

Promoting the alignment of UN/SEEA-BIOFIN national assessments/CBD reporting framework/RIO markers and SDG-15 indicators

Concept for Discussion

Challenge: multiple approaches are being developed to measure and assess biodiversity expenditures and ecosystem accounts. Although the goals are relatively similar – i.e. tracking how much is being spent on intentional biodiversity positive outcomes – differences in approach, definitions, methodologies, and implementing agencies may lead to a lack of comparability and duplication of efforts. Despite slightly different needs, the quality and impact of these efforts may be greatly increased by improved alignment and/or cross-sector validation of the methodologies used.

Objective: build consensus over a system of classification for biodiversity actions, expenditures and cost-items that can inform better development planning and financing decisions.

Expected deliverable: methodological options for aligning the different approaches used to measure biodiversity expenditures, making them comparable and more comprehensive. The scope of this proposed work is described below.

Background: following discussions in 2016 at the UNCEE annual meeting, an informal group of experts was set up to: 1) review a draft classification system of biodiversity expenditures developed by the Biodiversity Finance Initiative (BIOFIN); 2) improve the alignment of the BIOFIN methodology with SEEA; and 3) advise on the inclusion in the work programme-UNCEEA Technical Committee. A webinar was organized in March 2017 to discuss these issues and to agree on the scope of work-the basis on which this concept note was drafted. The group agreed on the importance of investing in this work stream and concluded that while different initiatives share the same objective, they collect, treat and use biodiversity data in ways that are not always consistent. The group agreed to draft a proposal with an initial focus on methodological alignment.

Initial findings: the following considerations have emerged from the initial scoping work and discussion:

- The classification system and data is used by 3 different audiences (conservation, finance and statistics) for different purposes (national accounting, SDG reporting, expenditure reviews, communication). This suggests that alignment and additionality may be preferred to a “single system” or a revision of CEPA/CEA.
- BIOFIN and CBD work at the national level has highlighted that the CEPA/CEA framework is currently unfit for wider use in conservation (e.g. many expenditure items fit under “other”, underestimation of expenditures), or for policy and programmatic follow-up.
- The design of tagging approaches should be complementary to unique attribution-this is a critical requirement in CEPA/CEA. Principles of classification developed by UNSD on exclusive classes (“in-and-outs”) can provide guidance and may be the initial focus of harmonization – i.e. addressing direct biodiversity expenditures first, and then looking more at indirect expenditures as a second step.
- The use and technical explanations for the coefficients used to attribute expenditures to indirect biodiversity expenditures remain a challenge-with no solid consensus on the methodology used.
- The possibility of tracking “negative” expenditures could be further considered. The approach taken by BIOFIN is to focus on listing the value of harmful subsidies to biodiversity.

- Both top-down and bottom-up approaches should be pursued. On the latter, opportunities do develop case studies emerged, with particular reference to Mexico and further scoping with the Philippines and South Africa.

Suggested next steps:

1. Agree on the objective and scope: determine options for aligning different approaches for measuring biodiversity expenditures-developing a system of classifications;
2. Produce a concept paper to be submitted in October for further consideration;
3. A compilation guideline for countries to use is developed and piloted in 2018-2019;
4. Coordination established with the Eurostat taskforce working on the CPEA/CREMA classification.

Questions for discussion:

1. Are the objective and deliverable suggested relevant and achievable?
2. How can be the process be better structured and under what timeline?
3. How can be the challenges highlighted better dealt with? Are there important considerations missing?

Key references:

- **System of Environmental-Economic Accounting (SEEA)** contains internationally agreed standard concepts, definitions, classifications, accounting rules and tables for producing internationally comparable statistics on the environment and its relationship with the economy. The SEEA framework follows a similar accounting structure as the System of National Accounts and uses consistent concepts, definitions and classifications to facilitate the integration of environmental and economic statistics.
- **Biodiversity Finance Initiative (BIOFIN)** is a global partnership addressing the biodiversity finance challenge in a comprehensive manner. Managed by UNDP, it offers an innovative methodology to measure biodiversity expenditures, assess financial needs and identify the most suitable finance solutions to improve biodiversity outcomes. The conduction of expenditure reviews and the costing of national biodiversity strategies are intrinsically linked to accounting practices and may lead to the introduction of biodiversity budget coding and tagging. The project is currently active in 30 countries. It produced intermediate guidance on the categorization of biodiversity expenditures based on 9 categories. Parallel initiatives managed by UNDP and UNEP have produced climate expenditure reviews.
- **Convention of Biodiversity (CBD) Financial Reporting Framework**: The financial reporting framework, adopted by decision XII/3, is intended for use by Parties for providing baseline information and reporting on their contribution to reach the global financial targets, under Aichi Biodiversity Target 20.
- **Sustainable Development Goals (SDG)-Indicators of Goal 15-Life on Land**: global indicators were developed by the Inter-Agency and Expert Group (IAEG-SDGs) and agreed upon at the 48th session of the UNSD commission held in March 2017. Indicator 15.A.1-Official development assistance and public expenditure on conservation and sustainable use of biodiversity and ecosystems and 15- is related to the measurement of expenditures in biodiversity. UNEP is the lead agency responsible to derive a methodology for 15.A.1 and the related 15.B.1.
- **Rio Markers**: Five statistical policy markers exist to monitor external development finance for environmental purposes within the OECD/DAC, these are: Biodiversity, Climate Change Adaptation, Climate Change Mitigation and Desertification. The Rio markers are applicable to Official Development

Assistance and have been recently expanded to other official flows (non-concessional developmental flows, excluding export credits).

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