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Item 10 of the provisional agenda*

REPORT OF THE EXPERT TEAM ON A FULL ASSESSMENT OF THE FUNDS NEEDED FOR THE IMPLEMENTATION OF THE CONVENTION AND ITS PROTOCOLS FOR THE SEVENTH REPLENISHMENT OF THE GLOBAL ENVIRONMENT FACILITY

1. In paragraph 11 of decision XII/30, the Conference of the Parties decided, “in anticipation of the seventh replenishment of the Global Environment Facility Trust Fund, to undertake, at its thirteenth meeting, the second determination of funding requirements for the implementation of the Convention and its Protocols, in line with the terms of reference contained in the annex to the present decision”.
2. In accordance with the terms of reference for the full assessment, a team of five experts was established to prepare the report on the full assessment of funding necessary and available for the implementation of the Convention for the period July 2018 to June 2022. The five experts were Mr. Carlos Manuel Rodriguez (Costa Rica) and Mr. Appukuttan Nair Damodaran (India) from developing country Parties, Ms. Maria Schultz (Sweden) and Mr. Yasushi Hibi (Japan) from developed country Parties, Mr. Günter Mitlacher (GEF-CSO Network) from international non-governmental organizations.
3. Financial support to the team of five experts was received from the Government of Japan through the Japan Biodiversity Fund and the European Commission. The representative of the Global Environment Facility, Mr. Mark Zimsky, participated in the assessment as an observer.
4. The team of five experts prepared the draft executive summary of the assessment report, which is annexed hereto, and submitted it for consideration by the Subsidiary Body on Implementation at its first meeting. The draft report has been reviewed by the Global Environment Facility and the Executive Secretary as specified in the terms of reference.
5. In accordance with the terms of the reference contained in decision XII/30, the Subsidiary Body on Implementation at its first meeting should consider the expert team’s assessment report and make recommendations for consideration by the Conference of the Parties at its thirteenth meeting. The Conference of the Parties at its thirteenth meeting will take a decision on the assessment of the amount of funds that are necessary for the implementation of the Convention and its Protocols for the seventh replenishment period of the Trust Fund of the Global Environment Facility, and communicate the results to the Global Environment Facility accordingly.

* UNEP/CBD/SBI/1/Rev.1.

FULL ASSESSMENT OF THE AMOUNT OF FUNDS NEEDED FOR THE IMPLEMENTATION OF THE CONVENTION AND ITS PROTOCOLS FOR THE SEVENTH REPLENISHMENT PERIOD OF THE TRUST FUND OF THE GLOBAL ENVIRONMENT FACILITY

**An Assessment by the CBD Expert Team Members
March 14, 2016**

<u>Representing Developing countries</u> Mr. Carlos Manuel Rodriguez (Costa Rica) Mr. Appukuttan Nair Damodaran (India)	<u>Representing Developed countries</u> Ms. Maria Schultz (Sweden) Mr. Yasushi Hibi (Japan)
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EXECUTIVE SUMMARY FOR SBI-1

I. MANDATE AND METHODOLOGY OF THE FUNDING NEEDS ASSESSMENT

1. The Conference of the Parties at its Twelfth Meeting (COP-12) adopted Decision XII/30: *...in anticipation of the seventh replenishment of the Global Environment Facility Trust Fund, to undertake, at its thirteenth meeting, the second determination of funding requirements for the implementation of the Convention and its Protocols*. COP-12 decided on terms of reference (ToR) for the task of the Expert Team to undertake the full assessment of the funding needs, which are contained in the annex to Decision XII/30 ([UNEP/CBD/COP/DEC/XII/30](#), paragraph 11). *
2. As requested by the ToR the assessment took into account the three **objectives** of the Convention, the Strategic Plan for Biodiversity 2011-2020 and the Aichi Biodiversity Targets (Decision X/2), and the objectives and guidance to the Cartagena and Nagoya Protocol. The assessment focused on measures to assist GEF-recipient countries.
3. According to the assessment's **scope** the funding needs for implementing the Convention from 2018-2022 necessitates first the calculation of total needs to implement activities to achieve the Strategic Plan and the Aichi Targets as well as activities of the Cartagena and Nagoya Protocol. The GEF-7 time period exceeds the time-limit of the Strategic Plan. However, activities in meeting global and national targets might require more time for implementation. Importantly, the scope of the exercise must focus on **the estimation of the full agreed incremental costs**, which would need to respond to GEF's guidelines on incremental reasoning to be able to arrive at the incremental costs presented as funding needs for the GEF-7 period. In addition, GEF's co-financing policy and GEF's rules and guidelines with regards to eligible activities must also be taken into account.
4. As requested in paragraph 4 of the ToR, the Executive Secretary appointed a **team of five experts**, composed of two from developing country Parties (Costa Rica and India), two from developed country Parties (Sweden and Japan), and one from an international non-governmental organization (GEF CSO Network), to prepare the report.
5. Two Expert Team meetings were held, in Montreal (October 30-31, 2015) and New Delhi (February 17-18, 2016), through which the experts delivered the work plan and discussed the report and its findings.
6. Furthermore, as requested in paragraph 6, the GEF and the Executive Secretary conducted a **review of the draft assessment report of the Expert Team** to ensure accuracy and consistency of data and

* Text in italics is quoted from COP decisions or other documents

approach. Prior to the Expert Team's meetings, preliminary chapters of the assessment report were circulated to the GEF Secretariat, CBD Secretariat, and representatives of donor and recipient countries for feed-back and advice on further work.

