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### AD HOC OPEN-ENDED WORKING GROUP ON REVIEW OF IMPLEMENTATION OF THE CONVENTION

Fourth meeting

Montreal, 7-11 May 2012

Item 7 of the provisional agenda \*

### **THE FINANCIAL MECHANISM: REVIEW OF GEF-5 AND NEEDS FOR GEF-6**

*Note by the Executive Secretary\*\**

#### **INTRODUCTION**

1. At its tenth meeting, the Conference of the Parties considered guidance to the financial mechanism, adopted the terms of references for a full assessment of the amount of funds needed for the implementation of the Convention for the sixth replenishment period of the Global Environment Facility Trust Fund, and for the preparation for the fourth review of the effectiveness of the financial mechanism. These decisions from X/24 to X/27, contain several provisions for consideration by the fourth meeting of the Ad Hoc Open-ended Working Group on Review of Implementation of the Convention.

2. In decision X/24 (review of guidance to the financial mechanism), paragraph 6, the Conference of the Parties requested the Ad Hoc Open-ended Working Group on Review of Implementation to review the implementation at its fourth meeting of the four-year outcome-oriented framework of programme priorities as related to utilization of Global Environment Facility resources for biodiversity for the period from 2010 to 2014, taking into account the Strategic Plan for Biodiversity 2011-2020, including its Aichi Biodiversity Targets and associated indicators.

3. In accordance with decision X/26 (The financial mechanism: assessment of the amount of funds needed for the implementation of the Convention for the sixth replenishment period of the Global Environment Facility Trust Fund), the fourth meeting of the Ad Hoc Open-ended Working Group on Review of Implementation of the Convention may wish to consider the expert team's assessment report and make recommendations for consideration by the eleventh meeting of the Conference of the Parties.

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\* UNEP/CBD/WG-RI/4/1.

\*\* This document was reviewed by the COP Bureau at its meeting on 5 April 2012. Following the guidance provided by the COP Bureau, the ADVANCE COPY posted earlier was revised and re-posted for consideration of the Working Group on Review of Implementation at its fourth meeting.

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4. In decision X/27 (Preparation for the fourth review of the effectiveness of the financial mechanism), the Conference of the Parties adopted the terms of reference for the fourth review of the effectiveness of the financial mechanism, and decided also to consider further actions, as necessary, to improve the effectiveness of the financial mechanism of the Convention, at the eleventh meeting of the Conference of the Parties. This decision did not require deliberation by the fourth meeting of the Ad Hoc Open-ended Working Group on Review of Implementation of the Convention, but its further implementation calls for guidance from Parties.

5. The present note has been prepared to facilitate the consideration of the financial mechanism by the fourth meeting of the Ad Hoc Open-ended Working Group on Review of Implementation of the Convention. Section I refers to decision X/24 by compiling the information and views from Parties and relevant stakeholders, including indigenous and local communities, on the further development of programme priorities. It also includes a review of the implementation of the four-year outcome-oriented framework of programme priorities. Section II responds to decision X/26 by providing the draft assessment report of the expert team. Section III provides an update on the preparation for the fourth review of the effectiveness of the financial mechanism. Recommendations are contained in the final section.

## I. REVIEW OF GUIDANCE TO THE FINANCIAL MECHANISM

6. The Conference of the Parties at its tenth meeting invited Parties and relevant stakeholders, including indigenous and local communities, to submit information and views on the further development of programme priorities, taking into account the Strategic Plan for Biodiversity 2011-2020, including its Aichi Biodiversity Targets and associated indicators, by 30 November 2011.<sup>1</sup> The Conference of the Parties further requested the Executive Secretary to compile the information for consideration by the fourth meeting of the Ad Hoc Open-ended Working Group on Review of Implementation.

7. Following the notification SCBD/ITS/YX/75584 (No. 2011-072), the Secretariat received submissions from European Union, India, Kuwait, and the United Nations Environment Programme, and made them available at: <http://www.cbd.int/financial/news/>.

8. According to the submission from European Union, since the Convention's implementation continuously evolves, the financial mechanism needs to follow it respectively. Hence, there is a need to improve the process of providing guidance to the Global Environment Facility (GEF), to enable coherence between the Convention and GEF policies. This process need to be based on the analysis of the current priorities to make them focused on outcome in terms of implementing the Strategic Plan for Biodiversity 2011-2020. The European Union welcomes the adoption at the tenth meeting of the Conference of the Parties of consolidated guidance, which brought improved clarity, including areas of synergy that may facilitate the development of programme priorities. In general, the Convention on Biological Diversity should strive to provide guidance of a general, rather than specific nature and the Strategic Plan for Biodiversity 2011-2020 will help further improve the focus of the guidance, including areas of synergy. Recent GEF progress towards recipient-country ownership and synergies between conventions should be promoted.

9. As stated in the Convention's, the Conference of the Parties is to provide guidance on strategy, programme priorities and eligibility criteria. It is important that the Conference of the Parties fulfills this mandate in a systematic way, i.e. issuing guidance every two years. Guidance on strategy and programme priorities becomes especially relevant at meetings of the Conference of the Parties that precede the replenishment negotiations of GEF, because they are the ideal moment to deliver direct input into the Biodiversity Focal Area Strategy which gets updated during the replenishment process. A good example

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<sup>1</sup> Decision X/24, paragraph 5.

was the ninth meeting of the Conference of the Parties held in Bonn, where guidance fed into the GEF for the fifth replenishment period, i.e. the current GEF-5. In the same way, the eleventh meeting of the Conference of the Parties to be held in India in October 2012 will be able to provide guidance for GEF-6, as the replenishment process for GEF-6 will start in early 2013 and will be completed in early 2014, in time for GEF-6 to officially commence 1 July 2014.

10. The European Union believes that it is entirely up to the Conference of the Parties to define new strategic directions and programme priorities if warranted by changing situations and/or on the basis of scientific and other studies. Guidance elaborated by the Conference of the Parties at its eleventh meeting, if so decided, would therefore contain an important part of the strategy and programme priorities. It speaks to reason that guidance issued at “intermediate” meetings of the Conference of the Parties, e.g. its tenth meeting, will also be taken into account by the GEF at the level of specific projects. However, the full integration of that kind of guidance into the Biodiversity Focal Area Strategy will have to await the revision of that strategy which will occur during the replenishment process.

11. The Environment Council of 14 October 2010 recalls that the implementation of an effective post-2010 biodiversity policy framework and of a new Strategic Plan for Biodiversity 2011-2020 will require an adequately increased mobilization of resources from all possible public sources, as well as increased resources from private sources including innovative financial mechanisms, both through the involvement of key stakeholders and through a review of the guidance to and increased dialogue with the financial mechanism of the Convention on Biological Diversity – the Global Environment Facility (GEF). In this context, the European Union welcomes the successful fifth replenishment, including the agreement to reform the GEF to strengthen country ownership and increasing the scope for enhancing synergies between conventions, and reiterates the EU Official Development Assistance/Gross National Income (ODA/GNI) target as set out in the European Council conclusions of 16 and 17 June 2005 (Member States undertake to achieve the target of an ODA/GNI ratio of 0.7% by 2015, while those which have achieved that target commit themselves to remaining above that target; Member States which joined the European Union after 2002 will endeavor to increase their ODA/GNI ratio to 0.33% by 2015).

12. India stated that further development of programme priorities should enable synergies between the national planning process and global biodiversity targets. Such a method of developing program priorities will help channelize resources from a variety of sources for the fulfillment of Aichi Biodiversity Targets. India’s National Biodiversity Action Plan 2008 provides for the following Action Plan that envisage further development of Program Priorities:

(a) Strengthening and integration of in situ, on-farm and ex situ conservation ( Aichi Biodiversity Targets 5, 6, 7, 11, 12 and 13);

(b) Augmentation of natural resource base and its sustainable utilization (Aichi Biodiversity Targets 11, 12, 13, 14, 15);

(c) Ensuring inter and intra-generational equity;

(d) Regulation of introduction of invasive alien species and their management (Aichi Biodiversity Target 9)

(e) Assessment of vulnerability and adaptation to climate change, and desertification (Aichi Biodiversity Targets 10, 12 and 19);

(f) Integration of biodiversity concerns in economic and social development (Aichi Targets 2, 3 and 18);

- (g) Pollution impacts (Aichi Biodiversity Target 6);
- (h) Development and integration of biodiversity databases (Aichi Biodiversity Targets 2 and 19);
- (i) Strengthening implementation of policy, legislative and administrative measures for biodiversity conservation and management (Aichi Biodiversity Targets 17, 18 and 19);
- (j) Building of national capacities for biodiversity conservation and appropriate use of new technologies (Aichi Biodiversity Targets 2 and 17);
- (k) Valuation of goods and services provided by biodiversity and use of economic instruments in decision making processes (Aichi Biodiversity Targets 2, 3, 4, 5, 14 and 16); and
- (l) International cooperation (Aichi Biodiversity Targets 19 and 20)

13. Kuwait's submission identified the following priorities:

- (a) Accelerate provision of expertise, technical support and necessary funding for the Parties to the Convention in order to update and pursue the implementation of the 2011-2020 national biodiversity strategies and action plans, in accordance with the Strategic Plan for Biodiversity 2011-2020 adopted by the Convention, and to include national strategies for resource mobilization in order to finance several environment projects ensuring sustainable conservation of biodiversity;
- (b) Accelerate in creation of "national fund to support environmental projects" to provide financing required to implement national environmental projects;
- (c) Accelerate in analysing the status of biodiversity at the national level by giving priority to projects guaranteeing sustainable conservation of biodiversity;
- (d) Accelerate in evaluating the services provided by different ecosystems at the national level and giving priority to implement projects that guarantee sustainable use and conservation of biodiversity;
- (e) Establish an efficient sustainable capacity building strategy for project implementation at the level of decision-makers, stakeholders and local communities; and
- (f) Review periodically and regularly the extent of implementation of the resource mobilization and expenditure strategy at the national level.

14. In its submission, the United Nations Environment Programme (UNEP) provided a list of its ongoing and planned activities, in support of Parties' implementation of the Convention and the Strategic Plan for Biodiversity 2011-2020, including the Aichi Biodiversity Targets. Key programme priorities of UNEP in support of Parties' implementation of the Convention and the Strategic Plan for Biodiversity 2011-2020, including the Aichi Biodiversity Targets are:

- (a) *Ecosystem approach*: Support countries and regions to integrate ecosystem management into development and planning processes; increase awareness on, and uptake of ecosystem-based adaptation to climate change (Aichi Biodiversity Targets 5-10, 14-15);
- (b) *Ecosystem management*: Support countries and regions' capacity to utilize ecosystem management tools by mainstreaming economic values of ecosystems into the overall development and

poverty strategies (e.g., PEI, ProEcoServ, PES, other DEPI ESE Activities) (Aichi Biodiversity Targets 14-15);

(c) *Ecosystem restoration*: Support countries and regions to realign their environmental programmes and financing to address degradation of selected priority ecosystem services (Aichi Biodiversity Targets 14-15);

(d) *Access and benefit-sharing*: Support countries and regions to access available funding mechanisms including STAR and the NPIF to speed the ratification of the Nagoya Protocol particularly through capacity building enabling activities; support capacity building for development of national ABS frameworks (Aichi Biodiversity Target 16);

(e) *Invasive alien species*: Support countries and the regions to identify invasive species pathways, assess risks and ensure that border controls and quarantine measures are in place to manage pathways to prevent their introduction and establishment; develop and implement GEF project on the effective management of IAS in various ecosystems; support countries in the development and implementation of national frameworks for management of IAS (Aichi Targets 9);

(f) *Valuation of ecosystem services and mainstreaming the values into national planning processes*: Support countries and the regions to integrate values of biodiversity and ecosystem services into national and local development and poverty reduction strategies and planning processes in order to ensure these values are being incorporated into national accounting; and incentives, including subsidies, harmful to biodiversity are eliminated, phased out or reformed in order to minimize or avoid negative impacts (e.g., PEI, ProEcoServ, PES, other DEPI ESE Activities) (Aichi Biodiversity Targets 2 – 3);

(g) *Promote holistic implementation of biodiversity-related MEAs synergies and inter-linkages at the national level*: Support the updating of national biodiversity strategies and action plans (NBSAPs) as effective instruments to promote the implementation of the Strategic Plan and mainstreaming of biodiversity at the national level, taking into account synergies among the biodiversity related conventions in a manner consistent with their respective mandates (decision X/II, paragraph 3 (f));

(h) *Biodiversity indicators*: Build on and continue the work of the Biodiversity Indicators Partnership in order to deliver global biodiversity indicators for the post-2010 period and support Parties in developing corresponding national indicators, in the framework of the National Biodiversity Strategies and Action Plans (Aichi Targets 1-20);

(i) *Resource mobilization indicators*: Assist the Executive Secretary in developing methodological guidance for indicators for monitoring the implementation of the Resource Mobilization Strategy (Aichi Targets 20);

(j) *Marine and coastal biodiversity*: Facilitating the availability and interoperability of the best available marine and coastal biodiversity data sets across global, regional and national scales, working with partner organizations, in particular through the Global Ocean Biodiversity Initiative (GOBI) (Aichi Biodiversity Targets 5-10, 11-12, 14-15, 17-19);

(k) *Protected areas*: Maintain and improve the World Database on Protected Areas in order to receive Parties' reports on their protected areas, including datasets on protected area management effectiveness; prepare the United Nations List of Protected Areas; and produce an annual Protected Planet Report; support countries and the regions to implement the programme of work on protected areas in addition to the implementation of projects under the LifeWeb initiative and align protected areas management (Aichi Biodiversity Target 11); and



(1) *Biodiversity and climate change*: Support increased carbon sequestration through improved land use, reduced deforestation and reduced land degradation (Aichi Biodiversity Target 15); share knowledge and data linking biodiversity conservation and sustainable use and climate-change mitigation and adaptation, including through the UN REDD Partnership (Aichi Biodiversity Targets 5, 10, 15, and 19).

