Cooperation (OECD DAC) and to the Classification of Environmental Protection Activities (CEPA), which is used in several globally recognized statistical frameworks and associated reporting processes. The two frameworks pertain, respectively, to the monitoring and reporting of biodiversity-related international financial resource flows to developing countries, and to the monitoring and reporting of domestic biodiversity-related resource flows. In addition, the emerging process for monitoring and reporting progress in achieving the commitments on the means of implementation of the sustainable Development Goals and the Addis Ababa Action Agenda for financing sustainable development also seems to be important.

36. *OECD DAC Rio markers.* Members of the OECD Development Assistance Committee (DAC) report on Official Development Assistance (ODA) and Other Official Flows (OOF) provided to

⁵ The report of the workshop was also made available on the online financial reporting framework and formed the basis for the subregional capacity-building workshops on resource mobilization and financial reporting (see UNEP/CBD/SBI/1/INF/20 for detailed information on the workshops). It was also circulated by notification 2015-118 of 16 October 2015 (<http://www.cbd.int/doc/notifications/2015/ntf-2015-118-rm-en.pdf>).

developing countries through the Creditor Reporting System (CRS) and the associated database.⁶ In this context, they report on their pertinent international funding that contributes to the implementation of the three “Rio Conventions”, by tagging pertinent projects (and associated funding) through the Rio markers methodology. Most Parties that are members to the DAC already use this methodology for reporting their international funding streams in their financial reporting to the Convention on Biological Diversity, including funding streams that relate to biodiversity in an indirect manner, by using the “significant” marker.⁷ As those activities would seem to only partially contribute to biodiversity outcomes, many countries assign a coefficient, or a range of coefficients, smaller than one to the pertinent funding stream.⁸ Work has been ongoing in OECD to further develop the Rio marker methodology.⁹

37. *Classification of Environmental Protection Activities (CEPA)*. This framework classifies activities (and associated expenditures) that are aimed at the prevention, reduction and elimination of pollution as well as any other degradation of the environment. It was adopted as an international statistical standard by the United Nations Statistics Commission in 2002. CEPA Class 6 covers protection of biodiversity and landscapes. CEPA (including the biodiversity class) is used by several broader statistical frameworks and associated reporting processes:

(a) In the context of the review of the United Nations System of Environmental-Economic Accounting (SEEA), CEPA was included in the Classification of Environmental Activities (CEA), which in turn is contained in the so-called SEEA Central Framework. The SEEA Central Framework provides the internationally agreed standard for producing internationally comparable statistics on the environment and its relationship with the economy.¹⁰ In this context, several countries already report on their environmental protection expenditures, including biodiversity-related expenditures.¹¹ Economic actors covered include general government (government at central, provincial and municipal levels) as well as industry;¹²

(b) CEPA is reflected in the Classification of Functions of Government (COFOG), which is used by the International Monetary Fund (IMF) in collecting data from countries for its Government Finance Statistics (GFS) Yearbook. COFOG item 05 on environmental protection expenditures corresponds to CEPA. In the past, countries just reported an aggregate figure for all environmental protection expenditures. However, as the GFS Yearbook Questionnaire has recently been redesigned, based on the updated 2015 Government Finance Statistics Manual, there is now an avenue for more disaggregated reporting.¹³ According to the IMF, countries are expected to transition to the new questionnaire by 2016;

(c) CEPA/CEA is reflected in the Framework for the Development of Environmental Statistics (FDDES), which marks out the scope of environment statistics and provides an organizing structure to guide the collection and compilation of environment statistics at the national level. The framework, together with an action plan for its implementation, was endorsed by the Statistical

⁶ The CRS database is accessible under <http://stats.oecd.org>, using the development tag. Annual biodiversity-related funding streams (scored principal or significant) are searchable inter alia by donor and recipient country. The database also allows access to more detailed information at the level of individual projects.

⁷ See UNEP/CBD/SBI/1/INF/20, annex II for details.

⁸ The financial reporting framework allows indicating whether the Rio markers methodology was used and, if so, which coefficient was assigned.

⁹ A Task Team has been working to refine the Rio marker definitions and guidance in particular with regard to the climate adaptation and mitigation markers.

¹⁰ It was adopted as an international statistical standard by the United Nations Statistics Commission in 2012.

¹¹ See presentation made by Eurostat at the Mexico workshop for more detailed information: <http://www.cbd.int/doc/meetings/fin/rmem-2015-01/other/rmem-2015-01-presentation-07-en.pdf>.

¹² The information on biodiversity-related expenditure (CEPA class 6) provided by countries is available online, on the Eurostat and OECD statistics pages. See <http://stats.oecd.org>, using the “environment” and “environment protection expenditure and revenues” tags, and <http://ec.europa.eu/eurostat/data/database>, using the “environment” tag.

