

Support for biodiversity in TOSSD: operationalising the Pillar II eligibility criterion of “substantial benefits to recipient countries”

TOSSD Task Force Issues Paper¹ - Agenda item 6: Eligibility Rules for Pillar II
20th meeting of the International TOSSD Task Force
7-9 March 2023, Dakar, Senegal

Introduction

1. At its 17th meeting, the TOSSD Task Force noted the need to further discuss the implementation in Pillar II of the TOSSD criterion of “substantial benefits to recipient countries or their populations”². This paper invites the Task Force to discuss the operationalisation of this criterion for biodiversity³, defined as “the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems”⁴.

2. The paper starts off by recalling the recent evolution and current international context in the area of biodiversity (Section I) and describes the possible scope of biodiversity expenditures in TOSSD (Section II). It then highlights issues related to the application of the criterion of substantial benefits to recipient countries and presents two options for clarifying the scope of pillar II in the biodiversity area⁵ (Section III). Finally, the paper provides some broader reflections on the scope of Pillar II for consideration by the Task Force (Section IV).

I. Recent evolution and current international context on biodiversity

3. The Convention on Biological Diversity (CBD)⁶ is a key international legal instrument that reflects the global commitment to conserve biological diversity (biodiversity), ensure the sustainable use of biodiversity, and share its benefits in a fair and equitable way. The Convention was developed in 1992 as part of the Rio Summit and entered into force on 29 December 1993. To date, it has been ratified by 196

¹ Drafted by Guillaume Delalande, Juan Casado-Asensio, Dominique Blaquier and Julia Benn with comments and inputs from Ms. Katia Karousakis, Ms. Myriam Linster and Mr. Edward Perry (OECD Environment Directorate).

² See the Paragraph 70 of the May 2022 version of the TOSSD Reporting Instructions.

³ It is recalled that the Task Force had a first exchange on this topic in 2020. The Secretariat’s paper is available on the TOSSD website at: <https://www.tossd.org/docs/Item%207.%20Biodiversity.pdf>. See also the [Action Points of the 10th meeting of the TOSSD Task Force](#).

⁴ See paragraph 2 of the [UN Convention on Biological Diversity](#) (1992).

⁵ In the context of this paper, the term “provider countries” covers both “providers” and “dual providers/recipients”.

⁶ <https://www.cbd.int/doc/legal/cbd-en.pdf>

Parties, including 195 countries and the European Union. In this Convention, resource mobilisation for biodiversity, including in developing countries, is central to sustainable development.

4. In 2010, the CBD agreed on a Strategic Plan for Biodiversity 2011-2020 with five strategic goals and twenty Aichi Biodiversity Targets, including Target 20 on resource mobilisation: “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.”⁷ At the same time, various assessments of this plan recognised that CBD Parties will need to scale up their ambition beyond 2020 and address the direct and indirect drivers of biodiversity loss, including through resource mobilisation strategies.⁸

5. In December 2022, the international community agreed on the Kunming-Montreal Global Biodiversity Framework⁹ (GBF) and a corresponding Monitoring Framework. The new GBF highlights the continued loss of biodiversity and the threat that this poses to nature and human well-being, and the importance of having an ambitious resource mobilisation strategy to support implementation of the Framework. It is structured around four Goals to 2050 (Goals A to D) and 23 targets until 2030. Calls for resource mobilisation towards biodiversity are operationalised under “Goal D” and specifically “Target 19”, both of which have implications for sustainable development support.

6. Concretely, Target 19 aims to “substantially and progressively increase the level of financial resources from all sources, in an effective, timely and easily accessible manner (...)”. Progress on this target is to be monitored using three proposed headline indicators¹⁰:

- D.1 – International public funding, including official development assistance (ODA) for conservation and sustainable use of biodiversity and ecosystems
- D.2 – Domestic public funding on conservation and sustainable use of biodiversity and ecosystems
- D.3 – Private funding (domestic and international) on conservation and sustainable use of biodiversity and ecosystems (CBD, 2022).

7. The adoption of the GBF and its indicators provides an opportunity for the Task Force to cast a new look at the question of biodiversity in TOSSD. Indicator D.1 could be informed by TOSSD Pillar I data on cross-border flows to TOSSD recipients and relevant multilateral flows recorded in TOSSD Pillar II. If requested by the relevant international entities working on biodiversity and subject to agreement on the eligibility rules for domestic expenditures in the area of biodiversity, TOSSD data could also in principle feed to indicator D.2. Indicator D.3 is beyond the scope of TOSSD, with the exception of private finance mobilised through official interventions.