**A. Coherence of the GEF-5 Biodiversity Strategy with the Aichi Biodiversity Targets**

15. At its tenth meeting, the Conference of Parties, through paragraph 6 of decision X/24, further requested the Ad Hoc Open-ended Working Group on Review of Implementation to review the implementation of the four-year outcome oriented framework of programme priorities as related to the utilization of GEF resources for biodiversity for the period 2010 to 2014, taking into account the Strategic Plan for Biodiversity 2011-2020, including its Aichi Biodiversity Targets and associated indicators. The sub-section (A) provides a review of how GEF biodiversity for the stated period responded to the programme priorities of the Conference of the Parties as well its relevance to the Strategic Plan and the Aichi Biodiversity Targets. The sub-section (B) provides an analysis of actual implementation of this GEF biodiversity strategy and its expected impact on the achievement of the 2020 Aichi Biodiversity Targets.

16. The following table summarizes in three respective Boxes the COP-9 Four-Year outcome-oriented programme priorities, the GEF-5 response to it through its corresponding objectives and its implication for the various Aichi Goals and Targets (**Tables 1-4**)


**Table 1: Management effectiveness and sustainability of protected areas**

<p><b>A) COP-9 Four-Year Outcome-Oriented Framework Programme Priorities</b></p> <p><i>Outcome 1.1.</i> Financing gap is reduced to meet protected area management objectives by securing increased revenue and diversification of revenue streams to meet total expenditures.</p> <p><i>Outcome 1.2.</i> Coverage of marine ecosystems globally and in national protected area systems is increased.</p> <p><i>Outcome 1.3.</i> Ecosystem coverage of under-represented terrestrial ecosystems areas as part of national protected area systems is improved.</p> <p><i>Outcome 1.4.</i> Management of terrestrial and marine protected areas is improved.</p> <p><i>Outcome 1.5.</i> Resilience of the components of biodiversity to adapt to climate change is maintained and enhanced.</p> <p><i>Outcome 3.2.</i> Markets are created for ecosystem services as well as for locally value-added ecosystem goods derived from sources that are sustainably managed.</p>		<p><b>B) GEF-5 Response: Biodiversity Four-Year Outcome-Oriented Framework</b></p> <p><b>Objective 1: Improve Sustainability of Protected Area Systems</b></p> <p><i>Outcome 1.1:</i> Improved management effectiveness of existing and new protected areas.</p> <p><i>Indicator 1.1:</i> Protected area management effectiveness score as recorded by Management Effectiveness Tracking Tool.</p> <p><i>Outcome 1.2:</i> Increased revenue for protected area systems to meet total expenditures required for management.</p> <p><i>Indicator 1.2:</i> Funding gap for management of protected area systems as recorded by protected area financing scorecards.</p>
		
<p style="text-align: center;"><b>C) Corresponding Aichi Goals and Target</b></p> <p><b>Goal B</b></p> <p><b>Target 5:</b> By 2020, the rate of loss of all natural habitats, including forests, is at least halved and where feasible brought close to zero, and degradation and fragmentation is significantly reduced.</p> <p><b>Target 8:</b> By 2020, pollution, including from excess nutrients, has been brought to levels that are not detrimental to ecosystem function and biodiversity.</p> <p><b>Target 10:</b> By 2015, the multiple anthropogenic pressures on coral reefs, and other vulnerable ecosystems impacted by climate change or ocean acidification are minimized, so as to maintain their integrity and functioning.</p> <p><b>Goal C</b></p> <p><b>Target 11:</b> By 2020, at least 17 per cent of terrestrial and inland water areas, and 10 per cent of coastal and marine areas, especially areas of particular importance for biodiversity and ecosystem services, are conserved through effectively and equitably managed, ecologically representative and well-connected systems of protected areas and other effective area-based conservation measures, and integrated into the wider landscapes and seascapes.</p> <p><b>Goal D</b></p>		

**Target 14:** By 2020, ecosystems that provide essential services, including services related to water, and contribute to health, livelihoods and well-being, are restored and safeguarded, taking into account the needs of women, indigenous and local communities, and the poor and vulnerable.

**Target 15:** By 2020, ecosystem resilience and the contribution of biodiversity to carbon stocks has been enhanced, through conservation and restoration, including restoration of at least 15 per cent of degraded ecosystems, thereby contributing to climate change mitigation and adaptation and to combating desertification.

**Table 2: Mainstreaming biodiversity conservation and sustainable use**

<p><b>A) COP-9 Four-Year Outcome-Oriented Framework Programme Priorities</b></p> <p><i>Outcome 2.1.</i> Pressures on biodiversity from habitat change, land-use change and degradation, and unsustainable water use are reduced.</p> <p><i>Outcome 2.2.</i> Sustainable use of biological diversity in terrestrial ecosystems including in forest ecosystems, dry and sub-humid lands, mountain ecosystems and islands, particularly Small Island Developing States is enhanced.</p> <p><i>Outcome 2.3.</i> Sustainable use of biological diversity in aquatic ecosystems, including in inland water ecosystems, marine and coastal ecosystems, and islands, particularly small island developing States is enhanced.</p> <p><i>Outcome 3.3.</i> Technically rigorous biodiversity standards are mainstreamed into certification systems for goods produced in agriculture, fisheries, forestry, and other sectors.</p> <p><i>Outcome 3.4.</i> Sustainable use, trade and consumption related to biological diversity are promoted.</p> <p><i>Outcome 3.6.</i> Agricultural biodiversity is promoted in agricultural systems and practices, and genetic resources important for food and agriculture are conserved and sustainably used and associated benefits are shared equitably.</p> <p><i>Outcome 3.7.</i> Forest and aquatic biodiversity is promoted in forestry and fishery systems and practices, and genetic resources important for human well-being are conserved and sustainably used and associated benefits are shared equitably.</p> <p><i>Outcome 1.6.</i> Conservation status of threatened species is improved.</p> <p><i>Outcome 6.1.</i> Threats to biological diversity from invasive alien species are controlled.</p>	<p><b>B) GEF-5 Response: Biodiversity Four-Year Outcome-Oriented Framework</b></p> <p><b>Objective 2: Mainstream Biodiversity Conservation and Sustainable Use into Production Landscapes, Seascapes and Sectors</b></p> <p><i>Outcome 2.1:</i> Increase in sustainably managed landscapes and seascapes that integrate biodiversity conservation.</p> <p><i>Indicator 2.1:</i> Landscapes and seascapes certified by internationally or nationally recognized environmental standards that incorporate biodiversity considerations (e.g. FSC, MSC) measured in hectares and recorded by GEF tracking tool.</p> <p><i>Outcome 2.2:</i> Measures to conserve and sustainably use biodiversity incorporated in policy and regulatory frameworks.</p> <p><i>Indicator 2.2:</i> Policies and regulations governing sectoral activities that integrate biodiversity conservation as recorded by the GEF tracking tool as a score.</p> <p><i>Outcome 2.3:</i> Improved management frameworks to prevent, control and manage invasive alien species</p> <p><i>Indicator 2.3:</i> IAS management framework operational score as recorded by the GEF tracking tool</p>
	
<p><b>C) Corresponding Aichi Goals and Target</b></p> <p><b>Goal A</b></p> <p><b>Target 4:</b> By 2020, at the latest, Governments, business and stakeholders at all levels have taken steps to achieve or have implemented plans for sustainable production and consumption and have kept the impacts of use of natural resources well within safe ecological limits.</p> <p><b>Goal B</b></p> <p><b>Target 6:</b> By 2020 all fish and invertebrate stocks and aquatic plants are managed and harvested sustainably, legally and applying ecosystem based approaches, so that overfishing is avoided, recovery plans and measures are in place for all depleted species, fisheries have no significant adverse impacts on threatened species and vulnerable ecosystems and the impacts of fisheries on stocks, species and ecosystems are within safe ecological limits.</p> <p><b>Target 7:</b> By 2020 areas under agriculture, aquaculture and forestry are managed sustainably, ensuring conservation of biodiversity.</p> <p><b>Target 9:</b> By 2020, invasive alien species and pathways are identified and prioritized, priority species are controlled or eradicated, and measures are in place to manage pathways to prevent their introduction and establishment.</p> <p><b>Goal C:</b></p> <p><b>Target 12:</b> By 2020 the extinction of known threatened species has been prevented and their conservation status, particularly of those most in decline, has been improved and sustained.</p>	

**Table 3: Access to genetic resources and benefit-sharing (ABS)**

<p><b>A) COP-9 Four-Year Outcome-Oriented Framework Programme Priorities</b></p> <p><i>Outcome 5.1.</i> Measures to facilitate access to genetic resources in accordance with national legislation and in harmony with the relevant CBD provisions and are promoted.</p> <p><i>Outcome 5.2.</i> Measures to encourage the fair and equitable sharing of benefits, on mutually agreed terms, arising from the commercial and other utilization of genetic resources and associated traditional knowledge in harmony with the relevant CBD provisions and in accordance with national legislation are promoted.</p> <p><i>Outcome 5.3.</i> Development and implementation of national systems on access and benefit sharing in accordance with relevant decisions of the Conference of the Parties are promoted.</p>	<p><b>B) GEF-5 Response:</b> <b>Biodiversity Four-Year Outcome-Oriented Framework</b></p> <p><b>Objective 4 : Build Capacity on Access to Genetic Resources and Benefit-sharing</b></p> <p><i>Outcome 4.1:</i> Legal and regulatory frameworks, and administrative procedures established that enable access to genetic resources and benefit sharing in accordance with the CBD provisions</p> <p><i>Indicator 4.1:</i> National ABS frameworks operational score as recorded by the GEF tracking tool (to be developed)</p>
<p><b>C) Corresponding Aichi Goals and Target</b></p> <p><b>Goal C:</b> <b>Target 13:</b> By 2020, the genetic diversity of cultivated plants and farmed and domesticated animals and of wild relatives, including other socio-economically as well as culturally valuable species is maintained, and strategies have been developed and implemented for minimizing genetic erosion and safeguarding their genetic diversity.</p> <p><b>Goal D:</b> <b>Target 16:</b> By 2015, the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization is in force and operational, consistent with national legislation.</p>	