7. The Expert Team worked in accordance with the **methodological guidance** given in paragraph 3 and 10 of the ToR and reached out to relevant persons and institutions to gather information and seek feedback on the assessment's findings. In addition, literature and other sources of information have been included as far as deemed relevant.
8. The Expert Team developed a **questionnaire**, as requested in paragraph 11 of the ToR, with the CBD Secretariat. The questionnaire was circulated to Parties with Notification SCBD/TSI/RS/YX/LZ/84932 on 19th August 2015, and Notification SCBD/TSI/RS/YX/LZ/84932 with extension of the deadline until 4th December 2015.
9. Expert Team members organized **interviews and consultations**, such as in the margins of the 49th GEF Council meeting on 20-22 October 2015 and informed participants about the upcoming assessment report. The task was presented to the GEF CSO Network on 19th October 2015 and to GEF agencies by mail. Consultation meetings have been arranged during SBSTTA-19 on 2-5 November 2015 and the 4th session of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES-4) on 22-28 February 2016 with Parties' delegates. Furthermore, UNDP's BIOFIN project, GEF agencies, and different stakeholders have been informed and consulted.
10. A **side event** was organized in the margins of the SBI-1 meeting (2-5 May 2016) to present the preliminary assessment report to Parties, institutions, and stakeholders.
11. The Expert Team members split the countries into **five regional groups** and consulted by email and personally with CBD Focal Points and GEF Focal Points over the course of the exercise. Several *Sub-regional Capacity-Building Workshops on Financial Reporting and Resource Mobilization* and *GEF Extended Consultation Workshops (ECW)* were used by the CBD Secretariat and the Expert Team to present the needs assessment and the questionnaire.
12. In order to meet the request of paragraph 14 of the ToR that *the approaches to assessing the funding necessary and available for the implementation of the Convention should be **transparent, reliable and replicable***, ... the CBD Secretariat created a [weblink](#) to post all relevant background information, event dates, Q&A, reports, and questionnaires provided by Parties in order to be transparent. Aiming for a bottom-up approach the Expert Team mainly used information and data from Parties and had to rely on the provided information's accuracy and consistency. All data analysis and calculations are presented in a way to ensure that they are replicable.

II. GUIDANCE TO THE FINANCIAL MECHANISM AND PROVISION OF FUNDS

Guidance to the financial mechanism and financial implications

13. The funding needs assessment took into account the **guidance to the financial mechanism from the COP** which calls for future financial resources (paragraph 3 b) of the ToR). The following decisions are relevant in that regard: [Decision X/24](#) (consolidated guidance), [Decision X/25](#) (additional guidance by COP-10), [Decision XI/5](#) (other guidance by COP-11), and [Decision XII/30](#) (particular guidance related to the Cartagena and Nagoya Protocol).
14. The guidance to the financial mechanism for a specific replenishment period consists of a **consolidated list of programme priorities** that defines what is to be financed and an outcome oriented framework, taking into account the Strategic Plan for Biodiversity 2011-2020, including its Aichi Biodiversity Targets and associated indicators (Decision X/24, para 4). However, such a specific programmatic guidance for the GEF-7 replenishment period was not adopted as it was the case for GEF-6.
15. In order to reduce the complex system of guidance to the financial mechanism, the Expert Team provided a consolidated and **comprehensive list of thematic areas**, which Parties should use to identify their **national thematic approaches and priorities for the GEF-7 period**. These approaches should be in line with NBSAPs or other national priorities. For ease of linking country-specific priorities to the GEF guidance,

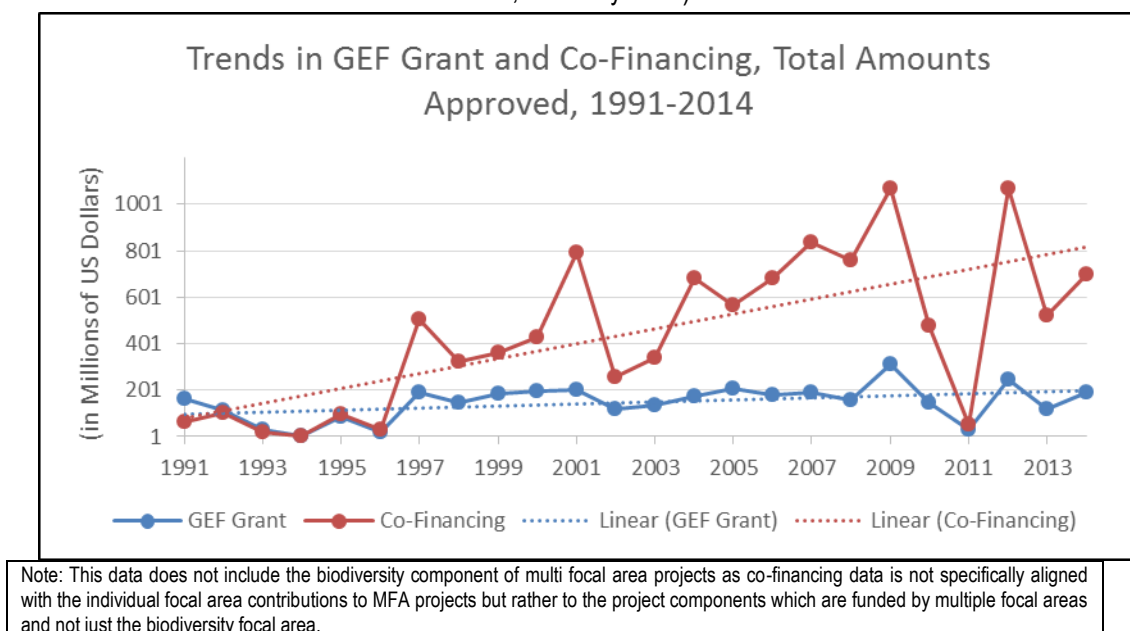
a list of codes was developed and circulated with the questionnaire. The thematic areas refer to the overall guidance by the COPs (see Annex Table A of the full report), GEF-6 Focal Areas, CBD Protocols, and additional relevant thematic areas, which are not covered by the GEF-6 Focal Area Strategies (see the GEF-6 Focal Areas Programming Directions document <https://www.thegef.org/gef/GEF6-Programming-Directions>).

