


Striking a Balance

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Ensuring Conservation's Place on the International Biodiversity Assistance Agenda

Nicholas P. Lapham and Rebecca J. Livermore

Conservation International

Center for Applied Biodiversity Science

Center for Conservation and Government

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Executive Summary

Human activities are causing the world's terrestrial, freshwater, and marine biodiversity to vanish. Species are becoming extinct and pristine landscapes are disappearing at unprecedented rates throughout the world. While tragic in their own right, these trends threaten severe consequences for humankind, as ecosystems lose their ability to provide the goods and services that generate irreplaceable economic, agricultural, public health, scientific, cultural, and spiritual benefits.

A disproportionate share of the world's biodiversity is confined to a relatively small number of countries, mostly in the tropics. These countries tend to be among the world's poorest, and their natural resources face pressures that the countries alone are generally ill-equipped to confront. Moreover, developing countries often have limited incentive to support conservation because biodiversity remains undervalued in today's economic and political climate. For these reasons, the support of the world's developed nations is required to avert the rapid loss of biodiversity. The 1992 Convention on Biological Diversity (CBD), among other international agreements, recognizes this need and calls for developed countries to provide financial assistance to help developing countries reduce biodiversity loss. In providing such support, the governments of donor nations acknowledge the multiple benefits of curtailing biodiversity loss, including the following: that biodiversity has intrinsic value, that it provides numerous benefits to humankind, that important links exist between healthy ecosystems and sustainable development, and that conservation can be a vehicle to promote peace and stability within and among nations.

Stemming biodiversity loss is a complex and multi-faceted challenge. Over the long term, success will require effectively integrating biodiversity concerns into all aspects of human development, including into major economic sectors such as agriculture, forestry, and fisheries. In the near term, immediate action is also required to conserve species and their habitats, primarily by establishing and maintaining nature reserves. This study examines how donor countries are allocating their biodiversity assistance and pays particular attention to the balance between support for long-term actions and near-term conservation investments. In this regard, our specific findings are as follows:

Finding 1: As poverty has become the overarching focus of development assistance, biodiversity funding is increasingly framed in terms of its relation to poverty reduction. This has placed a growing emphasis on mainstreaming biodiversity into other development sectors and promoting sustainable use. At the same time, it appears to be diminishing support for shorter-term conservation investments.

Finding 2: As development institutions decentralize, development assistance frameworks negotiated at the country level will become more and more important. To date, such frameworks inconsistently reflect biodiversity concerns and seem to leave little room for conservation actions despite a proven demand for them.

Finding 3: While institutions with a development mandate provide the bulk of public biodiversity assistance, other government agencies fill important gaps, as do programs executed directly by non-governmental organizations (NGOs).

Finding 4: Inconsistent reporting on and expanding definitions of biodiversity assistance prevent an accurate assessment of overall funding, impeding the creation of an effective system for collecting and sharing information, and hampering efforts to make informed investments.

In light of these findings, we recommend that governments take the following actions to safeguard the world's natural heritage:

- Define a more secure and permanent place for conservation in the context of a poverty-centered development agenda;
- Integrate biodiversity concerns into development strategies more effectively;
- Encourage a broad range of government institutions to participate in providing biodiversity assistance, and support opportunities for NGOs to directly execute publicly funded programs; and
- Improve coordination and dissemination of measurable information about international biodiversity assistance.

NGOs also have a crucial role to play in ensuring conservation's place on the international biodiversity assistance agenda by engaging governments more comprehensively on biodiversity issues and catalyzing sustained public pressure on government leaders to create the political will for conservation investments.

A note on semantics

C*onservation* is a broad term—among other things, it may refer to protecting soil resources for agricultural productivity or protecting land from development for its scenic or recreational value. In this paper, we use this term to refer specifically to activities aimed at the conservation of the components of biodiversity, namely, genes, species, and ecosystems. We distinguish public donor funding for conservation from the larger category of biodiversity assistance. This distinction is needed because all biodiversity assistance is not devoted to conservation activities as defined above.

Introduction

Maintaining biodiversity[1]—for both the benefits it provides to people and for its inherent value—is a massive, long-term, and increasingly complex challenge for human society. In both developing and developed countries, it will require changes in development and consumption patterns and the integration of biodiversity concerns across a range of economic sectors by promoting, for instance, enlightened agricultural, forestry, fisheries, and rural development practices that improve the status of biodiversity in multiple-use zones and sustain resources for human consumption.

Scientific research has demonstrated that the survival of many species will also require direct action in the short term to protect natural ecosystems. While some species are well adapted to and even benefit from human-modified systems, many more can only thrive in natural habitats. A comprehensive global network of protected areas where conservation is a priority over other forms of land use is thus a fundamental cornerstone of an effective strategy for protecting the Earth's biodiversity.[2]

Conservation, of course, costs money. A wide range of analysis indicates a significant gap between the current level of investment in the global system of protected areas and the level of investment needed. James et al. (2000) reviewed protected area budgets and found that a total of approximately $6 billion is spent annually on the entire global system of protected areas, with over half of this amount spent in the US alone. James et al. further estimate that an additional $2.3 billion per year is required simply to make management adequate in the existing protected area network, with the majority of this need located in developing countries. Estimates of the financial resources necessary to create and manage a broadly representative and effective global system of protected areas are upwards of $20 billion annually (Balmford et al. 2002). A significant portion of the shortfall in protected areas funding is in developing countries, whose governments are generally unable to provide sufficient financial resources on their own. Where will the money come from?

Private donors, whether individuals or foundations, are clearly an important source of funds. Through their support, international non-governmental organizations (NGOs) have grown considerably as an influential force in conservation.[3] Corporations are also playing an increased role in conservation, whether by favoring business practices with a reduced environmental impact, taking actions to offset the environmental damage their activities cause, or contributing outright to conservation projects. An intriguing prospect is the potential for markets in ecosystem services, including carbon sequestration, watershed protection, and even pollination. These markets could one day generate financial resources for conservation at a globally significant scale, yet today they are only in the nascent stages of development. Ultimately, though, as long as biodiversity remains a public good, undervalued in the marketplace, governments will continue to be primarily responsible for financing its protection.

In this report, we present the findings of our study of government resources targeted at reducing biodiversity loss in developing countries. While most developing country governments make domestic conservation investments—a funding source that is important both in real terms and as a demonstration of political commitment—they are largely incapable on their own of providing the resources needed to adequately support conservation. Rather, they depend on assistance from donors, both bilateral (single governments providing direct assistance) and multilateral (multiple governments working together to provide assistance). Virtually every country that belongs to the Organization for Economic Cooperation and Development (OECD)[4] provides some level of bilateral biodiversity assistance to developing countries. Donor governments also provide assistance through multilateral institutions such as the World Bank, the United Nations (UN), and the Global Environment Facility (GEF), which has allocated over $1.7 billion toward biodiversity projects and programs in developing nations since 1991 (GEF 2003a). A recent survey of biodiversity investments in Latin America confirms the importance of donor government resources—

it found that multilateral and bilateral assistance, totaling $2.5 billion, accounted for nearly 90 percent of all biodiversity funding in the region from 1990 to 1997 (Castro & Locker 2000).[5]

Donor government funds are important for other reasons beyond their aggregate total. For example, donor funds can target the poorest countries, where private investment tends to be scarce. Furthermore, "official" funding from a donor government or a multilateral institution like the UN or the World Bank often fosters environmental policy dialogue and helps generate a political commitment to biodiversity by the recipient government. Government funding—particularly where it builds on historical relationships between countries or where economic and political interests are at stake—also tends to be more stable than other sources, which fluctuate based on the whims of the market or the shifting priorities of a particular donor or organization. Multilateral funding in particular gives donor governments the opportunity to coordinate their interests with regard to biodiversity. Finally, government funding plays a vital leveraging role because it often attracts co-financing from other sources.

For more than 25 years, bilateral and multilateral government donors have supported biodiversity conservation in developing countries. In the 1970s and 1980s, much of this support was linked to various international agreements to help protect biodiversity, including several species-specific wildlife treaties, the Convention on International Trade in Endangered Species (CITES), and the World Heritage Convention. The 1980 World Conservation Strategy and the 1982 World Charter on Nature were the first attempts at a broad international framework for biodiversity protection but did not include binding commitments or a comprehensive financial mechanism (Hunter et al. 1998).

In 1992, representatives of both developed and developing nations, as well as various NGOs, convened at the Rio Earth Summit to chart a global course of action for achieving sustainable development. At the time of the Summit, ample evidence existed of the critical threats to global biodiversity. In addition, more and more people were becoming aware of biodiversity's inherent value as well as its important contribution to human society. An accumulated array of biodiversity programs and funding efforts were underway, but it was widely recognized that better coordination, stronger policies, and substantially increased financial resources were needed. To meet this need, the Convention on Biological Diversity (CBD) was established as the primary vehicle for government coordination to address the threats to biodiversity and channel resources to curtail its loss.[6]

Ratified by 179 governments, the CBD enjoys broader participation than almost any other international agreement (though the United States is a notable non-party[7]). The CBD has three primary objectives: (1) conservation of biological diversity, (2) sustainable use of the components of biological diversity, and (3) fair and equitable sharing of the benefits arising out of the utilization of genetic resources (CBD 1992 Article 1). The CBD details a number of methods for achieving these objectives, including, among others, identification and monitoring, *in situ* and *ex situ* conservation, sustainable use, incentive measures, research and training, and public education. Of particular relevance to this report are Article 20, which commits developed country Parties to providing "new and additional financial resources" to enable developing country Parties to meet the costs of implementing the CBD, and Article 21, which formally designates the GEF as the CBD's financial mechanism. Beyond support for the GEF, the CBD also encourages developed countries to provide financial resources for Convention implementation through bilateral, regional, and other multilateral channels (CBD 1992 Article 20.3).

Since the CBD was established in 1992, governments have largely structured and described their biodiversity assistance based on its framework, and it remains an important instrument driving international biodiversity policy. However, it has not proven sufficiently strong to generate the resources or political will needed to slow biodiversity loss, and efforts to hold countries accountable for committing "new and additional" funding have fallen short.

At the 2002 World Summit on Sustainable Development (WSSD), governments once again underscored the importance of donor country support for biodiversity in developing countries. The Summit's final declaration stated, "a more efficient and coherent implementation of the three objectives of the Convention and the achievement by 2010 of a significant reduction in the current rate of loss of biological diversity will require the provision of new and additional financial and technical resources to developing countries" (UN 2002).

In some cases, government commitments at the international level are supported by specific national mechanisms that ensure certain levels of international biodiversity assistance. For example, in the wake of the Rio Earth Summit, France created the French Global Environment Facility (FFEM), a unique separate national fund established to target global environmental issues, including biodiversity and climate change. Similarly, the Netherlands, a rarity among donor countries, seeks to adhere to a Rio Earth Summit recommendation to target 0.1 percent of gross national product to environmental

initiatives (including biodiversity) in developing countries (Minbuza 2003).[8]

Mechanisms have also been established to channel donor resources to particular countries or regions with high biodiversity value. Perhaps the most prominent example is the International Pilot Program to Conserve Brazilian Rainforest (PPG7), set up in 1992 to promote conservation and sustainable development in the tropical rain forests of the Brazilian Amazon and Atlantic coast. The PPG7 is a joint undertaking of the government of Brazil, Brazilian civil society, and the international donor community and is managed by the World Bank. The G-7 governments have pledged more than $340 million in biodiversity-related assistance to this program since its inception, with nearly 80 percent coming from Germany and the European Commission (World Bank 2003a).[9]

Today, despite these and other commitments, public biodiversity funding falls well short of the need. Still, governments remain by far the most important source of biodiversity funding. With this in mind, our study aims to reveal important findings regarding the characteristics and direction of donor government biodiversity funding. In what follows, we first provide a short overview of bilateral and multilateral biodiversity assistance. We then discuss the methods of this study and present its four key findings. We finish with several recommendations for donor governments and NGOs, based on the results of our investigation.

Multilateral and Bilateral Funding Compared

Multilateral and bilateral funding have different attributes, often fill separate niches, and generally serve to complement each other in important ways. In this section, we provide a brief introduction to both types of assistance.

Multilateral funding

Various multilateral vehicles exist for channeling biodiversity assistance to developing countries. These include the World Bank; certain UN agencies such as the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), the United Nations Educational, Scientific, and Cultural Organization (UNESCO), and the United Nations Food and Agriculture Organization (FAO); and regional institutions such as the African, Asian, and Inter-American Development Banks. Perhaps most significant is the GEF, which has dedicated approximately 40 percent of its funding to date, or over $1.7 billion, to projects and "enabling activities"[10] within the biodiversity focal area (GEF 2002e, GEF 2003a).[11]

Multilateral funding tends to be characterized by the following attributes:

- Resources are spread across a broad geographic scale. While distributions from country to country or continent to continent may vary somewhat, multilateral donors strive for a wider geographic spread than their bilateral counterparts.
- Assistance generally flows in relatively large blocks. GEF projects and World Bank loans, for instance, can run into the tens of millions of dollars, though some programs release funding in smaller increments.[12]
- Multilateral funding priorities by definition reflect the consensus of multiple nations working together. The biodiversity priorities of the GEF, for example, are largely set by the GEF Council composed of both donor and recipient countries, and through the CBD, which has been ratified by 179 nations.
- Primarily as a result of the three previous attributes, multilateral funding can be inflexible and difficult to obtain. Also, in large part due to safeguards such as rigid auditing and reporting requirements, approved grant funds may flow in an inefficient manner, hampering project effectiveness. Indeed, at the recent GEF Third Assembly meeting in Beijing, China, UNDP Administrator Mark Malloch Brown identified improving efficiency as the GEF's primary ongoing challenge (Malloch Brown 2002).

Bilateral funding

Virtually all donor countries provide some level of biodiversity assistance directly to developing nations. As discussed in the next section, development agencies distribute the lion's share of these resources, though in almost every case, environment ministries and other government sources provide smaller amounts of funding.

Bilateral funding tends to be characterized by the following attributes:

- Most donors focus their assistance on specific countries and regions, whether because of economic and political interests, perceived need, historical ties, or geographical proximity.
- Largely as a result of the previous point, developed country governments often have well-established relationships with particular developing countries that provide a solid basis for dialogue and cooperation. Over time, these relationships help donor country agencies augment their knowledge and experience of local conditions, thus enabling them to effectively target development assistance to specific sectors or projects.
- Bilateral assistance tends to be less bureaucratic and more efficient than multilateral support because it is based on the priorities of two nations working in cooperation rather than a whole host of countries trying to reconcile differing agendas. Similarly, bilateral assistance is generally subject to fewer restrictions than those imposed by multilateral institutions.

Study Description

In identifying the major trends shaping international biodiversity assistance, our study focused on three key multilateral institutions—the World Bank, the GEF, and the European Commission[13]—and on the bilateral initiatives of the six donor governments that provide the greatest aggregate amount of official development assistance (ODA): France, Germany, Japan, the Netherlands, the United Kingdom, and the United States.[14] These six countries also appear to be the largest biodiversity funders based on data reported to the OECD Creditor Reporting System (CRS), the CBD, and in light of their GEF contributions. Importantly, many of the countries omitted from this report provide significant financial assistance for biodiversity, notably, Australia, Austria, Belgium, Canada, Denmark, Finland, Norway, Sweden, and Switzerland. In some cases, the assistance provided by these nations represents a larger financial commitment as a percentage of gross national product (GNP) or as a percentage of total ODA than that of the six nations discussed here.

Between July 2002 and January 2003, we reviewed the biodiversity funding approaches of the institutions and governments listed above by consulting the Web sites and publicly available documents of the relevant donor institutions. We also conducted phone interviews with representatives of the public institutions providing biodiversity assistance in the European Commission, France, Germany, Japan, the Netherlands, the United Kingdom, and the United States. Interviewees often provided more up-to-date and specific information, including funding figures, than was available in public documents.

We also interviewed representatives of institutions that collect data on donor biodiversity funding, including the CBD Secretariat, the OECD, and the UNEP World Conservation Monitoring Centre (UNEP-WCMC). Finally, we reviewed the relevant literature on donor assistance in the environment sector.

Overviews of the biodiversity funding portfolios for each of the nine entities studied are available in the report's annexes. Representatives of the six national governments and the European Commission who were interviewed for this study reviewed their corresponding annexes for accuracy. The GEF and World Bank annexes are based solely on publicly available information.

Findings

While the strategies of each country and donor institution vary considerably, we have identified four key trends in international biodiversity assistance that are significantly influencing the overall direction, delivery, effectiveness, and scale of funding for conservation. Each of these four trends is discussed separately in the sections below.

Finding 1: As poverty has become the overarching focus of development assistance, biodiversity funding is increasingly framed in terms of its relation to poverty reduction. This has placed a growing emphasis on mainstreaming biodiversity into other development sectors and promoting sustainable use. At the same time, it appears to be diminishing support for shorter-term conservation investments.

Over the past decade, poverty reduction has become an overriding priority of the World Bank, UN agencies delivering development assistance, and many other multilateral and bilateral aid agencies. As a consequence, international biodiversity assistance increasingly depends on the extent to which it can be justified within a poverty reduction context. The following examples illustrate this trend:

- Many donor institutions are structuring their development assistance around the UN Millennium Development Goals (MDGs), a set of eight objectives aimed at "reducing poverty in all its forms" (UN 2000, World Bank 2002a).
- The World Bank's Environment Strategy, unveiled in 2001, pledges a "poverty focused" environmental agenda in which the primary objectives are "improving quality of life, improving the quality of growth, and protecting the quality of the regional and global commons" (World Bank 2001). Subsequently, the Bank revised its forest policy to place increased emphasis on poverty reduction benefits arising from the sustainable management of forests and forest resources, with a major change being the removal of a 1991 ban on the financing of commercial logging in primary moist tropical forests (World Bank 2002b).
- The Asian Development Bank's (ADB) new Environment Policy is grounded in its Poverty Reduction Strategy and emphasizes "promoting environmental and natural resources interventions to reduce poverty directly" (ADB 2002).
- The UK Department for International Development (DFID) now explains that its "work on biodiversity is guided by three principles, the first of which is the overriding priority of poverty elimination" (DFID 2001).
- The CBD (which plays a vital role in setting the parameters for GEF and other biodiversity funding) notes, "The international community's approach to biodiversity has changed over the past 10 years. Biological diversity is now considered as an essential part of efforts to eradicate poverty and achieve sustainable development" (CBD Secretariat 2003).

Moreover, this evolving focus on poverty has influenced the restructuring of a number of development agency programs. The following examples illustrate these structural changes:

- DFID's former Natural Resources Department is now the Rural Livelihoods Department, a change that mirrors DFID's "sustainable livelihoods approach." According to DFID staff, this reflects a more holistic method for addressing how people in developing countries realize livelihoods with a large diversity of strategies and resources (Brown, pers. comm. 2002). In the future, the ten policy departments at DFID headquarters, including the Environmental Policy Department, are to be streamlined. The three provisional budget streams are "Pro-poor Sustainable

Economic Growth," "Pro-poor Human Development," and "Pro-poor Social and Political Change" (DFID 2002).

- The European Commission recently restructured its policy on development aid to prioritize six "focal areas" aimed at reducing poverty. The environment is not one of these areas; instead the Commission aims to integrate environmental issues across all six areas (FERN 2002, LeGrand, pers. comm. 2002). The European Commission's development agency, EuropeAid, is structured according to these six focal areas, and the environment is treated as a cross-cutting issue.

Mainstreaming biodiversity assistance

As the examples listed above show, biodiversity is increasingly treated as part of a broader strategy aimed at tackling poverty. Based on a growing recognition that biodiversity and well-functioning ecosystems are fundamental to both poverty reduction and sustainable development, biodiversity concerns are being mainstreamed into sectors such as agriculture, forestry, fisheries, and rural development.

