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MEETING OF DONOR AGENCIES AND OTHER  
RELEVANT ORGANIZATIONS TO DISCUSS  
OPTIONS FOR MOBILIZING NEW AND  
ADDITIONAL FUNDING FOR THE  
IMPLEMENTATION OF THE PROGRAMME  
OF WORK ON PROTECTED AREAS

Montecatini, Italy, 20-21 June 2005

## REPORT OF THE MEETING OF DONOR AGENCIES AND OTHER RELEVANT ORGANIZATIONS TO DISCUSS OPTIONS FOR MOBILIZING NEW AND ADDITIONAL FUNDING FOR THE IMPLEMENTATION OF THE PROGRAMME OF WORK ON PROTECTED AREAS

### INTRODUCTION

1. In its decision VII/28, the Conference of the Parties to the Convention on Biological Diversity adopted a programme of work on protected areas. Activity 3.4.7 of that programme of work suggests that the Executive Secretary should “[c]onvene as soon as possible, but not later than 2005, a meeting of the donor agencies and other relevant organizations to discuss options for mobilizing new and additional funding to developing countries and countries with economies in transition and small island developing States for implementation of the programme of work”. Accordingly, the Executive Secretary convened the Meeting of Donor Agencies and Other Relevant Organizations to Discuss Options for Mobilizing New and Additional Funding for the Implementation of the Programme of Work on Protected Areas in Montecatini, Italy, on 20-21 June 2005 at the kind invitation of and with generous funding from the Government of Italy.

2. The meeting was attended by participants from the following Parties to the Convention and other Governments: Albania, Argentina, Austria, Belize, Bolivia, Canada, Colombia, Cuba, Ecuador, Egypt, European Community, Germany, Indonesia, Italy, Liberia, Netherlands, Palau, Peru, Russian Federation, Spain, Sweden, Switzerland, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, United States of America.

3. The following donor agencies and other relevant organizations also participated: Global Environment Facility (GEF), BirdLife International/Royal Society for the Protection of Birds, Conservation International, Forest Peoples Programme, Greenpeace, International Ranger Federation, IUCN—The World Conservation Union, Madagascar Foundation for Protected Areas and Biodiversity, The Nature Conservancy, United Nations Development Programme (UNDP), Wildlife Conservation Society, World Wide Fund for Nature (WWF Russia), World Wide Fund for Nature (WWF) – International, World Bank.

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4. The meeting was co-chaired by Mr. Dirk Schwenzfeier (Germany) and Prof. Alfred A. Oteng Yeboah (Ghana). Mr. Samuel Sangüeza Pardo (Ecuador) served as Rapporteur.

## I. OPENING OF MEETING

5. The Meeting of Donor Agencies and Other Relevant Organizations to Discuss Options for Mobilizing New and Additional Funding for the Implementation of the Programme of Work on Protected Areas was opened at 10 a.m. on Monday, 20 June 2005, by Mr. Hamdallah Zedan, Executive Secretary of the Convention on Biological Diversity.

6. In his opening statement, Mr. Zedan welcomed participants and expressed his deep appreciation to the Government and people of Italy for hosting the meeting. He said that protected areas were fundamental for achieving the three objectives of the Convention on Biological Diversity. The Convention indeed was largely a donor-driven agreement. As the Convention had shifted its focus from policy development to implementation, the role of donors had become all the more prominent, in particular within the context of the programme of work on protected areas. The present meeting was therefore both timely and critical. It was difficult to arrive at an accurate figure for the amount of official funds that had been committed to protected areas, but, if figures from the Global Environment Facility and the World Bank, as well as others, were added together, the total external official finance solely devoted to protected areas might be half a billion dollars per year. That was insufficient to sustain a representative global system of protected areas, and efforts by both donors and recipients were needed to address the funding gap.

7. As a result of the dramatic increase in the number and extent of protected areas in the past decade, around 12 per cent of the world's land surface currently had protected status. Questions were, however, being raised concerning the quality or management effectiveness of these protected areas. Without ensuring a minimum level of protection measures, the Convention could not comfortably claim that it was achieving the goals that have been set out in the programme of work on protected areas.

8. Financial sustainability was another challenge. Funding for biodiversity in general and for protected areas in particular, had been an easy target for most fiscal adjustment programmes, in both national budgetary processes and the official development assistance budgets in bilateral, regional and multilateral agencies. External resources windfalls were of course useful, but overall it might be more cost-effective to take into account and ensure financial sustainability upfront in designing and establishing protected areas. That would again require efforts from both donors and recipients. Those issues had been reflected in the note by the Executive Secretary on options for mobilizing financial resources for the implementation of the programme of work by developing countries and countries with economies in transition (UNEP/CBD/WG-PA/1/3) prepared for the first meeting of the Ad Hoc Open-ended Working Group on Protected Areas, held the previous week. The previous week, the Working Group had adopted a number of recommendations, including one on financial resources, which was before the current meeting for information and further action (UNEP/CBD/PA/DONORS/1/2).

9. Mr. Giorgio Trabattoni, speaking on behalf of the Government of Italy, welcomed the participants and emphasized the presence of recipient countries in the meeting. He reiterated the need for additional funding for implementing the programme of work and for achieving the Millennium Development Goals.

10. The Meeting also heard a message from the Ms. Ana Alban Mora, Minister of the Environment of Ecuador.

## ITEM 2. ORGANIZATIONAL MATTERS

### 2.1. *Adoption of agenda*

11. The Meeting adopted the following agenda on the basis of the provisional agenda that had been circulated under the symbol UNEP/CBD/PA/DONORS/1/1:

1. Opening of meeting
2. Organizational matters:
  - 2.1. Adoption of agenda;
  - 2.2. Organization of work.
3. Substantive issues: Part I:
  - 3.1 Outcome of the first meeting of the Open-ended Working Group on Protected Areas on agenda item 3.2 (Financial resources);
  - 3.2 Overview of protected areas financing (factual position);
  - 3.3 Overview of World Bank support for the programme of work on protected areas;
  - 3.4 Presentations by Parties from developing countries including small island developing States and countries with economies in transition;
  - 3.5 Overview of Global Environment Facility (GEF) support for the programme of work on protected areas.
4. Substantive Issues: Part II
  - 4.1 UNDP/GEF Project: Supporting country early action on protected areas;
  - 4.2 Presentations by other multilateral agencies, bilateral donors, international non-governmental organizations;
  - 4.3 Way forward.
5. Closure of the meeting.