⁷ See the [“Decision adopted by the Conference of the Parties to the Convention on Biological Diversity at its Tenth Meeting, X/2. The Strategic Plan for Biodiversity 2011-2020 and the Aichi Biodiversity Targets.”](#)

⁸ See the Global Biodiversity Outlook – 5th edition (CBD, 2020); [“Contribution to a draft resource mobilization component of the post-2020 biodiversity framework as a follow-up to the current strategy for resource mobilization. Third report of the panel of experts on resource mobilization.”](#) (CBD, 2020) and [“A Comprehensive Overview of Global Biodiversity Finance”](#) (OECD, 2020).

⁹ See the [Kunming-Montreal Global Biodiversity Framework](#) (CBD, 2022).

¹⁰ See the [Monitoring framework for the Kunming-Montreal global biodiversity framework](#) (CBD, 2022) and notably the upcoming work of the ad hoc technical expert group on indicators for the Kunming-Montreal Global Biodiversity Framework.

8. Another key reference document for biodiversity and TOSSD is the 2030 Agenda for Sustainable Development adopted in 2015. It includes two biodiversity-focused SDGs, *SDG 14 - Life Below Water* and *SDG 15 - Life on Land*. It also calls for resources to be mobilised from all sources and at all levels to conserve and sustainably use biodiversity¹¹. Finally, the Addis Ababa Action Agenda provides a guide for financing the SDGs and also recognises the importance of protecting biodiversity and ecosystems¹².

II. Scope of reporting on biodiversity support in TOSSD

A. Cross-border resource flows (Pillar I)

9. As presented in the paper at the 10th Task Force meeting¹³, **cross-border resource flows for biodiversity activities to TOSSD recipient countries will be reportable in Pillar I and should not be subject to much interpretation**, provided that these flows meet the general TOSSD eligibility criteria.¹⁴¹⁵ It is worth noting that TOSSD Pillar I data have already been valuable in tracking the growing contribution of South-South and triangular co-operation flows for biodiversity. For example, TOSSD data for Brazil, Chile, Costa Rica and Indonesia indicate that their cross-border flows in support of SDGs 14 and 15 increased by 46% between 2019 and 2020. As noted above, the monitoring framework of the GBF will track these flows and, currently, only TOSSD can provide such information.¹⁶

B. Global and regional expenditures (Pillar II)

10. TOSSD Pillar II includes “activities of multilateral, global or regional institutions that promote international co-operation for sustainable development” and “certain expenditures incurred by providers in their own countries or in non TOSSD recipient countries”. Such activities need to provide substantial benefits to TOSSD recipients or their populations, or be implemented in direct co-operation with TOSSD recipients. Given that **the “substantial benefit” to TOSSD recipient/developing countries cannot always be easily and unequivocally identified**, the Reporting Instructions provide additional guidance on the eligibility of activities in Pillar II.

11. As highlighted in the paper presented at the 10th Task Force meeting, the substantial benefit criterion is difficult to interpret in the case for biodiversity and **more operational guidance is needed to help assess which domestic expenditures on biodiversity are reportable in TOSSD** (see section III). As for cross-border flows, the monitoring framework of the GBF will track these domestic expenditures.

¹¹ See “[Transforming our world: the 2030 Agenda for sustainable development](#)” (United Nations, 2015).

¹² https://www.un.org/esa/ffd/wp-content/uploads/2015/08/AAAA_Outcome.pdf

¹³ See “[Biodiversity in TOSSD: Scoping the treatment of biodiversity-related activities in TOSSD](#)”.

¹⁴ Annex I recalls some key eligibility criteria of TOSSD activities, including for Pillar II.

¹⁵ It is worth recalling here that when the provider first commits funds to a regional programme, and decides on their allocation by country only at a later stage, both the original regional commitment and the subsequent disbursements by country are reported in Pillar I. Multi-country activities, i.e. activities that result in cross-border flows to several countries belonging to the same region, are also reported in Pillar I using regional recipient codes. This is particularly important in the context of biodiversity where activities target ecosystems (e.g. forests, river basins) that can span over two or more countries and species that can migrate across different countries.