¹³ See <http://www.imf.org/external/pubs/ft/gfs/manual/gfs.htm>. The pertinent database is accessible under the IMF data portal, to be found under <http://www.imf.org/en/Data>, by choosing “Government Finance Statistics Yearbook (GFSY)” under “data topic”.

Commission in 2013.¹⁴ Component 6 of the framework, on Environment Protection, Management and Engagement, contains a sub-category 6.1 on Environment Protection and Resource Management Expenditure, which again refers to CEPA/CEA and the associated guidance;¹⁵

38. Relying on these statistical frameworks and strengthening their associated data collection and reporting processes at national level, in particular when they are already applied and used at national level, would arguably provide an opportunity to generate synergy and avoid the duplication of work for the purpose of biodiversity-related financial data collection and reporting. Even if countries do not, or not yet, implement SEEA or do not report to the IMF for the GFS, they may already be using CEPA within their national statistical frameworks. And even if national classifications are not, or not entirely, consistent with CEPA, synergies, for the purpose of financial reporting to the Convention, could still be realized if these national classifications contain a separate class for biodiversity expenditures.

39. *SDG/FfD monitoring and reporting.* The Addis Ababa Action Agenda, adopted at the Third International Conference on Financing for Development, in Addis Ababa, Ethiopia, and endorsed by the General Assembly on 27 July 2015,¹⁶ provides a comprehensive and integrated framework for financing sustainable development, while also supporting implementation of the Sustainable Development Goals. An Inter-agency Task Force (IATF) on Financing for Development was established with a view to (a) reviewing progress in implementing the FfD outcomes and the means of implementation (MoI) of the Sustainable Development Goals (SDGs), and (b) advising the intergovernmental follow-up process on implementation gaps, and make recommendations for corrective action. The Secretariat of the Convention is represented in the Inter-Agency Task Force and has provided a briefing on the biodiversity-related resource mobilization decisions and associated activities under the Convention, including on financial reporting related to biodiversity.

40. As per the planning at the time of preparation of this document, the IATF will present an inaugural report in 2016 including options for a monitoring framework. The report is planned to inform the intergovernmental discussions on monitoring, follow-up and review of implementation of the 2030 Sustainable Development Goals and the Addis Ababa Action Agenda, which are scheduled to take place at the inaugural FfD Forum in April 2016 and the High-level Political Forum on Sustainable Development in July 2016.¹⁷

41. This emerging framework and work process may again provide opportunities for synergies and alleviating the reporting burden of countries, and it would be useful to continue to follow this process closely and, in particular, to explore, including through the IATF, how to best create an interface between the Financial Reporting Framework and the emerging monitoring process for the FfD outcomes.

Further methodological work for strengthening biodiversity-related financial information systems

42. The Mexico workshop reviewed and analysed methodologies for identifying and assessing biodiversity-related funding streams with a view to identifying common features and critical differences, as well as possible areas of convergence towards (elements of) a common methodology. It also provides indicative next steps to be taken to address critical (data and methodological) gaps and challenges. The analysis was undertaken across a range of “horizontal” or cross-cutting issues that were identified to be relevant as currently both posing methodological challenges and opportunities for methodological convergence. This sub-section summarizes the main conclusions of the Mexico workshop in this regard, and also provides information on ongoing work by partners.

Scope and coefficients

43. There is currently no single approach regarding in which activities are included in the pertinent classifications and conceptualizations of biodiversity-related activities. For instance, divergences may

¹⁴ See <http://unstats.un.org/unsd/environment/fdes.htm> .

¹⁵ See <http://unstats.un.org/unsd/environment/FDES/FDES-2015-supporting-tools/FDES.pdf> .

¹⁶ See http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/69/313 .

¹⁷ See <http://sustainabledevelopment.un.org/hlpf> .

result from the fact that the financial targets adopted by the Conference of the Parties at its twelfth meeting seek to “achieve an overall substantial increase in total biodiversity-related funding for the implementation of the Strategic Plan for Biodiversity 2011–2020”. The Strategic Plan and its twenty Aichi Biodiversity Targets, as a broad framework, includes however actions that would not fall under narrower definitions of biodiversity-related activities.

44. Existing methodologies, such as the Rio markers at international level or the various approaches used by governments to assess their national biodiversity-related expenditures, frequently approach this issue by defining “tiers” of relevance, typically defining activities as directly relevant (“principal” or “primary purpose”), and complementing this with one or several tiers for funding streams of indirect relevance (“significant” or secondary purpose). For aggregation purposes, a coefficient, or a range of coefficients, is frequently assigned to the pertinent indirect funding streams; however, there is again no common methodology.