### 2.2. *Organization of work*

12. Participants agreed with the organization of work as proposed in document UNEP/CBD/PA/DONORS/1/1, with short discussion after each presentation.

**ITEM 3. SUBSTANTIVE ISSUES: PART I****3.1 Outcome of the first meeting of the Open-ended Working Group on Protected Areas on agenda item 3.2 (Financial resources)**

13. The Secretariat drew attention to recommendation 1/2 of the Ad Hoc Open-ended Working Group on Protected Areas (UNEP/CBD/PA/ DONORS/1/2), which the Working Group had requested the Executive Secretary to transmit to the current meeting for the information and for further action of the participants. The recommendation included a number of options to increase financing to protected areas from a variety of sources and through different mechanisms. It suggested options for mobilizing financial resources by Parties and, for that purpose, provided some guidance to developed and developing countries and countries with economies in transition. It also suggested options on how the Global Environment Facility and its implementing agencies, as well as international and regional development banks, international non-governmental organizations and the private foundations, could mobilize financial resources.

14. More specifically, the recommendation called, *inter alia*, for: (i) the organization of national and regional protected area roundtables of donor and recipient countries for the purpose of advancing the progress in achieving goal 3.4 of the programme of work on protected areas; (ii) the design and elaboration of financial sustainability plans for protected-area systems; and (iii) the provision of financial and technical support to developing countries and countries with economies in transition, for the implementation of the programme of work on protected areas, for related capacity-building programmes, and the development of partnerships.

**3.2 Overview of protected-area financing (factual position)**

15. At the 1st session of the meeting, on 20 June 2005, Mr. Sheldon Cohen, Conservation Finance Alliance, presented an overview of protected-area financing. A summary of the presentation is given in annex I below.

**3.3 Overview of World Bank support for the programme of work on protected areas**

16. Under this item, Mr. Warren Evans of the World Bank, made a presentation, a summary of which is contained in annex I below.

**3.4 Presentations by Parties from developing countries including small island developing States and countries with economies in transition**

17. At the 1st and 2nd sessions of the meeting, representatives from Africa (Liberia and the United Republic of Tanzania), Asia and Pacific, including small island developing States (Indonesia and Palau), Latin America and the Caribbean region, including Belize, Bolivia, Colombia, Cuba, Ecuador, Panama and Peru, and Central and Eastern Europe (the Russian Federation and Albania) gave presentations on the actions being taken to implement the programme of work on protected areas, their funding needs to implement the programme of work on protected areas, and the steps being taken to expand national funding sources to support the programme of work on protected areas. Summaries of these presentations are given in annex I below.

### **3.5 Overview of Global Environment Facility (GEF) support for the programme of work on protected areas**

18. Mr. Gonzalo Castro, Biodiversity Team Leader, Global Environment Facility, summarized the current GEF-3 period, highlighting support relevant to the programme of work on protected areas. He also outlined the GEF response to guidance in decision VII/20 of the Conference of the Parties to the Convention, on further guidance to the financial mechanism and the options for future GEF support. A summary of this presentation is given in annex I below.

## **ITEM 4. SUBSTANTIVE ISSUES: PART II**

### **4.1 UNDP/GEF Project: Supporting country early action on protected areas**

19. Under this item, Mr. Marcel Alers, United Nations Development Programme (UNDP) summarized a new project in the PDF-B design stage to support early actions under the programme of work on protected areas. He discussed opportunities for donor collaboration around the project. A summary of this presentation is given in annex I below.

### **4.2 Presentations by other multilateral agencies, bilateral donors and international non-governmental organizations**

20. Under this item, presentations were made by the representatives of the Wildlife Conservation Society, IUCN—The World Conservation Union, The Nature Conservancy, the European Community, Sweden, Germany, the Netherlands, Spain and Italy. Summaries of these presentations are given in annex I below.

### **4.3 Way forward**

21. At the 3rd session of the meeting, on 21 June 2005, it was decided, on the proposal of the Co-Chairs to form two break-out groups to consider the following topics:

#### **1. Short-term national and regional-level actions for the implementation of the programme of work on protected areas in developing countries and countries with economies in transition**

- Financial needs assessments and financial sustainability plans
- Protected-area financing roundtables
- ODA assessment and strengthening
- Financial support for the full and effective participation of indigenous and local communities
- Early-action funding

#### **2. Poverty reduction strategies/Millennium Development Goals and the programme of work on protected areas**

- Country-level protected-area values and benefits initiatives designed to assess, document and communicate contributions of protected-area systems to poverty reduction and the Millennium Development Goals
- Millennium Review Summit in September 2005—highlighting the importance of protected-area financing
- Relevant policy processes (e.g., the European Union Development Assistance Strategy)

**3. *Trust funds***

- Creation of new conservation trust funds
- Strengthening of existing trust funds

22. The break-out groups reported back to the plenary at the 4th plenary session of the meeting, on 21 June 2005. Following a discussion of the outcomes of the groups' work, the meeting agreed to adopt the Montecatini Financial Considerations for Protected Areas, which are contained in annex II below.

**ITEM 5. CLOSURE OF MEETING**

23. The meeting was closed at 6 p.m. on Tuesday, 21 June 2005.

*Annex I***SUMMARY OF PRESENTATIONS UNDER AGENDA ITEMS 3 AND 4*****Item 3.2. Overview of protected-area financing (factual position): presentation by Mr. Sheldon Cohen, Conservation Finance Alliance***

1. At the 1st session of the meeting, on 20 June 2005, Mr. Sheldon Cohen, Conservation Finance Alliance, presented an overview of protected-area financing. He said that recent positive trends included a gradually improved understanding of the values and benefits of protected areas, greater diversification of both conventional and innovative funding sources and, in particular, greater mobilization of national sources, better financial plans and needs assessments for national systems of protected areas, the encouraging success that had been achieved in the past ten years through national conservation trust funds, and the growing recognition of the need to improve the qualitative aspects of protected-area funding.