**Table 4: Integration of CBD obligations into national planning processes**

<p><b>A) COP-9 Four-Year Outcome-Oriented Framework Programme Priorities</b></p> <p><i>Outcome 3.1.</i> Policy and regulatory frameworks governing sectors outside the environment sector incorporate measures to achieve the three objectives of the Convention.</p> <p><i>Outcome 3.5.</i> Social, economic and legal incentive measures are supportive of the Convention's three objectives.</p> <p><i>Outcome 4.1.</i> National biodiversity planning is enhanced, including elaboration and updating of national biodiversity strategies and action plans.</p> <p><i>Outcome 4.2.</i> National biodiversity action plans are mainstreamed into development strategies and programmes.</p> <p><i>Outcome 4.3.</i> Implementation of the programme priorities is strengthened including through science, technology and innovation, clearing-house mechanism, and communication, education and public awareness.</p> <p><i>Outcome 4.4.</i> Developing countries' knowledge on all components of biodiversity, in particular through taxonomy, is improved.</p> <p><i>Outcome 4.5.</i> National compliance with reporting obligations under the Convention and the Cartagena Protocol on Biosafety is promoted.</p> <p><i>Outcome 4.6.</i> Protection of traditional knowledge, innovations and practices is improved, and the involvement of local and indigenous communities in the achievement of the Convention's three objectives is strengthened.</p> <p><i>Outcome 4.7.</i> Transfer of and access to technologies are promoted and facilitated from developed to developing countries as well as among developing countries and other Parties.</p>	<p><b>B) GEF-5 Response:</b> <b>Biodiversity Four-Year Outcome-Oriented Framework</b></p> <p><b>Objective 5 : Integrate CBD obligations into National Planning Processes through Enabling Activities</b></p> <p><i>Outcome 5.1.</i> Development and sectoral planning frameworks at country level integrate measurable biodiversity conservation and sustainable use targets.</p> <p><i>Indicator 5.1:</i> Percentage of development and sectoral frameworks that integrate measurable biodiversity conservation and sustainable use targets.</p>
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**C) Corresponding Aichi Goals and Target****Goal A**

**Target 1:** By 2020, at the latest, people are aware of the values of biodiversity and the steps they can take to conserve and use it sustainably.

**Target 2:** By 2020, at the latest, biodiversity values have been integrated into national and local development and poverty reduction strategies and planning processes and are being incorporated into national accounting, as appropriate, and reporting systems.

**Target 3:** By 2020, at the latest, incentives, including subsidies, harmful to biodiversity are eliminated, phased out or reformed in order to minimize or avoid negative impacts, and positive incentives for the conservation and sustainable use of biodiversity are developed and applied, consistent and in harmony with the Convention and other relevant international obligations, taking into account national socio economic conditions.

**Goal E**

**Target 17:** By 2015 each Party has developed, adopted as a policy instrument, and has commenced implementing an effective, participatory and updated national biodiversity strategy and action plan.

**Target 18:** By 2020, the traditional knowledge, innovations and practices of indigenous and local communities relevant for the conservation and sustainable use of biodiversity, and their customary use of biological resources, are respected, subject to national legislation and relevant international obligations, and fully integrated and reflected in the implementation of the Convention with the full and effective participation of indigenous and local communities, at all relevant levels.

**Target 19:** By 2020, knowledge, the science base and technologies relating to biodiversity, its values, functioning, status and trends, and the consequences of its loss, are improved, widely shared and transferred, and applied.

**Target 20:** By 2020, at the latest, the mobilization of financial resources for effectively implementing the Strategic Plan for Biodiversity 2011-2020 from all sources, and in accordance with the consolidated and agreed process in the Strategy for Resource Mobilization should increase substantially from the current levels. This target will be subject to changes contingent to resource needs assessments to be developed and reported by Parties.

**B. Review of implementation of the GEF-5 Biodiversity Strategy in the context of the 2011-2020 Strategic Plan**

*Reporting period: 1 July 2010- 23 March 2012*

*Table 1: BD funding Programmed under Biodiversity Focal Area or through Multi-Focal Area Projects (USD)<sup>2</sup>*

<b>Focal Area</b>	<b>BD Amount</b>	<b>Co-finance</b>	<b># of projects</b>
Biodiversity	179,996,042	672,346,262	64
Multi-Focal Area Projects	194,719,119	1,018,183,496	38
<b>TOTAL</b>	<b>374,715,161</b>	<b>1,690,529,758</b>	<b>102</b>

<sup>2</sup> Biodiversity funding amount includes project management cost.

Table 2: BD Resources Programmed by GEF Biodiversity Strategy Objectives and Outcomes and Coherence with Strategic Plan and Aichi Targets

GEF Biodiversity Strategy Objectives	Strategic Plan Goals	Strategic Plan Targets	GEF Biodiversity Strategy Outcomes	BD-1	BD-2	BD-3	BD-4	BD-5	Co-financing
<b>Objective One: Improve Sustainability of Protected Area Systems</b>	Goals A, B, C, D, E	Targets 5, 6, 10, 11, 12, 14, 15, 18, 19, 20	1.1 Improved Management Effectiveness of existing and new protected areas	164,218,989					726,118,650
			1.2 Increased revenue for protected areas systems to meet total expenditures required for management	22,709,082					107,505,260
<b>Objective Two: Mainstream biodiversity conservation and sustainable use into production landscapes/seascapes and sectors</b>	Goals A, B, C, D, and E	Targets 3, 4, 5,6, 7,8,9, 10, 11, 12, 13, 14, 15, 18, 19, 20	2.1 Increase in sustainably managed landscapes and seascapes that integrate biodiversity conservation and sustainable use		104,824,143				602,013,546
			2.2 Measures to conserve and sustainably use biodiversity incorporated in policy and regulatory frameworks		30,412,749				183,541,832
			2.3 Improved management frameworks to prevent, control and manage invasive alien species		9,497,233				30,422,995
<b>Objective Three: Build Capacity for the Implementation of the Cartagena Protocol on Biosafety</b>	Goal C	Target 13	3.1 Potential risks of living modified organisms to biodiversity are identified and evaluated in a scientifically sound and transparent manner			2,805,000			2,440,000
<b>Objective Four: Build capacity on access to genetic resources and benefit sharing</b>	Goals D, E	Targets 16 and 20	4.1 Legal and regulatory frameworks, and administrative procedures established that enable access to genetic resources and benefit sharing in accordance with CBD provisions				2,686,750		4,378,650
<b>Objective Five: Integrate CBD obligations into national planning processes through enabling activities</b>	Goal E	Target 17	5.1 Development and sectoral planning frameworks at country level integrate measurable biodiversity conservation and sustainable use targets					18,919,113	34,108,825
			<b>TOTAL</b>	<b>187,628,071</b>	<b>144,734,125</b>	<b>2,805,000</b>	<b>2,686,750</b>	<b>18,919,113</b>	<b>1,690,529,758</b>

17. To date, GEF has funded 102 projects covering 18 of the Aichi Biodiversity Targets in 120 developing country Parties. The total investments by GEF on these projects amounts to almost \$375 million leveraging a co-finance of almost \$1.7 billion totaling an investment of \$2 billion in a period of less than two years.

18. Half of the \$2 billion investment made during this period by the GEF and other donors has been to improve sustainability of protected areas, specifically Target 11, though these projects would provide outcomes in other targets, namely 5, 6, 10, 12, 14, 15, 18, 19 and 20. This objective of conservation has attracted \$187 million of the total GEF investments during this period and leveraged co-financing of US\$ 833 million indicating a slight increase in leveraged co-finance. The total number of projects approved under this GEF objective totals 49.<sup>3</sup>

19. The second largest investment by GEF and other donors of \$961 million has been on mainstreaming biodiversity conservation and sustainable use into production landscapes and seascapes funding 45 projects. The total investment of GEF amounts to \$145 million which leveraged an additional US\$ 816, a leveraging ratio of 1:6. The investment is broadly on Strategic Goal B to engage agricultural, forest, fisheries, tourism and other sectors providing outcomes in multiple Aichi Biodiversity Targets, namely, 3,4,5,6,7,8,9,10,11,12,13,14,15,18,19 and 20.

20. The Strategic Target 17 asking Parties to develop and adopt a policy instrument by implementing an effective, participatory and updated national biodiversity action plan has received priority action by the GEF. The financial mechanism has invested a total amount of almost US\$ 19 million to assist 82 developing country Parties update its NBSAP to help them strengthen national planning process for implementing the 2011-2020 Strategic Plan. The GEF amount leveraged an additional \$34 million. Further details on this investment are provided in document UNEP/CBD/WGRI/4/2.

21. The GEF has additionally made an investment of US\$ 2.7 million in the past two years to assist Parties bring into force the Nagoya Protocol on Access to Genetic Resources and the fair and Equitable Sharing of Benefits Arising from their Utilization, in the context of Strategic Target 16. The GEF investment has leveraged co-financing of US\$ 4 million.

22. The review of the implementation points to few trends worth noting. The co-financing ratio of GEF projects currently stands to 1 to 4.5, which has improved from GEF-4. Of the \$1.08 billion dedicated to programming in the biodiversity focal area, 35% of the resources have been programmed as of 23 March, however, this percentage does not include the entirety of the June 2012 work program which is likely to result in a significant increase in the percentage of biodiversity resources programmed by the mid-point of GEF-5. The GEF Secretariat to provide an updated figure during the fourth meeting of the Working Group on Review of Implementation. Regardless, maintaining ongoing efforts by Parties and GEF agencies to develop project proposals will be required to match the full programming of resources that was accomplished in GEF-4. Secondly, about half the GEF funding is still going to protected areas focusing mainly on Target 11, with complementary benefits in several other targets. The Parties may need to re-consider their priorities to include additional projects related to the second objective of the GEF-5 biodiversity strategy to impact other targets of the strategic plan.

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<sup>3</sup> Please note that since some projects address both objectives one and two the total number of projects exceeds 102.

***Suggested recommendations***

23. The Strategic Plan for Biodiversity 2011-2020, including its Aichi Biodiversity Targets and associated indicators, will guide the implementation of the Convention in the coming decade, and the recent reforms introduced at the Global Environment Facility have been oriented towards recipient country ownership and synergies between conventions.

24. In this context the Working Group *takes note* of the review of implementation of the four-year outcome-oriented framework of programme priorities by the GEF in the context of the Strategic Plan and Aichi Biodiversity Targets;

25. In accordance with paragraph 7 of decision X/24, the eleventh meeting of the Conference of the Parties will adopt a four-year outcome-oriented framework of programme priorities, taking into account the Strategic Plan for Biodiversity 2011-2020, including its Aichi Biodiversity Targets and associated indicators, as well as the outcome of the review, for consideration during the sixth replenishment of the Global Environment Facility Trust Fund, as related to utilization of Global Environment Facility resources for biodiversity for the period July 2014 to June 2018. The fourth meeting of the Ad Hoc Open-ended Working Group on Review of Implementation may wish to provide guidance on the elements for the four-year outcome-oriented framework of programme priorities as related to utilization of Global Environment Facility resources for biodiversity for the period July 2014 to June 2018. These elements also need to take into account the draft report on the full assessment of the amount of funds that are necessary to assist developing countries and countries with economies in transition for the sixth replenishment period of the Global Environment Facility Trust Fund.

26. In this context the Working Group *request* the Executive Secretary to develop a new four-year outcome-oriented priorities taking into account the Strategic Plan for Biodiversity 2011-2020, based on the discussions at on the main elements highlighted by the Working Group for consideration at the eleventh meeting of the Conference of Parties.

**II. ASSESSMENT REPORTS OF THE AMOUNT OF FUNDS NEEDED FOR THE IMPLEMENTATION OF THE CONVENTION FOR THE SIXTH REPLENISHMENT PERIOD OF THE GLOBAL ENVIRONMENT FACILITY TRUST FUND**

27. At its tenth meeting, the Conference of Parties adopted the terms of reference for a full assessment of the amount of funds that are necessary to assist developing countries and countries with economies in transition, in accordance with the guidance provided by the Conference of the Parties, in fulfilling their commitments under the Convention for the sixth replenishment period of the GEF Trust Fund, as contained in the annex to decision X/26. The sixth replenishment of GEF is expected to cover the period July 2014-June 2018, and discussions leading to an agreement by the GEF Assembly are expected to commence in late 2012.