The new tendency to mainstream biodiversity concerns derives in part from research on the intersection of biodiversity and poverty undertaken by the World Bank, UN, and various development agencies, sometimes in cooperation with environmental organizations. For instance, the World Bank, UNDP, the European Commission, and DFID produced a major paper for the 2002 World Summit on Sustainable Development (WSSD) entitled *Linking Poverty Reduction and Environmental Management: Policy Challenges and Opportunities*. The paper's central argument is that "environmental management cannot be treated separately from other development concerns, but requires integration into poverty reduction and sustainable development efforts" (DFID, EC, UNDP, & World Bank 2002). Other publications have drawn similar conclusions. A recently published position paper by the World Bank, for example, states that environmental issues must be addressed across all development sectors (World Bank 2002a). Similarly, the Biodiversity in Development Project, supported by DFID and the European Commission and co-sponsored by the World Conservation Union (IUCN), has produced a series of publications that discuss the value of biodiversity to poor people both as a resource and as a way of reducing exposure to risk and outline an approach for incorporating biodiversity into development and poverty reduction strategies (Biodiversity in Development Project 2001a, 2001b).

While there is well-developed theory behind mainstreaming environment issues across development sectors, it remains to be seen whether the design and implementation of such development programs will consider biodiversity adequately and leave room for conservation investments. In this respect, a critical audience includes development economists and ministers of finance who require compelling arguments and analysis on the linkages between biodiversity and poverty, hunger, human health, and other development priorities. Dr. Jeffrey Sachs, Director of the United Nations Millennium Project (tasked with developing a plan for implementing the MDGs) recently remarked that biodiversity issues are virtually absent from the key development community dialogues, including the discussions on how to achieve the MDGs (Sachs 2003).

At the same time, the MDGs offer perhaps the best hope for effectively mainstreaming biodiversity into development activities and ensuring support for conservation. Described as mutually reinforcing, the MDGs provide a framework for donor institutions to integrate biodiversity concerns into efforts to achieve all eight goals. Further, the MDGs explicitly recognize the importance of development assistance aimed at managing natural resources and conserving biodiversity. Goal 7 deals explicitly with environmental sustainability and includes a target to "integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources." Specific indicators of success toward achieving Goal 7 include land protected to maintain biological diversity and the proportion of land area covered by forest (UN 2000, World Bank 2002a).[15]

Increased emphasis on sustainable use and benefit sharing

The new priority given to poverty reduction and the shift toward mainstreaming biodiversity assistance into various development sectors dovetail with a renewed emphasis on the CBD's sustainable use and equitable benefit-sharing objectives. Both donors and recipients of biodiversity assistance are highlighting these objectives, with the intention of ensuring that developing countries receive maximum economic benefits from and retain sovereign control over biodiversity resources and the products derived from them in both the short and long terms. For example, the 2002 *Cancun Declaration of Like-Minded Megadiverse Countries*, signed by Brazil, China, Colombia, Costa Rica, Ecuador, India, Indonesia, Kenya, Mexico, Peru, South Africa, and Venezuela, emphasizes fair and equitable benefit sharing, the protection of traditional knowledge, and the protection of intellectual property rights related to biodiversity and genetic resources (Secretaría de Medio Ambiente y Recursos Naturales, México 2002).

Similarly, a number of bilateral donors have raised the profile of sustainable use and benefit sharing in their biodiversity programs, and the GEF is receiving guidance to better address these two CBD objectives. At its most recent Conference of the Parties, the CBD urged the GEF to broaden its emphasis from the Convention's conservation objective to increasingly target the treaty's sustainable use and equitable benefit-sharing components (CBD 2002). The Second Overall Performance Study of the GEF provided similar guidance, suggesting that addressing the root causes of biodiversity loss will require "GEF conservation objectives that are grounded more strongly in the sustainable development context" and "stronger emphasis to initiatives that promote sustainable use and benefit sharing of biodiversity products and services" (GEF 2002d).

Diminished support for conservation investments

In a trend that reflects encouraging progress, development agencies are increasingly recognizing that maintaining ecosystem functions and biodiversity is vital to the long-term success of poverty reduction efforts. This has strengthened the substantive and political case for integrating biodiversity concerns into the broader development agenda. Unfortunately, an apparent side effect is diminished support for long-proven conservation actions that most scientists agree are fundamental to maintaining the full array of biodiversity. Biodiversity funding is now driven heavily by social and economic objectives, which are not necessarily synonymous with objectives such as avoiding extinctions or protecting unique and biologically diverse landscapes.

Several of the donor institutions examined here have endorsed the MDGs, which include a biodiversity indicator that assesses land area protected to maintain biological diversity. However, in our interviews, the representatives of many of these same institutions were careful to distance their programs from the science-based agenda favored by many conservation-oriented NGOs. Indeed, several influential members of the development community have criticized activities related to protected areas and species-specific conservation. Evelyn Herfkens, the former Netherlands Minister for Development Cooperation, has stated, "'Wildlife park. Keep out!' This type of approach doesn't work. People are beginning to see that it is misguided to try to keep the animals in and the people out, to build a fence between them, and post armed guards to protect nature" (Herfkens 2002). Clare Short, former UK Minister for International Development, recently remarked:

> Too often in the past environmentalists in developed countries, preoccupied with global rather than local values, have focused on the conservation of endangered animals, plants, and trees, taking little account of the needs of poor people. Time and again well-intentioned conservation efforts on protected area systems have been resisted by local people whose livelihoods have been jeopardized. Yet the poor could be allies of the conservationists. But for this to come about we need to focus much more on sustainable use rather than on conservation for its own sake. (Short 2003)

Certain donors still play a leadership role in providing funding for conservation and protected area activities, including Germany and the United States.[16] Others, however, are clearly shifting their biodiversity investments to more closely fit a poverty-focused agenda. A recent DFID study highlights the institution's decreased funding for wildlife projects: "Since the mid-1990s, wildlife-linked work has been receiving less attention within the UK Department for International Development (DFID). DFID now funds only two bilateral wildlife projects (Mbomipa in Tanzania, which finishes this year, and WILD in Namibia) and a handful of wildlife-linked forestry projects with none in the pipeline. . . . [T]he reasons for the decline in DFID wildlife investment include that wildlife is generally not seen as central to poverty reduction" (DFID 2002). This shift in donor government biodiversity investments was confirmed by the CBD Secretariat, which noted that the activities reported by donor countries have moved away from the long-established focus on parks and protected areas and toward investments across all sectors, especially projects emphasizing the sustainable use and equitable benefit-sharing objectives of the CBD (Xiang, pers. comm. 2002). This trend is exacerbated by stagnant or declining foreign aid for all sectors, including those closely linked to biodiversity (FAO 2003, OECD 2003b).[17]

Rather than matching the GEF's significant investments in protected areas and other conservation programs, many donors are providing biodiversity assistance that is more closely tied to economic development. Development agency representatives often describe their biodiversity programs, which tend to focus on rural livelihoods, productive sectors, and other forms of poverty reduction, as complementary to GEF biodiversity investments. For instance, the European Commission's protected areas strategy "aims to complement conservation-focused GEF investments" and encourages a "participatory review of conflicts and opportunities"—particularly income generation opportunities—to support local livelihoods (European Commission 2001). Similarly, the FFEM, while established as a mechanism to set aside funds for the global environment, including biodiversity, makes a clear distinction between its investments and those of the GEF: "The FFEM intervenes exclusively in projects that are focused mainly on the economic and social development of the beneficiary countries. The GEF also

works in the framework of projects that are aimed essentially at protecting the global environment" (FFEM 2003).

At the same time, many of these same donors would like to see the GEF strengthen the links to poverty reduction in its projects and focus more on mainstreaming biodiversity into economic development. The GEF Business Plan for fiscal years 2004–2006 (FY04–06)[18] outlines the reasoning behind the increased financial resources for new strategic priorities, including "mainstreaming biodiversity in production landscapes and sectors."[19] It states:

> During the last decade, the emphasis in the GEF biodiversity portfolio has been on financing protected areas with smaller, but growing, engagement with sustainable use, mainstreaming and other private sector initiatives. As the GEF moves into its second decade, and while recognizing that protected areas are the cornerstones of conservation, it is proposed that biodiversity conservation be mainstreamed increasingly by emphasizing growing support for conservation beyond protected areas. Such an approach would place greater emphasis on sustainability of results and the potential for replication, and move beyond a projects-based emphasis to approaches that systematically target country enabling environments and long-term institutional building. (GEF 2003b)

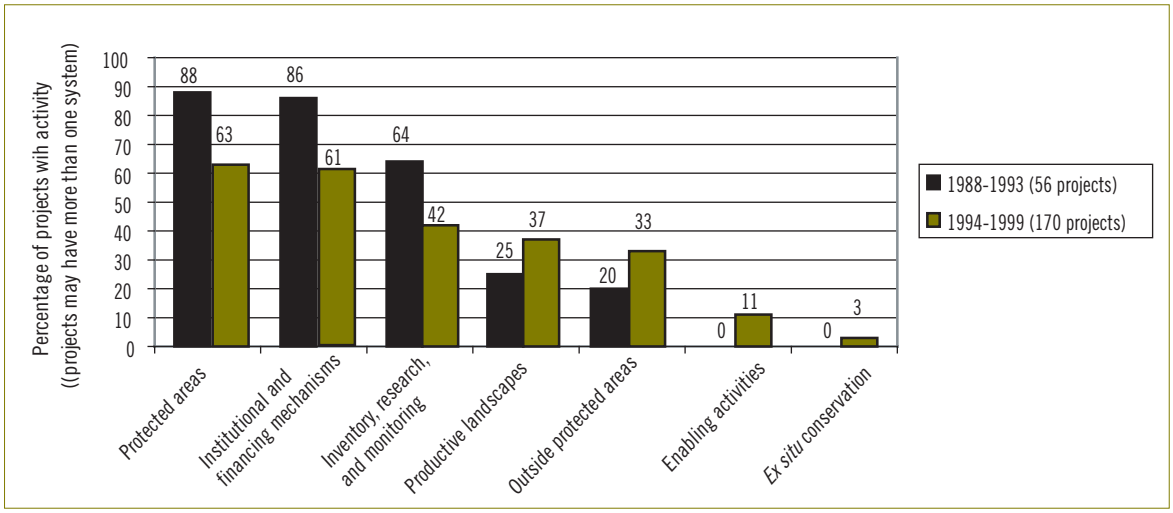
The GEF's new strategic priorities will support actions that are necessary to achieve long-term, sustainable conservation. However, should other public donors continue to shift their resources away from crucial conservation activities, the GEF's niche as the foremost source of public funds for protected areas is likely to become even more important.

A final illustration of the trend away from conservation-focused investments is the World Bank's changing biodiversity portfolio, represented in Figure 1. The differences between the 1994–1999 period and the previous six-year period are telling: the percentage of protected areas projects has declined as the percentage of projects outside protected areas and in productive landscapes has increased. Indeed, the Bank states explicitly that "the greatest growth in the [biodiversity] portfolio in [the] future will be through mainstreaming biodiversity, and especially the sustainable use and restoration of biodiversity, into regular sustainable development operations and policy reforms" (World Bank 2000).

Finding 2: As development institutions decentralize, development assistance frameworks negotiated at the country level will become more and more important. To date, such frameworks inconsistently reflect biodiversity concerns and seem to leave little room for conservation actions despite a proven demand for them.

Bilateral and multilateral development institutions are becoming more decentralized, adopting a "country-driven" approach in an effort to provide more durable development assistance driven by recipient country priorities. This decentralization has brought major structural and substantive change, with important implications for biodiversity assistance. As part of their structural decentralization, development institutions are delegating responsibility for designing and implementing projects, managing funds, and setting strategic priorities to in-country missions, developing country governments, and civil society groups. For their part, development agency

Figure 1. Frequency of biodiversity activities in entire portfolio, FY 1988-99 (percentage of projects in which a given activity occurs)



Source: *Supporting the Web of Life: The World Bank and Biodiversity—A Portfolio Update 1988-1999* (World Bank 2000). (Note: Single projects typically include more than one biodiversity activity; therefore, these categories are not mutually exclusive, and totals exceed 100 percent.)

headquarters are focused increasingly on coordinating development efforts, tracking progress, and providing intra-sector and intra-regional strategic and technical support.

Country-driven development strategies

As part of the trend towards decentralized assistance, development institutions are relying increasingly on strategies negotiated at the country level. Country-driven development frameworks, such as the European Commission's Country Strategy Papers (CSPs) and the World Bank's Poverty Reduction Strategy Papers (PRSPs), are playing a central role in defining development assistance priorities.

Recent analyses suggest, however, that country-level development strategies negotiated by donor institutions and recipient governments are not adequately accounting for environmental considerations. For example, a study assessing CSPs in countries with significant forest cover found very little assistance dedicated to forests or the environment,[20] inadequate or nonexistent analyses of the forest sector or the social and environmental value of forests, and a poor understanding of issues affecting indigenous people and forest-dependent communities (FERN 2002). A similar study shows that environment and energy issues are integrated into PRSPs (including interim PRSPs) in a mixed fashion, with some country plans treating environment issues as important elements of a sustainable development strategy, some treating them sketchily, and others not mentioning them at all (Castro, J. 2002).

While these studies do not focus on biodiversity per se, they strongly suggest that significant progress remains to be achieved in adequately accounting for biodiversity considerations within development assistance frameworks. Certainly, this would seem an important step in the successful mainstreaming of biodiversity.

The demand for conservation investments

These studies also reveal a funding structure that appears to leave little room for conservation-specific investments. However, significant demand for such investments exists in many key countries. A first example of this demand is the growth in the GEF's biodiversity focal area[21] and its considerable investments in protected areas. The GEF reports spending $960 million over a ten-year period (FY91–01) to fund 894 protected areas covering 162 million hectares (GEF 2003c). Currently, 95 full-sized biodiversity projects worth approximately $800 million sit in the GEF pipeline awaiting approval and funding.[22] Many of these are conservation-focused. A second illustration of the demand for financial resources targeting conservation objectives are the numerous recent commitments by developing countries to conservation, which will require significant donor support to ensure long-term success.[23] Examples of such commitments include the following:

- In July 2002, Cambodia created the 402,000 hectare Central Cardamoms Protected Forest, following a ban of all hunting and logging in the area 18 months earlier. The new protected area is the largest in Indochina and joins two other neighboring wildlife sanctuaries, preserving 990,000 hectares of tropical forest.
- In August 2002, Brazil created the 3.9 million hectare Tumucumaque National Park, the world's largest tropical forest protected area.
- In September 2002, Gabon announced its intention to create a national park system comprised of 12 units covering more than five million hectares or approximately ten percent of the country's land area.
- In January 2003, Peru established three key protected areas within the biodiversity-rich Vilcabamba-Amboro Corridor, totaling more than 700,000 hectares.
- Myanmar has increased its coverage of protected areas from 0.5 percent to 5 percent in less than a decade. This includes a recent commitment to establishing the world's largest tiger reserve in Hukaung Valley, at about 1.4 million hectares. This will be added to pre-existing areas, creating the largest complex of contiguous protected areas in the region.

Finding 3: While institutions with a development mandate provide the bulk of public biodiversity assistance, other government agencies fill important gaps, as do programs executed directly by NGOs.

A number of government agencies, including ministries of environment and natural resources, foreign affairs, and finance, as well as NGOs, manage international biodiversity assistance. These funding sources are an important complement to the biodiversity assistance provided by public donors with a development mandate.

Non-development government funding sources

While natural resource government agencies have a primary mandate to work domestically and regionally, they often manage a limited number of international conservation programs. In the United States, for instance, the Department of Interior's Fish and Wildlife Service (USFWS) manages several species-specific funds dedicated

to the conservation of elephants, great apes, tigers, rhinos, and neotropical migratory birds. These programs received $7.8 million cumulatively in fiscal year 2003. Similarly, the United Kingdom's Department of Environment, Food and Rural Affairs (DEFRA) manages the Darwin Initiative, a grants program focused on reducing habitat and species loss by supporting research, surveys and monitoring, capacity building, training, environmental education and awareness, and other activities aimed at implementing the CBD. DEFRA also supports the Flagship Species Fund, a partnership with the NGO Fauna and Flora International to fund conservation activities targeted at high-profile species in developing countries. The Netherlands Ministry of Agriculture, Nature Management and Fisheries (LNV) is yet another example of an agency that provides funding for international projects and programs with a conservation focus. LNV spends approximately $7 million a year on conservation initiatives in developing countries and countries in Middle and Eastern Europe.

While generally limited in scale, these types of funding vehicles have significant conservation advantages. Because they are managed by institutions with conservation mandates and expertise, they tend to be more science-driven and are often able to fill gaps left by funding focused primarily on poverty reduction. For example, the international affairs programs of the USFWS (including the Multinational Species Conservation Funds described above) support activities such as protected-area law enforcement, park management training, conservation education, facility maintenance, and targeted research.

Natural resource agencies are not the only non-development agencies involved with biodiversity funding. Finance ministries within some governments play a role by overseeing the disbursement of biodiversity funds to multilateral institutions like the World Bank and the GEF. They are also responsible in certain cases for conservation finance arrangements such as debt-for-nature swaps. Perhaps the most active debt-for-nature program is the US Tropical Forest Conservation Act (TFCA), managed by the Treasury Department. From 2001 to 2002, TFCA debt swaps have been concluded in Bangladesh, Belize, El Salvador, Peru, and the Philippines. Collectively, these agreements will reduce $54 million in debt and generate $42 million for forest conservation activities. By linking conservation with debt relief (a top priority for many developing countries), these programs serve an important political function and often engage counterpart finance ministries in developing nations.

Ministries of foreign affairs are another source of biodiversity assistance. Besides playing a key biodiversity policy role (e.g., often as the lead government departments for the CBD process), ministries of foreign affairs sometimes provide funding for conservation. For example, the UK's Foreign and Commonwealth Office, through its Environmental Policy Department, provides financial assistance for biodiversity projects within the UK's Overseas Territories. Like the funding provided by finance ministries, foreign-affairs funding often has an important political value because it allows conservation to be integrated with diplomatic efforts. This can be particularly effective when countries share historical ties and strong bilateral relations.

Conservation funding available from natural resource agencies, finance ministries, foreign affairs ministries, and other non-development agencies is important because it can be used to meet some of the demands not covered by financial resources from development agencies. Furthermore, the relatively small size and specific mandates of their biodiversity funding programs allow non-development agencies to operate more efficiently, moving resources to the field with less bureaucracy and delay than their larger development agency counterparts.

NGO execution of publicly funded projects

Another important dynamic in international biodiversity assistance is the extent to which bilateral and multilateral donors allow international NGOs to directly execute publicly funded programs. Where this does occur, it is often through partnerships that combine government and private sector investments in conservation. NGO execution of biodiversity programs offers the comparative advantages of administrative flexibility, greater accessibility, and more direct delivery to civil society funding recipients. It also holds the promise of a science-based investment strategy. Key examples of public funding for NGO-executed biodiversity programs include the following:

- The US Agency for International Development (USAID) supports the Parks in Peril Program (PiP), managed by The Nature Conservancy, with upwards of $7 million/year for site-based conservation in Latin America and the Caribbean. PiP has promoted the conservation of over 28 million hectares in biologically rich and threatened areas and has leveraged millions of dollars of investment from conservation and development institutions.
- Public investors in the Critical Ecosystems Partnership Fund (CEPF), managed by Conservation International (CI), include the World Bank, the GEF, and the Government of Japan. Each has contributed $25 million over five years (matched by equivalent commitments from the MacArthur Foundation and CI) to support conservation activities in biodiversity

hotspots, which are the richest and most threatened reservoirs of biodiversity on Earth.[24] As fund manager, CI uses its scientific expertise and in-country presence to guide the deployment of funds. By retaining a seat on the board of CEPF, each donor is able to oversee its activities and influence its strategic direction.

- A number of donor governments provide biodiversity resources through NGOs for particular projects or initiatives. For example, German ODA includes "funds in trust" for biodiversity projects and programs carried out by NGOs, in particular World Wildlife Fund (WWF), IUCN, and World Resources Institute (WRI). Similarly, USAID's Global Conservation Program will provide approximately $19 million from FY99 to FY03 to support the efforts of six partner NGOs to address threats to biodiversity at 18 sites worldwide.