2. The key challenge was to increase both the quantity and quality of funding for protected areas. The extent of protected areas had increased dramatically over the past ten years, with the total area under protection almost doubling. However, in the same period, inflation-adjusted value of financing for protected areas had at best remained constant and, in some cases, declined. According to one estimate, external development assistance for public protected areas in developing countries had decreased dramatically from \$700-\$770 million a year in the early 1990s to \$350-\$420 million in 2003. The funding shortfall for core costs in developing countries was estimated at about \$1.2 billion a year. In order to improve the quality of funding donors might consider passing legislation to allow support to trust fund endowments, developing longer-term funding programmes (for example, five to seven rather than three years), and improving the timing by minimizing delays in transferring funds. At the same time, recipients might wish to consider a range of measures, including, building diverse portfolios of funding sources; improving the timing, targeting and financial management of funds; providing incentives and opportunities for protected-area managers to generate and retain funds at the protected-area unit level; targeting cash or in-kind support to local communities who incurred costs; and addressing the broader market, price, policy and institutional distortions that were obstacles to funding and financial sustainability.

3. Turning to the outcomes of the first meeting of the Open-ended Ad Hoc Working Group on Protected Areas, he said that there were a number of technical issues related to the next steps to be taken. First, regarding the design and elaboration of financial sustainability plans (recommendation 1/2, paragraph 1 (e)), there was a need for regional and sub-regional processes to share methods and experiences of completed plans and accelerate progress. There was also a need for technical assistance to individual countries to enable them to complete plans, with a key focus on contributions to the achievement of the Millennium Development Goals. Secondly, with regard to options for innovative international finance mechanisms (recommendation 1/2, paragraph 1 (f) (v)), an expert analysis should be undertaken of how protected-area financing might fit into currently proposed mechanisms related to the Millennium Development Goals that already have "traction", such as the international finance facility being championed by the United Kingdom and airline ticket taxes discussed within the G8. An expert analysis should also be conducted on other mechanisms, such as other international taxes, outlined in the Landau and Lula reports on financing the Millennium Development Goals and other mechanisms more directly linked to protected areas, such as compensation for reducing deforestation rates. The third technical issue concerned the establishment of an ongoing dialogue on financing and future meetings of the Ad Hoc Open-ended Working Group on Protected Areas on the matter of financial commitments. In that respect, there was a need to address the information and analytical needs for the dialogue process,

based on the key information gaps and concerns raised at the current meeting. Examples included the need to refine estimates of current levels and shortfalls in public funding, to analyse concrete options to improve the effectiveness of funding, and to conduct research on payments for the ecosystem services provided by protected areas. The fourth technical issue related to the GEF early action funding project (recommendation 1/2, paragraph 2 (c)), where there was a need to refine activities to be supported and funding needs assessments for early action, as well as to provide technical assistance to support priority early actions).

***Item 3.3. Overview of World Bank support for the programme of work on protected areas***

4. Mr. Warren Evans of the World Bank said that biodiversity conservation activities, including protected-area financing, were being increasingly mainstreamed in World Bank country, regional and global programmes. At the country level, it was important to focus on enabling finance through recognizing the linkages of biodiversity conservation with poverty reduction and growth within poverty reduction strategy papers (PRSPs) and country assistance strategies, thereby facilitating loan and grant financing as a priority. The World Bank had supported over 240 protected-area projects since 1988 in an amount of more than \$4 billion, with one-third financing from the International Bank for Reconstruction and Development and the International Development Association, one third from the Global Environment Facility, and one third from other grants and co-financing sources. New financing mechanisms, included:

(a) *Carbon finance* - support for reforestation on lands deforested prior to 1989 such as in protected-area buffer zones was allowed under the Kyoto Protocol Clean Development Mechanism. The World Bank was managing about \$900 million and had supported carbon finance for reforesting buffer zones through the Prototype Carbon Fund and Bio-carbon Fund. Discussions were under way at the political level to allow forest conservation and management to be eligible for issuance of carbon credits after 2012, which could substantially increase funding for protected areas;

(b) *Payment for environmental services*. Mr. Evans described the significant progress has been made in this area, including the national and regional initiatives receiving World Bank loan and GEF grant funding;

(c) *Conservation trust funds*- Over the past decade more than 23 environment trust funds had been created with World Bank and GEF support and assistance, and the experience was very positive.

5. In conclusion, Mr. Evans stated that innovative approaches to conservation financing were continuing to give positive results, but the financing gaps from national governments were still large. International financing from donors needed to grow and, at the same time, new mechanisms needed to be expanded and promoted. Adaptation to climate change needed to be considered in protected-area projects. There was a need to strengthen the linkage of conservation to economic growth and poverty reduction and encourage local support for conservation by providing benefits to local communities. There was also a need to strengthen the monitoring of the status of biodiversity in protected areas and to improve the dissemination of the many positive results and lessons from protected-area management through stronger networks.

***Item 3.4 Presentations by Parties from developing countries including small island developing States and countries with economies in transition***

5. The representative of the *United Republic of Tanzania* said that more than 25 per cent of his country was under the protected-area network. He outlined the various policy actions his Government



had taken with respect to protected areas, including policy reviews, legislative actions, formulation of strategies and plans, governance reforms and monitoring and evaluation activities. He also provided details of the levels of external and internal funding for protected areas in the United Republic of Tanzania. A number of steps were being taken to expand national funding sources, including through the creation of funds for environmental management, forestry, fisheries and wildlife, capacity-building at all levels, including local authorities and the private sector, strengthening of surveillance and enforcement, and the promotion of stakeholder involvement in the decision-making processes. In conclusion, he said that the developing countries were doing their best to conserve biodiversity and had set aside large portions of their land and water resources as protected areas. They had revised their policies, legislation, strategies and programmes for the better management of global biological resources. They therefore needed continued and timely financial support from their development partners for the meaningful implementation of those initiatives. Poor countries needed assistance not only for environmental efforts but also for economic growth and poverty alleviation. He therefore appealed for some flexibility in the conditions for accessing development funds.

6. The representative of *Liberia* said that, despite its small size, his country was significant for biodiversity. After outlining the policy and legislative frameworks in Liberia, he said that funding for protected areas had been very inadequate, with most coming from external sources. It was estimated that in order to manage the existing two protected areas in his country and to establish the six proposed ones covering terrestrial ecosystems and to establish marine protected areas, the annual requirement for Liberia's protected-area programme would be \$7 million. No figures were available for internal funding, but it could be assumed that some of the conservation fees of \$2.25 per cubic metre levied on extracted timber were used for protected-area programmes. External support for the protected-areas programme in Liberia had come mainly through WWF, Fauna and Flora International (FFI) and Conservation International, with the World Bank, UNDP and FAO beginning to show some interest. He requested those institutions to meet as a group of "Friends of Liberia" to design sustainable funding mechanisms for long-term support to the programme. The group should seek to expand its membership to include IMO, UNEP and UNESCO. At the same time, political commitments should be obtained from regional bodies such as the Economic Community of West African States (ECOWAS), the African Union and the New Partnership for Africa's Development (NEPAD). Liberian professionals, stakeholders and protected-area managers should take reasonable steps to mobilize internal financial resources to complement the efforts of the "Friends of Liberia", including by setting aside for protected areas a significant portion of funds generated from conservation fees, encouraging the private sector to support protected areas, setting up a system whereby tourism-based fees were charged, and levying user fees and redirecting perverse subsidies for protected areas.

