



Convention on
Biological Diversity

Financial Needs Assessment for GEF-6

Forty-First Council Meeting of the GEF
November 7th-11th, 2011, Washington, D.C.

Ravi Sharma
CBD Secretariat





GEF-6 Financial Needs Assessment

The CBD and the Aichi Goals and Targets

- ❑ Three objectives of the CBD
 - ✓ Conservation; Sustainable use, and ABS
- ❑ Strategic Plan for Biodiversity 2011-2020
 - ✓ Aichi 5 Goals and 20 Targets
- ❑ Resource Mobilisation Strategy for the achievement of the 2020 Biodiversity Targets (X/3)
- ❑ COP Guidance to GEF X/24
- ❑ Financial Needs Assessment: GEF-6, July 2014 – June 2018 (incremental costs reasoning) X/26



GEF-6 Financial Needs Assessment

MoU - Determination of Funding Requirements

5.1 In anticipation of the replenishment of GEF, the COP will make an assessment of the amount of funds that are necessary to assist developing countries, in accordance with the guidance provided by the COP, in fulfilling their commitments under the Convention...taking into account:

- Information communicated through national reports;
- NBSAPs;
- Number of eligible programs and projects submitted to the GEF;
- Experience gained in implementation of projects...



GEF-6 Financial Needs Assessment

Resource Mobilization (Decision X/3)

- ❖ In 2008, COP-9 adopted a resource mobilization strategy to assist Parties in establishing national targets, goals, as well as actions, for enhancing international financial flows and domestic funding for biological diversity (Decision IX/11).
- ❖ In 2010, COP-10 adopted the Strategic Plan for Biodiversity 2011-2020 (Decision X/2) and also decided to:
 - Adopt targets for resource mobilization at its next meeting based on an assessment (Decision X/2).
 - Conduct a specific assessment on the funding needs X/2 for the sixth replenishment of the Global Environment Facility (GEF-6) (Decision X/26).
- ❖ Various inputs to these assessments:
 - Submissions by Parties and others, concerning the indicators and reporting framework, in line with the steps in decision X/3;
 - Outputs from a limited number of country studies as well as preliminary results from ongoing country-specific resource mobilization strategies;
 - Assessments by broad group of experts representing various regions and perspectives.

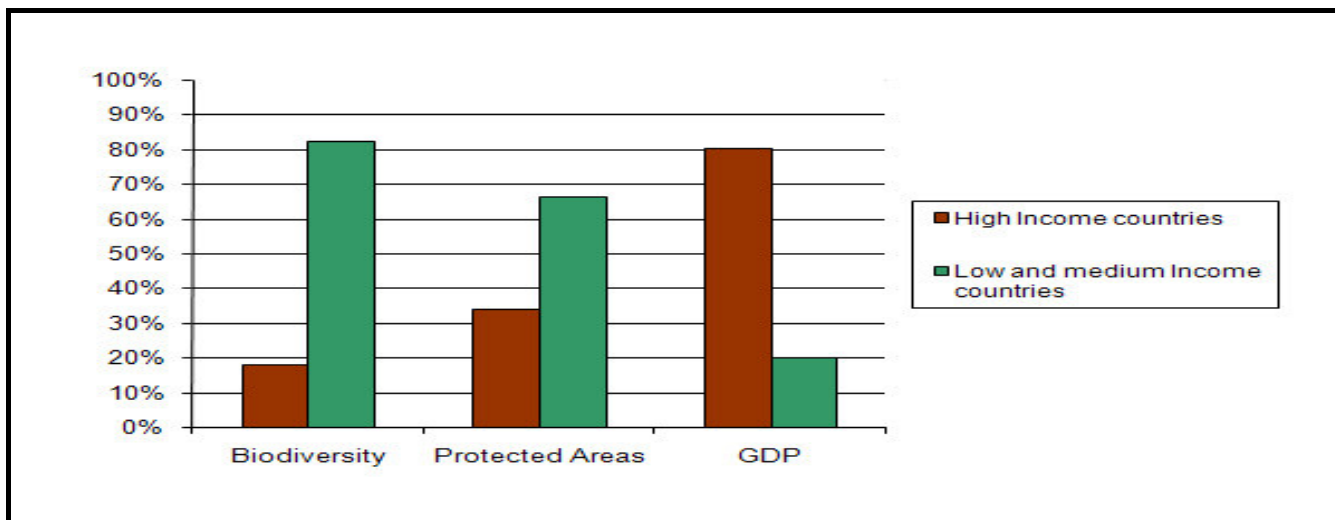


GEF-6 Financial Needs Assessment (Decision X/26)