Finding 4: Inconsistent reporting on and expanding definitions of biodiversity assistance prevent an accurate assessment of overall funding, impeding the creation of an effective system for collecting and sharing information, and hampering efforts to make informed investments.

Both bilateral and multilateral donors report their biodiversity assistance inconsistently. Moreover, biodiversity funding is often difficult to disaggregate from other types of funding because biodiversity activities are often components of broader development programs, in particular with the recent trend towards mainstreaming biodiversity across various development sectors.[25] These factors prevent an accurate assessment of overall biodiversity assistance. More consistent and complete information on public biodiversity investments would allow for a more strategic use of limited financial resources.

Tracking bilateral biodiversity investments

Donor governments do not track and report on their bilateral biodiversity assistance in a standard fashion, making it difficult to accurately compile data on biodiversity spending from public sources. Data reported to the OECD's Creditor Reporting System (CRS) underscores this problem.[26] OECD member nations reporting to the CRS must assign their project-level assistance to sectors (e.g., education, agriculture, and environment). Projects in each sector must then be assigned more specific "purpose codes." The "biodiversity" purpose code within the environment sector is defined as "including natural reserves and actions in the surrounding areas [and] other measures to protect endangered or vulnerable species and their habitats (e.g., wetlands preservation)" (OECD 2003a). Table 1, middle column, shows the average ODA amounts assigned the biodiversity purpose code, as reported by six donor governments during 1998–2000.

Separately, the OECD has also conducted a "Rio Markers" study to assess total funding provided in 1998–2000 to support the CBD and the other Rio conventions (Table 1, right column).[27] As part of the Rio Markers study, donors reported the "biodiversity-related aid" they had provided in a range of sectors, including general environmental protection, forestry, fishing, water supply, and agriculture. Unlike the CRS, however, the reporting system for the Rio Markers study did not require donors to disaggregate specific, direct biodiversity spending. Rather, "biodiversity-related aid" included the entire amount of funding for large projects where biodiversity was just one of many components as well as funding for projects where biodiversity was the central component.

Table 1: Average annual bilateral biodiversity ODA reported to the OECD 1998-2000 ($ millions)

Country	CRS "biodiversity" purpose code	Aid targeting the CBD objectives (Rio Marker)
France	7.7	44.7
Germany	33.2	275.6
Japan	5.6	144.1
The Netherlands	20.3	146.9
United Kingdom	2.1	23.9
United States	44.7	84.2

Source: CRS database searched by donor country for "biodiversity"-coded spending (OECD 2003a); *Aid Targeting the Objectives of the Rio Conventions 1998-2000* (Rio Markers Study), Table 3.1 (OECD 2002a).

Interviews with development officials and a careful review of other published materials on bilateral spending point to serious problems with both sets of numbers in Table 1. Responding to a conservation-oriented "purpose-code" definition does not appear to be a priority for many development agencies, some of which oppose entirely the notion of reporting this type of aid. As a consequence, CRS reporting data appears to under-represent conservation investments. In contrast, reporting based on the "Rio Markers" is highly unreliable because of its broad definition of biodiversity. Donors are allowed to count total project funding amounts, even funding outside the environment sector, as contributing to CBD objectives. "Rio Markers" data are also likely to be inflated because donors are motivated to show significant financial support for the CBD. Moreover, in both the CRS and the "Rio Markers" cases, the OECD has little capacity to verify the data provided to it.

A recent UNDP study on ODA financial flows in the forest sector came to similar conclusions about donor country reporting. It found that definitional issues and trends toward including forestry components in broader, multi-faceted projects made the classification of funding difficult and caused figures representing flows to forestry to be defined in a very broad sense. With regard to OECD reporting in particular, the study found that (1) the data available on forestry were extremely incomplete, (2) the figures reported to the DAC and those reported to the more specific CRS database had significant discrepancies, (3) some donors were significantly underreporting, while others were not reporting at all, and (4) the OECD system was unable to handle multi-faceted projects (Madhvani 1999).

Tracking multilateral biodiversity investments

By comparison, it is relatively easy to track the GEF's biodiversity assistance. Donor countries commit funds to the GEF for four-year periods. The amount of these commitments is determined in part by a burden-sharing formula based on the size of each donor country's economy. Donor government commitments to the GEF, made every four years since 1994, represent one clear measure of financial support for biodiversity and other global environment issues.[28] Besides providing estimates of biodiversity spending and regular programmatic reviews, the GEF has a publicly available database of descriptive and financial information about its projects. Because participating countries have agreed to standard definitions of activities eligible for GEF support, funding that has been approved for biodiversity projects is easily identified in the database. However, information on actual disbursements for biodiversity projects is not readily available.

Compared to GEF funding, assessing World Bank biodiversity funding is not as simple for many of the reasons noted above. It is difficult to accurately attribute the Bank's biodiversity funding because, with the exception of its GEF grants, many funds classified as "targeted assistance for biodiversity" actually represent the biodiversity-related components of development projects whose scopes extend beyond biodiversity. The Bank's public project database identifies biodiversity as a "targeted thematic outcome" in relevant projects, but does not separate out biodiversity spending because biodiversity, unlike agriculture, fishing, forestry, law and justice, and public administration, is not defined as a major sector. The most comprehensive publicly available figures on World Bank biodiversity funding come from assessments of the Bank's "biodiversity portfolio," where biodiversity costs were determined by adding up biodiversity activity components (where they were clearly itemized) or estimating costs (where they were not itemized) using the best available information for each project (World Bank 2000, World Bank 2002c).

The online resources listed in Table 2 provide useful information about biodiversity projects funded by a number of bilateral and multilateral donors and illustrate the many different ways donors report on their biodiversity assistance.

The need for better information on international biodiversity assistance

Research and interviews conducted for this study reveal a need for better reporting and information sharing on biodiversity assistance. Improvements in this area would bring a number of benefits, including

- greater donor country accountability to CBD commitments;
- better opportunities for governments, foundations, and NGOs to make strategic and complementary conservation investments;
- improved communication among biodiversity donors;
- a clearer understanding on the part of developing country governments and NGOs seeking biodiversity funding of the priorities and activities of relevant donors; and
- better assessments of the impacts of and gaps in biodiversity spending, especially if reporting is linked to well-developed indicators of success.

As a step in this direction, the CBD Secretariat is developing a "Cooperation Projects Database"[29] to share project-level information, including financial commitments by bilateral and multilateral donors. Unfortunately, the CBD currently lacks the capacity and resources needed to establish and maintain the database and verify its accuracy (Xiang, pers. comm. 2002).

Others have attempted to compile and share project-level information on biodiversity funding by donor governments. In *Mapping Conservation Investments: An Assessment of Biodiversity Funding in Latin America and the Caribbean*, Castro and Locker (2000) report on their efforts to identify biodiversity funding patterns and gaps and encourage greater communication among donors. An initial project objective was to establish an online database to encourage ongoing donor coordination and allow more strategic targeting of funds. However, the cost required to gather and maintain such information was prohibitive

(Castro, G., pers. comm. 2002). Another notable attempt to track biodiversity funding is the WCMC's map-based donor-information sharing system. Current data layers include IUCN-listed protected areas, WWF ecoregions, and DFID forest sector projects. The map is linked to text-based information, including project descriptions, funding levels, and contacts. The WCMC and DFID hope to expand the system to include project-level information from other donors (WCMC 2003, Kapos, pers. comm. 2002). A related project, the FAO *Sourcebook on Funding for Sustainable Forest Management* includes an online database of over 300 public and private funding sources targeting conservation activities.[30] However, the database does not consolidate project-level data. Finally, an ongoing effort by a number of NGOs to map their conservation investments globally will provide useful information regarding how a significant share of existing public and private financial resources for biodiversity are spent.

Table 2. Project-level information online: Searchable databases and project lists

Institution	Database or Project List	Web site
CBD	Financial Resources and Mechanism, Cooperation Projects Database	www.biodiv.org/financial/projects.asp
European Commission	ECOFAC (Conservation and Rational Use of Forest Ecosystems in Central Africa)	www.ecofac.org
FFEM	Project Database (in French)	www.ffem.net/rub5.html
GEF	Project Tracking System	www.gefonline.org
Government of Germany	*Biodiversity in German Development Cooperation* report	www.gtz.de/biodiv/pdf/biodiv_conservation.pdf
OECD Development Assistance Committee (DAC)	Creditor Reporting System (CRS)	www.oecd.org/dac/stats/
Rainforest Alliance	Eco-Index (Mexico and Central America)	www.eco-index.org/search/index.cfm
UNEP-WCMC	Donor Information Sharing, Natural Resources and Rural Livelihoods	nene.unep-wcmc.org/imaps/dfidprojects/dfid.htm
DFID	Natural Resources Information System (NARSIS)	www.narsis.org/
World Bank	Projects Database (search with the term *biodiversity*)	www4.worldbank.org/sprojects/
World Bank	Pilot Program to Conserve the Brazilian Rainforest (PPG7)	www.worldbank.org/rfpp/

Recommendations

This study's findings illustrate important changes in international public biodiversity assistance. Some are positive, such as donor governments' increased emphasis on cross-sectoral integration of biodiversity concerns. Others are not so positive, such as the apparent decrease in resources dedicated to long-proven and effective conservation investments. The consequences for global biodiversity, both positive and negative, of the four trends discussed lead us to make several recommendations to donor governments and NGOs.

Recommendations for governments

Donor governments should act to increase the conservation assistance they provide through multiple channels and apply existing biodiversity resources in a way that will effectively reduce global biodiversity loss and promote sustainable development. Specifically, we recommend that governments take the following four actions:

Define a more secure and permanent place for conservation in the context of a poverty-focused development agenda.

"Poverty reduction is a noble cause and a legitimate priority. But unless the mechanisms of development in the twenty-first century incorporate a greater regard for conservation than did their predecessors, the habitability and natural variety of the world we live in will increasingly be put at risk." (Steven Sanderson, President & CEO, Wildlife Conservation Society. The future of conservation. Foreign Affairs *2002)*

As poverty reduction becomes the driving force behind development assistance across all sectors, conservation appears to be falling by the wayside. This report suggests that the ramifications may include a reduced role for science in shaping biodiversity assistance priorities, decreased funding for crucial conservation activities, fewer projects with clear conservation outcomes, diminished biodiversity expertise within funding agencies, and less political attention to conservation.

Donor governments must seize the opportunity provided by the MDGs to ensure a balanced approach to providing biodiversity assistance. While recognizing the connections between biodiversity and poverty, hunger, human health, and other development priorities will lead to more effective development strategies, donors must also directly address the MDG target of reversing the loss of environmental resources. The MDG indicators explicitly acknowledge the importance of conserving biodiversity *in situ* through establishing protected areas and maintaining forest cover. Moreover, they acknowledge that "reducing poverty in all its forms" requires that biodiversity be maintained. With the MDG framework in mind, the development portfolios of bilateral and multilateral donors should maintain a strong and consistent place for significant public investments targeted directly at the conservation of species and ecosystems.

Integrate biodiversity concerns more effectively into development strategies.

Currently, the decentralized approach of development institutions and the country-driven strategies used to guide aid programs do not sufficiently address biodiversity issues broadly, or conservation specifically. As a result, efforts to integrate biodiversity concerns across other sectors are hampered, and available funding for protected areas and other conservation-focused investments is greatly limited.

Development strategies such as the World Bank PRSPs and the European Commission CSPs must be based on careful analysis that takes into account the full value of biodiversity resources and also the impacts of specific development projects on important ecosystems. Consistent with the trend toward more country-driven assistance, such strategies must also acknowledge the significant demand for conservation resources in developing countries.

Encourage the increased participation of a range of government institutions in providing biodiversity assistance, and support opportunities for direct NGO execution of publicly funded programs.

Development agencies direct most bilateral biodiversity assistance. Yet other government agencies—including natural resource, finance, and foreign affairs ministries—also play an important role both by providing resources that fill particular funding gaps and by building a broader political constituency for conservation activities in donor and recipient countries. International NGOs have also demonstrated their value as important and useful vehicles for channeling donor-government funding to field-based conservation activities. Governments should take further advantage of these alternative funding vehicles by increasing resources dedicated to them and capitalizing on synergies between them.

Improve coordination and dissemination of measurable information about international biodiversity assistance.

Currently it is difficult to ascertain how much public funding is allocated for conservation and where, how, by whom, and how successfully it is being spent. This is a disadvantage to donors, developing country governments, NGOs, and all other stakeholders interested in reducing biodiversity loss. In interviews conducted as part of this study, many donor agency representatives stated that they had limited information about the international biodiversity investments of their counterparts in other governments (and sometimes within their own governments). NGOs in developing countries seeking public funding support as well as those with resources of their own that are looking for investment partners also have a piecemeal vision of the biodiversity activities of the various bilateral and multilateral donors. Finally, almost all of the involved parties seem frustrated by the difficulty of compiling the data necessary to design integrated funding strategies for conserving biodiversity in priority regions.

Given the complications cited in this report, an accurate assessment of overall ODA related to biodiversity is currently an unrealistic goal. However, more could certainly be done to improve coordination and communication, especially regarding conservation investments targeted at specific landscapes. This suggests an increased role for the CBD Secretariat and also for public funding institutions, which should maintain more current and detailed information on their biodiversity investments and share it in publicly available forums.

Recommendations for NGOs

NGOs have a crucial role to play in engaging governments more comprehensively on the issues described above and in catalyzing sustained public pressure on government leaders to create political will for conservation investments. Poverty-focused development agencies are mostly responsible for the many ongoing efforts to investigate the links between biodiversity and poverty. Not well represented in the debate is a strong and informed voice that advocates the conservation of unique and threatened species, habitats, and ecosystems as a critical component of sustainable development and poverty reduction strategies. Unless the current dynamic changes, conservation will be robbed of a secure place within the overall development agenda.

Currently, the MDGs are perhaps the most important framework for international development assistance. NGOs should capitalize on this framework by supporting the integration of environment concerns in efforts to achieve all eight Goals and making persuasive arguments for governments to increase their commitments to conservation.

NGOs should also support both donor and developing-country government institutions in their efforts to more effectively integrate biodiversity concerns into development assistance strategies. This would entail activating NGO offices in developing countries and making sure they are aware of the timing and process by which development frameworks are prepared, better articulating the benefits that conservation, and in particular protected areas, offer to national and local economies, challenging specific development initiatives that do unnecessary harm to biodiversity, ensuring the adequate use of environmental safeguards and environmental impact assessments, and proposing viable alternatives to national development models that rely heavily on resource extraction.

The inconsistent and incomplete reporting of biodiversity funding suggests that NGOs may have a role to play as part of a coordinated effort to maintain more current and detailed information on public conservation investments. NGOs could launch such an effort by improving the way information on their own conservation funding is shared. An important step in this regard is the recent initiative by leading conservation NGOs to map their conservation investments for selected priority regions.

Finally, the spotlight on international biodiversity issues has faded in the past decade, highlighting a major role for NGOs in generating the political will necessary to ensure that governments deliver on their commitments to provide international biodiversity resources. The period that

preceded the 1992 Rio Earth Summit saw unprecedented international attention devoted to biodiversity loss, and the adoption of the CBD presented a tangible focal point for political action. However, the level of attention given to the global environment issues of the Rio Summit—including biodiversity, climate change, and international waters—was considerably less at the WSSD in Johannesburg ten years later. Biodiversity was largely eclipsed at the WSSD by concerns about water, energy, health, agriculture, and poverty, which was the WSSD's overriding focus. Furthermore, the WSSD itself, without the conventions or other clear outcomes to galvanize attention, attracted fewer heads of state and less media coverage. In this climate, donor governments are less likely to fulfill their commitments to biodiversity assistance.

Of particular concern is the current situation in the US, which is arguably the world's largest bilateral funder of conservation. Most US biodiversity funding flows through USAID, which afforded the environment a prominent place on its overall agenda during the 1990s. In a recent restructuring, however, environmental concerns, including biodiversity, were subsumed within the new Bureau of Economic Growth, Agriculture and Trade and consequently have assumed a much lower profile. A further potential sign of diminished US attention to environment and biodiversity issues is the Millennium Challenge Account (MCA), a new entity that could increase US development assistance by as much as $5 billion per year. To date, however, official documents on the MCA have included no reference to the environment, either as a criterion for country selection or as a potential priority for funding. The US commitment to the GEF is also a concern: current US GEF arrears total approximately $200 million. In the absence of a visible public profile for biodiversity issues, US decisionmakers feel little pressure to address them. Furthermore, current biodiversity funding is maintained largely through earmarks inserted into annual appropriations bills, which are vulnerable to budget pressures or leadership changes within relevant congressional committees.[31]

NGOs can bring public attention to biodiversity issues and generate political will for increased international biodiversity assistance by doing the following:

- *Engaging government leaders.* A greater effort is needed in both donor and developing countries to engage political leaders as conservation champions. Few efforts currently exist to directly expose key decisionmakers (especially ministers of finance and development) to conservation issues, challenges, and opportunities.
- *Leveraging the private sector.* Government donors are increasingly focused on leveraging public investments by establishing partnerships with the private sector that aim to reduce the ecological footprint of business practices and provide direct support for conservation. Indeed, such partnerships were a central feature of the WSSD.
- *Educating the public.* Today the mainstream media pays less attention to biodiversity than it did ten years ago. New ways must be found to put the issue back on the public agenda and to engage supportive constituencies, including the foreign policy, faith-based, medical/pharmaceutical, and sportsmen communities.
- *Capitalizing on upcoming events.* Two key forums are planned for the next year: the World Parks Congress in Durban, South Africa, in September 2003 and the Seventh Conference of the Parties to the CBD, focused on protected areas, in April 2004. These forums present opportunities for NGOs to make strong arguments for increased public investments in conservation.

This study shows that public donors have made significant progress toward establishing biodiversity as a core component of sustainable development assistance. However, this advance has come at some expense to the financial resources available for long-established conservation activities, which are essential for reducing biodiversity loss. The recommendations above suggest steps toward a more balanced approach to public biodiversity assistance and show that NGOs have an important role to play in maintaining a secure place for conservation on the international development agenda.

Endnotes

[1] *Biodiversity* (short for *biological diversity*), is defined by the Convention on Biological Diversity (CBD) 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" (CBD text, Article 2).

[2] Ours is a human-dominated planet (Vitousek et al. 1997, Woodruff 2001, Sanderson et al. 2002). More than a third of the Earth's land surface has already been transformed by human action, and projections suggest that an additional third could be converted within the next 100 years (WRI 2000). The need for a network of protected areas and *in situ* conservation is widely recognized by biodiversity scientists (Noss 1996, Terborgh 1999, Oates 1999, Bruner et al. 2001) and is a requirement of the Convention on Biological Diversity (CBD 1992). Experts at a recent conference entitled "Defying Nature's End" made the overarching recommendation that "enforceable protection of remaining natural ecosystems" is essential for preventing extinctions (Pimm et al. 2001).

[3] A notable example is the recently established Global Conservation Fund (GCF) at Conservation International, a $100 million initiative made possible through a grant from the Gordon and Betty Moore Foundation to finance the creation, expansion, and long-term sustainability of protected areas. For more information on the GCF, see the Conservation International website: www.conservation.org.

[4] The OECD Development Assistance Committee Member Countries include Australia, Austria, Belgium, Canada, Denmark, European Commission, Finland, France, Germany, Greece, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom, and the United States.

[5] A study by the UN Food and Agriculture Organization (FAO) shows that foreign donors contribute about 40 percent of the money African governments spend on forests. Moreover, in 10 of the 20 countries with available data, foreign donors provide more than 60 percent of forest sector resources (FAO 2003).

[6] Agenda 21 was another Summit output that recognized the importance of conserving biodiversity. More than 178 governments adopted Agenda 21 as a blueprint for moving the world toward sustainable development. Chapter 15 of Agenda 21 calls on Parties to "improve the conservation of biological diversity and the sustainable use of biological resources, as well as to support the Convention on Biological Diversity." Related themes in Agenda 21 include combating desertification, managing fragile ecosystems, and promoting sustainable agriculture (UN 1992).

[7] Other countries that have not ratified the CBD include Andorra, Brunei, the Holy See, Iraq, Somalia, and Thailand.