16. In the consolidated guidance to the financial mechanism, adopted with Decision X/24, the COP recalled the **eligibility criteria** for countries to receive funding from the GEF. For the assessment the Expert Team used the list of recipient countries provided by the GEF.
17. The scope of the assessment is focused on the estimation of the **agreed full incremental costs** (paragraph 2 of ToR). The GEF's particular mandate is to finance such agreed incremental costs of projects related to the provision of global environmental benefits. GEF projects generally fulfill incremental and catalytic roles by making a difference to the business-as-usual process in bringing together public resources from different levels, such as multilateral funds, national governments, bilateral aid agencies, and private resources, such as from NGOs, foundations, or the private sector.
18. The GEF Council approved at its 31st meeting in 2007 **Operational Guidelines for the Application of the Incremental Cost Principle** ([GEF/C.31/12](#)). In the questionnaire, Parties were requested to indicate the expected funding from GEF-7, based on incremental cost reasoning.
19. Paragraph 5(c) of the ToR, requests an analysis on the estimated financial implications of guidance to the financial mechanism from the Conference of the Parties. The Expert Team states that there is **no available estimate of the financial implications** of each guidance element or the entire suite of guidance to the financial mechanism (compiled guidance in Annex Table A of the full report). During this assessment the Expert Team did not consider to calculate financial implications from a "top-down" perspective as it was done with the first assessment for the GEF-6 period 2014-2018 (report see UNEP/CBD/COP/11/INF/35) due to methodological constraints, data and knowledge gaps, and varying cost structures of different countries to implement project activities.

Provision of funds by the financial mechanism

20. In May 2014, the GEF Council adopted the *Proposal for the System of Transparent Allocation of Resources (STAR) for GEF-6*, which describes the application of the **STAR allocation system**. To determine the indicative STAR allocations for GEF-6 ([GEF/C.47/Inf.08](#)), the STAR model has been run for a total replenishment level of \$4.433 billion. In accordance with the replenishment agreement, the GEF-6 envelopes for the three focal areas covered by the STAR (Biodiversity, Climate Change and Land Degradation) are **\$1,296 million for Biodiversity**, \$1,260 million for Climate Change and \$431 million for Land Degradation. After adjusting for focal area set-asides, the amount available for **country STAR allocation for Biodiversity is \$1,051 million for 2014-2018**. The breakdown of the available country STAR allocation amount for GEF-6 was used to inform Parties about the **indicative amount to cover incremental costs of projects** (see Annex Table C of the full report).
21. The figure below (Figure 2 of the full report) illustrates the trends in the GEF Trust Fund amounts approved between 1991 and 2014. Since the GEF Pilot Phase, the GEF has programmed more than **\$4.2 billion** to conserve and sustainably use biodiversity. This investment has leveraged more than **\$12 billion in additional funds**, supporting more than 1,300 biodiversity projects in 155 countries ([GEF Sec 2015](#)).
22. Overall, the **growth of approved biodiversity funding has constantly been increasing** over the entire period. Since 1996, **co-financing increased significantly**. Even though both the Trust Fund and co-financing grew over the years, it is the co-financing that has substantially increased during the last two decades. As reported by the GEF to COP-12, other GEF funding also contributed to biodiversity.

Figure 2: Total GEF Trust Fund grant and co-financing for Biodiversity without multi-focal areas
(Source: Data obtained from the GEF Secretariat, February 2016)



23. In order not to create unnecessary barriers and costs for eligible countries to access GEF funds, COP-11 called upon the GEF to further clarify the **concept and application of co-financing** for biodiversity projects ([decision XI/5](#), paragraph 5). Subsequently, the GEF Council approved an updated Co-financing Policy ([FI/PL/01](#)) in 2014. As co-financing plays an important role in leveraging additional funding to scale-up projects the Expert Team requested Parties to indicate the **expected funding from government and other external sources** in the questionnaire.
24. While developing a project, the GEF Secretariat, implementing agencies, and recipient country aim to mobilise co-financing to complement GEF's Trust Fund grant. In practice, the GEF as a *facility* seeks to leverage the maximum amount possible. The [OPS5 report](#) presents the median co-financing ratios for GEF projects across all GEF replenishment periods (see Table 7 of the full report). **The median co-financing ratio from GEF-1 to GEF-5 is 2.1.** Over time, the co-financing ratio increased from **0.3 in the pilot phase to more than 4 in GEF-5.**
25. **The average co-financing ratio of GEF-5 projects is around 4:1**, as reported by the GEF to COP-12 in 2014. However, the total amounts and resulting ratio for a certain project stem from negotiations and agreements reached by project stakeholders.

Table 7: Median co-financing ratios by focal area across replenishment periods (Source: GEF Independent Evaluation Office: OPS5 - Fifth Overall Performance Study of the GEF, Final Report, Washington, 2014, OPS5 page 26, <https://www.thegef.org/gef/sites/thegef.org/files/documents/OPS5-Final-Report-EN.pdf>)

FOCAL AREA/MODALITY	PILOT	GEF-1	GEF-2	GEF-3	GEF-4	GEF-5 ^a
Biodiversity	0.3	1.0	1.3	1.8	2.3	4.3
Climate change	0.9	1.7	2.1	3.5	3.8	5.2
International waters	0.3	1.0	1.2	1.9	3.1	5.8
Land degradation	n.a.	n.a.	n.a.	3.0	3.0	4.5
Ozone depletion	0.4	0.6	0.1	0.7	0.7	2.3
POPs	n.a.	n.a.	1.0	1.1	2.0	4.0
Multifocal	0.3	1.1	1.0	1.6	2.7	3.4
LDCF	n.a.	n.a.	n.a.	0.4	2.3	3.9
SCCF	n.a.	n.a.	n.a.	1.7	3.5	7.1
NPIF	n.a.	n.a.	n.a.	n.a.	n.a.	2.4

NOTE: n.a. = not applicable.
a. As of June 30, 2013.