¹⁶ Casado Asensio, J., D. Blaquier and J. Sedemund (2022), “Biodiversity and development finance: Main trends, 2011-20”, OECD Development Co-operation Working Papers, No. 110, OECD Publishing, Paris, <https://doi.org/10.1787/b04b14b7-en>.

Domestic expenditures in the area of biodiversity and data availability

12. A number of international data collection efforts are underway on domestic expenditure for biodiversity. They include (i) environmental protection expenditure and revenue, in line with the System of Environmental Economic Accounting (SEEA) and the classification of environmental activities (CEPA), carried out by the OECD and Eurostat,¹⁷ and (ii) national accounts data on government expenditure by function in line with the Classification of the Functions of Government (COFOG, see Annex II for a summary). The classifications used for these data collections can provide useful ways to identify and classify biodiversity-related domestic expenditures and could also be used as a starting point in the context of TOSSD. However, the data do not cover all relevant aspects of biodiversity (they are limited to the protection of biodiversity and landscapes, while sustainable management and use of natural resources are not covered).

13. The above-mentioned data collections on domestic expenditures are undertaken at aggregate level and only capture expenditure according to its primary purpose (spending on activities that have biodiversity as a secondary purpose is not covered, nor are activities that generate benefits for biodiversity, but have a different purpose). Given no information is collected at activity level (the basis for TOSSD) and noting also that the data are not comprehensive in terms of country coverage, it is unlikely that the Secretariat can use existing databases on domestic expenditure to inform TOSSD.

14. The Secretariat has not yet explored the availability of data on domestic expenditures on biodiversity at the activity or programme level. On the basis of TOSSD data collected for 2019-21, preliminary analysis suggests that at least one provider has adopted a wide approach to domestic expenditures with a large number of records reported at aggregate level. Most providers seem to have taken either a cautious approach with more detailed descriptions (for those providers, more analysis would need to be carried out to ascertain or clarify the “substantial benefit” to TOSSD recipient countries) or have not yet reported a large scope of domestic expenditures.

III. Options for clarifying the scope of TOSSD Pillar II in the area of biodiversity

a. Applying the concept of “substantial benefits to recipient countries” to the area of biodiversity

15. The concept of “substantial benefits to recipient countries” is complex and difficult to apply to biodiversity. This is because:

- **Spatial patterns in biodiversity are difficult to establish because of the very nature of biodiversity that is inherently complex and interconnected and that knows no geographical boundaries.** The benefits of biodiversity (and the ecosystem services it provides) are local, regional *and/or* global in scope, but cannot be easily analysed in conjunction with the concept of country borders.¹⁸ The benefits of support to biodiversity or the protection of complex organisms

¹⁷ Reporting on environmental protection expenditure is mandatory in the European Union through the Regulation (EU) N° 691/2011 on European Environmental Economic accounts.

¹⁸ Spatial dimensions of biodiversity have been relatively poorly studied or quantified, especially in developing countries. Yet, many of the world’s biodiversity-rich areas are indeed located in developing countries, whose economies tend to depend disproportionately on intact and viable ecosystems ([Global Assessment Report on Biodiversity and Ecosystem Services of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services](#)) (IPBES 2019).

in a given country towards another country or a group of countries can be very challenging to establish, for example in the face of mobile marine fauna and migratory species.

- **The term “substantial” is inherently open to interpretation**, making it challenging to define evidenced-based criteria for reporters to assess whether a given activity provides “substantial” benefits to recipient countries or not. The Task Force had discussed very early on¹⁹ the adequate term for defining the scope of Pillar II. It opted for this formulation while acknowledging it lacked clarity, as opposed to a more conservative approach (providing “exclusive” benefit to recipient countries).

16. In light of the challenges described above, this section provides possible options for compiling proxies of domestic expenditures in support of biodiversity with substantial benefits to developing countries.

b. Option 1: using the geographic scale of ecosystem services

17. Biodiversity provides a variety of “ecosystems services”, defined as “the benefits people obtain from ecosystems”. These include *provisioning services* such as food and water; *regulating services* such as flood and disease control; *cultural services* such as spiritual, recreational and cultural benefits; and *supporting services* such as nutrient cycling that maintain the conditions for life on Earth.