28. Other relevant activities are being undertaken pursuant to decisions X/3 and X/24 as follows:

(a) Work carried out pursuant to decision X/3 to assess existing expenditures on biodiversity (see UNEP/CBD/WG-RI/4/6);

(b) Preparation of a four-year outcome-oriented framework of programme priorities for GEF-6 for adoption at the eleventh meeting of the Conference of the Parties, and subsequently for consideration during the sixth replenishment of the Global Environment Facility Trust Fund. In line with paragraphs 6 and 7 of decision X/25, the outcome-oriented framework should take into account the

Strategic Plan for Biodiversity 2011-2020, including its Aichi Biodiversity Targets and associated indicators, as well as the outcome of a review of GEF-5 (see sections I and II);

(c) An assessment of the potential funding needs to achieve the Aichi Biodiversity Targets being co-sponsored by India and the United Kingdom (UNEP/CBD/WGRI/4/6).

29. In accordance with the terms of reference (X/26), a team of five experts were appointed based on nominations received from Parties and discussion at the meeting of the COP Bureau. The five experts represent a broad expertise in financing biodiversity activities and are divided equally between developed and developing countries in addition to an NGO representative agreed by the CBD-NGO Alliance and the GEF-NGO Network.

30. Three expert meetings were held, in Montreal, Tokyo and Quito supported by the Secretariat staff and joined by representative of the GEF secretariat through video link. In between consultations were held on a regular basis using electronic means. Generous funding was provided by the Government of Japan and the Netherlands for holding the meetings. The experts and their organizations contributed their time to the assessment at no cost to the Convention on Biological Diversity.

31. The mandate of the GEF is to finance the incremental costs of projects related to the provision of global environmental benefits. Hence, generally, GEF projects fulfill incremental and catalytic roles by not only making a difference to the business-as-usual environment but also by bringing together government and private sector resources and NGOs. GEF Implementing Agencies (IAs) mobilize co-financing as part of all projects, consistent with the principle of incremental costs and the generation of global benefits. GEF grant to co-financing ratios reflect the nature of each project, the global environmental benefits that are to be generated, the incremental costs to achieve the global environmental benefits, the nature of the baseline which the project complements, and the presence and contributions of other co-financiers. In practice, the GEF seeks to leverage the maximum amount possible and the ratio of GEF funds to co-financing has thus ranged from 1:2 to as high as 1:10 in the biodiversity focal area. This ratio is driven primarily by the global benefits that will be generated and the incremental costs of generating said benefits, all other things being equal.

32. (ToR) The methodology the Expert Group used has been the 2020 Aichi Biodiversity Targets and its Strategic Plan. The assessment was done following identification of different activities that achievement of each Target involved and costing them through the use of available information from the literature, examples of similar projects, consultation with specific experts globally and from their own experience in developing and implementing biodiversity projects.

33. Three expert meetings were held, where the experts extensively discussed and evaluated each Target using the Strategic Plan for Biodiversity 2011-2020 and the 20 Aichi Biodiversity Targets, the various decisions from the Conference of the Parties and Guidance to the Financial Mechanism as the overall framework. Various other processes such as the Rio conventions, especially climate change convention and Biodiversity programmes were also considered during the discussions. The team arrived at the estimates for activities after evaluating examples, experiences, regional and global studies and using experts' consultation among other. Targets were thoroughly compared and contrasted to avoid double counting and overestimation of the financial needs of the Targets.

34. A range of estimates (Scenarios) was generated for each Strategic Target by taking into account absorptive and delivery capacities for the results to enable selection of the most viable option. Scenario 1 for each Target gives the lowest funding estimates based on the number of countries participating in the implementation of activities or in some cases by minimizing the GEF incremental costs (%) - incremental reasoning. Scenario 2 and 3 gradually increase the number of countries, projects or funding rate.

35. Scenario 2 represents mid-level estimates since it covers 2/3rd of GEF eligible countries where applicable. Scenario 3 often includes all 155 GEF eligible countries. Overall, while most of the selected activities are on country basis, some regional or global projects are also recommended.

36. For each scenario, total investment need is estimated for all the selected activities under each Target. This is followed by estimating the incremental costs (reasoning) including GEF's role as the financial mechanism and catalyst to further leverage funds from other sources to finally estimate the financial needs for the GEF-6 replenishment during the period 2014-2018.

37. A detailed target by target feedback and comments were received from the GEF during the third expert meeting in Quito. For instance for Target 3 (Subsidies) the use of lower estimates of funding rate (or incremental reasoning) was advised. The GEF had further raised numerous points and issues related to each target regarding the number of GEF eligible countries, types of activities that the GEF could or could not fund and related estimates. The GEF had also recommended re-estimation of certain costs in some cases, for instance, Target 15 regarding ecosystem resilience. The comments and feedbacks were taken into account during the third expert meeting and the Targets were re-evaluated.

38. One of the main findings is that to reach the Aichi Biodiversity Targets, GEF would need to emphasize country-driven capacity-building activities to a large extent. The most important constraint was time considering the huge task of target by target costing, the fact that the assessment was being done for the first time, and availability of up-to-date data and information was difficult to come by. This Needs Assessment has been a challenge to perform and it is important to note that the study is a beginning of such needs assessments and that the methodology has to be refined over time, for potential future needs assessments.

39. The preliminary conclusions of the panel are that activities of a type that could be supported by the GEF, in GEF-eligible countries during the period of GEF-6 (2014-2018) are estimated to total between US\$ 74 billion and US\$ 120 billion, depending upon a number of factors as elaborated below and assuming no limitations in GEF implementing agency and developing country capacity to absorb a phenomenal jump in funds. The panel considers that the estimate of US\$ 96 billion as the most likely. However, this does not cover all costs needed to implement the Strategic Plan and achieve the Aichi Biodiversity Targets. Applying incremental cost reasoning to these costs, the panel estimates that the financing needs to be met during the sixth replenishment would be in a range US\$ 16 billion and US\$ 40 billion, with a most likely estimate of US\$ 27 billion.

40. The fourth meeting of the Ad Hoc Open-ended Working Group on Review of Implementation of the Convention should consider the expert team's assessment report and make recommendations for consideration by the eleventh meeting of the Conference of the Parties. The Conference of the Parties at its eleventh meeting will make a decision on the assessment of the amount of funds that are necessary for the implementation of the Convention for the sixth replenishment period of the Trust Fund of the Global Environment Facility, and communicate the results to the Global Environment Facility accordingly.

41. The panel makes a number of observations on these results which are reflected in the draft recommendations below.

*Suggested recommendations*

42. The Working Group may wish to adopt a recommendation along the following lines:

*The Working Group on Review of Implementation of the Convention on Biological Diversity*

1. *Welcomes* the preliminary report of the assessment of needs for GEF-6 (UNEP/CBD/WGRI/4/INF/10), prepared in accordance with decision X/26, and expresses its appreciation to the members of the expert group;

2. *Takes note* of the preliminary conclusions of the expert group as summarized in the annex to the present document;

3. *Requests* the expert group, with the support of the Executive Secretary, to further develop the report (UNEP/CBD/WG-RI/4/INF/10), taking into account the following, for the consideration of the Conference of the Parties at its eleventh meeting:

(a) The views expressed by Parties and observers at the fourth meeting of the Working Group on Review of Implementation of the Convention;

(b) Additional views submitted by Parties, other Governments and organizations prior to 30 July 2012;

(c) Work conducted by the high-level panel on financing for biodiversity, co-sponsored by India and the United Kingdom;

(d) Other relevant technical information on the costs of implementing the that Strategic Plan for Biodiversity 2011-2020 and achieving the Aichi Biodiversity Targets; and,

(e) In response to paragraphs 6 and 8, the Global Environment Facility and the Executive Secretary conduct a review of the draft assessment reports of the expert team to ensure accuracy and consistency of approach and data, and assessment of availability of funding through all sources.

43. The Working Group may further wish to recommend that the Conference of the Parties adopt a decision along the following lines:

*The Conference of the Parties,*

*Recalling* decision X/26,

1. *Emphasizes* that Strategic Plan for Biodiversity 2011-2020 and the Aichi Biodiversity Targets provides the overall framework for the implementation of the Convention for the decade, including for the activities during the period of the GEF-6 (2014-2018), and that the needs assessment should be carried out within this framework;

2. *Notes* that implementation of the Strategic Plan for Biodiversity 2011-2020 will require funding of activities that contribute to all five goals and all twenty targets;

3. *Welcomes* the report of the assessment of needs for GEF-6 and *expresses its appreciation* to the members of the expert group;

4. *Endorses* the key messages of the assessment as summarized in annex to the present note;

5. *Takes note* of the range of investments estimates provided for the sixth replenishment: US\$ 16.6 billion and US\$ 40.8 billion, with a most likely range of US\$ 27.9 billion. This includes both what might be provided through the replenishment of the GEF trust fund for the biodiversity focal area, as well as what might be provided through other funds leveraged through the financial mechanism;

6. *Noting* that the estimated needs are in excess of current and historical GEF replenishments, *emphasizes* the following points:

(a) The Strategic Plan for Biodiversity 2011-2020 and the Aichi Biodiversity Targets is an ambitious framework adopted by Parties to the Convention which requires a substantial increase in the resources available;

(b) Achievement of the Aichi Biodiversity Targets will require activities that address all five goals of the strategic plan;

(c) The GEF may need to play a greater role than hitherto in facilitating the mobilization of financial resources beyond the replenishment of the GEF Trust Fund itself;

(d) Prioritization of activities needs to be done in consultation with the Convention through its Conference of Parties.

7. *Transmits* to the Global Environment Facility the assessment of the amount of funds, that are necessary to assist developing countries and countries with economies in transition, in accordance with the guidance provided by the Conference of the Parties, in fulfilling their commitments under the Convention over the sixth GEF replenishment cycle, for consideration by the Global Environment Facility, so that the Facility will in its regular report to the Conference of Parties indicate how it has responded during the replenishment cycle to the previous assessment by the Conference of the Parties.

### **III. FOURTH REVIEW OF THE EFFECTIVENESS OF THE FINANCIAL MECHANISM**

44. In decision X/27, paragraphs 1 and 2, the Conference of the Parties decided to adopt the terms of reference for the fourth review of the effectiveness of the financial mechanism, and requested the Executive Secretary to ensure the implementation of the review according to the terms of reference. In accordance with the annex to decision X/27, paragraph 5, the Executive Secretary shall, under the authority and with the support of the Conference of the Parties, contract an experienced independent evaluator to undertake the review. The associated budgetary need was included in Table 3 of decision 45 (Resource requirements from the special voluntary trust fund (be) for additional voluntary contributions in support of approved activities for the 2011-2012 biennium)

45. In response, the Secretariat issued a letter dated 16 November 2010 (SCBD/RMCS/MR-H/74375) inviting voluntary contributions for approved activities pursuant to decision X/45, which urges Parties to make contributions to the Special Voluntary Trust Fund (BE) for Additional Voluntary Contributions in Support of Approved Activities for the biennium 2011-2012, including US\$150,000 for preparation for the fourth review of the effectiveness of the financial mechanism. The Secretariat issued a further letter dated 12 August 2011 (SCBD/ITS/YX/74668) requesting voluntary contribution for the fourth review of the effectiveness of the financial mechanism and also followed up with the donors who expressed interests in financing this activity during the budgetary negotiations during the tenth meeting of the Conference of the Parties. Nevertheless, no indication of any voluntary contribution was received for this purpose by the secretariat preventing hiring an independent consultant to conduct the fourth review in accordance with decision X/27.



### *Suggested recommendations*

46. Due to the lack of voluntary contribution, effective implementation of decision X/27 has not been initiated in order to prepare for the fourth review of the effectiveness of the financial mechanism. The Ad Hoc Open-ended Working Group on Review of Implementation may wish to consider *urging* donors that are in a position to do so to make urgent pledges to finance the implementation of decision X/27 in time for the report to be presented at the eleventh meeting of the Conference of Parties.