Performance of the financial mechanism

26. As requested by paragraph 3 g) of the ToR, the assessment should take into account the *experience to date, including limitations and successes of projects funded by the Global Environment Facility, as well as the performance of the Facility and its implementing and executing agencies*. In order to further **improve the effectiveness of the financial mechanism** CBD COP-12 requested the GEF to take several actions ([Decision XII/30, paragraph 8](#)), inter alia (i) enhance GEF's catalytic role in mobilizing new and additional financial resources; (ii) continue to streamline the project cycle, and (iii) better measure progress in achieving the Aichi Biodiversity Targets by initiatives supported by the Global Environment Facility.
27. Current evaluations include both a **performance and institutional perspective and an effectiveness and impact perspective**. OPS5 noted that *the GEF has a catalytic role in supporting countries in meeting their obligations to multilateral environmental agreements and in tackling global environmental problems*. Furthermore, OPS5 concluded that *the intervention model of the GEF works, is effective, and has impact*.
28. OPS5 reported on the **GEF agencies' shares** with the United Nations Development Programme (UNDP) disbursing 40 percent of the funding across the replenishments, followed by the World Bank with 38 percent and the United Nations Environment Programme (UNEP) with 10 percent (OPS5 2014, table 1.6, page 6). In GEF-4, a major shift in the funding shares among agencies occurred as a result of new agencies becoming visible in GEF projects (OPS5 2014, page 2).
29. Across all replenishment cycles, **Asia** received 27 percent of GEF-5 resources, followed by **Africa** with 24 percent, and **LAC** with 20 percent. It was reported that *compared to GEF-4, funding to fragile countries has nearly doubled, while funding to small island developing states has increased by 63 percent and that to landlocked countries by 17 percent* (OPS5 2014, page 2-3).
30. OPS5 explored the GEF's **business model** to identify where problems are emerging in various processes so that they may be solved, thus strengthening the intervention model of the GEF. The study found "considerable delays entailed in moving project proposals from one GEF decision point to the next..."

Speeding up the preparation time of projects is a particularly important issue given opportunity cost of funds remaining unused. The document “**Improving the GEF Project Cycle**” presented to the 47th GEF Council meeting in October 2014 ([GEF/C.47/07](#)) stated that as of September 16, 2014, 84 projects (including both full-sized projects (FSP) and medium-sized projects (MSP), representing a total of \$460 million of approved Project Identification Forms (PIFs) are overdue for CEO endorsement and approval – this is a significant amount of funding that is therefore unavailable for programming elsewhere. Therefore, the GEF Council adopted a project cancellation threshold to meet the GEF Council target of a maximum of 18 months for full-sized projects and updated GEF’s Project Cancellation Policy. STAR resources for projects cancelled within a replenishment period where the PIF was approved will be reassigned to the country’s allocation and will be available for reprogramming of projects ([GEF/C.47/07](#)).

31. GEF’s report to CBD COP-12 ([UNEP/CBD/COP/12/14/Add.1](#), paragraph 19) provides **portfolio monitoring results** and key findings of the GEF Independent Evaluation Office on successes of projects: *GEF’s corporate goal is to have at least 75% of projects achieving ratings of moderately satisfactory or higher. Within the biodiversity portfolio of 198 projects that are currently under implementation, 91% of projects are achieving their global environment objectives at a rating of moderately satisfactory (MS) or higher, with 61% of the total achieving ratings of Satisfactory or Highly Satisfactory.*
32. As of September 30, 2013, the GEF Trust Fund had financed 3,349 projects, 1,221 or **36 percent of which were carried out in the Biodiversity Focal Area and 6 percent in the International Waters Focal Area**. Multifocal area projects, which address global environmental concerns that are relevant to more than one GEF focal area, amount to 14 percent (see OPS5 2014, page 2, Table 1.2).
33. Biodiversity and land degradation focal areas are most often involved in GEF multifocal projects (see Table 10 of the full report, from OPS5 2014, page 4). The increasing trend toward multifocal area projects and programs has accelerated during GEF-5. As of the end of 2013, **multifocal projects** (including multi-trust fund projects) **accounted for 42 percent** of the utilized GEF-5 programming as reported by the GEF to COP-12.

Table 10: GEF multifocal area projects by focal area funding (Source [OPS5](#), Table 1.3)

FOCAL AREA	GEF-3	GEF-4	GEF-5
Biodiversity	5	48	85
Climate change	3	36	66
International waters	3	19	18
Land degradation	6	46	70
ODS	0	1	0
POPs	0	2	5
Sustainable forest management (SFM)/REDD+ ^a	n.a.	n.a.	65
Capacity-building and/or enabling activities	144	44	47
Multifocal area ^b	39	n.a.	n.a.
Total	191	104	159

NOTE: n.a. = not applicable. Data are for GEF Trust Fund projects as of September 30, 2013, and exclude SGP projects.

a. The GEF defines REDD+ as reducing emissions from deforestation and forest degradation in developing countries; and the role of conservation, sustainable management of forests, and enhancement of forest carbon stocks in developing countries.

b. In GEF-3, some multifocal area projects were not yet disaggregated by focal area.

34. At the 49th GEF Council meeting in October 2015, the GEF Independent Evaluation Office (IEO) presented an evaluation which assesses the impact of **GEF investments in non-marine protected areas (PAs) and PA systems on biodiversity conservation and sustainable use** ([GEF/ME/C.49/Inf.02](#)). One of the conclusions was that the *GEF support is contributing to biodiversity conservation by helping to lower habitat*

loss in PAs as indicated by less forest cover loss in GEF-supported PAs compared to PAs not supported by GEF. GEF-supported PAs also generally show positive trends in species populations, and reduced pressures to biodiversity at the site level.

35. Regarding the **success rate of resource programming for projects**, the GEF reported that *at the end of GEF-5, \$1,057,226,380 was programmed of the \$1.08 billion dollars allocated to the biodiversity focal area, or 98% of the total resource envelope* (GEF Report to the COP-12, paragraphs 4, 7). Some countries did not make use of their full allocation.
36. According to a new report (GEF Sec 2015) to date **more than 1,300 projects** in the biodiversity realm have been supported since the GEF Pilot Phase.