18. One way to untangle the notion of “benefits to recipient countries” in the area of biodiversity would be to link the activities to the type of ecosystem services that biodiversity sustains and examine their geographic scale (local, regional and/or global). Table 1 below provides examples of marine and coastal ecosystem services and their geographic scale.

Table 1. Examples of marine and coastal ecosystem services and their scale

Category (examples)	Geographic scale
Food (e.g. fisheries and aquaculture)	Local/regional/global
Fuel (e.g. mangrove wood)	Local/regional/global
Water	Local/regional
Natural products (e.g. sand, pearls, diatomaceous earth)	Local/regional/global
Genetic and pharmaceutical products	Local/regional/global
Lifecycle maintenance, habitat and gene pool protection	Global
Atmospheric composition, carbon sequestration and climate regulation	Local/regional/global
Shoreline stabilization/erosion control	Local
Natural hazard protection (e.g. from storms, hurricanes and floods)	Local/regional
Pollution buffering and water quality	Local/regional
Soil, sediment, and sand formation and composition	Local/regional
Tourism	Local/regional/global
Recreation	Local/regional/global
Spiritual values	Local/regional/global
Education and research	Local/regional/global
Aesthetics	Local

Source: OECD (2017), *Marine Protected Areas: Economics, Management and Effective Policy Mixes*, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264276208-en>

19. Taking this approach, domestic biodiversity-related activities in provider countries could be considered eligible if the activities:

¹⁹ See the background paper for item 6 of the 7th meeting of the TOSSD Task Force in 2019: “[Emerging Reporting Instructions: First draft text related to the Pillar II of TOSSD](#)” and the item 7c. in the [Action points of the 7th meeting of the TOSSD Task Force](#).”

- Provide ecosystem services with regional scale.
- Are carried out in a region that includes at least one TOSSD recipient country with a proven impact on this country, or implemented in direct co-operation with at least one public or private institution from this country, as a means of ensuring the benefit to the recipient or its population.

20. The rationale for excluding ecosystem services with local scale (e.g. shoreline stabilisation) is that there will be no spill-over effects to TOSSD recipient countries. The rationale for excluding ecosystem services with global scale is that the benefit to TOSSD recipients is hard (if not impossible) to establish. Also, the inclusion of these activities could result in large volume of TOSSD expenditures not specifically related to developing countries.²⁰

21. The above approach could therefore be used but with the following caveats:

- **Approaching the biodiversity topic from the perspective of ecosystem services with local/regional/global benefits together with the additional criteria suggested above would still leave a degree of subjectivity in the assessment of substantial benefits to TOSSD recipients and whether to include an activity in TOSSD Pillar II.** As for other areas (peacekeeping, R&D), the criteria would have to be tested and evaluated.
- **Activities would still need to be analysed one by one by the reporter to confirm eligibility and it will remain challenging for the Secretariat to ascertain the eligibility of these activities.** The above table is only indicative and some activities even if marked as “local/regional/global” in their geographical scale could very well only have a local benefit only. (For example, a localised water purification activity in a provider country for a lake that only benefits the country’s inhabitants would not be eligible, even if the table indicates that the water ecosystem can provide “local and regional” benefits.)
- **At present, the analysis of ecosystem services only exists for “marine and coastal” ecosystems, not for “terrestrial” ecosystems.** Further analysis and a similar categorisation as the one in Table 1 could be developed for “terrestrial” ecosystems and shared with the TOSSD Task Force for consideration. (Note however that the analytical work would first need to be undertaken by relevant international entities working on biodiversity.)
- **The data resulting from this approach could be of value to the biodiversity community but a special area of attention would be that the activities indeed provide substantial benefits based on the latest available science.**

c. Option 2: using a positive list of domestic ecosystems and assessing their substantial benefits to recipient countries

22. In this second option, TOSSD would gather domestic expenditures related to activities that contribute to the conservation of the following sites and species:

- **UNESCO World Natural Heritage sites²¹.** The preservation of these sites aims to achieve long-term conservation of biodiversity, protecting over 8% of terrestrial and marine protected areas across more than 100 countries. Natural World Heritage sites include natural areas considered as being of Outstanding Universal Value to humanity, according to both natural and cultural criteria.

²⁰ Some global impact biodiversity issues could still be accounted under the R&D part of TOSSD Pillar II (e.g. research to foster conservation of certain species endemic of developing countries).

²¹ <https://whc.unesco.org/en/natural-world-heritage/>

Further study would need to identify if all sites would be eligible or if additional criteria should be established.