[8] In recent development assistance negotiations, only 5 of the 21 countries prioritized by the Netherlands to receive development assistance elected to focus on the environment sector. Of these, several are characterized by arid landscapes—a poor match with Dutch expertise in the forest sector. In order to meet the 0.1 percent target, the Netherlands chose 14 additional countries on which to spend environment/biodiversity funds (van Helden, pers. comm. 2002).

[9] As of March 2002, Germany had committed $171.27 million and the European Commission had committed $64.34 million out of a total of $301.16 million committed by donor governments to the PPG7 (World Bank 2003a).

[10] As described in the GEF Operational Strategy, "enabling activities in biodiversity prepare the foundation for design and implementation of effective response measures required to achieve Convention [CBD] objectives" (GEF 1996).

[11] Other GEF focal areas include climate change, international waters, ozone layer depletion, persistent organic pollutants (POPs), and land degradation. The latter two were added in October 2002. For more information on the GEF, see the GEF Web site at www.gefweb.org.

[12] The UNDP-GEF Small Grants Program is a good example of a multilateral vehicle that has succeeded in supporting small-scale biodiversity projects effectively and efficiently. For more information, see www.undp.org/sgp.

[13] The European Commission is technically a multilateral institution, though its structure and resource delivery closely parallel bilateral initiatives. For example, (1) a number of agencies (Directorates General) are responsible for formulating the Commission's international biodiversity policies and strategies; (2) the European Commission delivers the bulk of its ODA through

a development agency (EuropeAid) via country support strategies negotiated with developing country governments that prioritize sectors for cooperation; and (3) the Commission maintains special relationships with many developing countries based on historical ties with Member States.

[14] "Aggregate" funding refers to total official development assistance (ODA) reported to the OECD in recent years.

[15] For more information see the UN Millennium Development Goals, www.un.org/millenniumgoals/ (UN 2000), and the World Bank Development Goals, www.worldbank.org/data/dev/devgoals.html (World Bank 2003b).

[16] For example, the US Government recently announced the Congo Basin Initiative, which will provide $36 million in new USAID funding to 11 priority conservation landscapes in Gabon, Congo, Central African Republic, Cameroon, DR Congo, and Equatorial Guinea (United States Department of State 2002). Germany's recent review of its biodiversity investments shows that 70 percent of projects give priority to *in situ* conservation (BMZ & GTZ 2002).

[17] A recent FAO study found that foreign donor support to African governments for forest-sector spending is declining; it fell from $132 million in 1995 to $100 million in 1999 (FAO 2003). Recognizing a downward trend in ODA, certain donor governments made significant new commitments to increasing aid at the International Conference on Financing for Development in Monterrey, Mexico, in March 2002 (UN 2002). However, it remains to be seen whether these commitments will be realized.

[18] A revised version of this draft Business Plan will be approved at the upcoming May 2003 GEF Council meeting.

[19] According to the GEF's proposed financial allocation framework, during FY03–05 $207 million will be allocated to the strategic priority "Mainstreaming Biodiversity Conservation in Production Systems," representing approximately 37 percent of total projected spending in the biodiversity focal area during that time period.

[20] In the 16 countries reviewed, 21 to 85 percent of land surface area is covered by forest. Of the €1.66 billion in development assistance allocated these countries, only €63.6 million (3.8 percent) is forest-related (FERN 2002).

[21] The FY02–04 GEF Business Plan (2000b) reported "strongly positive" annualized growth for the biodiversity focal area in FY99 (29%) and FY00 (18%) as compared to FY98.

[22] This estimate is based on a December 2002 review of the GEF pipeline and the average value of GEF full-sized biodiversity projects (about $8.3 million) in the approval period 1999–2002. The GEF pipeline is available online: gefweb.org/Projects/Pipeline/.

[23] Protected area designation is perhaps the clearest example of commitments by developing country governments to conservation. Governments have also made significant commitments to conservation by investing in scientific research, protected area management, community engagement, and other important activities. Several NGO-run programs provide further examples of these "conservation commitments." The WWF "Gifts to the Earth" program recognizes conservation actions by governments and other stakeholders. To date WWF has accepted 29 Forest Gifts from governments and individuals around the world who have pledged to create new forest protected areas or better protect existing ones. These Gifts amount to a total commitment of approximately 180 million hectares of forest; over 100 million hectares have been fully implemented (www.panda.org/about_wwf/how_we_work/gifts_to_the_earth/forests/index.cfm). The Nature Conservancy's Parks in Peril program has engaged governments, resulting in significant commitments to conservation (TNC 2003).

[24] For more information on biodiversity hotspots, visit www.biodiversityhotspots.org.

[25] For example, in the Netherlands, over two-thirds of what the development agency counts as spending on the environment is bilateral and multilateral support in "other development sectors with an orientation towards the environment," such as agriculture and rural development (vander Zon, pers. comm. 2002).

[26] The OECD International Development Statistics online databases (IDS/o) include the Development Assistance Committee online (DAC/o) and the Creditor Reporting System online (CRS/o). The DAC/o distinguishes between broadly defined sectors and types of aid, whereas the CRS allows more detailed breakdowns. These databases can be accessed at www.oecd.org/dac/stats/.

[27] This study, released at the WSSD, tracked funding for the UN conventions on biodiversity, climate change, and desertification from 1998 to 2000. It responded to requests from the convention secretariats to determine if regular CRS reporting could accurately depict funding provided for convention implementation. The DAC asked donor countries to use a "marker" system to identify projects in all CRS sectors related to the implementation of each convention.

[28] The GEF's largest contributors are the US, Japan, Germany, the UK, and France. More information on GEF donor contributions is available in Annex D (p. 42).

[29] Decisions V/11 requested that the Executive Secretary "further develop a database on biodiversity-related funding information, and make it available through the clearing-house mechanism and other means of communications, as appropriate" (CBD 2000).

[30] Target subjects included in the FAO database include "biological diversity conservation," "nature conservation," "protected forests," "protected species," "wilderness areas," and "wildlife conservation" (FAO 2003). The FAO database is available online: www.fao.org/forestry/finance.

[31] For FY03, the foreign operations appropriations bill includes language directing USAID to spend "not less than $145,000,000" on "programs and activities which directly protect biodiversity, including forests, in developing countries."

Acronyms and Abbreviations

ADB	Asian Development Bank
CBD	Convention on Biological Diversity
CEPF	Critical Ecosystems Partnership Fund
CI	Conservation International
CITES	Convention on International Trade in Endangered Species
CRS	Credit Reporting System
CSP	European Commission Country Strategy Paper
DAC	OECD Development Assistance Committee
DEFRA	United Kingdom Department of Environment, Food and Rural Affairs
DFID	United Kingdom Department for International Development
FAO	United Nations Food and Agriculture Organization
FFEM	French Global Environment Facility
GCF	Global Conservation Fund
GEF	Global Environment Facility
GNP	Gross national product
IUCN	World Conservation Union
JICA	Japan International Cooperation Agency
LNV	The Netherlands Ministry of Agriculture, Nature Management and Fisheries
MCA	Millennium Challenge Account
MDG	UN Millennium Development Goal
NBSAP	National Biodiversity Strategies and Action Plan
NGO	Non-governmental organization
ODA	Official development assistance
OECD	Organization for Economic Cooperation and Development
OPS2	2002 GEF Overall Performance Study
PiP	Parks in Peril Program
PRSP	World Bank Poverty Reduction Strategy Paper
TFCA	United States Tropical Forest Conservation Act
UN	United Nations
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific, and Cultural Organization
USAID	United States Agency for International Development
USFWS	United States Fish and Wildlife Service
WCMC	World Conservation Monitoring Centre
WRI	World Resources Institute
WSSD	World Summit on Sustainable Development
WWF	World Wildlife Fund

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Biodiversity Assistance Profiles

Annex A European Commission

Biodiversity assistance structure and policy

The Directorates General (DG) of the European Commission develop the policies governing European Community biodiversity development assistance. DG-Development takes the lead on the Commission's overall development policies and directs development assistance to African, Caribbean, and Pacific (ACP) countries (former colonies of European Community Member States). DG-External Relations directs the Commission's development assistance to non-ACP countries. DG-Environment helps fulfill the environmental components of the Commission's development policies and country-assistance strategies, in particular for non-European Union Mediterranean countries. DG-Environment is also responsible for coordinating the Commission's efforts to implement the Convention on Biological Diversity (CBD).

The EuropeAid Co-operation Office (EuropeAid) is responsible for implementing the Commission's development assistance based on the policies and strategies set by the Directorates General. EuropeAid manages biodiversity projects and programs through its regional directorates in cooperation with in-country delegations—although this arrangement is changing somewhat as the Commission decentralizes its operations—and through a directorate that handles thematic budget lines, including an environmental budget line.

The policies currently guiding the Commission's international biodiversity investments include the Development Policy, adopted in 2000, which makes poverty alleviation the central objective of the Commission's development assistance in line with the UN Millennium Development Goals. The 1998 Biodiversity Strategy outlines the Commission's approach to biodiversity conservation in Europe and also includes objectives for international biodiversity assistance. The 2001 Biodiversity Action Plan for Economic Development Cooperation builds on these objectives by identifying specific action points that are geared towards implementing the CBD. The stated purpose of the Biodiversity Action Plan is to "reverse the loss of biodiversity and environmental resources in developing countries as well as reducing poverty."

The European Development Fund (EDF) and the Asian and Latin American Countries (ALA) budget line are the financial instruments that provide the bulk of the Commission's development assistance overall as well as the majority of its biodiversity assistance. The EDF supports the ACP countries and is governed by the Cotonou Convention. The ALA budget line is determined by ALA Regulations.[1]

The Commission also provides significant biodiversity funding for Mediterranean and Eastern European countries. This funding mainly comes from the budget line for development assistance for Mediterranean countries (MED), determined by MED Regulations,[2] and is organized under the Short and Medium-term Priority Environmental Action Programme (SMAP), a framework program of action for the protection of the Mediterranean environment.[3] The third-countries component of the Commission's Financial Instrument for the Environment (LIFE)[4] provides additional biodiversity funding for these countries.

In addition to the financial instruments described above, the Commission has a thematic budget line that supports a wide range of biodiversity conservation activities through grants to NGOs or international organizations. This budget line is governed by two separate regulations: "Environment in Developing Countries"[5] and "Tropical Forests."[6]

Reporting

The *Second Report of the European Community to the Conference of the Parties of the Convention on Biological Diversity* provides an overview of the Commission's approach to biodiversity assistance both in Europe and in cooperation with non-European countries. Along

with the Biodiversity Action Plan, it provides estimates of biodiversity funding for developing countries and information about relevant European Commission policies and financial instruments. EuropeAid's *Annual Report on the Implementation of the European Commission's External Assistance* summarizes overall Commission development assistance through 2000, including environment sector funding through regional and thematic budget lines and the EDF.

In its system for tracking development assistance, EuropeAid does not treat biodiversity as a separate objective but as a component of funding in other sectors such as forestry, agricultural development, and fisheries. Consequently, European Commission estimates of its biodiversity-related funding are based on OECD categorizations of development assistance or are stated as percentages of the total funds allocated through the relevant financial instruments.

Publicly available project-level information on Commission-funded biodiversity activities is limited. A list of projects funded through the budgetline "Environment in Developing Countries" is available online.[7]

Level of funding

The European Community's Second Report to the CBD estimates that about three percent of its development assistance is directly related to biodiversity conservation and sustainable use, amounting to about €200 million ($189.1 million)[8] annually.[9]

While the main focus of EDF and ALA commitments is not the environment, these financial instruments provide most of the Commission's biodiversity-related aid. Approximately two percent of the EDF was directed to environment activities during the budget period 1990–1995 and approximately five percent during 1996–2000 (European Commission 2001a). EuropeAid reports that between 1985 and 2000, EDF financing supported environment sector programs in ACP countries with three main purposes: environmental policy/institutional support, biodiversity, and *in situ* conservation. During this time, €244 million ($230.7 million) was committed to 181 projects. As of early 2001, 51 of these projects were still ongoing, and 24 new projects amounting to €63 million (about $59.6 million) were being supported (European Commission 2001b). The 1992 ALA Regulation had earmarked ten percent of this budget line for environment (European Commission 2001a); however, current drafts do not include these earmarks.

Appropriations for the thematic budget lines for 2000–2006 are €93 million (about $90 million annually) for "Environment in developing countries" and €249 million (about $235 million annually) for "Tropical forests" (European Commission 2001b). During 1998–1999, biodiversity was the main theme of the "Environment in developing countries" budget line, receiving 54 percent of funding (European Commission DG Development 2000a). In 2002, €40 million was available for both environment and tropical forests—approximately €5.4 million ($5.1 million) was spent on projects with specific mention of biodiversity, while many other projects had biodiversity benefits. Approximately three-fourths of these funds were directed to NGOs that submitted grant proposals; the rest were directed through international organizations (LeGrand, pers. comm. 2002).

Geographic focus

Overall, the majority of European Commission development assistance goes to Africa, the Caribbean, and the Pacific (ACP) due to the colonial history of Commission Member States and the strength of their bilateral relationships in these regions. The Commission also supports significant biodiversity and natural resources management activities in Asia and Latin America. The actual distribution of biodiversity aid depends on where recipient countries have prioritized environment in Country Support Strategies (CSS). The thematic financial instruments for "environment in developing countries" and "tropical forests" do not have a geographical focus.

Biodiversity activities and trends

The Biodiversity Action Plan for Economic Development Cooperation outlines a strategy for implementing the CBD through biodiversity-related development assistance. The Plan emphasizes integrating biodiversity into national development strategies and building capacity to implement biodiversity conservation and sustainable-use activities both in Europe and in developing countries. In intensive production systems, the Plan focuses on maintaining genetic and species biodiversity related to food security and reduced vulnerability. In production systems involving non-domesticated or non-cultivated species (e.g., agroforestry and non-timber forest products), the Plan calls for the Commission's rural development programs to work towards mitigating the effects of biodiversity loss on poor rural communities and to ensure that poverty assessments and economic analyses account for all non-cultivated products and their sustainable management. In protected areas, the Plan encourages a participatory review of conflicts and opportunities, particularly income generation opportunities to support local livelihoods. The Plan also encourages the

full use of a wide range of protected area management strategies[10] and aims to complement conservation-focused GEF investments. Further Plan action points address environmental impact assessments, closer coordination with the GEF and other funding sources, access and benefit-sharing arrangements, research and information sharing, education and awareness, and training (European Commission 2001a).

A major component of the Commission's strategy to address biodiversity conservation is the integration of biodiversity concerns into its overall poverty-focused development strategy. To this end, the Commission is engaged with other development institutions in research and planning to address the poverty/environment nexus and has produced a number of relevant documents.[11] It has also funded the Biodiversity in Development Project, co-sponsored by DFID and the IUCN. Publications from this Project emphasize the value of biodiversity to poor people as both a resource and a way of reducing exposure to risk, and outline an approach for incorporating biodiversity into development and poverty-reduction strategies.

Development assistance delivered through the Commission's regional financial instruments is driven by Country Support Strategies (CSS), which have a poverty alleviation focus. Therefore, the actual amount and distribution of environment aid, and more specifically biodiversity aid, through the EDF and the ALA budget line depends on the extent to which environment and biodiversity themes are included within each CSS. Each CSS is drafted through a bilateral negotiation process during which the developing country elects several sectors for financial support. The Commission does not treat the environment as a separate sector but is working to integrate environment issues into all aspects of its development assistance by engaging DG-Environment staff and other environment experts and conducting Environmental Impact Assessment studies as part of the process of developing each CSS. Moreover, the Commission-funded Biodiversity in Development Project recommends that a country environment profile (CEP) be prepared to inform the process of selecting sectors and to help integrate environment and natural resource management into the CSS. With regard to biodiversity, it is recommended that each CEP address ecosystem vulnerability, key ecosystems, land suitability, biodiversity and livelihoods, over-exploitation of natural resources, genetic resources, land tenure and resource access, biodiversity losses, and protected areas (Biodiversity in Development Project 2001).

The EDF-funded ECOFAC Program (Ecosystèmes Forestières Afrique Centrale) provides a framework for Commission support of conservation and sustainable development in the Central African region. Since 1992, the Commission has deployed €70 million ($66.2 million) to ECOFAC and will continue to support it under the ninth EDF. Because the Central African forest, which is the second largest forest on Earth and home to extraordinary biodiversity, is the major source of bushmeat in Africa, the ECOFAC program has several components in and around major protected areas to combat, control, or prevent poaching. European Commission assistance continues to contribute to efforts for protection legislation, monitoring and surveillance, community-based natural resource management, training, and research.[12]

Projects funded through the Commission's thematic financial instrument for "Environment in developing countries" have been largely demand-driven and have had a fairly even geographic spread. European Commission biodiversity projects prioritize building in-country capacity for managing biodiversity resources and implementing National Biodiversity Strategies and Action Plans (NBSAPs) (European Commission DG Development 2000a). Most projects funded by the "Environment in developing countries" budget line are managed by NGOs. For example, Commission funding supports the Kalahari Conservation Society's work to establish a research center in the Okavango River basin, Botswana. The research center will engage in scientific studies, monitoring, and teaching, particularly regarding the interaction between natural resources and the communities that manage them. In Belize, a Commission grant to the Belize Audubon Society supports the development of the Cockscomb Basin and Crooked Tree Wildlife Sanctuaries as centers for co-management of protected areas. The objective of these two projects is to involve relevant stakeholders in ecosystems management to promote biological diversity and ecological integrity through sustainable development activities (European Commission DG Development 2000b).

The principal purpose of the Commission's development activities in the forestry sector is to "maintain the multifunctional role of forests and reconcile the various and sometimes conflicting demands on forests and forest assets." More specifically, the Commission's objectives include reducing deforestation and degradation, increasing areas under sustainable forest management, increasing equitable revenues from forest products, maintaining genetic resources and biodiversity, improving institutional capacity, and expanding the forest-related knowledge base. National forest programs are seen as the framework for assistance in this sector (European Commission 2003b, Biodiversity in Development Project 2001).

Finally, several recent structural changes in the overall Commission development strategy may affect funding

for biodiversity. First, with the introduction of its first comprehensive Development Policy in 2000, the Commission identified six sectors in which it will concentrate its development assistance. Under this Policy, environment is not treated as a primary sector for development cooperation but rather as a cross-cutting issue to be incorporated into all sectors. Second, the Commission is increasing its use of a sector-wide approach to development assistance in countries that have demonstrated good public expenditure management. Third, the Commission is decentralizing its development assistance program by assigning more responsibility for project development and fund management to in-country delegations.

Endnotes

[1] For the text of the ALA Regulation see europa.eu.int/smartapi/cgi/sga_doc?smartapi!celexapi!prod!CELEXnumdoc&lg=EN&numdoc=31992R0443&model=guichett.

[2] For the text of the MED Regulation, see europa.eu.int/smartapi/cgi/sga_doc?smartapi!celexapi!prod!CELEXnumdoc&lg=EN&numdoc=31996R1488&model=guichett.

[3] For more information about the Short- and Medium-term Priority Environmental Action Programme (SMAP) see europa.eu.int/comm/environment/smap/home.htm.

[4] For more information about the LIFE instrument see europa.eu.int/comm/environment/life/home.htm.

[5] For the text of the Regulation for the "Environment in Developing Countries" budget line, see europa.eu.int/smartapi/cgi/sga_doc?smartapi!celexplus!prod!CELEXnumdoc&lg=en&numdoc=32000R2493.

[6] For the text of the "Tropical Forests" Regulation see europa.eu.int/eur-lex/pri/en/oj/dat/2000/l_288/l_28820001115en00060010.pdf.

[7] See europa.eu.int/comm/development/sector/environment/b7-6200budgetline/index.htm. Note that this information may not be kept up to date.

[8] All currency conversions have been made using the US Federal Reserve 2002 annual exchange rate of US$0.9454 = €1. Available online: www.federalreserve.gov/releases/g5a/current.

[9] Several government representatives interviewed for this study commented that this estimate seemed too high.