III TAKING STOCK OF INFORMATION ON FUNDING NEEDS

III.1 Funding needs reported by Parties

37. The Expert Team analysed the information contained in **National Reports, NBSAPs, Financial Reports, Resource Mobilization Strategies**, and other documents with potential information and data on funding needs. Funding information and data found in the countries' reports and strategies include **expenditure or national budgets**, which were recorded over a time span or specific years. The Expert Team attempted to utilize this data as the basis for extrapolating funding needs for 2018-2022. However, the information on past expenditures could not be used because the amounts are not comparable due to the fact that they
 - Often contain the overall expenditure from various sources.
 - Encompass certain years or a time span of different years.
 - Include different thematic areas.
 - Comprise costs for specific activities but sometimes with and sometimes without operational costs.
 - Cover amounts for different projects and activities including those that might not be eligible for GEF funding because they do not generate global environmental benefits.
 - Are related to activities, which may differ from future activities during 2018-2022.
38. The Expert Team also looked into **additional information** and data from UNDP's BIOFIN project, the Global Monitoring Report, and in Resource Mobilization Strategies submitted by Parties.
39. Given that data from reports could not be used to extrapolate funding needs amounts for 2018-2022, the Expert Team **essentially relied on the responses from Parties to the questionnaire** designed as requested in paragraph 11 of the ToR.

National Reports

40. The Expert Team analysed the **latest versions of National Reports submitted by Parties** until February 23rd, 2016. The aim was to find any relevant data on previous expenditures that could be used to calculate funding needs for the 2018-2022 period. Most countries reported generic qualitative information on resource matters regarding Target 20 of CBD's Strategic Plan 2011-2020. Related to funding, the information and data included in National Reports is very sparse and most countries recorded no comprehensive or explicit funding information. Some countries included figures that are also reported in other submissions. Nine countries included funding information on expenditures in their National Reports (Table 11 in the full report).

National Biodiversity Strategies and Action Plans (NBSAPs)

41. The Expert Team analysed the **latest versions of NBSAPs submitted by Parties** until February 16, 2016. The aim was to discover any relevant data on funding needs or expenditures that could be used to calculate funding needs for the 2018-2022 period. More funding information and data is included in NBSAPs than in National Reports. However, about 50% of the analysed countries did not include comprehensive or explicit funding data, and 13 countries reported expenditures prior to 2010, which does not fit into the timeframe of the Strategic Plan 2011-2020. However, 18 countries provided data on funding until 2020, but only 6 countries covered the 2018-2022 period in their funding information, which is a too

small sample and could not be used appropriately for the overall needs assessment (Table 12 in the full report).

Financial Reports and Resource Mobilization Strategies

42. COP-12 adopted targets for resource mobilization, including the target for at least 75% of Parties to **report on funding needs**, gaps, and priorities by the end of 2015 (Decision XII/3). In addition, a revised Financial Reporting Framework was adopted (paragraph 24), where Parties should inter alia indicate their **annual estimated funding need** (based on their revised NBSAP for instance).
43. The Expert Team analysed the **submissions from Parties on their resource mobilization strategies and financial reporting**, which is available on the CBD website. In general, very limited information on funding needs was provided in these reports and only a handful of Parties made submissions by the requested 2015 deadline. Just a few resource mobilization strategy submissions contained specific figures on funding needs. Information in financial report submissions from 2015, 2014, and 2012 was reviewed to identify either available funding (#2 of the reporting framework) or funding needs (#3.2). Essentially, information on **available funding** was provided.
44. The analysis from 19 countries show that nine countries provided information on past available financial resources, another five countries reported on funding needs until 2020 and submissions from five countries did not contain relevant information on funding needs or available financing. This data could not be used appropriately for the overall needs assessment.

National implementation of the Convention and its Protocols

45. On that topic, the Expert Team analysed the published **Global Monitoring Report** on the Implementation of the Strategy for Resource Mobilization ([UNEP/CBD/COP/12/13/Add.1](#)). In the strategy for resource mobilization (Decision IX/11), the COP decided that the Executive Secretary should prepare periodic global monitoring reports on the implementation of the strategy for resource mobilization that provides essential information on the status and trends in biodiversity financing. The information and data contained in the [Global Monitoring Report](#) (UNEP/CBD/COP/12/13/Add.1) basically describe funding that has been made **available** through various sources, but not on funding needs.

Supplementary information by Parties

46. The expert team reached out to **UNDP's Biodiversity Finance Initiative (BIOFIN)** for information and data on the BIOFIN partner countries' funding needs. Currently, there are 30 countries where BIOFIN is implemented or where discussions to implement BIOFIN are ongoing. These include: Belize, Brazil, Botswana, Bhutan, Chile, Colombia, Costa Rica, Cuba, Ecuador, Fiji, Georgia, Guatemala, India, Indonesia, Kazakhstan, Kyrgyzstan, Malaysia, Mexico, Mongolia, Mozambique, Peru, Philippines, Rwanda, Seychelles, South Africa, Sri Lanka, Thailand, Uganda, Vietnam, and Zambia. BIOFIN supports governments in reviewing policies and institutions relevant for biodiversity finance, determining baseline investments, assessing the costs of implementing National Biodiversity Strategies and Action Plans, and quantifying the biodiversity finance gap. BIOFIN aims to implement comprehensive national resource mobilization strategies at the national level. The Expert Team is in contact with UNDP to clarify if and how information from the BIOFIN project could be included in the overall assessment.

Questionnaire to CBD Parties and GEF recipient countries

47. The Expert Team designed and circulated a **questionnaire requesting data and information** on GEF funding needs for the period of July 2018 to June 2022 to all Parties of the Convention, the CBD Secretariat, and GEF agencies, as requested by paragraph 10 of the ToR. The questionnaire including the guidance on completing the questionnaire was made available in English, French, and Spanish and posted on the CBD [website](#). A Q&A on the approach and process was also posted for further use by focal points.
48. Only information and data received from **GEF recipient countries** have been included in the assessment. The countries were required to submit information on (i) potential project concepts and data on estimated total project costs, (ii) expected funding from the national government, (iii) expected funding from other external sources, and (iv) expected funding from GEF-7, based on incremental cost reasoning.