### *Annex*

## **ASSESSMENT OF BIODIVERSITY FUNDS NEEDED FOR GEF-6**

### *Summary of the full assessment by the expert team members First Draft, 28 March, 2012*

### **INTRODUCTION**

Among its core findings, the Cost of Policy Inaction study (Braat & ten Brink, (eds), 2008 - COPI, 2008) highlighted that the cost of failure to halt the losses of biodiversity and ecosystem resources in just over the past 10 years (2000-2010), would grow to approximately €545 billion (around \$740 billion US) a year in 2010 and this, only for the land based ecosystems (i.e. excluding marine areas, coral reefs and wetlands the loss of which could be substantial as well). The costs are expected to continue increasing as long as biodiversity and ecosystem losses are not halted and, even if halted, they would still continue long into the future. Furthermore, the welfare losses due to ecosystem and biodiversity losses will vary from region to region (across geographic areas) and range from very small 0.2% (MEA) to 17% in Africa, 23%-24% in Brazil, Russia and other Latin American and Caribbean (LAC) countries to highest losses of around 40% in Australia/New Zealand even though on average they represent only 7% of global GDP. COPI indicated also that a significant portion of the losses was found to be due to loss of the value of carbon storage and that the highest losses were from tropical forest biomes and hence, of global impact nature. Additionally, “The Sunken Billions” (World Bank, 2009) indicated that the world’s capture fishery resources are assets with rates of return not exceeding zero but that cost the global economy about \$50 billion US per year in forgone resource rent (FAO, 2010). The social welfare loss of inaction is simply too high, even before accounting for the costs of the complex negative impacts on health, economic activities, trade relations, income distribution etc that may arise and cause challenges not only to policy-makers but also affect the overall welfare of society.

TEEB (2009) estimated the annual value of biodiversity loss and ecosystem degradation at around \$2-\$4.5 trillion US amounting to about 3.3% to 7.5% of global GDP. TEEB also indicated that annual losses as a result of deforestation and forest degradation alone may be equivalent to these estimates which could be secured by an annual investment of just \$20-\$45 billion US per year: i.e. with a 100:1 return to investment. Even at the lowest range of return to investment (i.e. 25:1), it takes only \$80-\$180 billion per year. The significance of the value of the loss of biodiversity and ecosystem degradation becomes even more alarming when the cost of climate change of \$1.7 trillion per annum is also considered (Evison, 2010).

However, while these and similar other studies highlight the huge and alarming cost of losing biodiversity and natural resources, and the substantial amount of opportunity costs of policy inaction, only few provide the costs of securing it or the amount of funds that is needed for different biodiversity conservation and sustainable use activities. When such estimates are found, most of them are already a few years old and need updating in order to help assess current financial needs. This is particularly true since changes in biodiversity and ecosystem resources are continuous and dynamic. One big challenge is

that biodiversity conservation and sustainable use often involve large monitoring and evaluation expenses that most countries rich in biological resources do not have the capacity to readily absorb without assistance. Hence, the value of the overall loss of biodiversity and ecosystem resources keeps increasing and the resources are being run down without understanding the real value of what is being lost (TEEB, 2009).

The key drivers or direct causes of the loss in biodiversity are identified to consist of land use changes and fragmentation, loss of habitats due to conversion of land into other uses such as agriculture and urbanization, unsustainable use of natural resources, invasive alien species, climate change and pollution, not excluding the complex interactions between these and other socio-economic forces among other (GBO3, 2010). Insufficient awareness, knowledge and information on the importance and value of biodiversity, lack of governance, institutional and policy frameworks and integration of biodiversity in decision-making processes, and uncertainties surrounding the overall complex and changing economic and climatic conditions are found among the underlying or indirect causes.

Globally, the current level of financing for biodiversity and ecosystem services is estimated to be between \$6-\$10 billion (Gutman and Davidson, 2008; Djoghlaif and Dodds, 2011), and \$36-\$38 billion annually considering all possible sources, and only less than half of this is spent in developing countries (Parker and Cranford, 2010) where the funds are much needed. There is still no agreement as to how much is exactly currently spent to biodiversity conservation efforts. Additionally, even the highest of these amounts is found to be far below what is required for biodiversity conservation and sustainable use (Parker and Cranford, 2010) considering the rate of the losses. The funding needs of protecting natural capital is in the order of hundreds of billions annually and very hard to estimate precisely and investment on securing it is not precisely known and is estimated to be less than \$38 billion per year from all sources. So far, the estimation of the financial needs of pursuing the three objectives of the CBD has also proven to be difficult and elusive with just few exceptions such as the case of in-situ conservation especially as it relates to the costs of implementing a globally representative system of protected areas (Djoghlaif and Dodds (eds), 2011). The literature indicates also that 30%-50% of the funds are used for protected areas (conservation) leaving 50% to 70% of the funds for sustainable use and ABS.

Since the GEF pilot phase, in 1991, 1084 biodiversity projects have been approved (including enabling activities, Medium Sized Projects (MSPs) and Full Sized projects (FSPs) and implemented or are under implementation totalling over \$2.93 billion of GEF resources (this does not include the November 2011 work program). GEF grants have also leveraged over \$8 billion US in co-financing. During the GEF-3 to GEF-5 period (2003-2010), 68 Multi-Focal Area (MFA) projects, that only began in GEF-3, that used biodiversity and other focal area resources have been approved and implemented or are under implementation totalling \$589 million of GEF resources (excluding the November 2011 work program). However, the introduction of the Aichi Goals and 20 Targets and the ambition that these targets should be met by 2020, implies that past trends in biodiversity related projects and funding should be scaled up in order to meet all of the Goals.

Therefore, the present financial needs assessment is an attempt to assess the financial implications of the Aichi Goals and 20 Targets up to 2020 for the GEF-6 Replenishment for the period 2014-2018. The exercise was mandated by COP-10 in decision X/26 and comprises the first assessment ever on financial needs of the CBD targets.

## **PREAMBLE**

### **Guidance to the Financial Mechanism**

“In accordance with Article 21 of the Convention, the Conference of the Parties (COP) will determine the policy, strategy, programme priorities and eligibility criteria for access to and utilization of financial

resources available through the financial mechanism, including monitoring and evaluation on a regular basis of such utilization. The Global Environment Facility (GEF), in operating the financial mechanism under the Convention, will finance activities that are in full conformity with the guidance provided to it by the Conference of the Parties...” ... MOU, paragraph 2.1.

The financial mechanism operates under the guidance of the Conference of the Parties to the Convention. The first set of guidance to the financial mechanism was developed by the Conference of the Parties at its first meeting in 1994, and additional guidance was provided by subsequent meetings of the Conference of the Parties. In October 2010, the tenth meeting of the Conference of the Parties adopted the consolidated list of guidance to the financial mechanism, including programme priorities, and agreed to retire the previous decisions and elements of decisions, as related to the financial mechanism and limited only to those provisions related to the financial mechanism (decision X/24). While this decision presented the consolidated guidance to the financial mechanism of the Convention, decision X/25 further provided additional guidance to the financial mechanism.

At its ninth meeting, the Conference of the Parties adopted the four-year outcome-oriented framework of programme priorities as related to utilization of Global Environment Facility (GEF) resources for biodiversity for the period from 2010 to 2014 (decision IX/31 B). It was used as input to the development of the biodiversity focal area strategy for the fifth replenishment period of the GEF.

A new paradigm of providing guidance has emerged. In October 2010, the Conference of the Parties decided that guidance to the financial mechanism, for a specific replenishment period, consists of a consolidated list of programme priorities that defines what to be financed, and an outcome oriented framework, taking into account the Strategic Plan of the Convention, including its associated indicators and targets.

For the biennium 2011-2012, the following activities are expected:

- Parties and relevant stakeholders, including indigenous and local communities, to submit information and views on the further development of programme priorities, taking into account the 2011-2020 Strategic Plan of the Convention, including its associated indicators and targets, by 30 November 2011;
- The Executive Secretary to compile the information from Parties and relevant stakeholders, for consideration by the fourth meeting of the Ad Hoc Open-ended Working Group on Review of Implementation;
- The Ad Hoc Open-ended Working Group on Review of Implementation to review the implementation at its fourth meeting of the four-year outcome-oriented framework of programme priorities as related to utilization of GEF resources for biodiversity for the period from 2010 to 2014, taking into account the Strategic Plan of the Convention, including its associated indicators and targets;

At its eleventh meeting, the Conference of the Parties will consider a four-year outcome-oriented framework of programme priorities, taking into account the Strategic Plan of the Convention including its associated indicators and targets, as well as the outcome of the review, for consideration during the sixth replenishment of the Global Environment Facility Trust Fund, as related to utilization of GEF resources for biodiversity for the period July 2014 to June 2018 (decision X/26).

In decision X/26, the Conference of the Parties adopted the terms of reference for a full assessment of the amount of funds that are necessary to assist developing countries and countries with economies in transition, in accordance with the guidance provided by the Conference of the Parties, in fulfilling their

commitments under the Convention for the sixth replenishment period of the GEF Trust Fund, as contained in the annex to the decision. The present study is part of a full assessment of the financial needs of biodiversity by the Expert Team members, a report on the target by target approach to estimate the funding needs for the GEF-6 replenishment. The WGRI-4 will consider the expert team's assessment report and make recommendations for consideration by the eleventh meeting of the Conference of the Parties. The Conference of the Parties at its eleventh meeting will make a decision on the assessment of the amount of funds that are necessary for the implementation of the Convention for the sixth replenishment period of the Trust Fund of the Global Environment Facility, and communicate the results to the Global Environment Facility accordingly.

The mandate of the GEF is to finance the incremental costs of projects related to the provision of global environmental benefits. Hence, generally, GEF projects fulfil incremental and catalytic roles by not only making a difference to the business-as-usual environment but also by bringing together government and private sector resources and NGOs. GEF Implementing Agencies (IAs) mobilise co-financing as part of all projects, consistent with the principle of incremental costs and the generation of global benefits. GEF grant to co-financing ratios reflect the nature of each project, the global environmental benefits that are to be generated, the incremental costs to achieve the global environmental benefits, the nature of the baseline which the project complements, and the presence and contributions of other co-financiers. In practice, the GEF seeks to leverage the maximum amount possible and the ratio of GEF funds to co-financing has thus ranged from 1:2 to as high as 1:10 in the biodiversity focal area with an average amount of about 1:4 currently. This ratio is driven primarily by the global benefits that will be generated and the incremental costs of generating said benefits, all other things being equal.”

The methodology the Expert Group used has been Target by Target costing by identifying the different activities that each Target involved and costing them through the use of information from the literature, examples of similar projects and their expert opinion. Three Expert Meetings were held, in Montreal (Canada), Tokyo (Japan) and Quito (Ecuador) where the experts extensively discussed and evaluated each Target using the Strategic Plan for Biodiversity 2011-2020 and the 20 Aichi Biodiversity Targets, the various COP decisions and Guidance to the Financial Mechanism as the overall framework. Various other processes such as the Rio Conventions and Biodiversity programmes were also considered during the discussions. The Group arrived at the estimates for activities further evaluating examples, experiences, regional and global studies and using experts' consultation among other. Targets were thoroughly compared and contrasted to avoid double counting and overestimation of the financial needs of the Targets.

A range of estimates (Scenarios) was generated for each Target by taking further into account absorptive and delivery capacities for the results to enable selection of the most viable option. Scenario 1 for each Target gives the lowest funding estimates since either the number of countries for the implementation of activities or the GEF funding rate - incremental reasoning (%) - or the amount of investment cost is relatively lower. Scenario 2 and 3 gradually increase the number of countries, projects, funding rate (%) or investment cost. Scenario 2 represents mid level estimates since it covers 2/3<sup>rd</sup> of GEF eligible countries where applicable. Scenario 3 often includes all 155 GEF eligible countries where country level activities are recommended. Overall, while most of the selected activities are on country basis, some regional or global projects are also recommended. First, total investment need is estimated for each of the selected activities under each Target. Then, for each Scenario the *incremental reasoning approach* and GEF's role as the financial mechanism and catalyst to further leverage more fund from other sources are accounted for to finally estimate the financial needs for the GEF-6 replenishment under each of the Scenario during the period 2014-2018.

A detailed Target by Target feedback and comments were received from the GEF during the Third Expert Meeting in Quito (Ecuador). For instance for Target 3 (Subsidies) the use of lower estimates of funding rate (or incremental reasoning) was advised. The GEF had further raised numerous points and

issues related to each Target regarding the number of GEF eligible countries, types of activities that the GEF could or could not fund and related estimates. The GEF had also recommended re-estimation of certain costs in some cases, for instance Target 15 regarding ecosystem resilience. The comments and feedbacks were taken into account during the Third Expert meeting and the Targets were re-evaluated.