Introduction and Background

□ From an economic perspective:

- ❖ Biological diversity and ecosystem resources are valuable assets to society (their loss makes society worse off);
- ❖ Choices and activities of society have tremendous impacts on them
 - **Annual value of biodiversity loss: \$2-\$4.5 trillion/year (TEEB, 2009)**
- ❖ **Main issue: disproportionate distribution of income and biodiversity**



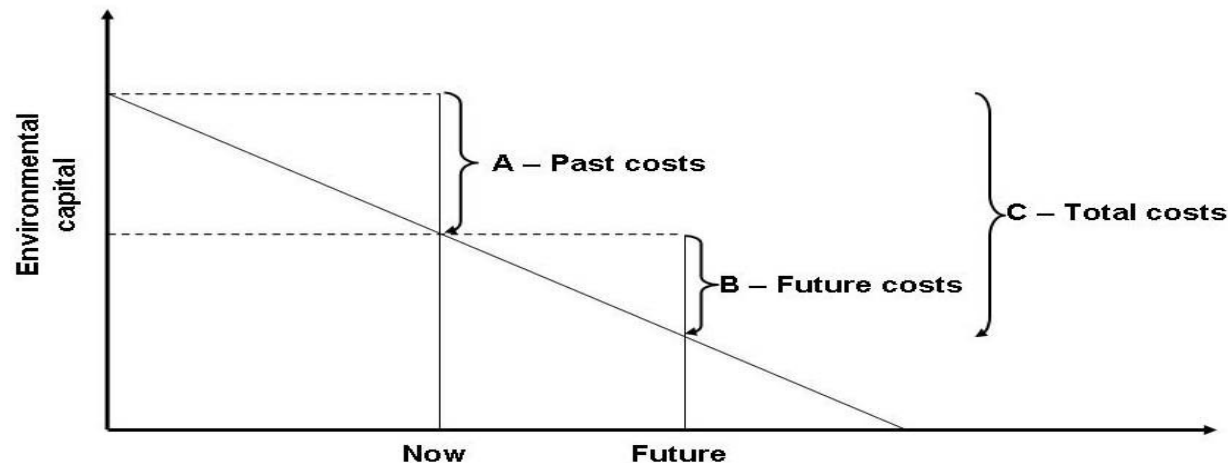
Source: Gutman and Davidson, 2008



GEF-6 Financial Needs Assessment

□ From a policy perspective:

- ❖ Need for strategic planning and action;
- ❖ Many issues to tackle at the same time for optimal results (biological, social...);
- ❖ Very High Opportunity Cost of Policy Inaction :
 - Estimated loss between 2000-2010: €545 billion
 - Future additional loss: €50 billion per year (COPI, 2007, 2008)
- ❖ **Main issue: High costs of policy inaction - Biodiversity losses increasing at increasing rate in many scenario studies** (Slingenberg et al, 2009; Karousakis and Perry, 2011)



Source: COPI, 2008



GEF-6 Financial Needs Assessment

The Objective of the GEF-6 Financial Assessment

- ❑ **COP decision X/26** - to transmit to the GEF, the assessment of the amount of funds that are necessary to assist developing countries and countries with economies in transition in fulfilling their commitment under the Convention...;
- ❑ **The primary objective** is to assess the financial needs of biodiversity for the GEF-6 Replenishment period, 2014-2018, by taking into account :
 - a) The objectives of the CBD;
 - b) The Strategic Plan of Action for Biodiversity 2011-2020;
 - The Resource Mobilisation Strategy
 - The Aichi 5 Goals and 20 Targets
- ❑ **Aim:** To enable the COP at the 11th meeting to make the necessary assessment, and determine the amount of resources needed in accordance with Article 21, parag. 1 and Decision III/8.