45. CEPA/CEA and similar statistical classifications use the concept of “primary purpose” in order to unequivocally assign activities to specific classes. Activities that are relevant for biodiversity but not as a primary purpose would then not appear under the biodiversity Class 06, but under other elements of the classification. The Mexico workshop noted that, at national level, it would seem to be useful to define the appropriate scope of biodiversity-related activities in accordance with national targets, developed based on the global Strategic Plan for Biodiversity 2011-2020 as a flexible framework, as reflected in revised national biodiversity strategy and action plans. Flexibility in applying any classification would be needed to allow each country to focus on its own priorities.

46. On the other hand, some standard guidance and boundaries would be an effective means of reducing variability between countries and could help facilitate the tracking of resource mobilization efforts at the global level. While a comprehensive harmonization among different approaches might not be feasible or even useful in the foreseeable future, given that they are designed for specific circumstances and conditions, a useful element of establishing more transparency and eventual convergence could be to develop an indicative checklist consisting, in addition to and beyond the sub-class on “protection of biodiversity and landscape protection”, of a sub-set of SEEA CEPA categories or COFOG classes that are deemed to be of particular potential relevance for biodiversity purposes, as a starting point for further analysis and disaggregation. For the national analysis, this checklist could be further fine-tuned in the light of the national targets as adopted in revised NBSAPs, as well as national statistical classifications used, and could then also provide a system for attribution (coefficients) of secondary activities.

47. As first steps to its development, and as countries embark on reporting on their biodiversity-related international funding provided to developing countries and on their biodiversity-relevant domestic expenditures, (a) practical national guidance could be developed on how to identify and attribute relevant funding streams, building as appropriate on existing systems and good practices, and (b) this guidance could be communicated through the reporting framework, with a view to establishing or improve transparency and enable replicability.

48. Based on this information, a comparative analysis of existing sets of national guidance could be undertaken, and a process could be established towards achieving methodological convergence, for instance in form of a technical expert group. This could eventually lead to developing the indicative checklist above, together with a suggested range of attribution coefficients, which would allow a certain amount of flexibility in attribution based on the details of each activity while also allow a certain level of comparability among countries and provide practitioners with increased ease of analysis.

Capturing funding streams from various sources

49. *International funding provided through multilateral institutions.* A joint working group of Multilateral Development Banks (MDB), led by the European Investment Bank (EIB), is currently developing a methodology to track and report biodiversity finance flows. Given that biodiversity is a cross-cutting issue, the biodiversity financing tracking methodology will most likely rely heavily on the

process and the experience gained in the field of climate adaptation finance tracking. Based on general principles listed and defined biodiversity criteria and definitions, the methodology is expected to propose a finance reporting process and provide examples of sector-specific biodiversity-related activities. The working group plans to test the methodology and refine it with a view to be released at the thirteenth meeting of the Conference of the Parties to the Convention.

50. *Private sector contributions.* While there are a few (emerging) approaches by individual Parties, the workshop recognized that assessing private sector contributions to biodiversity is one of the more challenging aspects of tracking and planning biodiversity expenditures. Improving the reporting of private sector financial contributions is long-term work addressing for instance terminology and methodological issues.

51. The workshop reviewed various available potential data sources and methodologies, such as annual reporting by corporations (e.g. through Corporate Social Responsibility reports); environmental protection expenditure reporting by the private sector, through the statistical frameworks and processes referenced above; individual questionnaires and interviews with select entities, possibly coupled with extrapolation/estimation models; and corporate natural capital accounting. Other global work processes could play a supportive role, such as the recent work of the Natural Capital Coalition to improve methodologies for corporate natural capital accounting, or possible work in the context of TEEB country studies. With regard to international biodiversity-related funding provided to developing countries, reference was also made to the proposed new international measure for development support, provisionally entitled “Total Official Support for Sustainable Development” (TOSSD), which would also capture private funding, in the context of blended finance.¹⁸

52. The workshop noted that there is a need to prioritize approaches with the greatest impact in the short term, given the urgency to report on private sector expenditures. Potentially useful approaches include again enhancing engagement with statistical offices and trying to build on existing frameworks (e.g. on CEPA-related data collections from the private sector) while clarifying questions related to scope; for instance, clarifying the difference between compliance, following certain regulations and the business case for investing in biodiversity. It would also be useful to engage with “early movers” from different sectors and consider the potential for global mandatory Environmental, Social and Governance (ESG) reporting. Further analytical work could look at existing business reporting frameworks and initiatives, with a view to identifying possible entry points for identifying and reporting business biodiversity-related expenditures.¹⁹

53. *Subnational level expenditures.* Due to the distributed nature of the data and the complexity of the task of avoiding double-counting in light of the manifold financial flows between and within different levels of government, identifying and assessing sub-national biodiversity-related expenditures poses particular challenges. The IMF governance finance statistics, referenced above, include expenditures from different levels of government. In the light of data and capacity limitations, extrapolation techniques seem to be useful and might provide interesting templates for inspiration by other potential users. Again, sharing the underlying methodological information through the financial reporting framework could improve transparency and enable replicability.

