

**Canadian Submission on Draft CBD Needs Assessment for GEF-6  
in response to Notification 2012-090**

**June 2012**

Canada appreciates the work carried out by the team of experts in conducting this first ever biodiversity needs assessment for the GEF and understands that work will continue up until COP-11 to further improve the study. While Canada recognizes that this was a very challenging study, we are of the view that substantial modifications are required before the study is finalized. To assist in this process we have identified several key areas that warrant additional consideration by the expert team. Specifically, Canada would recommend making improvements to the following key areas to ensure coherence with the Terms of Reference approved by COP-10:

i) Eligibility:

The study should be reviewed carefully to ensure that activities that are not eligible for GEF support have not been included in cost estimates. Some sections in the draft study include activities that are not necessarily eligible for GEF fund because they:

- a) are intended to benefit countries that are not eligible for GEF funding;
  - For example, under Target 11, the study includes funding for PAs in ABNJs. As the GEF is intended to provide support to developing countries to implement the CBD and ABNJs are not part of any developing country, this may be deemed as ineligible for GEF funding under the Biodiversity (BD) focal area.
  - It is also worth mentioning that, as characterized in the draft study, it appears as though activities under Target 3 on harmful incentives only would apply to OECD countries, as per paragraph 1 of this section (reference to CBDR). As such, it is Canada's view that they would not be eligible for GEF funding, and this Aichi Target would not require any GEF support.
  
- b) do not generate global environmental benefits (GEBs);
  - The GEF is only able to fund the incremental costs associated with the generation of global environmental benefits (GEBs). However, there are several elements of the draft study that include activities that do not generate GEBs. For example, under Target 14, safeguarding and restoring ecosystems that are specifically important for the poor and vulnerable is very important under the CBD and in other fora and should be undertaken by all Parties. However, these may not generate direct GEBs and is therefore may not eligible for GEF funding.
  
- c) include funding of activities that are not eligible for GEF support;

- For example, under Target 11 the draft study includes an estimate of resources needed for recurrent operational costs. The GEF is not able to fund operating costs for institutions. As such, it is Canada's view that this should not be included.

d) are related to other MEAs or other GEF focal areas.

- This draft study is attempting to estimate the resources needed to support developing countries under the CBD specifically. However, the study includes activities not addressed by the CBD. For example, under Target 4 the study includes investments on scaling up renewable energies, which is an issue related to the UNFCCC and perhaps other international agreements, but it is not a requirement of Parties under the CBD. Under Target 8 the prevention of nutrient loading and chemical pollution are both addressed within other fora.

These types of activities should be removed from the final version of the study.

ii) Consideration of past and current investments funded by GEF and/or others:

Most of the sections of the study do not take into account that investments, sometimes substantive, from both the GEF and other stakeholders have already been made or are currently being made to address the targets. This concern applies to virtually all of the sections of the draft study, but here are a few select examples:

- under Target 6 the study assumes that no work has been done yet to develop good fisheries practices, when clearly a substantial amount of investment and effort has already been made on this issue around the world and in developing countries.
- Similarly, under Target 11 on protected areas, the draft study does not take into account that some developing countries have already made substantive progress on this issue, and that the GEF and other donors have over 20 years of effort invested.
- Under Target 2, the GEF has provided support already to incorporate funding needs analysis within the context of NBSAP updates.
- Under Target 5 the activities appear to duplicate work already completed, ongoing or planned under REDD+ schemes.
- Under Target 7, for example, the draft study suggests that \$2-3 billion US is needed to accomplish sustainable agriculture, but it is not clear if this is an additional amount that is needed besides past and current levels of support.
- Under Target 9 on invasive species, much work has already been undertaken, including start-up support for the Global Invasive Species Program.
- Under Target 13, many organizations including the ITPGRFA have invested substantial effort already. It is not clear how much additional work is required.

- Under Target 20, the GEF has already included resources for the updating of NBSAPs in GEF-5, including the development of country-specific resource mobilization strategies, so much of the work under this Target will have been completed before GEF-6.
- The sections on the Cartagena Protocol and Target 16 (Nagoya Protocol) do not appear to consider previous progress and progress that will have been made before GEF-6.

The starting point for the study should be an assessment of gaps given that some countries have completed more advanced assessments than others. It is incorrect to assume that we are starting from zero. We understand that input from some Parties is low. Without this input at a country level, it is very difficult to determine what gaps remain that need to be met. We strongly recommend that the final version of the study should attempt to incorporate some type of differentiated gap analysis for each target in each country, or at least make a better attempt to estimate this differentiation.

iii) Duplication of activities between targets:

The draft study includes numerous activities that are to be carried out and results generated with investments made under one target, that would also contribute to other targets. However, this is not taken into account by the draft study. For example, investments made under Target 11 on protected areas will generate substantial results for Target 10 on coral reefs, and Target 12 on threatened species, amongst many others. Target 5 on natural habitats duplicates efforts associated with numerous other targets. Target 12 relates to several other Targets as well. The study should consider these as opportunities for synergies and efficiencies, where investments can generate multiple benefits, instead of duplicating efforts. The final version of the study should ensure that investments are not duplicated when estimating resource needs.

iv) Prescriptive and/or Unneeded Activities:

The draft study includes very specific activities that each country would need to undertake to meet the targets. However, many countries may adopt other approaches to addressing a target, according to their own national circumstances, with varying costs. In other situations the activities prescribed by the study are not necessarily needed or required. For example, under Target 3 on subsidies / incentives, not all countries may see the need to first conduct a comprehensive study on harmful subsidies. In some cases, in fact, it may not be necessary to conduct these studies either because they have already been completed or because the country wishes to take a different approach. This issue could have been addressed if the draft study had based its estimates on country-level input and specific country identification of needs, rather than a generic, top-down, global approach.