49. The information requested on potential GEF-7 strategic approaches should be in line with countries' NBSAPs or national priorities and linked with other conventions.
50. From the 143 GEF recipient countries, **36 countries (25 percent) responded and provided funding amounts by February 27, 2016**: 15 countries from Africa, 8 from the Asia and Pacific region, 7 from Latin America and the Caribbean, and 6 from Eastern Europe. Parties submitted their responses to the CBD Secretariat who then posted them on the CBD website. The Expert Team reviewed the questionnaires' comprehensiveness, plausibility, and consistency. If inconsistencies were discovered, the Expert Team reached out to the countries' focal point to seek clarification.
51. For the sake of this analysis, every project concept in the field of biodiversity under the goals of the CBD and its Protocols that countries put forward **was considered eligible for GEF funding**. However, the decision whether a project idea is ultimately supported with GEF funds is left to deliberations of the country with the GEF Secretariat and partners during GEF-7. **There is no causal link between indicative funding needs in the questionnaire and the eventual GEF-7 allocations that will be provided to individual countries as a result of the GEF-7 replenishment negotiations.**
52. The indicative expected total costs of project concepts that 36 countries provided by February 27, 2016 through the questionnaire totals **US\$5,849 million**.
53. On co-financing the 36 countries that responded reported an expected overall co-financing amount of about **US\$3,924 million**, which covers around **67 percent of the total estimated project costs**. Countries estimate about US\$2,762 million from governmental sources (47 percent of total estimated project costs) and about \$1,162 million from non-governmental external sources (20 percent of total estimated project costs).
54. The **expected funding from GEF-7** should be based on the *Operational Guidelines for the Application of the Incremental Cost Principle* (GEF/C.31/12). The Expert Team assumed that countries carefully considered these operational guidelines to calculate the expected funding from the GEF for the period 2018-2022. The 36 countries that responded expect about **US\$1,925 million** from the GEF, which is **33 percent of the total estimated project costs**.
55. Given the sample of 36 countries, the **ratio of co-financing** from governments and external sources to GEF's expected contribution would be 2:1.

III.2 RESULTS OF THE HIGH-LEVEL PANEL ON GLOBAL ASSESSMENT OF RESOURCES

56. The work of the **High-Level Panel on Global Assessment of Resources for implementing the Strategic Plan for Biodiversity 2011-2020** was intended to support discussions on resource mobilization in the lead up to and at COP-12. The **second report** of the Panel (UNEP/CBD/COP/12/INF/4) builds on the assessment of the first Panel report and identifies the benefits of delivering the Aichi Targets, their investment and resource requirements.
57. The **first report** of the High-Level Panel in 2012 (UNEP/CBD/COP/11/INF/20) presented a global assessment of the costs of meeting the Aichi Biodiversity Targets by 2020, **estimating that, by simply adding the resource requirements for each Aichi Target, between US\$150 billion and US\$440 billion per year** would be required. The Panel acknowledged a range of uncertainties, and recognised that further research is vital to help refine these estimates. It highlighted that the resource needs called for a change in the way resources are allocated in our economies to get the best outcomes for biodiversity and sustainable development.
58. The report added that a variety of factors would affect the magnitude of the funding requirements. In particular, **inter-linkages, policy coherence, institutional development, and synergies between Targets** and other goals mean that the approach, resourcing and effectiveness of the delivery of any one Target may influence the investment needs of another and that this could be expected to substantially reduce the funding need estimate.
59. The Expert Team like to state that the High-Level Panel's assessment indicates benefits and **total global costs** to achieve the Aichi Targets until 2020, whereas the GEF-7 assessment focuses on **incremental**

costs of eligible project activities in GEF recipient countries to generate global environmental benefits in the period 2018-2022. The two approaches could not be combined for the purpose of the GEF-7 funding needs assessment.

III.3 THE 2030 AGENDA AND FINANCING FOR SUSTAINABLE DEVELOPMENT

60. THE 2030 **AGENDA FOR SUSTAINABLE DEVELOPMENT** (A/RES/70/1) calls on all countries and all stakeholders to act in collaborative partnership in implementing this transformative plan. Regarding financing goal 17 appeals to the global community to strengthen the means of implementation to achieve the Sustainable Development Goals, including those which are related to the conservation and sustainable use of biodiversity and ecosystems.
61. At its Sixty-ninth session the United Nations General Assembly adopted Resolution A/RES/69/313 (2015) endorsing the **Addis Ababa Action Agenda** of the Third International Conference on Financing for Development (Addis Ababa Action Agenda) which is seen as part of a global framework for financing development post-2015. The conference committed to biodiversity and sustainable use and **encouraged the mobilization of financial resources from all sources and at all levels**.
62. The conference highlighted the important role of **domestic public resources** and the complementary role of **international development cooperation**. In particular, the role of the GEF in contributing to financing sustainable development while **mainstreaming environmental concerns into development efforts** was recognized.
63. ODA providers reaffirmed their ODA commitments, including the commitment by many developed countries to achieve the target of 0.7 per cent of gross national income for official development assistance. However, no specific funding needs have been expressed.