7. The representative of Liberia concluded by making a special case for Africa. He said that the second largest of the three remaining tropical forest blocks was found in Africa (the Congo basin). Given that biodiversity predominantly resided in forest ecosystems, special attention needed to be given to supporting protected areas in tropical forests, taking due note of the needs of Africa. A recent workshop held on funding needs for protected areas in Africa had revealed that there were roughly 1,200 protected areas in Africa, and funding requirements for managing them amounted to \$300 million a year. Only one third of that amount had ever been spent. If the programme of work on protected areas was to be implemented, Africa would have to design a very comprehensive national and regional system of protected areas to include marine protected areas beyond national jurisdiction. An estimated \$800 million would then be required per annum to finance effective implementation. That amount was barely 3 per cent of the \$25 billion needed to support global systems of protected areas. The estimate was to address infrastructure in protected areas and gaps in training, in order to build the absorptive capacities to manage protected areas. Many African countries had completed their national biodiversity strategies and action plans, and most of the strategies made provision for protected areas.

8. The representative of *Indonesia* said that his country was the largest archipelagic State in the world and was located in the Coral Triangle, which was the heart of the global epicentre of marine biological diversity. However, its fisheries income was threatened by a precipitous decline as a result of over-exploitation of all major commercial species and the degradation of important nursery grounds. Indonesia was formulating policies on marine protected areas as a cornerstone for sustainable management. Following the seventh meeting of the Conference of the Parties to the Convention, Indonesia committed itself to gazetting 10 million hectares of its waters as marine protected areas by 2010. As of May 2005, the total coverage of marine protected areas was approximately 5.6 million hectares. His Government had committed approximately \$4.2 million per fiscal year for the marine conservation, including the development of networks of marine protected areas. A financing study for flagship marine protected areas, however, had indicated that the management costs alone for the expansion of marine protected areas to achieve the 2010 target would be approximately \$40.5 million, calculated on a net-present-value basis. Indonesia intended to explore the widening of the sources of government funding for protected-area systems, including revenues from taxes and fishing permits and the reallocation of government support from the expansion of capture fisheries and fuel subsidies to better management. In conclusion, he invited donor agencies to a workshop on sustainable financing for marine protected areas to be held in Indonesia by the end of 2005.

9. The representative of the *Republic of Palau* said that his country consisted of 586 island spread over more than 700 kilometres. The Palau Protected Areas Network Act represented the national framework to support action at the State and community level. Its dual purposes were to address local resource-management needs and to protect nation-wide biodiversity, habitats and natural resources. It covered both marine and terrestrial areas. The Act provided for a full range of protected-area options and required a fully collaborative effort at the community, State and national levels, as well as other resource-management and planning actions. Its main components were: supportive policies; strong science; effective management; and sustainable finance. A sustainable financing plan for the national protected area network would build upon existing revenues from fees and licences and on existing national budgetary allocations. It would also create a new revenue stream and leverage international development assistance. In conclusion, he said that Palau was committed to implementing the programme of work through a network of protected areas. It was putting in place the legislative framework for the use of dedicated new funds to finance a more comprehensive, resilient and effectively managed protected-areas network. It also sought assistance for the capitalization of an endowment in the amount of \$12 million to ensure the sustainable financing of the protected-area network. Management costs to establish and operate Palau's protected area network have been estimated at \$2.5 million per year. Existing annual revenue dedicated to existing protected areas is about \$0.9 million. For implementing the programme of work, Palau has identified new revenues streams to generate additional \$1 million. The estimated shortfall is \$0.6 million and an endowment fund of \$12 million would secure the establishment and operation of protected area network in perpetuity.

10. *The Latin American and Caribbean Group* identified the following regional challenges for financial sustainability:

- (a) Political and institutional stability;
- (b) Integration of national protected areas into national development policies;
- (c) Lack of resources and personnel at all levels;
- (c) Strengthening of planning, monitoring and follow-up systems;
- (f) Developing capacities for a system-wide approach.

11. The Latin American and Caribbean Group suggested the following options for mobilizing resources:

- (a) Redirecting part of ODA towards the implementation of the programme of work;
- (b) Flexible approaches to external debt;
- (c) Technical assistance for creating local capacities for financial sustainability;
- (d) Stronger support from GEF and other donor agencies for the programme of work.

12. The Latin American and Caribbean Group identified the following regional priorities:

- (a) Short-term needs to meet deadlines in the programme of work;
- (b) Mid- and long-term financial commitment to implement objectives and plans;
- (c) Support to establish regional and subregional financing roundtables.

13. The representative of *Belize* mentioned that a project on National Protected Areas Policy and System Plan (NPAPSP) was developed in 2004 through the Ministry of Natural Resources with the guiding principle that the Protected Areas System should be a major contributor to national development and poverty alleviation, while maximizing its biodiversity value and ecological functionality. The National Protected Areas Policy and System Plan Initiative includes: Policy Formulation; Protected Area System Assessment and Analysis; Management Procedures and Sustainable Use; Strengthening Management and Monitoring; Strategic Protected Areas System Plan. UNDP, Mesoamerican biological corridors project, Belize Audubon Society, The Nature Conservancy, WWF, the World Conservation Society, the Ministry of Natural Resources and the Environment and some other donors provided funding for NPAPSP.

14. The representative of *Bolivia* informed that 16% of the country is under protected areas (22 in number) representing 80% of Bolivian biological diversity. Estimated financial shortfalls for implementing the programme of work were about \$3.5 million per year. Bolivia had advanced in the components of the programme of work, mainly in the gap analysis, financial strategic plan, monitoring and beginning to structure a capacity building plan for different stakeholders of the system. Endowment funds had been of great help in strengthening the Bolivian national system, not only for conservation purposes but mainly to match and leverage international and national fund to support sustainable development. The size of Bolivian endowment funds from different donors amounted to \$10 million, but there was a need to enlarge the fund to \$40 million. About 10 per cent of that amount would be generated through national public and private funds. The remaining amount needed to be raised through new donors' donations. Bolivian government support consisted of national funds and revenues related to tourism taxes, concessions, environmental services and local government financial and non financial supports in a policy of co-financing and co-responsibility with national stakeholder and development national and local programmes. The main strategy for working with international donors was through sector-wide approach programme, which would enable international and national cooperation to support the system.