Even though at an early stage of the replenishment period, GEF has already programmed over \$350 million US in grants that leveraged 4.5 times more in co-financing resources. The Expert Group further took the success of GEF-5 to help achieve the Strategic Plan and the Aichi Targets to recommend a much greater involvement of the GEF in its 6<sup>th</sup> replenishment biodiversity portfolio. The financial needs assessment exercise of the Group was also presaged on the supposition that projects proposed will enable additional improvements in terms of outcomes, efficiencies, adherence to performance benchmarks, and revenue generation.

One of the main findings is that to reach the Aichi Targets, GEF would need to continue strengthening country driven capacity-building activities through its biodiversity portfolio. The most important constraint to the present assessment was time considering the huge task of Target by Target costing, the fact that the assessment was being done for the first time, and availability of up-to-date data and information was difficult to come by. This Needs Assessment has been a challenge to perform and it is important to note that the study is a beginning of such needs assessments and that the methodology has to be refined over time, for potential future needs assessments.

## The Aichi Goals and Targets

“The Parties to the Convention on Biological Diversity, in 2010 in Nagoya, Japan, adopted the Strategic Plan for Biodiversity 2011-2020 with the purpose of inspiring broad-based action in support of biodiversity over the next decade by all countries and stakeholders. The Strategic Plan is comprised of a shared vision, a mission, strategic goals and 20 ambitious yet achievable targets, collectively known as the Aichi Targets. The Strategic Plan serves as a flexible framework for the establishment of national and regional targets and it promotes the coherent and effective implementation of the three objectives of the Convention on Biological Diversity. In recognition of the urgent need for action the United Nations General Assembly has also declared 2011-2020 as the United Nations Decade for Biodiversity.

**Vision:** By 2050, biodiversity is valued, conserved, restored and wisely used, maintaining ecosystem services, sustaining a healthy planet and delivering benefits essential for all people.

**Mission:** Take effective and urgent action to halt the loss of biodiversity in order to ensure that by 2020 ecosystems are resilient and continue to provide essential services, thereby securing the planet’s variety of life, and contributing to human well-being, and poverty eradication. To ensure this, pressures on biodiversity are reduced, ecosystems are restored, biological resources are sustainably used and benefits arising out of utilization of genetic resources are shared in a fair and equitable manner; adequate financial resources are provided, capacities are enhanced, biodiversity issues and values mainstreamed, appropriate policies are effectively implemented, and decision-making is based on sound science and the precautionary approach” (SCBD, 2011).

## **Strategic Goal A: Address the underlying causes of biodiversity loss by mainstreaming biodiversity across government and society**

“The Millennium Ecosystem Assessment identified the following indirect drivers of change: economic, demographic, socio-political, cultural and religious, and science and technology. While drivers such as population increase or patterns of consumption (for example, of meat, energy, water and raw materials) are generally not susceptible to rapid reversal, ultimately total consumption of resources, goods and

services must be brought within safe ecological limits if the 2050 Vision of the Strategic Plan is to be achieved. Therefore, strategic actions should be initiated immediately to address, over a longer term, these underlying causes of biodiversity loss. This requires policy coherence and the integration of biodiversity into all national development policies and strategies and economic sectors at all levels of government (local/municipal, state/provincial, and national/federal). Key strategic approaches to achieve this include communication, education and public awareness, appropriate pricing and incentives, and the broader use of tools such as strategic environmental assessment. Stakeholders across all sectors of government, society and the economy, including business, will need to be engaged as partners to implement these actions. Consumers and citizens must also be mobilized to contribute to biodiversity conservation and sustainable use, to reduce their ecological footprints and to support action by governments. At the international level, action to implement the Convention could be strengthened through synergies among intergovernmental bodies” (SCBD, 2011). Although the targets can in most cases be met over time, their implementation requires action currently.

### Goal A consists of four strategic targets:

Targets	Possible Activities Identified by the Expert Team
<b>Target 1:</b> By 2020, at the latest, people are aware of the values of biodiversity and the steps they can take to conserve and use it sustainably.	<ol style="list-style-type: none"> <li>1. CEPA enabling activity; and</li> <li>2. CEPA program implementation.</li> </ol>
<b>Target 2:</b> By 2020, at the latest, biodiversity values have been integrated into national and local development and poverty reduction strategies and planning processes and are being incorporated into national accounting, as appropriate, and reporting systems	<ol style="list-style-type: none"> <li>1. Strategic financial analysis; and</li> <li>2. National TEEB studies and accounting.</li> </ol>
<b>Target 3:</b> By 2020, at the latest, incentives, including subsidies, harmful to biodiversity are eliminated, phased out or reformed in order to minimize or avoid negative impacts, and positive incentives for the conservation and sustainable use of biodiversity are developed and applied, consistent and in harmony with the Convention and other relevant international obligations, taking into account national socio economic conditions.	<ol style="list-style-type: none"> <li>1. Studies, research and strategy design; and</li> <li>2. Stimulation of public awareness and mobilization and/or stakeholder engagement.</li> </ol>
<b>Target 4:</b> By 2020, at the latest, Governments, business and stakeholders at all levels have taken steps to achieve or have implemented plans for sustainable production and consumption and have kept the impacts of use of natural resources well within safe ecological limits.	<ol style="list-style-type: none"> <li>1. Support enabling activity/environment for businesses;</li> <li>2. Seed money: enabling activity for institutional strengthening;</li> <li>3. Assessment of ecological footprint</li> </ol>

### Financial Needs Assessment Results

The Expert Team assessment found that this goal would require **\$218.8 million US** to **\$342.8 million US** in total investment during the GEF-6 period, 2014-2018. The number of countries or projects, or GEF-6 funding rate was gradually increased from Scenario 1 to Scenario 3 in order to encourage the activities in more countries, or increase the size or number of projects in order to be jump start activities and meet the

Targets of the Goal by the required time, 2020.

Using different financing rate ranging between 10% and 100% for different activities under each Target based on an incremental reasoning, it was found that Goal A will require a total estimated GEF-6 investment<sup>4</sup> ranging between **\$58.93 million US** (Scenario1) and **\$191.63 million US** (Scenario 3) during the period 2014-2018. The results are presented in **Table 1**.

The lowest 10% financing rate was used in the case of studies and evaluation of subsidies and supports that are harmful to biodiversity in order to phase-out, eliminate or replace them (Target 3). CEPA enabling activities (Target 1) and seed money for enabling activities in institutional strengthening (Target 4) were evaluated at 100% funding rate. This was due to the importance of the activities in order to reduce the underlying causes of biodiversity and the significant global benefits that the activities could help generate in terms of meeting the other Aichi Targets and the objectives of the Convention.

**Table 1:** Estimated GEF-6 investment need for Goal A

GOAL AND TARGETS	Estimated Investment			Total Estimated GEF-6 Replenishment Funding Need			
	GEF-6 Period			Scenario 1	Scenario 2	Scenario 3	IR*
	Scenario 1	Scenario 2	Scenario 3				
<b>GOAL A: Mainstreaming Biodiversity</b>	(in Million US\$)			(Million US \$)			
Target - 1	127.50	127.50	127.50	26.70	71.50	127.50	10%-100%
Target - 2	4.50	13.50	22.50	2.25	6.75	11.25	50%
Target - 3	35.80	65.00	100.80	3.58	6.50	10.08	10%
Target - 4	51.00	71.50	92.00	26.40	34.60	42.80	40%-100%
<b>TOTAL</b>	<b>218.80</b>	<b>277.50</b>	<b>342.80</b>	<b>58.93</b>	<b>119.35</b>	<b>191.63</b>	

**Note:** \* refers to Incremental Reasoning percentage for GEF-6 funding used for the different activities.

**Source:** Based on estimates from the Expert Team Assessment.

#### **Goal A Financial Needs for the GEF-6 Investments:**

**Scenario 1: GEF-6 Investments: \$58.93 million US**

**Scenario 2: GEF-6 Investments: \$119.35 million US (recommended)**

**Scenario 3: GEF-6 Investments: \$191.63 million US**

For most of the Targets, Scenario 2 was selected since it involved a reasonable number or size of projects or covered more GEF eligible countries than Scenario 1. Hence, to achieve Goal A, the estimated GEF-6 investment that was recommended is at least **\$119.35 million**. However, Scenario 3 would still be ideal to speed up activities or cover most or all of the GEF eligible countries.

### **Strategic Goal B: Reduce the direct pressures on biodiversity and promote sustainable use**

“It is only possible to reduce or halt the loss of biodiversity if the drivers and pressures on biodiversity are themselves reduced or eliminated. With rising human population and income, the demand for

<sup>4</sup> For the purpose of this report, “investments” includes both what might be provided through the replenishment of the GEF trust fund for the biodiversity focal area, as well as the additional funds leveraged through the financial mechanism to meet the incremental cost reasoning.

biological resources is increasing, and without action this will translate into increased pressures on biodiversity. Thus, efforts are needed to decouple the indirect and direct drivers of biodiversity loss by means of technical improvements and more efficient use of land, sea and other resources, through better spatial planning. This way, the inevitable tradeoffs between production on the one hand and maintaining ecosystem functions and resilience on the other can be minimized, easing the process of securing the necessary political support and engagement of stakeholders and helping to meet legitimate human development objectives. Further, such efforts can help to identify those situations where significant biodiversity gains can be made for relatively little cost. Where multiple pressures are combining to weaken ecosystem structure, functioning and resilience, decisive action to reduce those pressures most amenable to rapid intervention should be prioritized, while longer-term efforts continue to moderate more intractable pressures, such as climate change and ocean acidification. Targeting drivers and pressures over which we have more immediate control will help ecosystems to maintain the resilience needed to prevent some dangerous “tipping points” from being reached, and allow us to better cope with those impacts of climate change we cannot prevent in the short term. Stakeholders in each of the economic sectors will need to be engaged. Government ministries can take a leading role in their sectors while city and other local authorities can play a decisive role, especially in terms of local land use planning”. (SCBD, 2011)

### Goal B consists of six strategic targets:

Targets	Possible Activities Identified by the Expert Team
<b>Target 5:</b> By 2020, the rate of loss of all natural habitats, including forests, is at least halved and where feasible brought close to zero, and degradation and fragmentation is significantly reduced.	1. Projects to stop deforestation. (with and without REDD+ in operation)
<b>Target 6:</b> By 2020, all fish and invertebrate stocks and aquatic plants are managed and harvested sustainably, legally and applying ecosystem based approaches, so that overfishing is avoided, recovery plans and measures are in place for all depleted species, fisheries have no significant adverse impacts on threatened species and vulnerable ecosystems and the impacts of fisheries on stocks, species and ecosystems are within safe ecological limits.	1. Replicating comprehensive projects such as the Coral Triangle Initiative (CTI) in one region of the world; and 2. Developing good practices in national and local fisheries management.
<b>Target 7:</b> By 2020, areas under agriculture, aquaculture and forestry are managed sustainably, ensuring conservation of biodiversity.	1. Sustainable agriculture; 2. Sustainable aquaculture; and 3. Sustainable fishery.
<b>Target 8:</b> By 2020, pollution, including from excess nutrients, has been brought to levels that are not detrimental to ecosystem function and biodiversity.	1. Integrated watershed management projects.
<b>Target 9:</b> By 2020, invasive alien species and pathways are identified and prioritized, priority species are controlled or eradicated and measures are in place to manage pathways to prevent their introduction and establishment.	1. Improvement of border control and quarantine; 2. Early warning mechanisms, rapid response measures; 3. Implementation of international standards, codes of conduct and other relevant measures; and 4. Global support programme for technical assistance and capacity building.



<b>Target 10:</b> By 2015 the multiple anthropogenic pressures on coral reefs, and other vulnerable ecosystems impacted by climate change or ocean acidification are minimized, so as to maintain their integrity and functioning.	<ol style="list-style-type: none"> <li>1. Improvement of resilience of coral reefs</li> <li>2. Restoration of the most damaged 30% of coral reefs</li> </ol>
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## Financial Needs Assessment Results

The Expert Team assessment found that this goal would require **\$23.23 billion US** to **\$28.43 billion US** in total investment during the GEF-6 replenishment period. The highest cost was related to the restoration of the most damaged 30% of coral reefs that increases total investment needs to meet this Goal by \$18 billion US (**Table 2**). Scenarios 1 to 3 are built in a similar way as in Goal A.