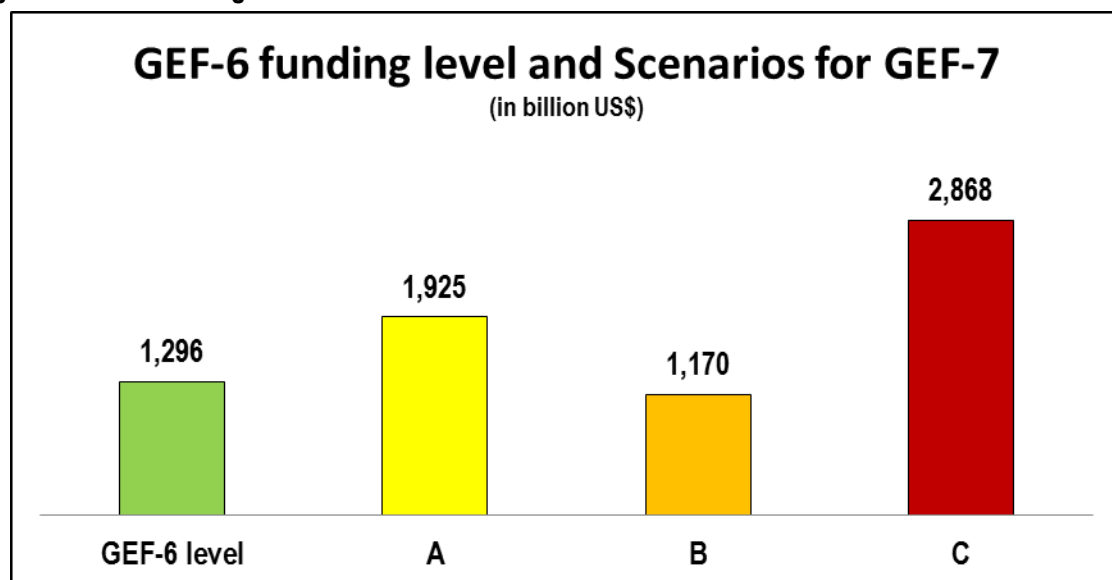
IV. ESTIMATED FUNDS NEEDED FOR THE GEF-7 REPLENISHMENT

64. This chapter synthesizes the information and data presented in chapter II and III. The Expert Team developed **three GEF-7 funding scenarios** by considering total project cost amounts, expected co-financing, expected funding needs as reported through the questionnaire, and the GEF-6 STAR allocation.
 Scenario A: Reported expected funding from GEF-7.
 Scenario B: Calculated funding for GEF-7 based on reported total project costs and 4:1 co-financing.
 Scenario C: Calculated funding for GEF-7 and applied GEF-6 STAR allocation to non-reporting countries
65. The figure below (Figure 3 of the full report) displays the **approved GEF-6 funding level** of US\$1,296 million and three possible funding scenarios for GEF-7. Scenario A reflects the **reported amount from the 36 countries** that responded to the questionnaire with an expected funding amount of **US\$1,925 million** from GEF-7.
66. Scenario B shows the **application of 4:1 co-financing** ratio to the reported total project cost amount which mirrors the ratio reported by the GEF to the CBD COP-12. The calculated GEF-7 funding level would be **US\$1,170 million**.
67. Scenario C reflects the reported funding needs from 36 countries (25 percent of GEF recipient countries) that responded to the questionnaire (US\$1,925 million) **combined with the current GEF-6 STAR allocation of the 107 countries** (75 percent of GEF recipient countries) that did not respond yet. The 75 percent of the GEF recipient countries that did not report their GEF-7 funding needs skew the calculations in Scenario A and B. In order to include the remaining 75 percent of GEF recipient countries in the assessment, the Expert Team used their GEF-6 indicative country STAR allocation for the GEF-7 funding needs amount (US\$698 million) and added the amount of the GEF-6 Focal Area Set-Aside (US\$245 million, comprising Convention obligations, global and regional programs, including Integrated Approaches, and Sustainable Forest Management Program). The resulting GEF-7 funding level would be **US\$2,868 million**.
68. Another possible extrapolation would combine the reported funding needs for GEF-7 with the STAR allocation from GEF-6 and the average increase from the GEF-6 level based on the reported amount for

GEF-7. In GEF-6, the 36 countries that responded as of February 27, 2016 receive US\$355 million or about 34 percent of the country STAR allocation. However, these 36 countries expect US\$1,925 million – or **5.4 times above the GEF-6 level** – from GEF-7. Applying this increase to the 107 non-reporting countries, the calculated amount for GEF-7 would be **US\$3,769 million**. If this increase is also applied to the GEF-6 Focal Areas Set-Aside, the GEF-7 Set Aside would be US\$1,323 million. Overall, the calculated funding level for GEF-7 would be **US\$7,017 million**.

69. This extrapolation is based on the limited data base of 36 countries, which is not sufficiently robust for a sound scenario extrapolation. This is particularly noticeable when considering the increase from the GEF-6 to GEF-7 level, which ranges widely among countries - e.g. 1.3 for Armenia, 2.8 for India, 6.6 for Maldives, 9.5 for China, 10.7 for the Philippines, 13.0 for the DRC, and 44.7 for Barbados. The Expert Team might reconsider this option as another scenario if more countries provide their questionnaire.

Figure 3: GEF-6 funding level and Scenarios for GEF-7



V. SYNERGIES WITH OTHER CONVENTIONS

70. The assessment took into account the information provided by Parties on **synergies with other GEF-funded and biodiversity-related conventions** (paragraph 3 h) and i) of the ToR. In the questionnaire, Parties identified linkages of potential projects to other selected conventions.
71. From the questionnaires completed by February 27, 2016, Parties reported **471 convention linkages** to potential projects during 2018-2022 (Table 15 below of the full report). While some project ideas often had more than one identified convention linkage others were listed as not having any linkages: 1 linkage = 25%, 2 linkages = 15%, 3 linkages = 15%, >3 linkages = 17%, no linkage = 27%.
72. Most of the project concepts seek to achieve **synergies with the goals of** the UNFCCC (19%) and UNCCD (15%), followed by the Ramsar Convention (16%), CITES (13%), and CMS (11%). Less reported are potential synergies with IPBES, World Heritage Convention, and the plant related treaties. Conventions addressing pollutants do not seem to be relevant in the proposed projects for 2018-2022.