- **The Conservation International’s biodiversity hotspot list.**²² Currently, there are 36 recognised biodiversity hotspots, e.g. spanning over all continents from the Americas to Europe, Africa and Asia. In order to qualify as a hotspot, a region must contain exceptional levels of irreplaceable species (at least 1500 vascular endemic plants) and be deeply threatened (more than 70% of habitat loss).
- **The Key biodiversity areas (KBAs)**²³: the Key Biodiversity Area Partnership – a partnership of 13 global conservation organisations – is helping prevent the rapid loss of biodiversity by supporting nationally led efforts to identify places on the planet that are critical for the survival of unique plants and animals, and the ecological communities they comprise. They have 40 years of case studies illustrating the value of identifying and safeguarding biodiversity. To date, the partnership and other interested groups have mapped more than 16 000 KBAs worldwide, safeguarding important populations of more than 13 100 species of conservation concern.
- **Some specific species such as:**
 - **The CITES species:** over 38 700 species – including roughly 5 950 species of animals and 32 800 species of plants – that are protected by CITES against over-exploitation through international trade. They are listed in the three CITES Appendices²⁴.
 - **The species identified in the Convention on the Conservation of Migratory Species of Wild Animals**²⁵.
 - **The IUCN’s Red List**²⁶ includes more than 42 100 species that are threatened with extinction and provides information on the global conservation status of animal, fungi and plant species. It is a critical indicator of the health of the world’s biodiversity, informing biodiversity conservation and decision making, helping to protect valuable natural resources.

23. If the Task Force supports pursuing this option, **the Secretariat could organise a consultation with all the organisations above²⁷ to discuss the question of substantial benefits to TOSSD recipient countries with a view to proposing appropriate eligibility criteria for consideration by the Task Force.**

24. Similar caveats to the ones described in option 1 apply to this option (notably that the notion of “local/regional/global benefit”, for example of a given “hotspot”, is not strictly equivalent to the “substantial benefit to recipient countries”).

²² <https://www.conservation.org/priorities/biodiversity-hotspots>

²³ KeyBiodiversityAreas.org

²⁴ [The CITES species | CITES](http://TheCITESspecies|CITES)

²⁵ See the CMS appendices I and II at: [https://www.cms.int/en/species/appendix-i-ii-cms#:~:text=Appendix%20I%20comprises%20migratory%20species,the%20near%20future%E2%80%9D%20\(ResAppendix I & II of CMS | CMS](https://www.cms.int/en/species/appendix-i-ii-cms#:~:text=Appendix%20I%20comprises%20migratory%20species,the%20near%20future%E2%80%9D%20(ResAppendixI&IIofCMS|CMS)

²⁶ <https://www.iucnredlist.org/>

²⁷ Not least because parts of these area- and species-based classifications overlap.

IV. Additional reflections on TOSSD Pillar II based on the analysis of the biodiversity topic

25. **As part of its consideration of the inclusion of biodiversity expenditures in TOSSD, the Task Force is invited to discuss more broadly how to approach domestic expenditure in provider countries in TOSSD.** As shown above, there is an inherent difficulty in identifying “substantial benefits to developing countries” in domestic expenditures, unless proxies are used. In areas where reporting rules have been developed (e.g. R&D, climate change), reporting experience has shown that further clarifications are required.

26. **The challenge of applying the substantial benefit criterion to domestic activities also lies with the fact that, at present, the data contained in TOSSD inform two valid but different objectives of TOSSD Pillar II, highlighted in the Reporting Instructions:** on the one hand, measuring resources “to promote sustainable development in developing countries” (first part of the definition of TOSSD), and on the other hand support to International Public Goods (embedded in the second part of the definition “resources to support development enablers and/or address global challenges at regional or global levels”).