CBD

GEF-6 Financial Needs Assessment

Selection and Appointment of the Expert-Team Members

- Following the terms of reference (ToR) in the decision X/26 the Executive Secretary, under the authority and support of the COP, contracted a team of five experts
 - Two from developing countries: India and Brazil ,
 - Two from developed countries: France and Sweden, and
 - One from an International NGO – WWF- based in Germany

- The Experts will prepare a report on the full assessment of the funding necessary and available for the implementation of the Convention for the period July 2014-June 2018;

- The First Expert Meeting held on July 25th-26th, 2011

- Numerous electronic communications and teleconference since then



GEF-6 Financial Needs Assessment

Mandate of the Expert Team members

- ✓ Consult widely with all relevant persons and institutions and other sources...
- ✓ Design a questionnaire on funding needs for the period July 2014-June 2018 ...
- ✓ Interviews and consultation meetings with relevant key stakeholders, including major groups of Parties...
- ✓ Endeavour to undertake regional and sub-regional consultations, taking advantage of regional and sub-regional workshops...
- ✓ Use transparent, reliable and replicable approach that demonstrate clear incremental cost reasoning...
- ✓ Address additional issues that may be raised ...



GEF-6 Financial Needs Assessment

Main Decisions at the First Expert Meeting: Methodology for the Assessment of Financial Need

- ❑ A Global Assessment of the financing needs to implement the Strategic Plan for Biodiversity 2011-2020 and the Aichi Targets, taking into account GEF criteria;
- ❑ An assessment for GEF-6 based on current and historical trends, taking into account changing needs in view of the Strategic Plan for Biodiversity 2011-2020;
- ❑ Questionnaire to collect financial needs information directly from the Parties of the Convention;
- ❑ Assessment of funding needs in a range of selected countries.



GEF-6 Financial Needs Assessment

Global Assessment of the financing needs

- ❑ **Following the Methodology and ToR in Decision X-26,**
 - **Target by Target** Costing of the 20 Aichi Targets by avoiding double counting, and ensuring accuracy of information to inform decision X3.
 - **Decision X-26 - two filters**
 - Activities limited to the four year period 2014-2018;
 - Activities to be undertaken in GEF-eligible activities (incremental cost reasoning)
 - e.g. Protected Area:**
 - Increases in PAs areas achieved during earlier periods
 - Targeted increase for 2011-2020;
 - Actual and expected global needs and gaps ...
- ❑ **Sources of information:**
 - Literature, NBSAPs, Ongoing projects, ...
 - Questionnaire, Submissions from Parties, Country case studies...



GEF-6 Financial Needs Assessment

An assessment for GEF-6 based on current and historical trends

- ❑ **Current allocations and expenditures under the GEF for biodiversity and extrapolation for GEF -6:**
 - Changes in financial needs resulting from the Strategic Plan for Biodiversity 2011-2020 and the Aichi Targets;
 - Extent to which previous financial needs were met in practice (Unmet qualified needs)

- e.g. Protected Area:**
 - Increases in PAs areas achieved compared to commitments for 2011-2020;
 - Actual and expected contribution of GEF to these gains...

- ❑ **Evaluation of Funding from other sources: e.g. ODA, WBG...**

- ❑ **Source of information:**
 - Data and information from the GEF; cost estimates from the literature...
 - Questionnaire, Country case studies...



GEF-6 Financial Needs Assessment

Questionnaire to collect financial needs

- ❑ A questionnaire is designed with Experts taking into account :
 - ✓ *Strategic Plan for Biodiversity 2011-2020* based on its Aichi Targets,
 - ✓ Relevant aspects of the *Strategy for Resource Mobilization* with its specific missions and goals (Decision X/3 and IX/11)

- ❑ The questionnaire is posted in early October and consists of :
 - ✓ Four simple questions on past (2006-2010) and future expected funding (2014-2018 and 2011-2020) and sources of funding
 - ✓ One more detailed Target oriented question

Year:		Currency:											
Type of financial flows		Activity categories								Total			
		Category A: Biodiversity protection		Category B: Policy development and administration		Category C: Sustainable use and management.		Category D: Sustainable production and consumption					
		Amount	Confidence	Amount	Confidence	Amount	Confidence	Amount	Confidence	Amount	Confidence		
1.1 Official Development Assistance	1.1.1 Bilateral												
	1.1.2 Multilateral												
1.2 Other public funds													
1.3 Private/ Market													
1.4 Not for profit organizations													
Total:													
Comments:													