15. The representative of *Colombia* said that there were 51 protected areas in the country and about 50,860 people were direct community based beneficiaries of these areas. Estimated total expenditure for implementing the programme of work amounted to some \$22.5 million for 2005, whereas national sources accounted for about \$11.7 million, leaving a gap of \$ 10.7 million per year. Sustainable financial

strategies and activities under implementation included: eco-tourism services fees, reduction of operational costs, increased national funding, leverage of financial resources with subnational institutions, partnerships with private sector, environmental service payments, and debt for nature swaps. The representative of Colombia also informed the meeting of their experience in dealing with illegal use and occupation of protected areas, payments for ecosystem services, and other funding alternatives.

16. The representative of *Cuba* stated that a strategic plan had been developed for the national protected areas system (2003-2008). A cost estimate of implementing the plan included \$32 million with a funding shortfall of \$29 million.

17. The representative of *Ecuador* stated that towards implementation of goal 3.4 of the programme of work on protected areas, a memorandum of understanding (MoU) had been signed between the Ministry of Environment and seven national and international organizations. A Conservation Financing Task Force had been established with 10 organizations. They had undertaken a financial gap analysis recently that revealed that financial shortfalls for meeting the mid-term and long-term targets of the programme of work were \$15.8 million and \$39.6 million, respectively, against the current spending of \$12.5 million. About 40% of the current spending was self-generated, and 36% was provided by the national budget. Identified financial strategies and priorities included: enabling environment agenda to secure long-term sustainability; continuing the capitalization of the protected-areas fund from its current \$12 million to \$52 million to support all the protected areas in the system; capacity-building; empowerment and implementation of business plans.

18. The representative of *Panama* said that Panama had 65 protected areas, covering about 35% of country's territory. Actions being taken to implement the programme of work on protected areas included planning, policy and governance reforms, and overview of funding needs including urgent funding needs for early actions under the programme of work. Sustainable financing strategies currently in vogue included the application of economic instruments for protected-areas financing and the implementation of concession and co-management mechanisms, and the ecotourism. Those activities together with regional monitoring systems are linked to the Central America programme on protected areas. Total estimated funding requirements for implementing the programme of work were about \$35 million.

19. The representative of *Peru* stated that Peru had conducted a financial gap assessment, and the total funding needs for implementing the programme of work amounted to \$48 million per year. The current annual budget for protected areas was about \$21 million, leaving a shortfall of \$27 million. Activities undertaken for implementing the programme of work included: financial plan for the national protected areas system in the initial phase; designing the methodological framework for the establishment of protected areas; conducting research on the valuation of goods and services provided by the national system of protected areas, including the contribution of protected areas to the national economy; competition of environmental services of the protected areas system map; organization of subnational meetings and workshops with local communities related to environmental good and services provided by the protected areas. The identified needs were:

- (a) Increasing the endowment fund capital of the Peruvian National Trust Fund for Parks and Protected Areas (PROFONANPE) and the contributions to its institutional development and consolidation of its capacities to raise additional trust funds;
- (b) Financial support for the implementation of the programme of work;
- (c) Supporting involvement of the private sector on protected-area financing.

20. The representative of the *Russian Federation* outlined the system of protected areas in his country, the action taken to implement the programme of work on protected areas, the current situation regarding protected-areas funding, the funding needs *vis-à-vis* identified priorities as related to the programme of work on protected areas under the Convention on Biological Diversity, and the steps being taken to expand national funding for protected areas. Protected areas in the Russian Federation were operated at the federal, regional and local levels. They currently comprised over 14,000 sites including Ramsar and World Heritage sites and Biosphere Reserves, representing 12 per cent of the land surface and 1.8 per cent of the continental shelf. It was planned to establish 21 new protected areas at the federal level by 2010. The sources of funding for protected areas included budgets at all levels of government, foreign grants, fines, fees and compensation, and donations (both foreign and domestic). For 2004, the funds available for federal protected areas included \$28.3 million from the federal budget, which covered 66 per cent of the real minimum needs of protected areas, \$8.5 million from foreign grants, about \$0.26 million from fines for violations of the protected-area regime and compensation for damage, \$2.5 million from services, and \$0.86 million from national donors. He concluded by briefing the meeting on the funding requirement to address the key priority directions for the period 2006-2008, which included the improvement of state management, the improvement of legislation, the development of the protected-area system through the establishment of new protected areas and resolving land issues, and support for the effective operation of protected areas.

21. The representative of *Albania* said that his country possessed a rich flora; accounting for 30 per cent of Europe's known species. About 6% of territory was under protected areas. Problems in the management of protected areas included gaps in the legal and institutional framework, the lack of a modern protected-areas network, the lack of specific protected-area management plans, the lack of qualified staff with a background other than forestry, and the lack of financial resources. Threats to protected areas in his country included economic development based on natural resources, ineffective management of protected areas, low level of law enforcement and uncontrolled activities such as grazing and hunting, the lack of coordination between different institutions, and a lack of financial means for the management of protected areas. His Government's future goals included the development of management plans for each protected area, using the participatory approach, the approval of a representative network of protected areas, the development of an operational database on protected areas and the improved flow of information within the country and abroad, the establishment of economically sustainable models for protected-area management, and increased public awareness and improved communication. In conclusion, he gave some examples of donor support (Italy, the World Bank, GEF) to protected areas in his country.