Using different GEF-6 financing rate ranging from 10% to 100% for different activities under each Target based on an incremental reasoning, it was found that Goal B would require a total estimated GEF-6 investments ranging between **\$3.32 billion US** (Scenario1) and **\$12.41 billion US** (Scenario 3) during the period 2014-2018.

**Table 2:** Estimated GEF-6 investments need for Goal B

GOAL AND TARGETS	Estimated Investment			Total Estimated GEF-6 Replenishment Funding Need			
	GEF-6 Period			Scenario 1	Scenario 2	Scenario 3	IR*
	Scenario 1	Scenario 2	Scenario 3				
<b>GOAL B: Reduction of Pressure on BD</b>	(in Million US\$)			(Million US \$)			
Target - 5	2,000.00	3,000.00	5,000.00	1,000.00	1,500.00	2,500.00	50%
Target - 6	325.00	480.00	740.00	37.50	54.00	82.00	10%-30%
Target - 7	2,500.00	3,125.00	3,750.00	350.00	437.50	525.00	10%-30%
Target - 8	250.00	400.00	600.00	62.50	100.00	150.00	25%
Target - 9	67.50	81.50	103.20	21.93	26.12	32.63	30%-100%
Target - 10	18,090.00	18,150.00	18,240.00	1,845.00	4,575.00	9,120.00	10%-50%
Element 1	90.00	150.00	240.00	45.00	75.00	120.00	50%
Element 2	18,000.00	18,000.00	18,000.00	1,800.00	4,500.00	9,000.00	10%-50%
<b>TOTAL</b>	<b>23,232.50</b>	<b>25,236.50</b>	<b>28,433.20</b>	<b>3,316.93</b>	<b>6,692.62</b>	<b>12,409.63</b>	

**Note:** \* refers to Incremental Reasoning percentage for GEF-6 funding used for the different activities.

**Source:** Based on estimates from the Expert Team Assessment.

### Goal B Financial Needs for the GEF-6 Investments:

**Scenario 1: GEF-6 Investments: \$3.32 billion US**

**Scenario 2: GEF-6 Investments: \$6.69 billion US (recommended)**

**Scenario 3: GEF-6 Investments: \$12.41 billion US**

For most of the Targets, Scenario 2 was selected since it involved a reasonable number or size of projects or covered more GEF eligible countries than Scenario 1. Hence, to achieve Goal B, the estimated GEF-6 investment that was recommended is at least **\$6.69 billion US**. However, Scenario 3 would still be ideal to speed up activities or cover most or all of the GEF eligible countries.

## Strategic Goal C: To improve the status of biodiversity by safeguarding ecosystems, species and genetic diversity

“Whilst longer term actions to reduce the underlying causes of biodiversity are taking effect, immediate actions, such as those related to protected areas, species recovery programmes, land use planning approaches, and other targeted conservation interventions in the broader land- and seascape, can help conserve biodiversity and critical ecosystems. These might focus on culturally-valued species and key ecosystem services, particularly those of importance to the poor, as well as on threatened species. For example, carefully sited protected areas could prevent the extinction of endangered species by protecting their habitats, allowing for future recovery” (SCBD, 2011).

### Goal C consists of three strategic targets:

Targets	Possible Activities Identified by the Expert Team
<p><b>Target 11:</b> By 2020, at least 17 per cent of terrestrial and inland water areas and 10 per cent of coastal and marine areas, especially areas of particular importance for biodiversity and ecosystem services, are conserved through effectively and equitably managed, ecologically representative and well-connected systems of protected areas and other effective area-based conservation measures, and integrated into the wider lands.</p>	<p><i>Terrestrial Protected Areas</i></p> <ol style="list-style-type: none"> <li>1. Effective management of existing PAs;</li> <li>2. Establishment cost of expanding to reach X% PA;</li> <li>3. Effective management of the expanded area</li> </ol> <p><i>Marine Protected Areas</i></p> <ol style="list-style-type: none"> <li>4. X% MPAs in coastal waters (0-12 nautical miles)</li> <li>5. X% MPAs in EEZ (12-200 nautical miles)</li> <li>6. X% MPAs ABNJ (4-6 with details related to 1 to 3)</li> </ol>
<p><b>Target 12:</b> By 2020, the extinction of known threatened species has been prevented and their conservation status, particularly of those most in decline, has been improved and sustained.</p>	<ol style="list-style-type: none"> <li>1. Critically endangered fauna conservation action plan;</li> <li>2. Endangered, vulnerable species conservation action plan.</li> </ol>
<p><b>Target 13:</b> By 2020, the loss of genetic diversity of cultivated plants and farmed and domesticated animals and of wild relatives, including other socio-economically as well as culturally valuable species is maintained and strategies have been developed and implemented for minimizing genetic erosion and safeguarding their genetic diversity.</p>	<ol style="list-style-type: none"> <li>1. Conservation of agro-biodiversity species including wild relatives of domesticated plants and livestock on farm; and</li> <li>2. Conservation of culturally valuable species.</li> </ol>

### Financial Needs Assessment Results

The Expert Team assessment found that this goal would require **\$19.85 billion US** to **\$45.68 billion US** in total investment if Method 1 is used for the estimation of Target 11, Terrestrial and Marine Protected Areas. If Method 2 is employed, then the goal would require **\$63.69 billion US** to **\$128.36 billion US** in total investment during the GEF-6 replenishment period. These relatively higher costs from Method 2 are partly due to the difference in estimation method and partly due to the inclusion of estimates for Areas Beyond National Jurisdiction (ABNJ) that Method 1 does not. **Table 3** presents the results for Goal C. Scenarios 1 to 3 are built in a similar way as in Goal A.

Using different GEF-6 financing rate ranging from 40% to 100% for different activities under each Target based on an incremental reasoning, it was found that Goal C would require a total estimated GEF-6 investments ranging between **\$9.91 billion US** (Scenario1) and **\$22.90 billion US** (Scenario 3) during

the period 2014-2018 following Method 1. Where Method 2 is used, the financial needs for the GEF-6 investments would be between **\$35.65 billion US** (Scenario 1) and **\$70.39 billion US** (Scenario 3). The use of Method 1 was found reasonable and is recommended for Goal C.

### *Goal C Financial Needs for the GEF-6 Investments (Method 1)*

**Scenario 1: GEF-6 Investments: \$9.91 billion US**

**Scenario 2: GEF-6 Investments \$16.91 billion US (recommended)**

**Scenario 3: GEF-6 Investments: \$22.90 billion US**

For most of the Targets, Scenario 2 was selected since it involved a reasonable number or size of projects or covered most of the GEF eligible countries than Scenario 1. Hence, to achieve Goal C, the estimated GEF-6 investment that was recommended is **\$16.91 billion US**. However, Scenario 3 would still be ideal to speed up activities or cover most or all of the GEF eligible countries.

**Table 3:** Estimated GEF-6 investment need for Goal C

GOAL AND TARGETS	Estimated Investment			Total Estimated GEF-6 Investment Needs			
	GEF-6 Period			Scenario 1	Scenario 2	Scenario 3	IR*
	Scenario 1	Scenario 2	Scenario 3				
<b>GOAL C: Safeguarding Ecosystems</b>	(in Million US\$)			(Million US \$)	(Million US \$)	(Million US \$)	
<b>Target - 11 - Method 1**</b>	18,872.00	32,519.00	44,449.00	9,435.90	16,259.54	22,224.32	50%
<i>Terrestrial PAs (PAs)</i>	10,791.00	13,231.00	15,672.00	5,395.40	6,615.57	7,835.75	50%
<i>Marine PA (MPAs)</i>	8,081.00	19,288.00	28,777.00	4,040.50	9,643.97	14,388.57	50%
<b>Target - 11 - Method 2</b>	62,719.00	96,784.00	127,130.00	35,172.99	53,167.97	69,716.04	50%-100%
<i>Terrestrial PAs (PAs)</i>	12,058.00	14,554.00	17,050.00	6,029.00	7,277.00	8,525.00	50%
<i>Marine PA (MPAs)</i>	50,661.00	82,230.00	110,080.00	29,143.99	45,890.97	61,191.04	50%-100%
<b>Target - 12</b>	945.00	1,140.00	1,140.00	456.00	612.00	612.00	40%-80%
<b>Target - 13</b>	30.00	60.00	90.00	21.00	42.00	63.00	60%-80%
<b>TOTAL 1</b>	<b>19,847.00</b>	<b>33,719.00</b>	<b>45,679.00</b>	<b>9,912.90</b>	<b>16,913.54</b>	<b>22,899.32</b>	
<b>TOTAL 2</b>	<b>63,694.00</b>	<b>97,984.00</b>	<b>128,360.00</b>	<b>35,649.99</b>	<b>53,821.97</b>	<b>70,391.04</b>	

**Note:** 1) \* refers to Incremental Reasoning percentage for GEF-6 funding used for the different activities.

2) \*\*The two Methods refer to different cost estimation approaches used to arrive at the total investment needs; one using GEF cost per hectare, and the other based on different calculation and costing method from the literature.

**Source:** Based on estimates from the Expert Team Assessment.

## **Strategic Goal D: Enhance the benefits to all from biodiversity and ecosystem services**

Biodiversity underpins the services provided by ecosystems to humankind. This includes essential services such as the provision of food, clean water, the removal of wastes and the mitigation of the impacts of extreme events. While all people benefit from ecosystem services, some are more directly dependent on them for their livelihoods and well-being. Biodiversity and ecosystems also play an increasingly important role in combating climate change and its impacts. Ecosystems are being modified often to increase the proportion of provisioning services delivered in a given time (e.g., for food, wood, etc.) or to make them more suitable for other human requirements (e.g., water regulation for transport, irrigation), thereby typically decreasing their potential to deliver other services (regulating, cultural). Wise management of ecosystems aims to ensure the continuous delivery of a range of services or co-benefits. The potential for the delivery of ecosystem services in degraded systems is small and hence the benefits for human societies limited. This Strategic Goal is to enhance the delivery of ecosystem services

through the promotion of management for multiple ecosystem services and the restoration of degraded systems. Efforts should focus on maintaining and, wherever possible, restoring terrestrial, freshwater and marine ecosystems to ensure the provision of valuable ecosystem services, contributing to the achievement of the Millennium Development Goals and to climate change mitigation and adaptation (SCBD, 2011).

### Goal D consists of three targets:

Targets	Possible Activities Identified by the Expert Team
<b>Target 14:</b> By 2020, ecosystems that provide essential services, including services related to water, and contribute to health, livelihoods and well-being, are restored and safeguarded, taking into account the needs of women, indigenous and local communities and the poor and vulnerable	<ol style="list-style-type: none"> <li>1. Sub-global assessment in collaboration with indigenous and local knowledge holders; and</li> <li>2. National strategies or policies and implementation of activities.</li> </ol>
<b>Target 15:</b> By 2020, ecosystem resilience and the contribution of biodiversity to carbon stocks have been enhanced, through conservation and restoration, including restoration of at least 15 per cent of degraded ecosystems, thereby contributing to climate change mitigation and adaptation and to combating desertification.	<ol style="list-style-type: none"> <li>1. Global programme of forest and peatland restoration (100-150 million hectares)</li> </ol>
<b>Target 16:</b> By 2015, the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization is in force and operational, consistent with national legislation.	<ol style="list-style-type: none"> <li>1. Capacity building in ABS.</li> </ol>

### Financial Needs Assessment Results

The Expert Team assessment found that this goal would require **\$30.40 billion US** to **\$45.73 billion US** in total investment during the GEF-6 replenishment period, 2014-2018. The high cost was related to Target 15 that requires an estimated investment of \$30 billion to \$45 billion US for forest landscape restoration of 100 million to 150 million hectares. **Table 4** presents the results for Goal D. Scenarios 1 to 3 are built in a similar way as in Goal A.