54. *Addressing expenditures that are harmful for biodiversity.* Mindful of the potential of Aichi Biodiversity Target 3 to mobilize resources for biodiversity, the Conference of the Parties considered and adopted milestones for the full operationalization of this Target at its twelfth meeting. The milestones inter alia call for the finalization, by 2016, of national analytical studies that identify candidates for elimination, phase-out or reform of incentives, including subsidies, harmful for biodiversity. As

¹⁸ See also Addis Ababa Action Agenda, at paragraph 55. TOSSD aims to complement ODA by increasing transparency and monitoring important new trends that are shaping the international development finance landscape, including: i) the leveraging/catalytic effect of ODA, ii) the use of blended finance packages, and iii) the use of innovative risk mitigation instruments in development cooperation.

¹⁹ See UNEP/CBD/SBI/1/5/Add.2 and UNEP/CBD/SBI/1/INF/12 for an analysis of business reporting for biodiversity including a review of existing reporting schemes.

addressing harmful expenditures (i.e., their elimination, phase out, or reform) often require difficult legal reforms and thus remain a sensitive domestic political issue, a workshop to examine approaches in greater detail, in particular through country experiences and guidance, was identified as a useful means to move this item forward.

Assessing the contribution of collective action by indigenous and local communities

55. On this topic, the Mexico workshop deferred to the conclusions of the Dialogue Workshop on Assessment of Collective Action of Indigenous Peoples and Local Communities in Biodiversity Conservation and Resource Mobilization, held in Panajachel, Guatemala, from 11 to 13 June 2015. Document UNEP/CBD/SBI/1/7/Add.2 provides a summary and document UNEP/CBD/SBI/1/INF/6 contains the full report of the co-chairs of the workshop.

56. Collective action has potential to contribute to achieving all the Aichi Targets. At the same time, the monitoring and assessment of the contribution of collective action is highly context specific, requiring a broad range of methodological approaches which can be applied in a tailored manner in accordance with local circumstances. Approaches are already applied and hold potential for upscaling and replication, but further methodological work, including pilot projects and associated studies, seems to be needed to refine methodologies and to develop good practice cases. The Subsidiary Body may wish to recommend inviting Parties and relevant organizations to support this work, including by providing technical and financial assistance. In the light of the particular expertise and representation needed, and with a view to creating synergies, use could be made of existing work processes and arrangements under the Ad Hoc Open-ended Working Group on Article 8(j) and Related Provisions.

57. In the short run, indicative guidance on methodologies for assessing the contribution of collective action and its integration in financial reporting under the Convention could rest to agreed general principles that would govern the design and application of such methodologies, which would be complemented by an indicative, non-exhaustive list of methodological approaches. Such guidance could rely on the themes identified by the Guatemala report, such as (a) multiplicity of values; (b) process-orientation; and (c) methodological pluralism and complementarity.²⁰ In line with the request of paragraph 31 of decision XII/3, elements of such voluntary guidelines are provided in an annex to the draft recommendation presented in document UNEP/CBD/SBI/1/7.

²⁰ See UNEP/CBD/SBI/1/7/Add.2, section II.

Annex

Country quotients (reported annual international flows divided by reported baseline)					
Reporting countries	Baseline	2011	2012	2013	2014
Croatia	11	1.9	2.3	3.8	4.5
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
France	144,392	1.1	1.5	2.1	1.9
Germany	266,815	2.6	2.6	2.7	2.6
Japan	1,239,208	1.2	0.4	0.1	0.9
Latvia	54	0.2	4.0	0.4	5.5
Luxembourg	3,348	1.6	3.7	3.6	4.7
Netherlands	143,445	0.6	0.8	0.7	0.6
Poland	1,497	1.6	1.4	1.6	1.7
Republic of Korea	13,283	1.3	0.7	1.5	--
Slovenia	528	0.8	0.6	0.7	--
Spain	69,409	0.5	0.1	0.5	0.8
United Kingdom of Great Britain and Northern Ireland	133,867	1.7	1.0	1.0	2.2

Source: Financial reporting frameworks; own calculations. Current values, as reported.

Notes: Baseline in thousands of United States dollars. Currency conversion based on annual average exchange rates from WEO database.