27. The two objectives lead to the Secretariat and members **not being able to easily communicate** on the scope of Pillar II or, for some countries, not being able to **collect** data on Pillar II (e.g. because of mandate or capacity issues). Also, a few countries have made a conscious decision not to **report** to Pillar II.²⁸

28. The dichotomy between the focus on developing countries and on IPGs could be managed in various ways:

- **Option A:** Having the two perspectives cohabit in TOSSD Pillar II but in a clearly delineated manner:²⁹ the delineation would avoid giving the impression that TOSSD mixes regional and global expenditures that directly support developing countries or their populations³⁰ with domestic expenditures that have a longer-term and global benefit (e.g. domestic expenditures in provider countries for climate mitigation or biodiversity).
 - **Option A1:** This delineation could be done through two separate sub-pillars, a Pillar II and Pillar III, through keywords or other options to be studied. Note that this option was already discussed at the 17th Task Force meeting, with members expressing diverging views, some supporting it and others not.³¹
 - **Option A2:** The Pillar II could identify regional and global expenditures with a “direct/exclusive” benefit to developing countries (through keywords, a separate sub-pillar) and, on an exploratory basis, collect data to inform clearly identified global processes that have an indirect impact on TOSSD recipient countries (e.g. inform UNFCCC data gaps with domestic expenditures; pandemic preparedness; the CBD). This would help delineate what is meant by “International Public Goods” in TOSSD, provide clear boundaries to the data collection, and allow for a political and technical rationale for the TOSSD data collection of

²⁸ Not all countries have adopted the concept of International Public Goods. As of today, for one country, the data on regional and global expenditures were identified with a Pillar “0”.

²⁹ See the paper on [characterisation and presentation of the Pillar II data](#) presented by the Task Force Secretariat under item 5 of the 17th meeting of the TOSSD Task Force.

³⁰ e.g. administrative costs in provider countries for carrying out development co-operation, costs of refugees from developing countries and even R&D specifically targeting developing countries such as research on Malaria.

³¹ See the proposal made by the Secretariat at the 17th TOSSD Task Force meeting under [Item 5 .Characterisation and presentation of pillar II data](#) and [the Action Points of this meeting](#).

Pillar II. This option would also support the idea of a continuum within Pillar II, from direct benefits to more indirect / medium term benefits.

- **Option B: Restricting Pillar II to activities that solely convey “direct” or “exclusive” benefits to TOSSD recipient countries.** This would then mean focusing Pillar II on regional and global expenditures that can be unequivocally associated to the “promotion of sustainable development in developing countries”. This, in turn, would mean excluding from Pillar II support to International Public Goods.
- **Option C: Redefining the scope of Pillar II as support for International Public Goods with no reference to the substantial benefits to recipient countries.** This would clarify the objective of Pillar II and respond to a global demand for such information. This would however trigger questions on whether there is a need to change the definition of TOSSD that “aims to promote sustainable development in developing countries”. The option could only be implemented in the medium term as many TOSSD reporters would need to seek a specific mandate to collect data beyond development co-operation and the Task Force (or possible future TOSSD Forum) would need to further discuss the expected data (comprehensiveness, level of aggregation, capacity to collect such a large dataset).

Issues for discussion

Task Force members are invited to comment on the proposal based on the following questions:

- What are the Task Force views regarding the application of the Pillar II criterion of substantial benefits to recipient countries to the biodiversity area (Section III.a)?
- Would the Task Force support operationalising the Pillar II reporting on biodiversity through proxies? If so, which option should be pursued (Sections III.b and III.c)?
- What are the Task Force views on the more general question of the scope of Pillar II and the options for clarifying this (Section IV)?

Annexes

Annex I - Recalling some key eligibility criteria of TOSSD activities, including for Pillar II

Eligibility criteria for Pillar II include general TOSSD eligibility criteria (Section 2.2.1 of the Reporting Instructions), Pillar II specific eligibility criteria (section 3.2) and detailed eligibility rules for certain areas (contained in Annex E).

Section 2.2.1 of the [Reporting Instructions \(May 2022 version\)](#), and in particular the paragraph 47 is copied for ease of reference in Box 1 below.

Box 1: A TOSSD activity needs to contribute to an SDG target

2.2.1 ELIGIBILITY CRITERIA REGARDING SUSTAINABLE DEVELOPMENT

47. In the context of TOSSD, an activity is deemed to support sustainable development if it directly contributes to at least one of the SDG targets as identified in the official list³² of SDG targets developed and maintained by the United Nations Statistical Commission (UNSC) and if no substantial detrimental effect is anticipated on one or more of the other targets.

Section 3.1 of the Reporting instructions contains the specific eligibility criteria related to the “substantial benefit of developing countries” and is presented in the Box 2 below³³.