As a way forward, we suggest that the focus of the study should be on the investments required by CBD Parties as defined in the text of the Convention or specifically mentioned in, or related to, the Aichi targets. Activities and initiatives highlighted by past COPs, particularly those that “encourage” or “invite” Parties to act, should not automatically be considered as activities that are required to be carried out by Parties. For example, under Target 10, the Aichi target focuses on minimizing anthropogenic pressures on coral reefs, and not necessarily on restoring coral reefs. Under Target 6, the draft study suggests that all countries should engage in fisheries certification systems, when this may not be the most appropriate answer for all countries. Under Target 7, not all countries may need to develop their own sustainability criteria. Under Target 8, for example, it is not clear why all developing countries would necessarily need to conduct national assessments of nutrient loading. In reference to Target 15 on ecosystem restoration, the draft study assumes that active restoration methods are the most appropriate path for all developing countries.

v) Interpretation of GEF policy and practices:

The Needs Assessment ToRs mention that the study should be based on the current policies and practices of the Financial Mechanism. While the draft study does attempt to incorporate GEF policies and practices on incremental costs and co-financing, it does not do so in a correct manner. The GEF's policy on incremental reasoning takes into account what is considered as “global environmental benefit” as opposed to local or national environmental benefit, or of non-environment benefit. Almost all of the target sections in the study include activities which do not generate only global environmental benefits (GEBs). The study attempts to address this issue by applying “incremental reasoning”, and applying a percentage to take into account how much of an investment is related to GEBs, and therefore how much the GEF should finance. There are several situations in the draft study where the incremental reasoning is incorrect. For example, under Target 5 on natural habitat conservation, much of the benefits tend to be for local and national livelihoods, yet it is proposed that the international community cover 50% of the costs. On the other hand, one could make a strong argument for a higher GEB % when looking at Target 12. Under Target 6 it is not clear why 30% of the costs of national and local fisheries management good practices should be globally incremental. In regards to Target 19 it is unclear why the GEF would be responsible for 100% of all costs, especially considering the role of IPBES and other existing organizations, as well as the generation of national and local benefits.

The draft study's interpretation of the GEF's incremental cost policy is also confused with the GEF's policy and practices on co-financing. The GEF expects that a large portion of the costs associated with the GEBs be covered through co-financing via other funds, national governments, private sector, etc... For the

GEF Biodiversity Focal Area, the average historical co-financing rate is \$1 from the GEF for every \$4 of co-financing. According to the GEF's policy on co-financing, "co-financing comprises the total of cash and in-kind resources committed by governments, other multilateral or bilateral sources, the private sector, NGOs, the project beneficiaries and the concerned GEF agency, all of which are essential for meeting the GEF project objectives". This concept is not applied in this way in the study. For example, under Target 7 on sustainable agriculture, aquaculture and forestry, the study claims that 30% of the total costs should be covered by GEF-6. Assuming the application of the historical co-financing rate, this number should be 20% at the most (\$1 GEF for every \$4 in co-financing = 20%), but this would also assume that 100% of the investment is associated with GEBs and that there are no local / national benefits. Under Target 7, at least 50-75% of the benefits of sustainable agriculture, aquaculture and forestry are local / national – or 25-50% of the benefits are global - so the GEF should not be expected to finance more than 5-10% of the total investment costs (25% x 20% = 5%; 50% x 20% = 10%). This is an issue under all of the sections of the draft study and should be considered when finalizing the study.

vi) Cost estimates:

There are numerous examples in the draft study of cost estimates for activities that should be re-adjusted as they lack appropriate rationale and justification. For example, under Target 11 on Protected Areas, it is not clear that the cost estimates used are truly reflective of the costs in each developing country. Under Target 18 on traditional knowledge, it is not clear why \$500,000 is required for each country for ILC participation in protected areas. Also, as another example, it is not clear under Target 13 on agriculture genetic diversity, how it was determined that \$5 million is required for each project. Similarly, under Target 15 the draft study only considered active restoration methods, which are higher in cost, rather than also considering other passive restoration methods. It is also unclear how the draft study arrived at its proposed costs per hectare for ecosystem restoration. These and other cost estimates in the draft study should be reviewed carefully to verify their accuracy.

vii) GEF funding in relation to other sources of funding:

The draft study appears to assume that the GEF is the only source of resources for the implementation of the CBD in developing countries. It is important to note that Article 20 of the Convention includes other sources such as national governments, bilateral, regional and other multilateral channels. While much of this may be covered under co-financing highlighted in point v) above, the final version of the study should clarify if its estimates are intended to be comprehensive, and, if so, how it reconciles the fact that not all support to developing countries needs to flow through the GEF.

The above-mentioned comments point to recurring issues throughout the draft study and its 20 sections related to each of the Aichi Targets. The expert team should consider reviewing each section by using the 7 issues as a guide to critically examine the draft study as follows:

- a) Is the activity eligible for GEF funding? i.e. Is it intended to benefit countries that are not eligible for GEF funding? Does it not generate GEBs? Does it include activities that are not eligible for GEF support? Is it related to other MEAs or other GEF focal areas and not specifically the CBD?
- b) Has the activity or initiative already received support in some or all countries? What gaps remain?
- c) Is the activity related to several Aichi Targets? Is there duplication?
- d) Do all countries/regions need to carry out all activities? The same activities?
- e) Are the proposed incremental reasoning percentages correct?
- f) How much of the activity's GEB-associated costs should be covered through co-financing?
- g) Is the proposed cost calculated in a realistic, evidence-based way?