GEF-6 Financial Needs Assessment

The Target by Target Question in the Questionnaire

3. How would you allocate the total funding required by the country among the 2020 biodiversity targets?

Financial Needs by Aichi Targets

Funding needs by target Indicate planned outcome when possible	Total Amount Needed for 2011-2020	Total Amount Needed for 2014-2018	Proportion expected from GEF-6 (%) July 2014 - June 2018	Proportion expected from other external sources (%)	<i>Please indicate the source of funding</i>	Proportion expected from domestic sources (%)	<i>Please indicate the source of funding</i>
	(in Million US\$)	(in Million US\$)	(when applicable)	2014-2018		2014-2018	
Target 1: Awareness of biodiversity values							
Target 2: Integration of biodiversity value							

...



GEF-6 Financial Needs Assessment

Country case-studies

- Countries selected by the Expert Team from a long list based on these and other criteria

REGIONS AND COUNTRIES	UNDP** Project	UN-REDD Support or Project	UNFF SIDS	Mega Diverse	Low Forest Cover <10%	Wetland and Ramsar Sites	Coral Reef	Hotspot Areas	Moun- tain BD	IUCN PRO JECT	% Terrestrial PAs 2010	% Marine MPAs 2010	Human Dev't index 2010
LATIN AMERICA AND CAREBBIAN (LAC)													
1 Brazil	√			√		√	√	√	√	√	26.3	16.5	0.699
2 Ecuador	√	√		√		√	√	√	√		25.1	75.36	0.695
AFRICA													
3 Madagascar	√			√		√	√	√			3.1	0.1	0.435
4 DRC	√	√				√		√			10.0	4.4	0.239
ASIA PACIFIC													
5 India	√			√		√	√	√	√	√	5.0	1.7	0.519
6 Indonesia	√	√		√		√	√	√	√		14.2	2.0	0.600
INDIAN AND PACIFIC OCEANS: (SIDS)													
7 Fiji			√			√	√	√			1.3	0.1	0.669
EUROPE / CENTRAL ASIA													
8 Kyrgyzstan		√			√	√		√	√		6.9	na	0.518



Estimates for resources required to implement CBD

To halt the loss of biodiversity by 2020

- Annual cost of biodiversity loss estimated around 2-4.5 trillion USD, i.e. 7.5% of global GDP (TEEB)
- \$300 billion US per annum to stop the loss (IUCN)
- Traditional schemes delivering up to \$40 billion per year (The Global Canopy Group (GCG))
- Newer mechanisms can triple the amount but still leaves \$180 billion gap per year.
- TEEB points out that we can only fill the gap by changing our economy: e.g. strategic investment of just US\$45 billion per year could result a 100 to 1 return