[10] The European Commission will make full use of all six IUCN protected-area categories. These categories range from protected areas managed mainly for science or wilderness protection to protected areas managed mainly for the sustainable use of natural ecosystems. The full list of IUCN protected-area categories is available online: wcpa.iucn.org/wcpainfo/protectedareas.html.

[11] *Linking Poverty Reduction and Environmental Management: Policy Challenges and Opportunities* was produced jointly by the European Commission, DFID, UNDP, and the World Bank and presented at the World Summit on Sustainable Development in Johannesburg in August 2002. Additional European Commission documents on integrating environment activities into development assistance include a 1999 Commission Communication, *Integrating Environment and Sustainable Development into Economic Development Cooperation* (COM(1999)499); a 1999 Commission Staff Working Paper, *Integrating the Environment into EC Economic and Development Cooperation* (SEC(2001)609); and an Environment Integration Manual that is currently being field tested (access via europa.eu.int/comm/development/sector/environment/env_integ/env_integration_manual/).

[12] For more information about the ECOFAC program, see www.ecofac.org.

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Annex B France

Biodiversity assistance structure and policy

Most of France's international biodiversity-related funding is organized under the French Global Environment Facility (Fonds Francais pour l' Environnement Mondial or FFEM). The French government created the FFEM in 1994 as a separate bilateral fund, parallel to the multilateral GEF, to address the global environmental issues of climate change, international waters, and biodiversity. As parallel funds, the FFEM and the GEF are similar in structure. The FFEM is advised by a technical and scientific group and managed by a steering committee composed of the five French government institutions that implement FFEM projects: the Ministry of Finance, the Ministry of Ecology and Sustainable Development, the Ministry of Research, the Ministry of Foreign Affairs and Cooperation, and the French Development Agency (Agence Française de Développement or AFD). Of these Ministries, the Ministry of Foreign Affairs, the AFD, and the Ministry of Ecology and Sustainable Development implement the majority of biodiversity projects.

While none of these five agencies has a separate budget for biodiversity conservation, each provides significant funds to complement FFEM biodiversity grants. The AFD provides many developing countries with both grants and loans for biodiversity projects that also meet development objectives. The Ministry of Foreign Affairs provides grants to biodiversity-related projects through the "fond de solidarité prioritaire," a fund primarily designed to support economic development and poverty reduction. And the Ministry of Ecology and Sustainable Development provides grants for biodiversity projects to a smaller number of countries.

Reporting

The online database for the FFEM provides both descriptive and financial information about the Fund's biodiversity project portfolio.[1] The AFD is currently in the process of adopting the aid-tracking system used by the OECD. Since France already reports to this system as a member of the OECD and a Party to the CBD, the AFD hopes that use of this system for internal tracking will streamline reporting processes and provide accurate measures of AFD spending on biodiversity, as well as in other sectors.

Level of funding

The current yearly budget of the FFEM is approximately €17 million ($16.1 million).[2] The FFEM has a target of dedicating 36 percent of total funds to biodiversity projects, amounting to about €6 million ($5.7 million) annually. The FFEM dedicates an additional 12 to 18 percent of financial resources to projects that address both biodiversity and climate change, mostly in the forestry sector.

Across the FFEM program, FFEM grants represent an estimated 15 percent of total project costs. However, this percentage is often higher for biodiversity projects. FFEM grants are complemented on a project-by-project basis by implementating agencies within the French government. Additional co-financing for FFEM projects comes from other donor government agencies, developing country governments, the private sector, foundations, and NGOs.

Aggregate biodiversity financing by French government agencies is difficult to measure because each agency has different objectives and uses different financial tools (e.g., grants, loans, technical cooperation). During the 2000–2002 period, the Ministry of Foreign Affairs spent roughly €14 million ($13.2 million) on biodiversity-related projects through the "fond de solidarité prioritaire," with about €8.5 million ($8.0 million) of that amount directed toward national parks and buffer zones. In contrast, the AFD and the Ministry of Ecology and Sustainable Development do not report specific figures on their biodiversity investments. In addition to their investments in projects where biodiversity is the primary focus, both the Ministry of Foreign Affairs and the AFD support projects in other

sectors (e.g., rural development, forestry, fisheries, water supply, and combating desertification) where biodiversity aspects (and funding) are more difficult to quantify.

Geographic focus

Presently, almost 46 percent of FFEM biodiversity funds are directed to sub-Saharan Africa, demonstrating France's development focus on that region. Latin America receives 28.5 percent of FFEM biodiversity funds, 4.6 percent goes to the Asia Pacific region, 4 percent to Eastern Europe, 8.5 percent to Mediterranean countries, and 8.6 percent to regional multi-country programs. A representative of the FFEM identified the Fund's ability to drive significant action in the Africa region based on bilateral relationships (particularly through the Ministry of Foreign Affairs and the AFD) and national historical ties as one of its major comparative advantages. Complementary to France's development focus on Africa, biodiversity conservation actions initiated by the Ministry of Ecology and Sustainable Development are directed mostly toward countries in the Mediterranean, Eastern Europe, and South America.

Biodiversity activities and trends

The FFEM prioritizes its investments based on both environmental and socioeconomic criteria. Concerning biodiversity, the FFEM's most important criteria are threats to ecosystems and species.[3] However, FFEM projects also must have significant development benefits—the FFEM distinguishes its project interventions as "focused mainly on the economic and social development of the beneficiary countries," in contrast to the multilateral GEF "framework of projects that are aimed essentially at protecting the global environment."

FFEM projects tend to reflect the institutional mandates of the agencies that implement them. In the case of the AFD, the Agency supports biodiversity conservation through projects in other sectors as part of a more general strategy for poverty alleviation and economic development. Biodiversity projects implemented by the AFD often involve natural resource management in the forestry and agriculture sectors; these "sustainable use" activities may include conservation agriculture and the sustainable management of forests, fish stocks, and grazing areas for cattle. The AFD also focuses on introducing alternative economic activities to reduce impacts on established protected areas. For example, one FFEM project involves the development of ecotourism around a framework of ECOFAC-protected areas in Central Africa.[4] The FFEM grant will fund approximately half of the €1.9 million ($1.8 million) project, and the AFD will fund the other half. The AFD also works in the Congo Basin with both local and international logging companies to prepare their sustainable forest management plans. AFD funds support close to 16 million hectares of forest under sustainable management in the Congo, the Democratic Republic of the Congo, Gabon, Cameroon, and Equatorial Guinea.

The Ministry of Foreign Affairs supports institutional projects and capacity-building activities such as the integration of biodiversity concerns into national development strategies, support for the implementation of the CBD, and the development of legislation to protect intellectual property rights and to help ensure the equitable sharing of benefits from biodiversity resources. The Ministry also finances biodiversity conservation projects related to national parks (e.g., management, capacity building, benefit sharing, and activities to increase local incomes) as well as projects to promote the sustainable use of natural resources.

The Ministry of Ecology and Sustainable Development supports measures such as wetlands conservation, species conservation, and networking of protected areas—significant community engagement, moreover, is always a component of these projects. Because of limited funds for international activities, the Ministry typically supports initial project phases, proposals, and monitoring activities and seeks co-financing for other project components from the FFEM or elsewhere. For example, the Ministry entered into a partnership with World Wildlife Fund (WWF) in 1999 to develop the Guyana Forest and Environmental Conservation Project (GFECP). As part of the partnership, the Ministry invested €20,000 in project development, which included the first phase of a GIS tool and the preparation of a successful project proposal to the FFEM in 2001. The FFEM grant supports €1.62 million ($1.53 million) of project costs, which total €5.03 million ($4.76 million). The GFECP, managed by World Wildlife Fund (WWF), focuses on three main issues related to biodiversity conservation in the Guyana shield region: managing and networking protected areas, testing the promotion of sustainable logging activities, and limiting the impact of gold mining.

Endnotes

[1] The FFEM project database (in French) is available at www.ffem.net/rub5.html.

[2] All currency conversions have been made using the US Federal Reserve 2002 annual exchange rate of US$0.9454 = €1. Available online: www.federalreserve.gov/releases/g5a/current.

[3] Among other things, the FFEM uses the IUCN Red List of Threatened Species as a characterization of these threats.

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Annex C Germany

Biodiversity assistance structure and policy

The Ministry for Economic Cooperation and Development (BMZ) is responsible for Germany's contributions to multilateral biodiversity conservation initiatives and for planning and coordinating bilateral assistance. The bulk of Germany's bilateral funding for biodiversity conservation in developing countries is delivered through financial cooperation and technical cooperation. The BMZ gives political guidance to and cooperates closely with two primary implementing agencies: the KfW Group, a German government institution which deploys financial cooperation (including debt-for-nature swaps), and the German Agency for Technical Cooperation (GTZ), which is responsible for technical cooperation. Due to their complexity and cross-sectoral nature, biodiversity projects often require the combined efforts of the KfW and the GTZ.

In addition to financial and technical cooperation, Germany also provides "human resources cooperation," primarily by assigning development workers and experts outside the context of other bilateral projects to work for governments or non-governmental organizations (NGOs) engaged in issues related to biodiversity conservation. Further, a small percentage of biodiversity projects supported by the German government are carried out on a "trust basis" by independent organizations such as local and international NGOs.

Finally, Germany incorporates biodiversity concerns into its development assistance policies and projects. For example, German development assistance in the forest sector focuses on the conservation of globally significant ecosystems, sustainable use of forest resources, certification, and sustainable forest management.

With regard to Germany's policies on biodiversity assistance, the most important influences are the Rio Conventions—particularly the Convention on Biological Diversity (CBD)—European coordination talks, and the results of other relevant international negotiations. Also important is the "Program of Action 2015," adopted by the German government following the 2000 Millennium Summit. This program provides guidance for all German aid and "commits Germany to working towards paradigm and structural changes fostering economic and ecological sustainability, with the objective of halving poverty in the world by 2015" (BMZ 2003). Finally, BMZ sector papers are aimed at integrating international guidance with German development assistance; relevant papers include *Forest and Sustainable Use*, *Biodiversity Conservation through Nature Protection*, and *Gender*.

Reporting

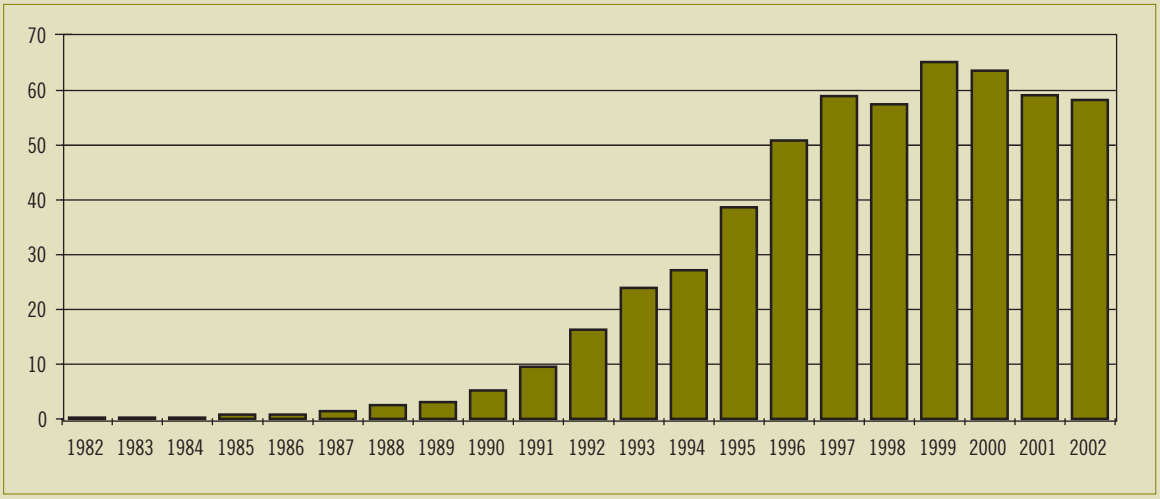
In a regularly updated publication titled *Biodiversity Conservation in German Development Cooperation* (BMZ, GTZ 2002), the German government reports annual spending on projects that make a "significant contribution" to the conservation and sustainable use of biodiversity.[1] This report is compiled by the GTZ from contributions by all relevant government agencies and is used for internal monitoring and evaluation of biodiversity projects as well as for sharing information with the public. The report includes detailed descriptions of selected projects and a list of all of Germany's biodiversity projects initiated after 1985. Each entry includes the project title, duration, executing agency, funding volume, relevant articles of the CBD, and a biodiversity score that indicates the extent to which the project emphasizes biodiversity conservation and sustainable-use objectives. Further information on selected biodiversity projects is available through country Web sites that can be accessed via the GTZ homepage.[2]

Level of funding

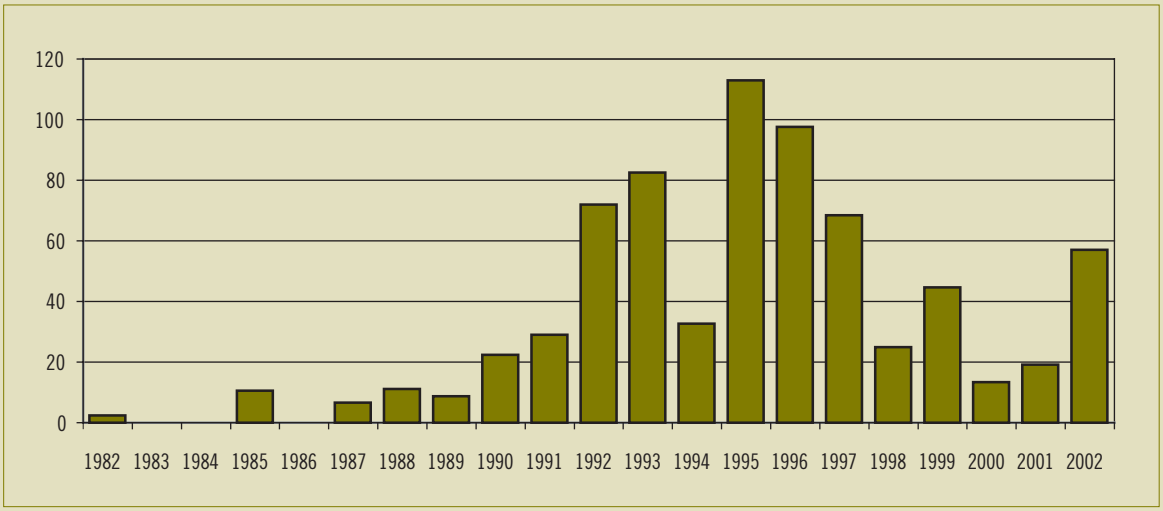
Germany's annual financial- and technical-cooperation support of biodiversity conservation projects increased steadily between 1990 and 1997, and has since leveled out at about €60 million ($56.7 million)[3] per year (see

Germany Figure 1 below). Funding figures include only projects in which biodiversity is the main goal. Funding for new biodiversity projects (Germany Figure 2) is more variable than annual spending due to the timing of new funds pledged and the long durations of biodiversity projects. The German government estimates that, although it would be hard to measure accurately, its *actual* investment in biodiversity conservation is higher

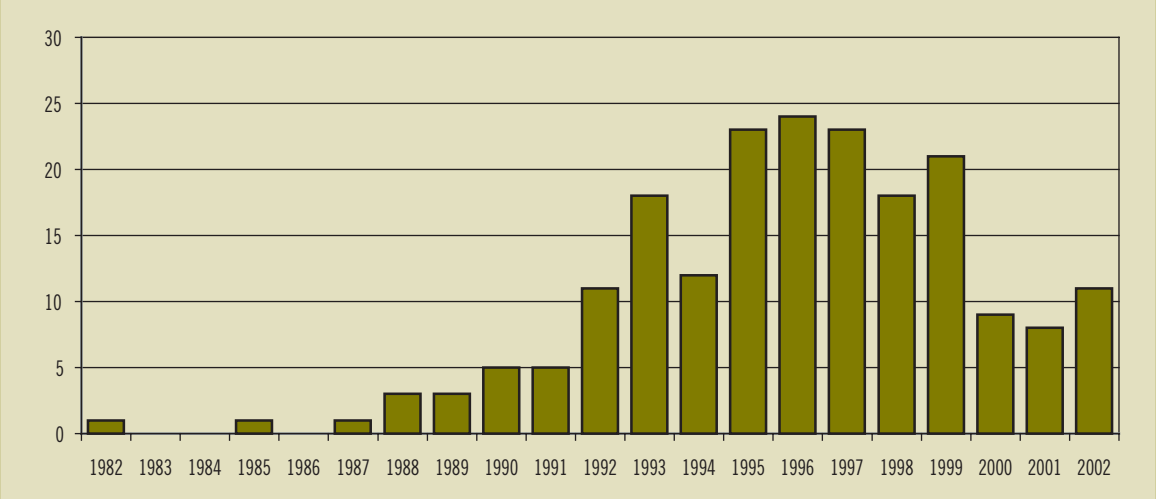
Germany Figure 1. Germany's annual financial- and technical-cooperation support for biodiversity projects (in € millions)



Germany Figure 2. Financial- and technical-cooperation pledged annually by Germany for new biodiversity projects (in € millions)



Germany Figure 3. Number of new financial- and technical-cooperation biodiversity projects supported by Germany per year



Source: *Biodiversity in German Development Cooperation* (BMZ, GTZ 2002).

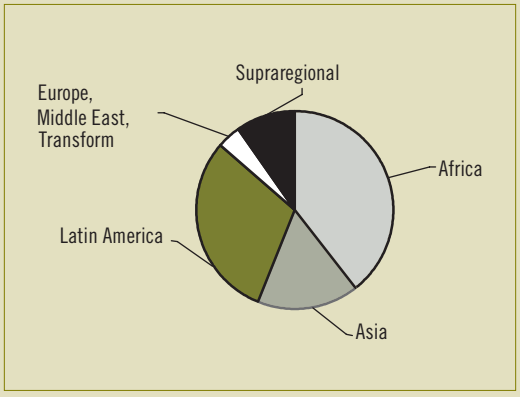
than what is represented by Germany Figures 1–3 because many development assistance projects with other core goals (e.g., combating desertification, adapted agriculture, rural development, and reforestation) also support the conservation and sustainable use of biodiversity.

Beyond "traditional" bilateral cooperation, Germany has also committed significant resources to debt-for-nature swaps with developing country governments. For example, roughly €32 million ($30.3 million) have been pledged to Bolivia since 1993. These funds support community forests, environmental action plans, protected areas, and other biodiversity-related activities.

Geographic focus

Africa and Latin America are currently the most important continents for German support of biodiversity conservation, with 45 percent of all technical- and financial-cooperation biodiversity projects implemented in Africa and 32 percent in Latin America; funding levels show a similar breakdown. The top 15 recipient countries for German development aid for biodiversity conservation are Brazil, Bolivia, Tanzania, Peru, Madagascar, Ghana, Benin, Ecuador, Côte d'Ivoire, Kenya, Guatemala, Uganda, Cameroon, Nicaragua, and Malawi.

Germany Figure 4. Regional distribution of Germany's biodiversity related financial- and technical-cooperation projects



Source: *Biodiversity in German Development Cooperation* (BMZ, GTZ 2002).

Biodiversity activities and trends

Since 1985, the German government has supported approximately 360 projects worldwide that contribute to the conservation and sustainable use of biodiversity. Almost 70 percent of these projects are bilateral (or regional) technical- or financial-cooperation projects carried out by the KfW and the GTZ that are based on bilateral strategies in which developing country governments have elected biodiversity as an area for cooperation.

Technical-cooperation projects include activities such as providing training and capacity building for protected area management and supporting the development of sustainable economic activities. Financial cooperation mostly focuses on parks and protected areas including the development of adjacent zones (buffer or support zones). Financial-cooperation investments concentrate on infrastructure such as roads, buildings, and boundaries; on equipment for transport, communication, patrols, etc.; on planning and monitoring tools such as studies, management plans, and satellite images and mapping; and on funds to support protected area development.