**Table 1: Overview of funding estimates, funding shortfalls, main national mechanisms and identified needs extracted from the presentations**

Country	Number/area of protected areas	Funding estimates (US\$ million per year)	Funding shortfall (US\$ million per year)	Main national mechanisms	Main needs
Indonesia	Current – 5.6 million ha  Committed – 10 million ha	40.5	35.0	Trust fund  Taxes and fishing permits  Entrance fee	Increased contributions to Trust Funds  Enhanced GEF and other multilateral and bilateral support  Organization of regional and national round tables
Palau	Not mentioned	2.5	0.6	Trust fund	Same as above
Liberia	Current – 2 protected areas  Committed – 6 protected areas	7.00	Not mentioned	Conservation fee	Same as above
Russian Federation	14,000 sites (268 federal) 12% land surface and 1.8% of continental shelf  Committed – 21 more at the federal level	95 (at the federal level)	33 (at the federal level)	Fines, fees, compensation, and donations	Same as above and increase contribution to the development of protected-area infrastructure
Bolivia	16% geographical area	Not mentioned	3.50	Endowment funds	Same as above
Colombia	Current -51	22.5	10.7	Tourism, PES, Debt for nature swaps, partnerships with private sector	Same as above
Cuba	na	32.0	29.0		Same as above
Ecuador	na	55.4	32.9	Endowment funds	Same as above
Peru	14% territory	48.0	27.0	Trust fund	Same as above
Panama	65 protected areas covering 35% geographical area	36.0	Not mentioned	Not mentioned	Same as above

***Item 3.5. Overview of Global Environment Facility (GEF) support for the programme of work on protected areas***

22. Mr. Gonzalo Castro, Biodiversity Team Leader, Global Environment Facility, provided a summary of the GEF protected areas project portfolio. He said that, since its inception in 1992, GEF had provided \$1.2 billion with co-funding of \$3.1 billion for over 1,000 sites of protected areas covering 279 million hectares. The second GEF Overall Performance Study had noted that the portfolio had an excellent ecosystem representation and wide coverage; innovative financing; impact on capacity building, strong stakeholder participation, inclusion of science and technology issues, and made progress in addressing cross-cutting issues. Its weaknesses included: failure to address root causes, weak sectoral linkages, weak sustainability, weak private sector participation, poor capacity to measure results, and lack of strategic focus. The GEF had changed its paradigms from how to make project sustainable to how to sustain conservation, from project success to changing behaviour of societies and economies, and from short-term projects to long-term programmes.

23. Mr. Castro outlined the structure of GEF-3 allocations: with total replenishment of \$3.2 million under GEF-3, biodiversity focal area receives \$880 million. There are four strategic priorities in biodiversity focal area and allocations to protected areas were around \$400 million. He highlighted that those allocations had been made in response to guidance in decision VII/20 of the Conference of the Parties to the Convention on Biological Diversity. Given the recent studies on the global trends of biodiversity, in particular the results of the Millennium Ecosystem Assessment, he expected that GEF-4 allocations to biodiversity would stay at the level of \$800 million, and would go up to \$1,000 million if there was 25 per cent increase in resources in the GEF-4 replenishment.

***Item 4.1. UNDP/GEF Project: Supporting country early action on protected areas***

24. Under this item, Mr. Marcel Alers from the United Nations Development Programme (UNDP), presented a new project to support country early action on protected areas and called for co-financing by other donors. He recalled that several key activities of the programme of work on protected areas have target dates in 2006 and 2008, and outlined the results of a needs assessment conducted in March 2005 that indicated: lack of capacities and resources in many countries to take early actions; special challenges for the least developed countries and small island developing States; that donor support mainly focussed on individual protected areas, decentralized programming and poverty alleviation focus of most donors. As part of GEF response to guidance on protected areas from the Conference of the Parties, UNDP had decided to develop the project to assist GEF eligible countries take country-driven early actions with a fast, flexible and transparent mechanism at the level of \$10 million from GEF. The activities would be implemented over 4 years with up to \$250,000 per country for about 40 countries, particularly among the least developed countries and small island developing States. It was envisaged that the project would have competitive grant-making process, simple application procedures, user-friendly guidance materials, but will not provide technical support or financial assistance to prepare application. Applicants would need to show how proposed activities complemented all other planned biodiversity programmes and projects. The project team was currently preparing the project document, including the identification of activities suited for support, development of disbursement and procurement arrangements, grant making criteria, application and selection procedures, technical review committee, as well as securing of co-financing. The project was expected to be launched at the eighth meeting of the Conference of the Parties to the Convention on Biological Diversity.

**Item 4.2. Presentations by other multilateral agencies, bilateral donors and international non-governmental organizations**

***Wildlife Conservation Society***

25. The representative of the Wildlife Conservation Society (WCS) said that WCS strongly supported the programme of work on protected areas and had worked to improve its implementation in over 30 countries in the past year. WCS provided over \$18 million/year in support to protected areas in Africa, Asia, and Latin America, and the Pacific, working in all programme elements. WCS had a particularly strong focus in central Africa, having provided approximately \$28 million in support (approximately half of which was from USAID) to the national parks in Gabon, Republic of Congo and Democratic Republic of Congo since September 2003. WCS hoped to increase funding for protected areas at the rate of 20 per cent per year, concordant with its overall international programme growth. WCS believed that for the programme of work to be successfully implemented, countries needed to prioritize the programme at the national level, donors needed to improve in-country coordination, and countries needed to improve integration of protected areas into a their broader development agendas.

***IUCN—The World Conservation Union***

26. The representative of IUCN said that the Millennium Development Goals were interconnected and could not be achieved in isolation. Nor could they be achieved sequentially. Investing in goal 7, on environmental sustainability, contributed to the achievement of the other goals. Failure to invest adequately in goal 7 would, through an accelerated degeneration of essential ecosystem services upon which they depended, undermine the ability to achieve each of the other Millennium Development Goals. It was important to ensure that environmental sustainability, and the existing national plans and strategies, such as national biodiversity strategies and action plans (including systems for protected areas), that articulated investment priorities for it, were mainstreamed into national planning frameworks for growth, poverty reduction, and each of the other Millennium Development Goals. Accordingly, donor Governments should renew their commitment to achieving the 0.7 per cent official development assistance target, at a minimum, and to investing a proportionally larger share of new official development assistance flows to achieving environmental sustainability. At the same time, recipient countries should commit themselves to the equitable and effective use of official development assistance. There was also a need to recognize and integrate the contributions of ecosystems services to household and national economies. Finally, the 2010 biodiversity target adopted at the World Summit on Sustainable Development should be recognized as a critical milestone to achieving Millennium Development Goal 7 and the rest of the Millennium Development Goals by 2015.