Table 15: List of reported projects with links to other GEF-funded and biodiversity-related Conventions

Conventions	percent of projects with reported convention linkages	
Other GEF-funded Conventions		
United Nations Framework Convention on Climate Change	UNFCCC	19%
UN Convention to Combat Desertification	UNCCD	15%
Stockholm Convention on Persistent Organic Pollutants	POPs	0%
Minamata Convention on Mercury	MCM	0%
Montreal Protocol on Substances That Deplete the Ozone Layer	MP	0%
Other biodiversity-related Conventions		

Convention on Wetlands	Ramsar	16%
Convention on International Trade in Endangered Species of Wild Fauna and Flora	CITES	13%
Convention on the Conservation of Migratory Species of Wild Animals	CMS	11%
World Heritage Convention	WHC	7%
The International Treaty on Plant Genetic Resources for Food and Agriculture	ITPGRFA	6%
International Plant Protection Convention	IPPC	3%
Other multilateral initiatives		
Intergovernmental Platform on Biodiversity and Ecosystem Services		8%

VI. CONCLUSIONS AND REFLECTIONS ON THE ASSESSMENT

73. This GEF-7 funding needs assessment was the second exercise of its kind and faced again some challenges throughout the process. The study's timeframe was extremely tight given the fact that the assessment was predominantly completed by the Expert Team members on a voluntary basis in addition to their regular activities and with limited resources.
74. The Expert Team drew the following **preliminary conclusions** in regards to the responses of GEF-recipient countries:
- Countries' reports are an insufficient data source for a needs assessment:** The Expert Team analysed the latest versions of National Reports, NBSAPS, and Financial Reports. Most countries reported generic qualitative information on resource matters regarding Target 20 of the CBD's Strategic Plan 2011-2020. This information could not be used appropriately for the overall needs assessment.
 - Countries should strive to complete their questionnaire:** The Expert Team aimed towards a "bottom-up" approach to achieve a reliable, transparent, and replicable source of data and information on country-specific funding needs for GEF-7. To date, only 36 countries from the 143 GEF recipient countries (25 percent) responded and provided funding amounts by February 27, 2016. The Expert Team states that this is by far not a sufficiently robust and reliable data basis to assess the funding needs for the GEF-7 period. More countries should strive to complete their questionnaire so that it may be included in the final report for COP-13.
 - Countries should calculate their intended nationally determined GEF-7 related projects:** To accurately substantiate this "bottom-up" approach, all GEF recipient countries should have identified their priorities in their NBSAPs and estimated the amount they need to achieve such goals. However, the Expert Team observed that to date many countries have not been ready or able to plan, elaborate, and calculate the total costs of their intended GEF-7 related projects, envisaged co-financing, and expected GEF-7 funding.
 - Countries should carefully consider the Incremental Cost Principle:** The expected funding from GEF-7 should be based on the GEF's *Operational Guidelines for the Application of the Incremental Cost Principle* ([GEF/C.31/12](#)). The Expert Team assumed that countries carefully considered these operational guidelines to calculate the expected funding from the GEF for the period 2018-2022. The Expert Team also stated that the decision whether a project idea is ultimately supported with GEF funds is left to deliberations between the country with the GEF Secretariat and partners during GEF-7. However, the Expert Team observed that the total amounts expected from GEF-7 range widely among countries. If considering the increase from the GEF-6 to GEF-7 level this wide range is particularly noticeable, e.g. 1.3 for Armenia, 2.8 for India, 6.6 for Maldives, 9.5 for China, 10.7 for the Philippines, 13.0 for the DRC, and 44.7 for Barbados.
 - Countries should update their NBSAP:** Countries should have identified their priorities for GEF funding in the period 2018-2022 based on their NBSAPs. However, to date, many countries have not

yet updated their NBSAP. Therefore, GEF recipient countries that have not yet done so, should update their NBSAP asap.

- f. **Countries should complete their Finance Plans or Resource Mobilization Strategies:** COP-12 adopted targets for resource mobilization, including to endeavour 100 percent but at least 75 percent of Parties to **report on funding needs**, gaps, and priorities, and to prepare national finance plans, by 2015 ([Decision XII/3](#)). The Expert Team analysed Parties' submissions of the financial reporting framework and noticed that only a handful of Parties made submissions by the requested 2015 deadline. As the national finance plans would provide an opportunity to indicate how much funding countries would expect from GEF-7, GEF-recipient countries should strive completing the finance plan of their Resource Mobilization Strategy asap.
 - g. **Countries should consider their absorbing capacity:** GEF-recipient countries provided their intended nationally determined GEF-7 project ideas and concepts in the questionnaires. While the Expert Team could not deduce country's absorbing capacity from the responses, it was assumed that countries carefully considered their absorbing capacity to implement the intended projects during the period 2018-2022.
 - h. **Countries should elaborate synergies with other biodiversity related conventions:** Most of the project concepts seek to achieve synergies with the goals of the UNFCCC (19%) and UNCCD (15%), followed by the Ramsar Convention (16%), CITES (13%), and CMS (11%). The Expert Team believes that GEF-7 funding could be used more efficiently by addressing such synergies.
 - i. **Funding availability restricts countries' request:** Some recipient countries that responded to the questionnaire request a significant increase from the GEF-6 level. It is obvious that recipient countries scale their GEF projects according to funding availability through the GEF STAR allocation system. If more GEF Trust Fund grants are made available at some point, it can certainly be expected that recipient countries will request more.
75. Regarding the entire task, the Expert Team would like to propose the following **recommendations**:
- a. The Expert Team notes that the methodology of this second assessment on GEF funding needs as set out in the ToR appears adequate to deliver transparent, reliable, and replicable data and information. However, **the quality of the assessment results relies heavily on input from GEF-recipient countries** and can only be improved if countries engage further, systematically, and seriously in the task.
 - b. Recalling [Decision III/8](#) paragraph 5, which describes the process of determining funding requirements for the GEF replenishment, and given the experience of completing two needs assessments, one with a "top-down" and one with a "bottom-up" approach, the Expert Team recommends establishing a **funding needs assessment panel and a formalized and structured process that includes strategic resource planning to assess the financial requirements for GEF replenishments**. The procedures and bodies of the [Multilateral Fund for the Implementation of the Montreal Protocol](#) could be a possible example in that regard.
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