GEF-6 Financial Needs Assessment

Estimates of Benefit : Cost Ratios very High

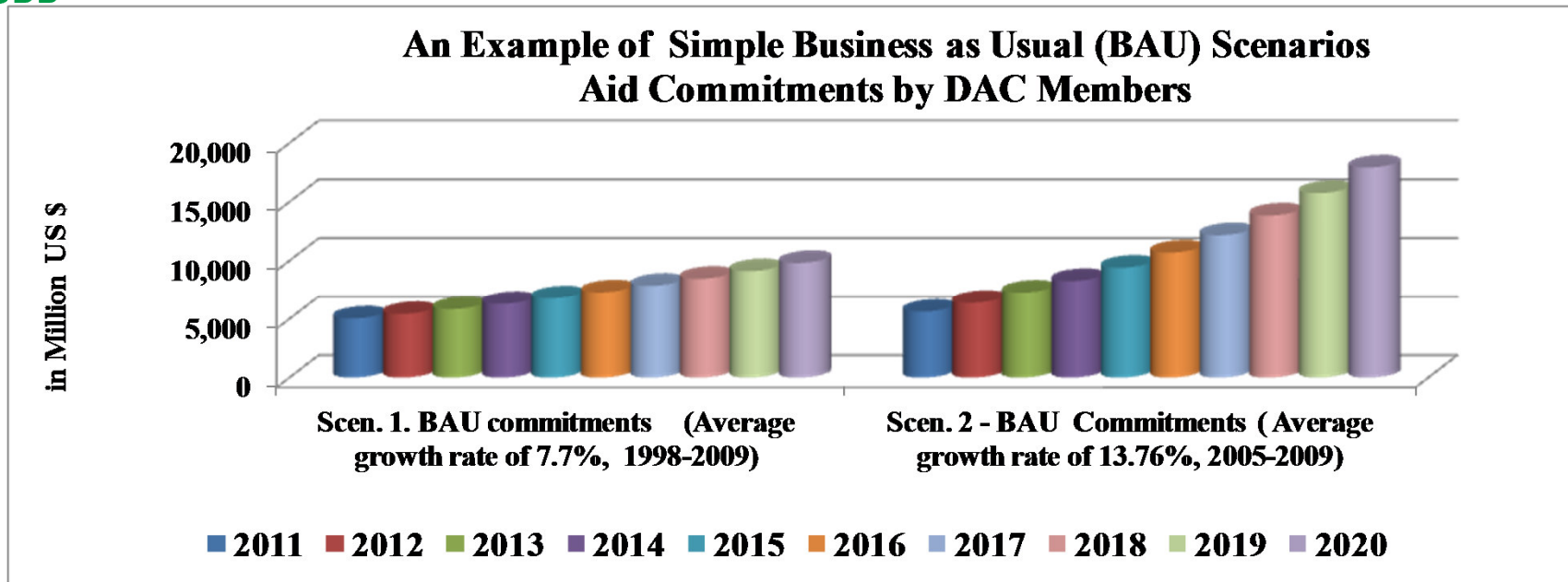
Biodiversity Activity	Benefit – Cost Ratios
Coral reef conservation	1.3:1 to 5:1
Water and sanitation	4:1 to 14:1
Air pollution control	<1 up to 15:1
Soil and water conservation	up to 2:1
Investment in PA systems	25:1 to 100:1
Investment in the control of invasive alien species (IAS)	
- Water Hyacinth invasion in Central African Republic	31:1
- Foot and mouth disease in USA	25:1
- Mediterranean fruit fly in USA	20:1

Source: PEP economic study undertaken by David Pearce, Sept. 2005 as cited by SCBD, n. d.; GISP, n. d.; EU Framework, 1993, TEEB, 2009

❑ Even an investment of \$50 billion/year in PAs leads to \$5 trillion/year in benefits! (TEEB, scoping study)



GEF-6 Financial Needs Assessment



Potential Problems:

- 1) AVG commitments low : \$7.2 billion/ year (at 7.7% GR);
and \$10.7 billion/ year(at 13.76% GR)
- 2) Possible concentration of contributions towards the end of the horizon (2011-2020) instead of the beginning as needed;
- 3) Costs of Policy Inaction (COPI) may be high in later period, if funding does not increase sufficiently in early periods

Next steps

- **CURRENT EXPENDITURE:** Parties invited to submit information on resources available and used for biodiversity prior to 2011 (Decision X/3, paragraphs 8(f) and (g))
- **FUTURE NEEDS:** Parties will also be invited to report on future funding needs for the Strategic Plan for Biodiversity 2011-2020 using a complementary framework
- Secretariat to compile and consolidate information for consideration by Parties on setting of targets (Decision X/3, para 8(i)).

Other initiatives

- Informal dialogue seminar on scaling up finance for biodiversity
 - Ecuador, Sweden, Norway, India agree to co-host while Japan approached
 - To be held from 5-8 March 2012 in Quito, Ecuador
 - No formal recommendations, but enhance understanding among participants with a view to facilitating discussions at WGRI-4 and COP-11
- Possible initiative to form a global expert panel on resource mobilization



Thank you - Merci

Secretariat of the Convention on Biological Diversity

413 Saint Jacques Street, Suite 800
Montreal, QC, H2Y 1N9, Canada

Tel: +1 514 288 2220

Fax: + 1 514 288 6588

Email: secretariat@cbd.int

www.cbd.int