***The Nature Conservancy***

27. The representative of The Nature Conservancy (TNC) said that TNC strongly supported the implementation of the programme of work on protected areas and had entered into formal cooperation agreements in 18 countries. Those countries included: Bahamas, Belize, Bolivia, Brazil, China, Colombia, Costa Rica, Ecuador, Grenada, Indonesia, Jamaica, Mexico, Palau, Panama, Peru, Papua New Guinea, and Saint Vincent and the Grenadines. TNC had earmarked about \$4 million for early-action grant funds and had already disbursed \$2 million to a total of 11 countries. Most of the remaining \$2 million would support marine protected area systems in island countries. TNC support to early-action grants was focused on: (i) coordination of national implementation (for example, in six countries, support for staff working for the government); and (ii) consultancies on key early-action themes (for example, financial sustainability plans, ecological gap assessments, capacity-building programmes). In addition, 50 TNC staff members were dedicating significant time to providing technical assistance across 20 countries for implementing the programme of work on protected areas.



### *European Community*

28. The representative of the European Community said that the Community had adopted a number of policy documents that determine how environment and biodiversity could and should be addressed in economic and development cooperation efforts. They included the 2000 Development Policy and the 2001 Environmental Integration Strategy, which defined environment as cross-cutting issue to be mainstreamed in the main focal areas of development cooperation. The development policy defined six focal areas for possible development cooperation: transport, structural adjustment, rural development, trade, regional integration and good governance. Mainstreaming mostly took place through the use of specific instruments, such as country environmental profiles and strategic environmental assessments. More information could be obtained at <http://europa.eu.int/comm/development/body/theme/environment/index.htm>. The Biodiversity Action Plan defined specific actions to promote biodiversity in development cooperation. Further information could be found at [http://europa.eu.int/comm/development/body/theme/environment/MEA\\_biodiv.htm](http://europa.eu.int/comm/development/body/theme/environment/MEA_biodiv.htm).

29. Recent developments included the preparation of the New Development Policy and Financial Perspectives, to be adopted later in 2005, which would include giving greater priority for the environment, which would also become a priority theme, not just a cross-cutting issue, and the Coherence Communication (as preparation of the European Union position for MDG+5 Summit in New York in September) which included a European Union commitment for enhanced and earmarked funding for biodiversity.

30. Development cooperation at the country and regional level was formalized in country strategy papers (CSP), which outlined the development cooperation strategy for each country or region and were signed with the national authorities, usually the Minister of Finance or Planning. The dialogue with partner country was very important, as was the integration of biodiversity and protected-area concerns in national development strategies and poverty reduction strategies (PRSPs) and in country support strategies. More information on those country support strategies could be found at: [http://europa.eu.int/comm/external\\_relations.htm](http://europa.eu.int/comm/external_relations.htm). These country support strategies usually had a duration of several years (up to seven years), and in the process the following elements were very important: the preparation of country environmental profiles, which identify key environmental issues, including biodiversity, and could include recommendations for protected areas. The country support strategies should include a summary of the recommendations of the country environmental profile. Furthermore, strategic environmental assessments, which identified environmental issues in focal sectors of European Community support should be carried out. The schedule for the next programming exercise of the country support strategies would be as follows:

- ALAMED (Asia, Latin America and Mediterranean): New programming cycle 2005
- ACP (Africa, Caribbean and Pacific): New programming cycle 2006
- TACIS (Eastern Europe and Central Asia): New programming cycle 2005

31. With regard to thematic instruments, the representative of the European Community said that they were mostly global in nature. They included:

- Environment and forestry budget line, for a total of €1+37 million a year. Calls for proposals will be launched mid 2005 and 2006 and priorities include the work programme on (marine) protected areas

- “Targeted” proposals can be presented by international organizations outside the calls for proposals. Furthermore, a study on payments for environmental services is foreseen from this budget line.

32. Further information on those targeted instruments could be found at <http://europa.eu.int/comm/europeaid/cgi/frame12/pl>. Other thematic instruments include LIFE Third Countries and SMAP (Mediterranean), for which relevant information could be found at [http://europa.eu.int/comm/environment/funding/intro\\_en.htm](http://europa.eu.int/comm/environment/funding/intro_en.htm).

### *Sweden*

33. The representative of Sweden outlined Sweden’s global-development policy, the aim of which was to achieve fair and sustainable development. The policy had two main perspectives: poverty alleviation and equity and human rights, which guided all of Sweden’s external relations. It was expected that official development assistance would reach the goal of 1 per cent of gross domestic product by 2006. In addition to Sweden’s contribution to GEF, The work of the Swedish International Development Agency (SIDA) on biodiversity focused on mainstreaming biodiversity concerns, through such mechanisms as strategic environmental assessments and environmental impact assessments and the integration of biodiversity considerations in national, regional and sectoral strategies. Funds target or earmarked for biodiversity amounted to 3-4 per cent of SIDA’s budget or some \$60-65 million a year. The focus was on poverty alleviation and livelihoods and equity, including issues of governance, the rights and roles of local communities, local benefits and community-level management. There were many win-win options available, as could be seen from the presentations by countries at the current meeting. There were also new opportunities, since \$150 million new additional funding had been allocated for the environment, and biodiversity had been identified as a strategic issue in SIDA’s proposal for the use of those additional funds. With regard to bilateral support, crucial elements included: country ownership of activities; increasing focus on sectoral or budget support; decentralization (i.e. priorities not set at SIDA headquarters); and country strategies, which should usually be aligned with poverty reduction strategy papers. National priorities and the poverty reduction strategy papers were key factors, since, in reality, there was no mechanism to channel bilateral funds outside of the country’s priorities. At least in the short term, the main opportunities lay at the regional and global levels, and Sweden would focus mainly on expanding or adding collaboration with existing partners. In conclusion, the representative of Sweden said that it was important to explore alternative and innovative mechanisms for funding, including ensuring that community-based management considerations were properly addressed in gap analysis. It was also important to be serious about the links between livelihoods and governance.

### *Germany*

34. The representative of Germany said that the programme of work on protected areas was one of the most important instruments for the conservation and sustainable use of biodiversity. There was need for a global network of protected areas as a fundamental backbone for species and habitats, for the maintenance of ecological services and for the wellbeing of the people. With the inclusion of local communities in the planning and management, with an intelligent zoning of areas and with the permission of sustainable use in different areas the network would also be a crucial basis for the improvement of livelihoods and the alleviation of poverty. Germany was committed to supporting the implementation of the programme of work, together with other important instruments under the Convention on Biological Diversity. The German Ministry for Economic Cooperation and Development is actually supporting biodiversity related-projects in the amount of approximately \$84 million a year through bilateral and multilateral development cooperation. Bilateral development activities included about 35 projects for the sustainable use of protected areas worldwide. The funds spent for biodiversity in technical and financial cooperation amounted to some \$60 million a year. Those projects combined

high-level policy advice and capacity-building activities on the ground. The German implementing agencies were members of the Conservation Finance Alliance, where work is done on capacity building activities on a regional base. Creation of employment in the context of designing protected areas was one of the most important measures for reducing poverty. In addition, the German Ministry for Development Cooperation was the third-largest contributor to the GEF. As about 40 per cent of GEF disbursements were spent on biodiversity area, the German contribution amounted to some \$22 million a year.