**Table 4:** Estimated GEF-6 investment need for Goal D

GOAL AND TARGETS	Estimated Investment GEF-6 Period			Total Estimated GEF-6 Investments Needs			
	Scenario 1	Scenario 2	Scenario 3	Scenario 1	Scenario 2	Scenario 3	IR*
<b>GOAL D: Enhancing the Benefits to All</b>	(in Million US\$)			(Million US \$)			
Target - 14	350.00	525.00	700.00	105.00	157.50	210.00	30%
Target - 15	30,000.00	36,000.00	45,000.00	3,000.00	3,600.00	4,500.00	10%
Target - 16	46.50	69.80	93.00	27.90	41.80	55.80	60%
<b>TOTAL</b>	<b>30,396.50</b>	<b>36,594.80</b>	<b>45,793.00</b>	<b>3,132.90</b>	<b>3,799.30</b>	<b>4,765.80</b>	

**Note:** \* refers to Incremental Reasoning percentage for GEF-6 funding used for the different activities.

**Source:** Based on estimates from the Expert Team Assessment.

Using different GEF-6 financing rate ranging from 10% to 60% for different activities under each Target

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based on an incremental reasoning, it was found that Goal D will require a total estimated GEF-6 investments ranging between **\$3.13 billion US** (Scenario1) and **\$4.77 billion US** (Scenario 3) during the period 2014-2018. Although forest landscape restoration was expected to cost the most, it was recommended at only 10% of GEF financing. In this case, the GEF would play the role of a catalyst to leverage more funds from other sources.

**Goal D Financial Needs for the GEF-6 Investments:**

**Scenario 1: GEF-6 Investments: \$3.13 billion US**

**Scenario 2: GEF-6 Investments: \$3.80 billion US (recommended)**

**Scenario 3: GEF-6 Investments: \$4.765 billion US**

For most of the Targets, Scenario 2 was selected since it involved a reasonable number or size of projects or covered most of the GEF eligible countries than Scenario 1. Hence, to achieve Goal D, the estimated GEF-6 investment that was recommended is **\$3.8 billion US year**. However, Scenario 3 would still be ideal to speed up activities or cover most or all of the GEF eligible countries.

**Strategic Goal E: Enhance implementation through participatory planning, knowledge management and capacity building**

“Most actions under the Convention are initiated and carried out at the national or sub-national levels, and will be delivered through the implementation of national biodiversity strategies and action plans. National strategies need to integrate new national targets consistent with this Strategic Plan and implemented through action plans involving all sectors of government, society and the economy. This will also require improvements in knowledge and how it is disseminated, as well as substantial increases in capacity in all countries, especially developing countries and countries with economies in transition and, particularly, in the least developed countries and small island developing states. Progress towards this strategic goal will contribute to all of the other strategic goals and targets contained in this Strategic Plan” (SCBD, 2011).

**Goal E consists of four targets:**

Targets	Possible Activities Identified by the Expert Team
<p><b>Target 17:</b> By 2015, each Party has developed, adopted as a policy instrument, and has commenced implementing, an effective, participatory and updated national biodiversity strategy and action plan.</p>	<ol style="list-style-type: none"> <li>1. Coordination and monitoring;</li> <li>2. Sub-national implementation of NBSAP; and</li> <li>3. Sectoral planning and advocacy.</li> </ol>
<p><b>Target 18:</b> By 2020, the traditional knowledge, innovations and practices of indigenous and local communities relevant for the conservation and sustainable use of biodiversity, and their customary use of biological resources, are respected, subject to national legislation and relevant international obligations, and fully integrated and reflected in the implementation of the Convention with the full and effective participation of indigenous and local communities, at all relevant levels.</p>	<ol style="list-style-type: none"> <li>1. National level strategies;</li> <li>2. Capacity building PA management projects; and</li> <li>3. Capacity building to foster governance and political representation.</li> </ol>

<p><b>Target 19:</b> By 2020, knowledge, the science base and technologies relating to biodiversity, its values, functioning, status and trends, and the consequences of its loss, are improved, widely shared and transferred, and applied.</p>	<ol style="list-style-type: none"> <li>1. National level:               <ol style="list-style-type: none"> <li>a) Capacity and institutional building; and</li> <li>b) Observation</li> </ol> </li> <li>2. Sub-regional level:               <ol style="list-style-type: none"> <li>a) Cooperative programs</li> </ol> </li> <li>3. Global level:               <ol style="list-style-type: none"> <li>a) Capacity and institutional building; and</li> <li>b) Observation</li> </ol> </li> </ol>
<p><b>Target 20:</b> By 2020, at the latest, the mobilization of financial resources for effectively implementing the Strategic Plan for Biodiversity 2011-2020 from all sources and in accordance with the consolidated and agreed process in the Strategy for Resource Mobilization should increase substantially from the current levels. This target will be subject to changes contingent to resources needs assessments to be developed and reported by Parties.</p>	<ol style="list-style-type: none"> <li>1. Development strategies, capacity building and implementation</li> </ol>

### Financial Needs Assessment Results

The Expert Team assessment found that this goal would require **\$181.2 million US** to **\$522.6 million US** in total investment during the GEF-6 replenishment period, 2014-2018. **Table 5** presents the results for Goal E. Scenarios 1 to 3 are built in a similar way as in Goal A.

Using different GEF-6 financing rate ranging from 40% to 100% for different activities under each Target based on an incremental reasoning; it was found that Goal E would require a total estimated GEF-6 investments ranging between **\$169.27 million US** (Scenario1) and **\$486.58 million US** (Scenario 3) during the period 2014-2018. Since the activities selected for the targets of this Goal are extremely important not only to achieve the targets but also other targets that help generate tremendous global benefits, most of them are recommended for 100% financing.

#### Goal E Financial Needs for the GEF-6 Investments:

**Scenario 1: GEF-6 Investments: \$169.27 million US**

**Scenario 2: GEF-6 Investments: \$333.63 million US (recommended)**

**Scenario 3: GEF-6 Investments: \$486.58 million US**

For most of the Targets, Scenario 2 was selected since it involved a reasonable number or size of projects or covered most of the GEF eligible countries than Scenario 1. Hence, to achieve Goal E, the estimated GEF-6 investment that was recommended is **\$333.63 million US**. However, Scenario 3 would still be ideal to speed up activities or cover most or all of the GEF eligible countries.

**Table 5:** Estimated GEF-6 investment need for Goal E

GOAL AND TARGETS	Estimated Investment			Total Estimated GEF-6 Investments Need			
	GEF-6 Period			Scenario 1	Scenario 2	Scenario 3	IR*
	Scenario 1	Scenario 2	Scenario 3				
GOAL E: Enhancing Implementation	(in Million US\$)			(Million US \$)			
Target - 17	7.50	15.00	20.50	7.50	15.00	20.50	100%
Target - 18	26.20	52.50	78.80	15.77	31.63	47.48	40%-85%
Target - 19	140.00	275.00	400.00	140.00	275.00	400.00	100%
Target - 20	7.50	15.00	23.30	6.00	12.00	18.60	80%
<b>TOTAL</b>	<b>181.20</b>	<b>357.50</b>	<b>522.60</b>	<b>169.27</b>	<b>333.63</b>	<b>486.58</b>	

**Note:** \* refers to Incremental Reasoning percentage for GEF-6 funding used for the different activities.

**Source:** Based on estimates from the Expert Team Assessment.

## Cartagena Protocol: Biosafety

**Overall Objective:** To build the capacity of Parties to implement the Cartagena Protocol on Biosafety with a view to ensuring an adequate level of protection in the field of the safe transfer, handling and use of living modified organisms that may have adverse effects on the conservation and sustainable use of biological diversity, taking also into account risks to human health and specifically focusing on transboundary movements.

### **Main Focal Areas of Biosafety:**

- **Focal area 1: Facilitating the establishment and further development of effective biosafety systems for the implementation of the Protocol - To put in place further tools and guidance necessary to make the Protocol fully operational**
- Focal area 2: Capacity building - To further develop and strengthen the capacity of Parties to implement the Protocol
- Focal area 3: Compliance and review - To achieve compliance with and effectiveness of the Protocol
- Focal area 4: Information sharing - To enhance the availability and exchange of relevant information
- Focal area 5: Outreach and cooperation - To expand the reach of the Protocol and promote cooperation

These broad and relatively long-term objectives were selected because of their high importance in furthering the implementation of the Protocol.

Among the many important activities that require funding are found the following: Biosafety Clearing House (BCH); Compliance Committee; Risk Assessment and Risk Management; Liability and Redress; Public Awareness, Education and Participation; Capacity-Building and Handling, Transport, Packaging and Identification.

### **Financial Needs Assessment Results**

The Cartagena Protocol, Biosafety would require **\$170 million US** in total investment during the GEF-6 replenishment period, 2014-2018.

Assuming that an equal amount could be leveraged from other sources of funding, the amount that would be required for the GEF-6 investments would be **\$85 million US** (i.e. at 50% GEF financing) during 2014-2018 (Scenario 1). At 60% and 80% financing rates, however, the amounts that would be needed for the GEF-6 investments were **\$102 million US** and **\$136 million US** for Scenario 2 and 3 respectively. Most of the biosafety expenses related to capacity building that would require about 92% of the estimated total required investment.

### **Financial Needs for the GEF-6 Investments:**

**Scenario 1: GEF-6 Investments: \$85 million US**

**Scenario 2: GEF-6 Investments: \$102 million US (recommended)**

**Scenario 3: GEF-6 Investments: \$136 million US**

For Scenario 2, the estimated GEF-6 investments that was recommended is **\$102 million US**. However, Scenario 3 would still be ideal to increase the number or projects, speed up activities or cover most or all of the GEF eligible countries.

## SUMMARY OF RESULTS AND CONCLUSIONS

The summary of the results of estimated total investment requirements of Target 1 to Target 20 as well as Biosafety during the GEF-6 period is presented in **Table 6**. The table also summarizes the total estimated GEF-6 investment need for each of the scenarios.<sup>5</sup>

### *Total Estimated Financial Needs for the GEF-6 Investments:*

- **Total Investment Requirement during the GEF-6 Period: \$74.05 billion US - \$120.94 billion**
  - **Estimated Financial Needs for the GEF-6 Investments:**
    - Scenario 1: GEF-6 Investments: \$16.68 billion*
    - Scenario 2: GEF-6 Investments: \$27.96 billion (mostly recommended)*
    - Scenario 3: GEF-6 Investments: \$40.89 billion*

Therefore, the amount recommended for the GEF-6 replenishment period is ***\$27.96 billion***. Furthermore, one of the main findings is that to reach the Aichi Biodiversity Targets, GEF would need to emphasize country driven capacity-building activities even more.

**Table 6: Total cost of achieving the Aichi Goals and Targets and Biosafety, and estimated GEF-6 investment need under three scenarios**

GOAL AND TARGETS	Estimated Investment			Total Estimated GEF-6 Investments Need			
	GEF-6 Period			Scenario 1	Scenario 2	Scenario 3	IR*
	Scenario 1	Scenario 2	Scenario 3				
	(in Million US\$)			(Million US \$)			
GOAL A: Mainstreaming Biodiversity	218.80	277.50	342.80	58.93	119.35	191.63	10%-100%
GOAL B: Reduction of Pressure on BD	23,232.50	25,236.50	28,433.20	3,316.93	6,692.62	12,409.63	10%-100%
GOAL C: Safeguarding Ecosystems	19847	33719	45679	9912.9018	16913.54216	22899.32497	40%-100%
GOAL D: Enhancing the Benefits to All	30,396.50	36,594.80	45,793.00	3,132.90	3,799.30	4,765.80	10%-60%
GOAL E: Enhancing Implementation	181.20	357.50	522.60	169.27	333.63	486.58	40%-100%
BIOSAFETY	170.00	170.00	170.00	85.00	102.00	136.00	50%-80%
<b>Grand Total, 2014-2018</b>	<b>74,046</b>	<b>96,355</b>	<b>120,941</b>	<b>16,676</b>	<b>27,960</b>	<b>40,889</b>	

**Note:** \* refers to Incremental Reasoning percentage for GEF-6 funding used for the different activities.

**Source:** Based on estimates from the Expert Team Assessment.

<sup>5</sup> Since for Target 11 Method 1 results are selected, the total investment requirement and the total amount for GEF-6 investments are from this method.



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