A project to promote nature conservation and sustainable forest management in Côte d'Ivoire is a good example of Germany's biodiversity assistance. The aim of the project is to ensure the long-term preservation of the Taï National Park and rehabilitate and achieve sustainable, near-natural utilization of seven other state forests in the country's eastern region. The project began in 1992 and is expected to span about 16 years. Regional management has already been established in the eastern region, pilot management plans have been drafted, a forest inventory on 160,000 hectares has been conducted, and an ecological monitoring system has been developed. The project has also supported local communities by providing assistance to cooperatives in forest areas and developing alternative sources of income (e.g., aquaculture, beekeeping, achat snail farming, and pig raising).

Altogether, the project is an integrated, jointly organized effort involving elements of both technical and financial cooperation. The BMZ has negotiated, initiated, and guided the project's scope, the GTZ is providing the required expertise and a basic supply of equipment and inputs, and the KfW is funding capital investments, operating costs, and local staff. Many activities in Taï National Park are carried out in close cooperation with WWF, which was already involved in park management and protection when the project began.

Perhaps the most comprehensive biodiversity-related project supported by German financial cooperation is the International Pilot Program to Conserve Brazilian Rainforest (PPG7), managed by the World Bank. The G-7 governments have committed more than $340 million to this program since 1990; Germany is the largest bilateral donor, contributing approximately 45 percent of program funds. PPG7 is designed to protect the living areas of indigenous peoples, to conserve biological diversity, and to preserve the climatic balancing function of both the Amazonian forests and the coastal forests on the Atlantic. The KfW and GTZ are active in supporting PPG7 projects, including the development of conservation units and ecological corridors,

the demarcation of indigenous lands, participatory resources management, institutional strengthening related to natural resources, monitoring and evaluation, and scientific studies (World Bank 2003, KfW 2003).

A final example of Germany's biodiversity assistance is the "Implementing the Biodiversity Convention (BIODIV)" project, initiated in 1994 to help speed the implementation of the CBD through German development assistance. BIODIV has a number of elements. First, through the BMZ, BIODIV supports developing countries in their efforts to implement the CBD at the national level, which involves efforts to integrate environment topics and nature conservation measures into development at the project level (e.g., through ecotourism, game management, and medicinal plants). Second, BIODIV is focused on supporting indigenous groups, governments, and other stakeholders in securing traditional knowledge and access to biological and genetic resources. Third, BIODIV aims to mainstream biodiversity concerns at the institutional level through cooperation with other German government agencies (e.g., Environment, Agriculture and Foreign Affairs). A final emphasis of the project is to achieve more coherence in Germany's involvement with biodiversity-related international agreements. The total budget for BIODIV since 1994 is approximately €7.5 million ($7.1 million).

Endnotes

[1] Available online: www.gtz.de/biodiv/pdf/biodiv_conservation.pdf. The publication underlines the importance of Germany's efforts to "mainstream" biodiversity concerns into other development assistance sectors, but does not attempt to quantify this type of spending.

[2] Available online: www.gtz.de.

[3] All currency conversions have been made using the US Federal Reserve 2002 annual exchange rate of US$0.9454 = €1. Available online: www.federalreserve.gov/releases/g5a/current.

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Annex D Global Environment Facility

Biodiversity assistance structure and policy

Initially created in 1991 as a pilot project to address global environmental challenges, the Global Environment Facility (GEF) was designated at the 1992 Rio Summit as the Convention on Biological Diversity's (CBD) financial mechanism and the leading multilateral institution addressing threats to biodiversity. Developed country parties commit funds to the GEF for four-year periods. The first commitments were made in 1994 and have been followed by replenishments in 1998 and 2002. The GEF distributes these funds for projects with global benefits in the focal areas of biodiversity, climate change, international waters, ozone layer depletion, persistent organic pollutants (POPs), and land degradation.[1]

The GEF Council is the governing body of the GEF and is made up of 12 representatives of donor-country constituencies, 12 representatives of developing-country constituencies, and 2 representatives of constituencies of countries with economies in transition. GEF projects are carried out by three "Implementing Agencies" plus seven recently added "Executing Agencies."[2]

The GEF disburses grants to fund the "incremental costs" of achieving global environmental benefits.[3] Thus, GEF projects require significant co-financing, which comes from developing country governments, GEF Implementing and Executing Agencies, bilateral and multilateral funders, NGOs, and the private sector. The GEF emphasizes the catalytic role of its financial support, striving to achieve benefits beyond the scope of individual projects.

Reporting

The GEF tracks financial outlays by focal area, operational program, Emplementing/Executing Agency, and project type ("Full-sized," "Medium-sized," or "Enabling Activity"). Project-level information, including the sizes of the GEF grants, co-financing amounts, descriptive information, and project documents, is available in an online database.[4] Three recent publications include reviews of the GEF biodiversity program and funding: *Second Overall Performance Report* (GEF 2002d), *Biodiversity Matters: GEF's Contribution to Preserving and Sustaining Natural Systems that Sustain Our Lives* (GEF 2002e), and *Biodiversity Program Study* (GEF 2001).

Level of funding

In August 2002, the GEF announced its highest-ever replenishment—approximately $3 billion, of which $2.28 billion represents new donor pledges—to fund operations for the years 2003–2006. The top contributors to the GEF are the US, Japan, Germany, France, and the UK (see GEF Table 1). The contributions of each of these donors reflect both political will and the application of a "burden sharing" formula that accounts for the size of the donor country economies. Donor countries generally pay off their commitments to the GEF in installments, and it is important to note that funds committed are not in all cases equal to funds contributed. For example, as of August 2002, the US still owed $210 million in arrears from GEF-2.

The GEF is the "single largest funding source for global biodiversity conservation" (GEF 2002d). Historically, it has allocated approximately 40 percent of total funding to the biodiversity focal area. While the percentage of GEF funding dedicated to biodiversity will decrease with the recent addition of two new focal areas (land degradation and persistent organic pollutants), absolute funding for biodiversity will increase from the second to the third replenishment. While financial allocations have not yet been finalized, the third replenishment negotiations indicate that approximately $960 million will be spent in the biodiversity focal area during 2003–2006.

By fiscal year 2001, the GEF had allocated over $1.4 billion for 470 projects in 160 countries (GEF 2002e). A recent review of the GEF's public project database shows financial allocations to biodiversity since 1991 total $1.72 billion

for 663 biodiversity conservation projects and "enabling activities."[5] Not included in these figures are GEF funds for biodiversity projects provided through the Small Grants Program (SGP), implemented by UNDP. SGP funding to date is $117 million plus $65.55 million from other partners, with about 60 percent going to biodiversity (UNDP 2003).[6]

Geographic focus

GEF biodiversity projects and funding have achieved a fairly even geographic distribution. According to the 2000 Program Status Review, the regional distribution of projects and total budgets showed 132 projects in Africa for $299.81 million, 101 projects in Latin America and the Caribbean for $403.07 million, and 81 projects in Asia and the Pacific for $284.10 million. Recipients of GEF biodiversity funds include 123 government partners and over 600 non-governmental groups (GEF 2002d).

Biodiversity activities and trends

Biodiversity conservation activities funded by the GEF are outlined in the Operational Strategy (GEF 1996). Most GEF funding goes to projects that address long-term biodiversity conservation and sustainable use in GEF operational programs (OP): arid and semi-arid ecosystems (OP1); coastal, marine, and freshwater ecosystems (OP2); forest ecosystems (OP3); and mountain ecosystems (OP4). Also relevant to the biodiversity focal area are agrobiodiversity (OP13) and integrated ecosystem management (OP12).

The GEF also supports "enabling activities"—assistance to developing countries to develop the capacity to implement effective response measures to achieve the objectives of the CBD. Enabling activities include the development of national strategies, plans, or programs to promote biodiversity conservation and sustainable use, as well as the identification of processes and activities that have adverse impacts. Across its portfolio, the GEF emphasizes funding of country-driven activities.

GEF Table 1. Donor-country funds committed to the GEF ($ millions)

Donor Country	GEF-1	GEF-2	GEF-3	Total committed	% of Total
United States	430.00	430.00	500.00	1360.00	21.64
Japan	414.60	412.60	422.72	1249.92	19.98
Germany	240.00	220.00	293.67	753.67	11.99
United Kingdom	134.60	138.90	190.07	463.57	7.38
France	143.30	144.80	163.35	451.45	7.18
Italy	114.70	90.50	105.22	310.42	4.94
Canada	86.60	101.54	102.58	290.72	4.63
Netherlands	71.40	72.80	79.10	223.30	3.55
Sweden	58.30	57.80	72.24	188.34	3.00
Switzerland	44.80	43.90	58.25	146.95	2.34
Belgium	32.00	34.20	41.80	108.00	1.72
Denmark	35.10	28.70	35.44	99.24	1.58
Australia	29.20	32.20	34.99	96.39	1.53
Norway	31.20	31.30	25.31	87.81	1.40
Finland	21.60	22.10	26.55	70.25	1.12
Austria	20.00	20.17	22.44	62.71	1.00
Spain	19.57	16.51	19.17	55.25	0.88
other donors	96.40	84.60	86.10	267.10	4.25
TOTAL	2023.37	1982.62	2279.01	6285.00	100.00

Note: GEF-3 commitments represent third-replenishment pledges as of April 15, 2003. The GEF-3 total in Table 1 represents new funding from donors only; the $3 billion Third Replenishment total includes, in addition to donor contributions, carryover of GEF resources, investment income, and supplemental contributions including credits.
Sources: GEF-2 *Current and Projected Funding Status*, Annex A (GEF 2002f); *Trustee Report on the Financial Status and Management of the GEF Trust Fund* (GEF 2003c).

GEF biodiversity resources are under increasing demand, as illustrated growth in the biodiversity focal area and the 95 full-sized biodiversity projects currently in the GEF "pipeline" awaiting approval and funding. At the Johannesburg Summit, political leaders committed to a target of reducing biodiversity loss by 2010, implying a significant role for the GEF in funding activities to achieve that goal. Furthermore, GEF performance evaluations and guidance from the CBD have resulted in an expanded work plan for the GEF. At the same time, developing countries governments and civil society organizations are increasingly demanding GEF biodiversity resources. Growth in the biodiversity focal area comes in part from capacity-building efforts that have increased recipient countries' ability to absorb GEF resources.

Faced with a growing mandate and increased demand on its resources, the GEF is under pressure to allocate resources more strategically and to demonstrate clear results. The GEF's proposed Business Plan for fiscal years 2004–2006 describes future investments focused on four strategic priorities: "catalyzing sustainability of protected areas," "mainstreaming biodiversity in production landscapes and sectors," "capacity building," and "generation and dissemination of best practices" (GEF 2003b). The GEF is also developing a more comprehensive methodology to measure biodiversity program results in order to get a clearer picture of its impacts.

Endnotes

[1] The persistent organic pollutants (POPs) and land degradation focal areas were added in October 2002.

[2] GEF implementing agencies include the World Bank, UNDP, and UNEP. Executing agencies are the Regional Development Banks, the FAO, the International Fund for Agricultural Development (IFAD), and the United Nations Industrial Development Organization (UNIDO).

[3] Incremental costs are project costs above those aimed at achieving national benefits.

[4] GEF Project Tracking System. Available online: www.gefonline.org.

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Annex E Japan

Biodiversity assistance structure and policy

Thirteen ministries and agencies administer Japan's official development assistance (ODA) budget. The majority of Japan's international biodiversity assistance is delivered as grant aid through the Economic Cooperation Bureau of the Japan Ministry of Foreign Affairs (MOFA). The Japan International Cooperation Agency (JICA) implements government-based technical assistance, and the Japan Bank for International Cooperation (JBIC) provides development assistance loans with concessional terms for environment sector projects.

The Council of Ministers for Global Environment Conservation—made up of representatives from various Japanese ministries—coordinates policy and ensures the effective implementation of measures to address global environmental issues, including biodiversity issues.[1] The Environment Conservation Initiative for Sustainable Development (EcoISD) was prepared for the 2002 World Summit on Sustainable Development and names "conservation of natural environment" as one of four priority areas for Japan's international environmental cooperation, mainly through ODA.[2] The new National Biodiversity Strategy of Japan was approved in March 2002 by the Council of Ministers for Global Environment Conservation. The Strategy focuses on the implementation of the Convention on Biological Diversity (CBD) domestically, but it also includes priorities for international cooperation.

Reporting

JICA reports its funding of international biodiversity conservation activities through its Annual Reports, Project Appraisals, and Evaluations. JBIC tracks yen loans in the categories of "natural environment conservation" and "forest conservation and afforestation."

Level of funding

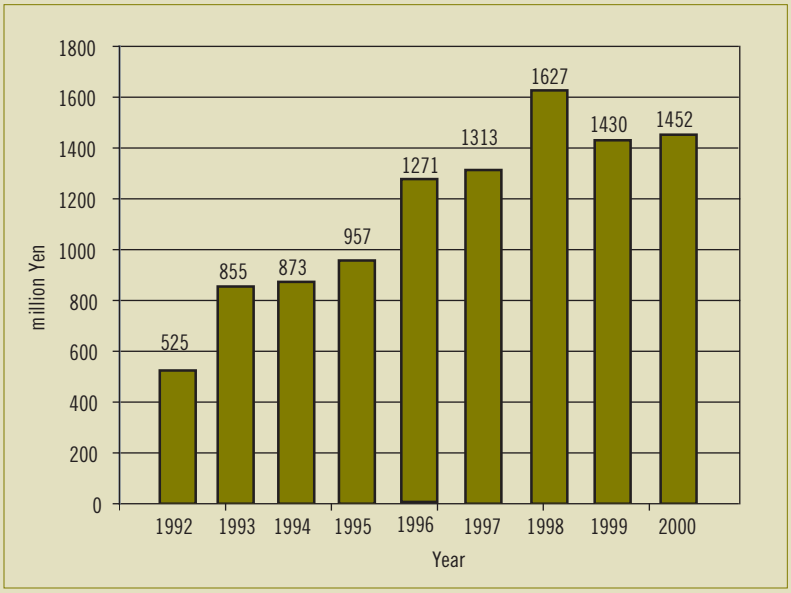
Japan's environmental ODA has amounted to about 20 to 30 percent of total bilateral ODA in recent years. Environment ODA was 452.5 billion yen ($3.6 billion or 31.5 percent of total ODA)[3] in 2000. Over the next year, Japan's overall ODA declined significantly, and environment ODA fell to 222.2 billion yen in 2001 ($1.8 billion or 18.9 percent of total ODA), a decrease in both nominal and percentage terms (Kanie, pers. comm. 2002).

JICA's expenditures for the environment have gradually risen over the past decade—environment spending represented about 10 percent of the total agency budget in 1989 and grew to about 19 percent, or 28.3 billion yen ($226 million) in 1999. JICA's spending on biodiversity has also risen since 1992 (see Japan Figure 1), with biodiversity expenditures of 1.45 billion yen ($11.6 million) in 2000.

During the period from 1990 to 2000, JBIC provided 43.9 billion yen ($351 million) for projects in the category "natural environment conservation" and 143 billion yen ($1.1 billion) for "forest conservation and afforestation" projects.

In addition to ODA support through MOFA, JBIC, and JICA, the Government of Japan supports two significant funds, managed by independent organizations, that target biodiversity resources more directly to civil society through grants to NGOs and community groups. In June 2002, the Government of Japan committed $25 million over five years to the Critical Ecosystems Partnership Fund (CEPF) managed by Conservation International (CI). Other investors in the $150 million CEPF include CI, the GEF, the John D. and Catherine T. MacArthur Foundation, and the World Bank.[4] The Government of Japan also contributes to the Japan Fund for Global Environment (JFGE), which is managed by the Japan Environment Corporation. Other contributors to the JFGE include Japanese citizens and companies. The JFGE provides

Japan Figure 1. JICA annual spending on biodiversity



Source: H. Katayama. Japan International Cooperation Agency (JICA). 2002. Personal Communication.

small-grants funding ($20,000–50,000) for NGO-run environment projects, both in Japan and in developing countries, that include nature conservation and sustainable management of natural resources.

Geographic focus

Asia is the primary focus of Japan's development assistance for biodiversity conservation. The National Biodiversity Strategy states, "The priority fields for international cooperation should be centered around the Asian region." Nevertheless, JBIC has directed a few biodiversity-related loans to developing countries in Latin America and Africa over the past decade. JICA's technical cooperation across all sectors shows a similar pattern—in 2000, approximately 43 percent went to Asia, 20 percent to Latin America, 15 percent to Africa, 10 percent to the Middle East, and 3 percent to Europe and Oceania.

Biodiversity activities and trends

Japan's EcoISD outlines an agenda for international cooperation for "conservation of the natural environment" that includes conservation and management of parks and nature reserves; coral reef conservation, especially through technology transfer to support the Palau International Coral Reef Center; promotion of sustainable forest management; support for sustainable agricultural practices and policies; promotion of social forestry and afforestation that involves local communities; promotion of natural resources management; and capacity-building support to developing countries for the formulation and implementation of environment conservation policies. Priority fields for international cooperation described in Japan's National Biodiversity Strategy include the development of natural environmental plans as a base for cooperation; the protection of migratory birds through the establishment of ecological networks at the national, international, and other spatial levels; the conservation and restoration of wetlands; and the conservation of environmental "hotspots."

MOFA's strategy for biodiversity conservation focuses on areas that are both the most threatened and are richest in biodiversity. MOFA directs a number of biodiversity conservation projects that are implemented by Japanese embassies and consulates, JBIC, JICA, NGOs, and other organizations.

JICA's overall goal for cooperation in the environment sector is to "sustain the natural environment and to achieve harmony between the natural environment and human activities." JICA implements this goal through technical cooperation activities, often in the form of studies and research to determine development strategies. JICA's technical cooperation for "conservation of the natural environment" prioritizes areas based on the richness of the natural environment and threats of degradation. Most activities focus on forest conservation and afforestation, natural resources management, and preservation of biodiversity. JICA's nature conservation strategies include strengthening policies, developing

operational and management capacity, raising awareness, developing and disseminating technologies (e.g., GIS systems for conservation and databases on biological specimens), developing research capacity, and supporting nature conservation in tandem with local community development.

The Biodiversity Conservation Project (BCP) and the Palau International Coral Reef Center (PICRC), both in Indonesia, are good examples of the JICA's biodiversity-related technical cooperation. The first phase of the BCP (1995–1998) provided grants and aid to develop a management plan, research station, and management office for Gunung Halimun National Park and to establish the Research and Development Centre for Biology in Cibinong and the Nature Conservation Information Centre in Bogor. The second phase of the BCP will support *ex situ* and *in situ* biodiversity research; the development of information systems including GIS mapping, databases, and a network for sharing information; and the implementation of a management plan for Gunung Halimun National Park which will include ecotourism, endangered species conservation, preparation and management of a research station, and environmental education.[5] With financial support from the United States and Japan, Indonesia opened the PICRC in January 2001 with the goal of establishing appropriate management strategies for conservation of the Palau's coral reefs. A research division monitors the coral reef ecosystems, collects data, and works to develop protected areas in Palau. The PICRC also provides educational resources about coral reefs and associated marine habitats including an aquarium. The Japanese government has provided $7.3 million in grant aid for the construction of the facility, and JICA provides technical cooperation to support conservation planning, research, and training.[6]

JBIC does not have a specific budget for the environment or for biodiversity, but provides low-interest ODA loans to developing countries for projects with biodiversity benefits. JBIC reports that in the first half of the 1990s, projects related to biodiversity conservation fit mostly in the category of "forest conservation and afforestation," and aimed at income generation for the poor. JBIC provided more funding for "natural environment conservation" projects after 1995. Some of these projects include activities such as the improvement of national park or ecotourism facilities, or construction work to reduce soil erosion in critical ecosystem areas. For example, JBIC's 54.64 billion yen ($436 million) 24th loan package in 2001 to the Philippines to "reduce poverty and protect the environment" includes 2.03 billion yen ($16.2 million) for the Sustainable Environmental Management Project in Northern Palawan. As a "special environment project," the interest rate is low (0.75 percent). The project draws upon maps of environmentally critical areas, puts in place construction work to prevent soil erosion, and promotes ecotourism to protect the region's unique marine and terrestrial ecosystems.[7]

Endnotes

[1] The Council of Ministers for Global Environment Conservation was established in 1993.