Box 2: A pillar II activity needs to provide substantial benefits to TOSSD recipient countries

70. In addition, for including an activity in TOSSD pillar II, it needs to:

- Provide substantial benefits to TOSSD recipient countries or their populations, and/or*
- Be implemented in direct co-operation with TOSSD recipient countries, or private or public institutions from these countries, as a means of ensuring the benefit to TOSSD recipient countries or their populations.*

Finally, the Annex E of the Reporting Instructions provide dedicated eligibility rules for four areas: R&D; Peace and Security; Climate change; and Refugees and protected persons. Since these areas do not relate to biodiversity, eligibility criteria have not been included in this paper.

³² <https://sustainabledevelopment.un.org/content/documents/21252030%20Agenda%20for%20Sustainable%20Development%20web.pdf>

³³ Please note that the text of paragraph 70 of the May 2022 version of the Reporting Instructions does not yet include the change introduced by the Task Force in July 2022 from “TOSSD-eligible” country to “TOSSD recipient” country, which will be integrated in the 2023 version of the Reporting Instructions.

Annex II - Introduction to classifications on domestic public funding for biodiversity

There are three classifications that provide a basis to allocate domestic public funding to biodiversity conservation and/or the sustainable use of biodiversity and ecosystems. These classifications are:

- **The Classification of the Functions of Government (COFOG)³⁴**, which is an international standard classification used in national accounts to "classify the purpose of transactions such as outlays on final consumption expenditure, intermediate consumption, gross capital formation and capital and current transfers, by general government". The current version of COFOG was developed in 1999 by the OECD and is published by the UN Statistical Division. Under COFOG, governments code each purchase, wage payment, transfer, loan disbursement or other outlay under one of ten divisions, according to the primary function or purpose that the transaction serves. Each of these divisions is then broken down into groups, which, in turn, are subdivided into classes. Expenditure for which environmental protection is the primary purpose (irrespective of the sector) are coded under Division 5, Environment Protection, aligned with the CEPA (see below) though at a more aggregate level. Activities relating to the protection of fauna and flora species (including the reintroduction of extinct species and the recovery of species menaced by extinction), the protection of habitats (including the management of natural parks and reserves) and the protection of landscapes for their aesthetic values (including the rehabilitation of damaged landscapes to improve their aesthetic value) are coded under Group 5.4: Protection of Biodiversity and Landscape. COFOG has no division dedicated to the management of natural resources; some elements could be included in other COFOG Divisions such as Division 4, Economic Affairs, and its Group 4.2: Agriculture, forestry, fishing and hunting, but the classification does not enable their identification.

A process for revising and updating the COFOG is being initiated at UN level. This may provide an opportunity for better aligning COFOG with information needs for environment-related policies.

- **Two functional classifications used in monetary environmental accounts to classify environmental activities, environmental products, and environmental expenditures and other transactions:**
 - The classification of **environmental protection activities (CEPA), which is an international standard classification** that is used to classify activities, products, outlays and other transactions whose primary purpose is environmental protection. The CEPA is used in particular for data collection and analysis of statistics on environmental protection expenditure and revenue (by Eurostat and the OECD).
 - The classification of **resource management activities (CReMA)**, developed by Eurostat, is used to classify activities, products, outlays and other transactions whose primary purpose is the preservation and maintenance of the stock of natural resources. The CReMA was built consistently with the structure and classification principles of the CEPA. It is used in Europe for data collection and analysis of statistics on the Environmental Goods and Services Sector (EGSS).

³⁴ See the [Manual on sources and methods for the compilation of COFOG statistics — Classification of the Functions of Government \(COFOG\) — 2019 edition](#) (European Union, 2019)

Biodiversity expenditure data are captured under the CEPA domain 6 “protection of biodiversity and landscapes”, though coverage is partial. The CEPA domain 6 does not capture sustainable use of biodiversity resources, which is captured by CReMA (domains 10 through 16).³⁵

The two classifications CEPA and CReMA have recently been integrated in a new Classification of Environmental Functions (CEF) to provide a generic, multi-purpose, functional classification for classifying activities, products, expenditure and other transactions related to environmental protection and management of natural resources. The CEF underwent a global consultation end of 2022 and is currently being refined before formal adoption as an international standard. Its final version will most likely influence the revision of the COFOG.

³⁵ See [Metadata. SCL - Classifications of environmental activities: environmental protection activities \(CEPA\) and resource management activities \(CReMA\)](#) (EUROSTAT, n.d.)