[2] EcoISD replaces the 1997 Initiative for Sustainable Development toward the 21st Century (ISD), which also included a program of action for "Natural Environment Conservation."

[3] All currency conversions have been made using the US Federal Reserve 2002 annual exchange rate of $1=125.22 yen. Available online: www.federalreserve.gov/releases/g5a/current.

[4] For more information see the Critical Ecosystems Partnership Fund online: www.cepf.net.

[5] For more information about the Indonesia Biodiversity Conservation Project, see www.bcpjica.org.

[6] For more information about the Palau International Coral Reef Center, see www.picrc.org/aboutp.html.

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Annex F The Netherlands

Biodiversity assistance structure and policy

The government of the Netherlands has committed to the United Nations (UN) target of spending 0.1 percent of gross national product (GNP) on international nature conservation and environmental policy as an integral part of the development assistance target of 0.8 percent of GNP. As a result of these targets, the Netherlands' Ministry of Foreign Affairs (Ministerie van Buitenlandse Zaken, Minbuza, or DGIS) has a large budget for environmental issues in the context of poverty alleviation and manages most of the Dutch government's investment in international biodiversity conservation.

Because of its nature-management mandate and expertise, the Ministry of Agriculture, Nature Management and Fisheries (Ministerie van Landbouw, Natuurbeheer en Visserij or LNV) also plays a significant role in Dutch biodiversity efforts. While the LNV focuses on implementing domestic nature management and biodiversity conservation policies, it also coordinates the Netherlands' engagement in international policy related to biodiversity.

A coordinated interagency process guides the government ministries' biodiversity conservation programs. Resulting interdepartmental policy papers include *Nature for People, People for Nature* (LNV 2000a), the Netherlands Fourth National Environmental Policy Plan (NEPP 4) (VROM 2001), and most recently the International Biodiversity Policy Plan (IBPP) (LNV 2002b). Together these papers address biodiversity issues at national and international levels. The IBPP focuses entirely on the international aspects of Dutch biodiversity policy and bundles the efforts of six different ministries. The purpose of the IBPP is threefold: (1) the translation of the work programs of the CBD into Dutch policy, (2) the development of an international ecological network of protected areas, and (3) the integration of biodiversity considerations into economic sectors such as agriculture, fisheries, forestry, trade, and tourism.

Dutch policy calls for the use of an ecological network strategy both domestically and internationally. As the NEPP 4 states, "to protect biodiversity and natural resources from damage caused by human actions, a global Ecological Network is needed to conserve biodiversity, to keep a reservoir for genetic variation and as a basis for keeping natural processes in tact. This ecological network would consist of nature reserves, buffer zones, and connecting zones" (VROM 2001). Further, the push for a global ecological network is a key factor in the Dutch position in the European Union, in pan-European conservation forums, in international conventions such as the CBD and the Bonn Convention of Migratory Species, and in international meetings such as the World Summit on Sustainable Development in Johannesburg and the upcoming World Parks Congress.

Reporting

Minbuza has a general system for internally tracking development assistance projects and reporting to international bodies. Projects are marked based on their objectives, and the system includes a marker for biodiversity conservation. Each year, Minbuza reports to the Netherlands Parliament on spending for tropical rainforests. To facilitate this reporting, a subset of the information from the general aid-tracking system has been separated out and analyzed in further detail, especially to determine the proportions of larger development projects relevant to tropical forest conservation. Minbuza is working on expanding this "forest database" to include biodiversity activities in other sectors and projects with both a direct and an indirect focus on the conservation and sustainable use of biodiversity.

In addition, LNV and Minbuza are developing a database that outlines connections between decisions made under the CBD and Dutch national and international conservation policies. This database should allow the involved ministries to assess the level of Dutch compliance with CBD decisions, identify possible gaps in the Dutch

policy framework, and target future expenditure on conservation initiatives. The information contained in these databases is at the moment not available to the general public, but will be used for government reporting to Parliament and the CBD.

Level of funding

In 2000, The Netherlands' target for environmental development assistance (0.1 percent of GNP) amounted to about €447 million ($422.6 million)[1], to be spent by Minbuza. Of this amount, Minbuza allocated €152 million ($143.7 million) to its direct budget for the environment sector; the remaining part was spent by other Minbuza departments, mostly in support of environment programs run by multilaterals such as the World Bank, regional development banks, and UN organizations. The €152 million directly allocated to environment resources was spent by the environment department at Minbuza headquarters in The Hague (€63 million, $59.6 million) and was distributed to environment projects and programs through embassy budgets (€89 million, $84.1 million).

Overall, Minbuza estimates that approximately one quarter to one third of its environment-sector development assistance is directed at biodiversity conservation and sustainable use—an estimated €112 million ($105.9 million) per year. This figure includes bilateral funding through a number of government agencies, multilateral funding (including the Netherlands contribution to the GEF), and the mainstreaming of biodiversity conservation into multiple development cooperation sectors.

Since 1996, a small part of Minbuza's yearly biodiversity budget has been dedicated to joint projects with the LNV. Thus every year some €4.4 million ($4.2 million) is spent on conservation initiatives in Middle and Eastern Europe under the PIN-Matra program, €3.1 million ($2.9 million) is allocated to biodiversity conservation projects in developing countries under the BBI-OS program, and some €350,000 is available for support to the Secretariat of the CBD over and above the regular Dutch contribution to the Convention. In addition, the Nature Department of LNV has a budget of about €2.5 million per year ($2.4 million) to support the Ministry's international biodiversity activities. This includes Dutch contributions to a variety of international forums and conventions such as the CBD, CITES, and Ramsar as well as support for grant proposals, workshops, and communication activities.

Geographic focus

Minbuza restructured its development cooperation program in 1999 to target 22 developing countries. Six of these (Ghana, India, Mozambique, Suriname, Sri Lanka, and Vietnam) have elected to focus on the environment sector as part of their bilateral cooperation with the Netherlands. The others have the obligation to integrate environmental considerations into development cooperation programs. The Netherlands has also chosen 14 additional countries, mostly in Latin America and Asia, as recipients of environment-sector aid.

Biodiversity activities and trends

Working under a mandate of "sustainable poverty alleviation," Minbuza uses a "sectoral approach" to deliver development assistance.[2] Minbuza works with developing countries to elect sectors for cooperation and develop "country-owned" strategies for each relevant sector with an ultimate goal of poverty alleviation. The Poverty Reduction Strategy Papers (PRSPs) being developed through a World Bank process are to provide a framework for cooperation with relevant countries in all sectors. In each sector, whether it be environment, education, or health, Minbuza makes an effort to evaluate and monitor the impacts of its development assistance at the macro or global level (e.g., the development of international policy), the meso level (e.g., national capacity building), and the micro level (e.g., impacts on community livelihoods).

A Minbuza representative reported that while funding for biodiversity conservation activities has remained relatively constant over the last decade, there have been several important changes in how Minbuza delivers development assistance, including biodiversity aid. The Ministry has scaled back its involvement in projects and focuses more on strengthening governmental capacity and budgetary support. It is increasingly emphasizing the coordination of embassies, multilateral organizations, and NGOs that implement biodiversity conservation and development assistance projects—Minbuza holds meetings and workshops with these groups in order to evaluate progress and the implementation of sectoral strategies. Minbuza provides funds for biodiversity conservation and sustainable-use activities that generally focus on agriculture, wetlands, drylands, and forests, since these areas tend to provide the most value for both human development and ecosystem health. Minbuza also places significant emphasis on the mainstreaming of biodiversity concerns into all development assistance sectors (e.g., water, energy, and rural development).

The LNV is limited in its ability to support international projects as it largely depends on funding available from Minbuza. Two jointly funded programs dedicated to "pure" international conservation activities include the Pin Matra program and the BBI-OS program. Activities under the Pin-Matra program include, for example, addressing the changing landscape in Eastern Europe, where mixed grasslands are becoming overgrown as a result of the cessation of dairy and livestock farming. This initiative focuses on introducing large semi-wild herbivores, which may allow both for the regeneration of several varieties of semi-wild cattle as well as the maintenance of the open landscape and grassland biodiversity characteristic of Eastern Europe. Biodiversity conservation initiatives funded by the BBI-OS program include establishing international flyways for migratory birds in West Africa, applying principles of the ecosystem management approach, and assisting a number of developing countries to integrate biodiversity considerations into their national Environmental Impact Assessment methodologies.

Endnotes

[1] Although many of these are year 2000 figures, for consistency all currency conversions have been made using the US Federal Reserve 2002 annual exchange rate of US$0.9454 = €1. Available online: www.federalreserve.gov/releases/g5a/current.

[2] For more information see a Minbuza brochure on the "sectoral approach." Available online: www.minbuza.nl/default.asp?CMS_TCP=tcpAsset&id=AFC78FE57D1342F5A658F6D400159E44.

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Annex G United Kingdom

Biodiversity assistance structure and national policy

The bulk of UK funding for biodiversity conservation in developing countries is directed through the Department for International Development (DFID). The UK Department of Environment, Food and Rural Affairs (DEFRA) is the agency with primary responsibility for implementing domestic biodiversity conservation activities and is the lead government department for the Convention on Biological Diversity (CBD). The Foreign and Commonwealth Office (FCO) promotes UK policy regarding biodiversity conservation and maintains close ties to the UK Overseas Territories in order to link them to international biodiversity processes. In addition to their involvement at the political level, DEFRA manages the Darwin Initiative and the Flagship Species Fund, which both provide financial support to biodiversity projects in developing countries. The Environmental Policy Department of the FCO also houses grant funds that support a wide range of environmental projects.

Reporting

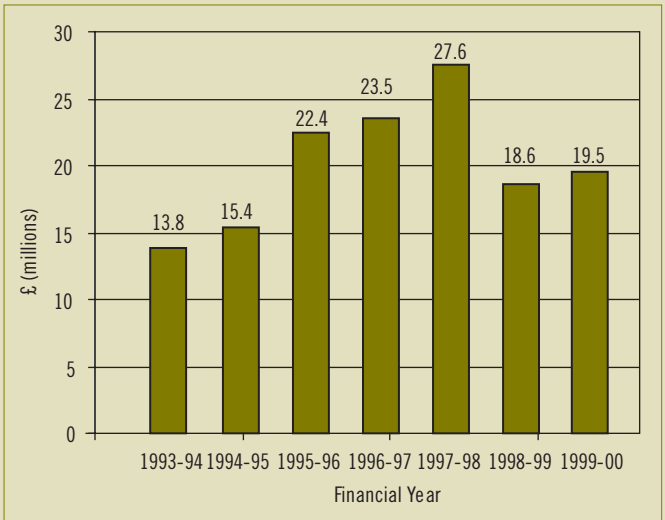
DFID maintains a database of DFID-funded Natural Resources, Rural Livelihoods, and Environment projects called the Natural Resources Information System (NARSIS)[1]. The database can be searched for biodiversity projects. Project information includes project title and description, status, funding volume, and contacts. The Policy Information Management System (PIMS) is a separate system that is used to mark projects according to their objectives, and includes markers for biodiversity, climate, and desertification in order to facilitate reporting to the respective United Nations (UN) conventions. Biodiversity-marked projects in the PIMS system may have a conservation focus, or they may be development projects with a larger scope and some biodiversity benefits.

Level of funding

Over the last decade, DFID reports annual spending on "biodiversity and related activities" between £13.8 and £27.6 million ($20.7 to $41.5 million).[2] According to a DFID representative, yearly fluctuations in spending reflect the variable sizes and lengths of time for which projects are funded, rather than any particular trend in DFID financial support for biodiversity conservation.

Since 1992, the DEFRA-sponsored Darwin Initiative has provided £27 million ($40.6 million) to support over 270 projects in 100 countries. A recent funding increase will bring the current annual budget of £3 million ($4.5 million) to £7 million ($10.5 million) by 2005. DEFRA will also provide £280,000 to the Flagship Species Fund, a partnership with Fauna and Flora International, for its first three years of operation (2002–2004). Finally, DEFRA has an International Subscriptions budget to support the UK's contributions to international agreements, meetings, and projects (e.g., CITES, Ramsar, and the IUCN).

UK Figure 1. DFID spending on biodiversity and related activities, 1993–2000



Source: *Biodiversity—A Crucial Issue for the World's Poorest* (DFID 2001).

The Environmental Policy Department of the FCO has allocated about £3 million ($4.5 million) to the Environment Project Fund, the Climate Change Fund, and the Environment Fund for Overseas Territories. In April 2003, these three funds will be merged into a single Environment Fund to support a wide range global environment projects, including biodiversity projects. The FCO expects the £3 million funding level to grow in the future.

Geographic focus

The bulk of DFID's development assistance is focused on the poorest countries in Asia and sub-Saharan Africa; however, DFID's spending on biodiversity-related activities does not have a particular geographic focus. Darwin Initiative funding focuses on countries rich in biodiversity but poor in financial resources, including the UK's Overseas Territories, developing countries, and countries with economies in transition. Biodiversity project funding through the FCO prioritizes the UK's Overseas Territories.

Biodiversity activities and trends

DFID's approach to biodiversity is driven by the department's goal of eliminating poverty. In this context, biodiversity concerns are addressed through a "sustainable livelihoods approach." This approach lays out a framework and principles for addressing livelihoods and a participatory process for determining development needs. The approach recognizes the importance of natural capital, the natural resource stocks from which resource flows useful for livelihoods are derived (e.g., land, water, biodiversity, and environmental resources), and works toward more sustainable use of the natural resource base, among other outcomes. The approach also takes account of the vulnerability context in which poor people live, assessing trends, shocks, and culture.

Underpinning DFID's approach to biodiversity conservation is a substantial effort by the department to develop a better understanding of and generate awareness about the linkages between poverty and the environment. One major initiative with this purpose is the Biodiversity in Development Project, co-sponsored by the European Commission and the World Conservation Union (IUCN). The Project has produced a series of publications that emphasize the value of biodiversity to poor people as both a resource and a way of reducing exposure to risk and outline an approach for incorporating biodiversity into development and poverty reduction strategies.[3] Further guidance for DFID's efforts to mainstream environment and biodiversity concerns into development is provided by its publications *Achieving Sustainability: Poverty Elimination and the Environment* (2000) and *Linking Poverty Reduction and Environmental Management: Policy Challenges and Opportunities*, which was presented at the World Summit on Sustainable Development in Johannesburg in August 2002 by DFID, the World Bank, the United Nations Development Program (UNDP), and the European Commission.[4]

DFID's approach treats biodiversity conservation as part of a holistic poverty reduction scheme rather than as a separate issue. Therefore, funding for biodiversity conservation depends on national priorities, impact on poverty, the context of resilience to risks and shocks to poor people, and sustainable development opportunities (for example, in forestry or ecotourism). DFID's biodiversity work often involves addressing tensions between the use of biodiversity goods and services for greater livelihood security and wider concerns about environmental sustainability.

Most of DFID's financial support for biodiversity conservation is delivered as part of bilateral cooperation strategies where developing country governments have chosen to work with the UK on environment and biodiversity issues. Based on these strategies, developing country partners require varying levels of financial and technical support for biodiversity conservation activities. DFID supports a wide range of biodiversity projects. For example, DFID works to conserve agrobiodiversity through support of the International Potato Center in Peru, which is working with Andean communities to establish seed banks where over 200 varieties are managed to meet local needs. A second example is DFID's support of the Cameroon Ministry of Environment and Forests to work with local people and industry to establish systems for sustainable harvesting of the bark of the *Prunus africana* tree, which is used for local medicinal purposes and is also exported as a treatment for prostate cancer. The project aims to channel economic benefits from the harvest to local community development and management of the *Prunus* (DFID 2001). A third example is a DFID-funded project to promote the conservation and sustainable management of the Cerrado Biome's natural resources in Brazil. As part of this project, Brazilian government and research institutions will conduct research, establish strategies, train local partners, and provide policy and strategy inputs. By taking into account both ecological concepts and livelihood variables, the project aims to promote biodiversity and natural resources conservation and the socioeconomic success of local communities.

In addition to its project support, DFID works at both national and international levels to integrate environmental concerns into development planning. This includes building capacity in developing countries for land-use

planning, working at the international level and with partner countries to develop and implement National Strategies Sustainable Development (NSSDs), and working with the World Bank on the integration of environmental concerns into developing country Poverty Reduction Strategy Papers (PRSPs).

DFID is changing the way it delivers aid. First, it is moving away from involvement in individual projects and focusing on program and budgetary support. Second, it is decentralizing its development cooperation by becoming less involved in the implementation of projects, preferring instead to play a coordinating role along with other donors for projects implemented by developing country governments, country offices, and civil society organizations. It is still unclear how these changes will affect funding for biodiversity.

Aside from DFID funding, both DEFRA and the FCO have resources to support biodiversity projects in developing countries. DEFRA's Darwin Initiative is a biodiversity grants program that draws on UK biodiversity expertise and emphasizes local involvement in projects that encourage the sustainable use and conservation of biodiversity. Projects often focus on major problems of habitat and species loss and include activities such as research, surveys and monitoring, capacity building, training, environmental education and awareness, and other work to implement the CBD. DEFRA's Flagship Species Fund, a partnership with Fauna and Flora International, supports conservation activities targeted at high profile species in developing countries. Finally, the FCO gives grants for biodiversity and other environment projects that are often carried out by non-governmental organizations. The FCO gives special priority to the UK's Overseas Territories, many of which are small, tropical islands that have particular biodiversity value or are facing critical threats.

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[1] Online. Available: www.narsis.org.

[2] All currency conversions have been made using the US Federal Reserve 2002 annual exchange rate of US$1.5025 = £1. Available online: www.federalreserve.gov/releases/g5a/current.

[3] Publications by the Biodiversity in Development Project include *Biodiversity Briefs* (2001) and *Strategic Approach for Integrating Biodiversity in Development Cooperation* (2001). They can be accessed at www.wcmc.org.uk/biodev.

[4] Online. Available: europa.eu.int/comm/development/doc/full_linking_poverty_en.pdf.

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Annex H United States

Biodiversity assistance structure and national policy

The majority of US bilateral development assistance for biodiversity conservation is channeled through the US Agency for International Development (USAID). In addition to USAID, the US Forest Service, the US Fish and Wildlife Service (USFWS), and the US Treasury Department also manage funds to support conservation-focused biodiversity activities in developing countries.

Several important policies drive US funding for biodiversity conservation in developing countries. Starting in fiscal year 2001 (FY01), Congressional Foreign Operations appropriations included funds earmarked for biodiversity and tropical forest conservation, thus ensuring USAID funding levels for these activities. The Tropical Forest Conservation Act (TFCA) creates an opportunity through the US Department of Treasury for developing countries to reduce, buy back, or swap debt in exchange for significant investments in tropical forest conservation. The Neotropical Migratory Bird Conservation Act earmarks funds for the USFWS to be spent on migratory bird conservation in Latin American and Caribbean countries. Similar acts authorize USFWS funding for conservation of African and Asian elephants, rhinos, tigers, and great apes.

Reporting

USAID's system for tracking development assistance includes the primary code "biological diversity conserved" that falls under the goal of "environment managed for long term sustainability." The other primary codes under this goal are "environment climate change," "promotion of sustainable urbanization and prevention of pollution," "increased provision of environmentally sound energy services," and "sustainable natural resources management."

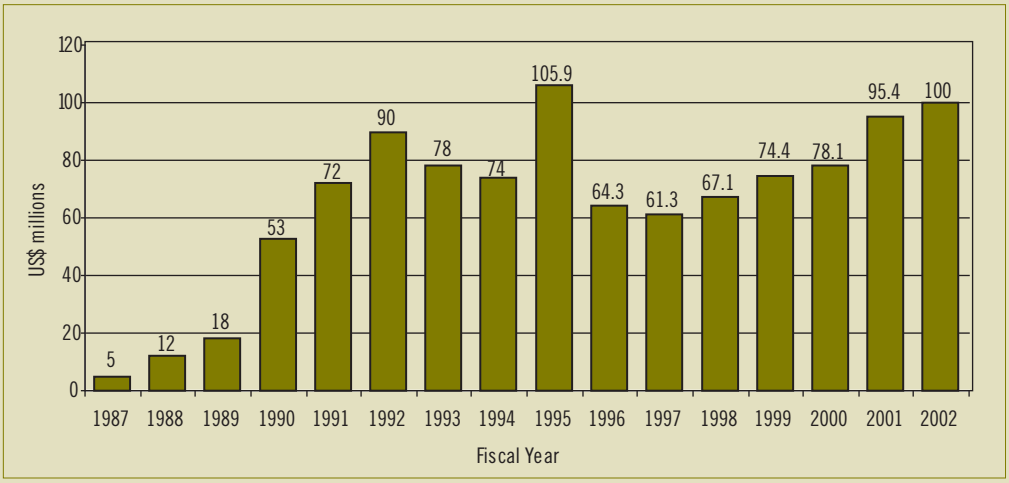
Primary codes may not be double counted, but funding may be further described with secondary codes that designate elements such as cross-cutting objectives, research and development, or non-governmental organization (NGO) involvement. While this database is not publicly available, USAID expects to produce a synthesis of its biodiversity investments within the next year. USAID's budget justification to Congress provides additional information on the Agency's requested funding. Biodiversity funding is included in the budget requests for the Regional Bureaus and in-country missions as well as the Bureau for Economic Growth, Agriculture and Trade (EGAT).[1] The US Government has no broader mechanism for reporting on its overall biodiversity funding that includes the activities of other Departments.

Level of funding

From 1987 to 1992, USAID spending on biodiversity conservation rose steadily each year, from $5 million in 1987 to $90 million in 1992. Spending was maintained at levels between approximately $60 million and $105 million throughout the following decade. Based on Congressional appropriations, current yearly USAID biodiversity spending is approximately $100 million. Approximately 90 percent of USAID biodiversity spending is through its in-country missions. The remainder is channeled through the Agency's Regional Bureaus or through the Biodiversity Team, part of EGAT at USAID headquarters in Washington DC.

The USFWS International Affairs Program spends about $10 million on activities related to the protection of endangered species and manages an additional $5 million per year appropriated through the Neotropical Migratory Bird Conservation Act. The US Forest Service International Program has a budget of about $5 million per year, spent in part on biodiversity conservation in forests. In FY2000 and FY2001, the US Government allocated $13 million to the Tropical Forest Conservation Act; $11 million was allocated in FY2002.

US Figure 1. USAID development assistance for biodiversity conservation, 1987–2002



Source: Gill, C. and USAID Budget Office, pers. comm. 2002
Note: The high level of funding in 1995 reflects a large USAID budget that year which was followed by budget cuts in 1996–2000. The rise in funding for 2001–2003 reflects Congressional appropriations for biodiversity.

Geographic focus

USAID's investment in biodiversity conservation is focused on Latin America and the Caribbean, with 50 percent of funds going to that region, followed by 38 percent to Africa, and nine percent to Asia and the Near East. The Parks in Peril Program (PiP), which directs significant USAID support for biodiversity conservation to Latin American and Caribbean countries, exemplifies the Agency's regional focus.

Biodiversity activities and trends

The majority of USAID spending on biodiversity is through its in-country missions. USAID cooperates with developing country governments to outline strategic plans and works with more than 45 countries that have chosen development assistance objectives that include biodiversity conservation activities. USAID emphasizes linking biodiversity conservation to development and to people's livelihood needs. This emphasis has led to a shift in the types of biodiversity conservation measures sponsored by the Agency, from a focus on protected area management in the early 1980s to a larger variety of interventions that include community-based conservation, sustainable use of natural resources, economic incentives for conservation, environmental education, and policy development and reform. The Agency also emphasizes synergies between conservation and other sectors such as economic growth, agriculture, natural resources management, population, democracy, and governance. For example, the USAID mission in Indonesia is working with indigenous people to map resource use and obtain legal authority to sustainably manage forests, a process that has included stopping a logging company from clearing forest gardens and sacred areas for oil palm plantations. The USAID mission in Madagascar has supported the country's Environmental Action Plan, which nearly doubled the amount of land area under protection (from 4.7 percent in 1989 to 8 percent in 1999). The new managed area encompasses almost all of the remaining critical biodiversity habitat in the country. In Nepal, USAID support has helped the recovery of the endangered rhinoceros population through improved policing and community involvement in Nepal's 93,200 hectare Royal Chitwan National Park.

USAID's Regional Bureaus also provide significant support for biodiversity projects and programs. For example, the Latin America and Caribbean Bureau provides about $3.5 million per year to support the Parks in Peril Program (PiP), a site-based conservation program managed by The Nature Conservancy.[2] PiP has promoted the conservation of over 28 million hectares in biologically rich and threatened areas in Latin America and the Caribbean. The PiP program has also been successful in leveraging millions of dollars of investment in PiP sites by both conservation and development institutions. Regional Bureaus have also been responsible for responding to Congressional directives that address species conservation priorities. The Africa Bureau has managed a gorilla conservation directive ($1.5 billion in both FY01 and FY02) and the Latin America and Caribbean Bureau has managed the Peregrine Fund ($500,000 in both FY2001 and FY2002).

Most of the biodiversity funds managed by the Biodiversity Team within EGAT support NGOs working to address the most critical threats to biodiversity. The team also supports contractors providing technical support for biodiversity conservation activities and other entities

promoting education and awareness. Between 1988 and 2001 USAID provided $65 million in grants and contracts to the Biodiversity Support Program, a consortium of NGOs including the World Wildlife Fund, The Nature Conservancy, and the World Resources Institute that carried out analysis, facilitation, capacity building, and technical assistance for biodiversity conservation. The Global Conservation Program will provide approximately $19 million from FY1999 to FY2003 to support the efforts of six partner NGOs to address the most pressing threats to biodiversity in 21 sites worldwide. A follow-up activity is being designed which will extend the program and add additional funds through FY2008. A number of projects supported through the Global Conservation Program include socioeconomic components to achieve conservation outcomes. For example, an effort to restore wildlife corridors in Nepal involved examining gender differences in access to and control over natural resources and training programs to promote sustainable community forestry. In Papua New Guinea, environmental education in schools and coastal communities is part of a larger initiative to promote community-based protection of coral reef and coastal ecosystems.

Through its International Affairs Program, the USFWS supports four Multinational Species Conservation Funds (for Great Apes, African Elephants, Asian Elephants, and Rhinoceroses and Tigers) established by Congress to strengthen conservation efforts for these species in a range of countries. Grants are given for activities such as habitat and ecosystem management, protected area development, surveys and monitoring, and anti-poaching efforts. Under the Neotropical Migratory Bird Conservation Act, a major project of the USFWS is the support of migratory bird conservation activities in the Western hemisphere. In addition to these biodiversity conservation measures, the USFWS works on international policies, treaties, and trade issues relating to endangered species and biodiversity resources.

The US Forest Service International Program supports biodiversity conservation through funding and technical assistance to support the planning, management, and monitoring of protected areas and forests, restoration of degraded sites, recreation, nature tourism, and wilderness education.

Under the TFCA, the US Government has supported a number of agreements that give debt forgiveness to eligible developing country governments in exchange for local currency investments in the conservation of biodiversity-rich tropical forests through local organizations. During 2001 and 2002, the US Government concluded TFCA deals with five partner countries: Bangladesh, Belize, El Salvador, Peru, and the Philippines. Collectively these agreements will reduce $54 million in debt and generate $42 million for forest conservation activities. Most recently, the US Treasury Department signed an agreement in June 2002 with the government of Peru providing US debt forgiveness that will allow Peru to devote $10.6 million to finance tropical forest conservation activities in Peru over a twelve-year period. The debt swap agreement with Peru is an example of a public-private partnership, as it will be financed with funds from the US government plus private funds raised by international NGOs (The Nature Conservancy, the World Wildlife Fund, and Conservation International).

Endnotes

[1] See USAID Budget Justification FY03: www.usaid.gov/pubs/cbj2003 and www.usaid.gov/pubs/cbj2003/cent_prog/egat/env.html.

[2] Under a new agreement between USAID and The Nature Conservancy, the Latin America and Caribbean Bureau will provide $3.5 million per year for five years, from 2001 through 2006. Additional USAID support for the PiP program comes from matching funds provided by in-country missions. In 2002, these matching funds amounted to about $3.7 million; however, the amount fluctuates yearly as funding is decided on an annual basis by each country.

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Annex I World Bank

Biodiversity assistance structure and policy

The World Bank supports biodiversity conservation with public funds primarily through loans from the International Bank for Reconstruction and Development (IBRD), credits from the International Development Association (IDA), and the management of grants from the Global Environment Fund (GEF) and the Pilot Program to Conserve the Brazilian Rain Forest (Rain Forest Trust Fund or RFTF). The World Bank also manages co-financing for its biodiversity investments; co-financing comes from borrower governments, local beneficiaries, non-governmental organizations (NGOs), bilateral donors, regional development banks, and United Nations organizations (World Bank 2000, World Bank 2002c). Finally, the World Bank contributes to several NGO-led biodiversity conservation efforts.[1]

Loans and credits related to biodiversity conservation are often negotiated with developing countries as part of a more general development or poverty alleviation strategy. Therefore, much of the IDA/IBRD "targeted assistance for biodiversity" is in the form of biodiversity-related components of larger projects in a variety of sectors. GEF grants managed by the World Bank may support separate projects with a primary focus on biodiversity or be folded into larger World Bank assistance packages.

The World Bank has adopted the Millennium Development Goals, which provide a broad framework for its investments. Together, the goals are aimed at reducing world poverty. Goal 7, "ensuring environmental sustainability," includes the target "integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources." Relevant to biodiversity, indicators for measuring progress toward achieving the Millennium Development Goals include the proportion of land covered by forest and the ratio of area-protected-to-maintain-biological-diversity to surface area (World Bank 2002a, World Bank 2003b, World Bank 2003c).

The World Bank's Forest Policy is also important to its strategy for delivering biodiversity assistance. The Forest Policy was revised in 2002 and emphasizes harnessing the potential of forests to reduce poverty, integrating forests into sustainable economic development, and protecting vital local and global environmental services and values (World Bank 2002b, World Bank 2002c).

Reporting

The World Bank has produced several recent reports detailing its biodiversity investments. *Supporting the Web of Life* describes the Bank's biodiversity portfolio during the period 1988-1999 (World Bank 2000) and *Biodiversity Conservation in Forest Ecosystems* describes the subset of World Bank biodiversity investments targeted to forest ecosystems during the period 1992–2002 (World Bank 2002c). In both reports, biodiversity costs were determined analyzing World Bank databases and project documents and compiling information on projects with a biodiversity focus or biodiversity components. The portfolio is described by funding source and volume, geographic area of focus, and type of activity. The forest sector report also includes a list of World Bank biodiversity projects in the forest sector during the last decade. Finally, *Conservation of Biodiversity in Mountain Ecosystems* describes the World Bank's biodiversity investments in mountain ecosystems (World Bank 2002d).

The World Bank's project database also tracks biodiversity-related projects and project components. A search with the keyword "biodiversity" brings up relevant projects. However, funding is broken down by major sectors that do not include biodiversity.[2]

Level of funding

The World Bank Group reports that it has managed a biodiversity portfolio of $2.6 billion between 1988 and 1999, with approximately $1.5 million of that total targeted to forest ecosystems. This includes over 226

projects with about $1 billion in IBRD loans and IDA credits and over $450 million in GEF funds. The World Bank has also managed an additional $1.2 billion in co-financing from other donors, governments, NGOs, foundations, and the private sector (World Bank 2003a, World Bank 2000, World Bank 2002c).

More specifically, in forest ecosystems, the World Bank reports biodiversity investments of $2.7 billion ($1.6 billion in World Bank resources and $1.1 billion in co-financing) during the period from 1992 to 2002. Of the $2.7 billion total, 29 percent of funds are biodiversity components of IBRD loans or IDA credits ($778 million); 33 percent are grants through the GEF ($657 million), the Pilot Program to Conserve the Brazilian Rainforest ($205 million), and the Development Grant Facility ($25 million); and 38 percent is co-financing ($1,068 million) (World Bank 2002c).

Finally, between 1992 and 2002, the World Bank reports investing more than $1.3 billion globally in projects that partially or wholly support the conservation and sustainable use of biodiversity in mountain ecosystems (World Bank 2002d).

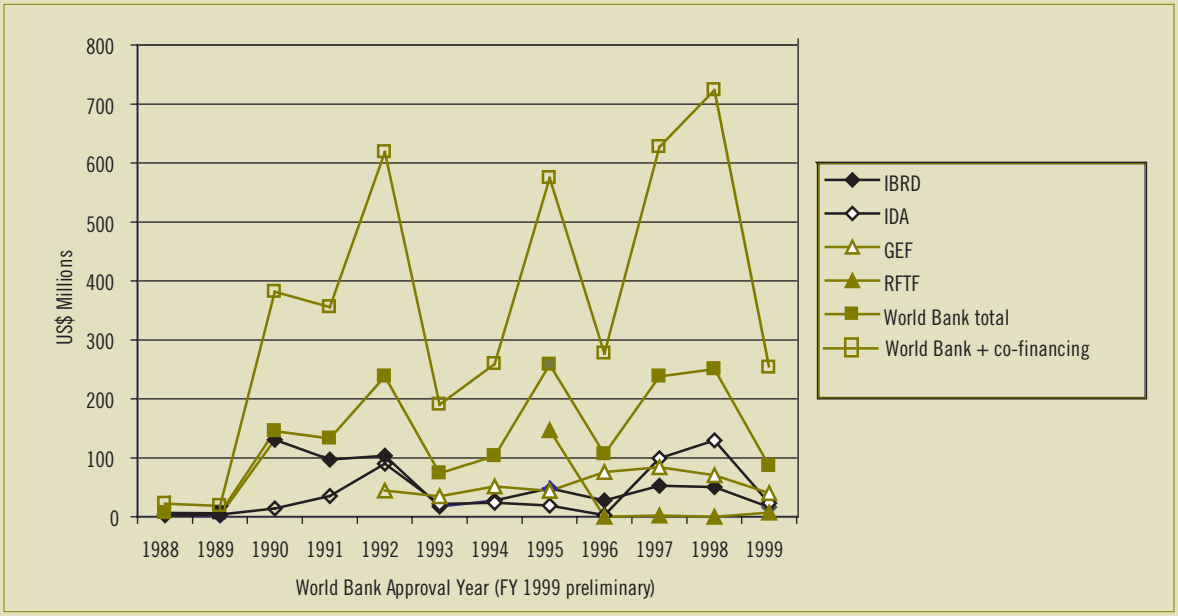
Geographic focus

The Latin America and Caribbean region (LAC) and the Africa region receive the majority of World Bank biodiversity funding from all sources (IBRD, IDA, GEF, and co-financing). At 68 percent, the LAC region has the largest share of cumulative IBRD funding (loans) for biodiversity, whereas sub-Saharan African countries have received the largest share of IDA biodiversity funds (credits) at 45 percent (World Bank 2000). Most biodiversity funding for forest ecosystems goes to Latin America and the Caribbean (50 percent), with 15 percent to South Asia, 12 percent to Africa, 10 percent to East Asia, and 7 percent to Eastern Europe and Central Asia (World Bank 2002c).

Biodiversity activities and trends

World Bank funds support a wide range of biodiversity conservation activities including the establishment and strengthening of protected areas (including activities in buffer zones), sustainable use of biodiversity outside protected areas, eradication of alien species, and biodiversity conservation through improved management and sustainable use of natural resources in the production landscape.[3] The World Bank review of its biodiversity portfolio (1988 to 1999) notes a clear shift in activities over time, specifically, a decreased percentage of projects with activities in support of protected areas, institutional building and financing mechanisms, and biodiversity monitoring and research, and an increased percentage of projects with activities related to sustainable use of biodiversity in productive landscapes and conservation outside protected areas. The World Bank expects that its investments will increasingly emphasize mainstreaming biodiversity into sustainable development operations and policy reforms, especially in production landscapes (World Bank 2000).

World Bank Figure 1. Annual biodiversity funding by entity, 1989–1999



Source: Data for this chart were taken from *Supporting the Web of Life: The World Bank and Biodiversity—A Portfolio Update 1988–1999* (World Bank 2000).

Programming World Bank financial resources for biodiversity conservation depends in large part on the incorporation of biodiversity concerns into country-level strategies. The Country Assistance Strategy (CAS) is the central vehicle for International Development Association (IDA) and International Bank for Reconstruction and Development (IBRD) assistance. Each CAS is prepared in conjunction with the government; it identifies development priorities and indicates the level and composition of World Bank assistance. For the poorest and most indebted countries, the World Bank develops Poverty Reduction Strategy Papers (PRSPs). PRSPs identify external financing needs and provide a basis for World Bank and International Monetary Fund (IMF) concessional lending and debt relief under the enhanced Heavily Indebted Poor Countries Initiative (HIPC).[4]

A major focus of the World Bank is successfully "mainstreaming" biodiversity and other environment issues across other development sectors.[5] At one level, the World Bank will use the Millennium Development Goals (MDGs) as a framework for mainstreaming environment issues. The World Bank describes the MDGs as mutually reinforcing (World Bank 2002a), meaning that it will be important to address environment concerns across all sectors in order to achieve all eight goals. In support of its mainstreaming efforts, the World Bank is leading the Poverty and Environment Partnership, a collaboration of development agencies and banks established in September 2001 for research and planning to address the poverty-environment nexus through development activities. In addition, several recent World Bank publications highlight poverty-environment linkages.[6]

Finally, the World Bank acts as a coordinator of biodiversity donors. One of the largest biodiversity conservation programs managed by the World Bank is the International Pilot Program to Conserve Brazilian Rainforest (PPG7). The Program is funded with contributions totaling about $340 million to the Rain Forest Trust Fund (RFTF) by donor governments and the Government of Brazil.[7] PPG7 was designed to protect the living areas of indigenous peoples, to conserve biological diversity, and to preserve the climatic balancing function of both the Amazonian forests and the coastal forests on the Atlantic. Successful PPG7 projects include participatory resource management, designation of protected areas, financing, enhanced donor coordination and joint planning, monitoring and evaluation, and integration of indigenous peoples and NGOs into decision-making processes and practical implementation (World Bank 2003e).

Endnotes

[1] Three significant examples are the Critical Ecosystems Partnership Fund (CEPF), managed by Conservation International (www.cepf.net), ForestTrends (www.forest-trends.org), and the World Bank/World Wildlife Fund Forest Alliance (www.forest-alliance.org).

[2] See World Bank Projects Database. Available online: www4.worldbank.org/sprojects.

[3] *Biodiversity Conservation in Forest Ecosystems* uses ten project categories to describe the World Bank's biodiversity investments in forest ecosystems: institution-building, improving biodiversity information, public awareness raising, *ex situ* biodiversity conservation, establishment of new protected areas, strengthening management of existing protected areas, development and biodiversity management in park buffer zones, biodiversity management in production landscapes, sustainable financing and market mechanisms, and ecotourism (World Bank 2002c).

[4] The HIPC countries include 34 countries in Africa, four in Latin America, three in Asia, and one in the Middle East.

[5] The World Bank definition of "mainstreaming" is "to integrate environmental concerns into broader operational and analytical activities" (World Bank OED 2002).

[6] Recent World Bank biodiversity portfolio reviews describe linkages between biodiversity conservation and poverty alleviation (World Bank 2002c, World Bank 2002d, World Bank 2000). *Linking Poverty Reduction and Environmental Management: Policy Challenges and Opportunities* was presented by the World Bank, UNDP, DFID, and the European Commission at the August 2002 World Summit on Sustainable Development in Johannesburg (DFID, EC, UNDP, & World Bank 2002a). The World Bank publication *The Environment and the Millennium Development Goals* also describes poverty-environment linkages in the context of the Millennium Development Goals (World Bank 2002a).

[7] The major donor government contributors to PPG7 are Germany ($171.27 million through March 2002), the European Commission ($64.34 million through March 2002), the United Kingdom ($23.32 million through March 2002), and the United States ($19.35 million through March 2002) (World Bank 2003e).

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