35. The Federal Ministry for Environment had recently supported the elaboration of the comprehensive IUCN-study on protected area financing, which had been distributed at the meeting of the Ad Hoc Open-ended Working Group on Protected Areas the previous week and would be published in the near future. The Ministry had also supported a regional workshop on the implementation of the programme of work on protected areas hosted by Guatemala on October 2004. In cooperation with the Conservation Finance Alliance, the Federal Agency for Nature Conservation offered a three years training series (2005 to 2007) on financial instruments in nature conservation at its International Academy for Nature Conservation on the Isle of Vilm. Each year, two seminars were held for a specific region. The aim of the seminar was to train trainers who can act as multipliers in their own countries. The first seminar with participants from Central Asia (Kyrgyzstan, Kazakhstan, Tajikistan, Uzbekistan) had been held in April on Vilm and had been a great success. In the forthcoming two years, training would focus on the Caucasus region and the Russian Federation.

36. The afore mentioned activities reflected the clear commitment of Germany to the development of a global network of protected areas on the one hand and for better management of existing and future protected areas on the other. Germany would continue its efforts and try to strengthen its work together with its partners. Germany was aware of the ambitious targets and challenges of the programme of work on protected areas and clearly recognized the need for increased efforts. It was a common challenge to find options for improved and enlarged protected-area financing.

### *Netherlands*

37. The representative of the Netherlands noted that deforestation was progressing at an alarming rate, with a consequent loss of biodiversity. The Netherlands wanted to reverse that trend through its cooperation programme. A number of examples of activities supported by the Netherlands, often through co-financing with GEF, had already been given at the meeting. In addition, the Netherlands worked in Latin America with IUCN on valuation of ecosystem services and Forest Trends, a non-governmental organization, on payment for ecosystem services to help communities derive income from protected areas. The Netherlands also provided bilateral support to protected areas in China, Malaysia, Mongolia, the Philippines, Ghana and Senegal, and worked multilaterally through, for example, the World Bank Meso-American ecological corridor. In total, the Netherlands disbursed some 20 million euros a year on protected areas and a total of \$146 million a year on aid targeting the objectives of the Convention. Several dialogue processes in recent years had resulted in the identification of themes that the Netherlands considered central to the achievement of conservation and sustainable management. The first was governance and institutional development: for example, in Guatemala, a model for integrated management with co-financing from GEF had been strengthened to address an important issue that had not been dealt with, namely capacity-building for law enforcement. The second theme central to sustainable management was financing mechanisms and forest valuation, the subject of the current discussion at the meeting. The third theme was the need to take into account intersectoral relationships and focus on the impacts in other sectors. Concerning the plans for the future, a mission was being funded in the Congo region to formulate a programme to improve governance in the forest sector of the Congo basin countries and hence contribute to economic development and conflict prevention, as well as to contribute to a more sustainable use and management of tropical rain forests. The programme should operate beyond the traditional sectoral limits, with the government entities involved including the

ministries of planning, finance, energy, defence, forests and water. The Netherlands was also discussing plans for cooperation with the German Technical Cooperation Agency (GTZ) in a programme with the Amazon Cooperation Treaty countries that would include the establishment of ecological corridors, economic valuation, biotrade, etc. She stressed, however, that her country could do nothing bilaterally unless the countries themselves brought a matter up as a priority in, for example, poverty reduction strategy papers.

### *Spain*

38. The representative of Spain outlined the structure of the Spanish contribution to the implementation of the programme of work on protected areas in developing countries. First of all, Spain contributed €2.15 million to the third replenishment of GEF, with approximately € million for biodiversity. Secondly, the Spanish international cooperation in its implementation plan for 2005-2008 considered protected areas to be both a horizontal and a specific priority. In other words, funding for protected areas could be channelled through mainstream official development assistance projects as well as through two specific biodiversity programmes with earmarked funds. Those were the Araucaria programme for Latin America and the Azahar Programme for Mediterranean countries. The Araucaria and Azahar programmes focused in particular on the implementation of elements 1 and 2 of the programme of work ("Strengthening of national and regional protected-area systems"). Other earmarked official development assistance programmes could also be used for protected areas, such as Spain's indigenous people programme. In addition to the funds managed by the Spanish development cooperation agency, the Ministry for the Environment also had its own earmarked funds of €4 million for 2005, to be used, for example, for supporting the programme of work in developing countries. It included a budget line managed by the national parks department and a budget line managed by the directorate general for biodiversity. Other projects such as support to the IUCN Mediterranean Office are funded through mainstream budget lines of the Spanish Ministry for the Environment. On the top of it most of Spain's regional governments had their own development cooperation programmes, some of which had a specific focus on protected areas. Spain was also committed to implement innovative ways for providing support for the programme of work in developing countries. It had concluded a debt-for-nature swap with Costa Rica and was currently considering other such swaps with other Latin-American countries. Spain was also exploring the possibility of extending its experience in contributing to Trust Funds, possibly providing both direct and/or indirect contributions to such trust funds. Spain intended to increase the amount currently devoted to support the implementation of the programme of work on protected areas in developing countries in the forthcoming years. The Government was committed to doubling the current amounts of official development assistance by the year 2008.

### *Italy*

39. The representative of Italy said that biodiversity conservation was one of the priorities of his country's development cooperation policies and actions, particularly in terms of *in situ* conservation, as also reflected by Italy's strong commitment to the transboundary protected areas process. The Italian Government supported, both technically and through a trust fund, the efforts of the IUCN World Commission for Protected Areas toward management harmonization by neighbouring systems of protected areas and ecosystems that are shared across borders. At the policy level, Italy also promoted several *in situ* initiatives for the systematic and integrated conservation of transboundary protected areas throughout the world. In some cases, Italy supported the development and implementation of innovative tools for the sustainable management of shared ecosystems, such as with an eight-country partnership programme in Asia, spanning the Hindu Kush-Karakorum-Himalaya mountain complex, at a cost of 4 million euros. The Italian Development Cooperation also was involved in a programme worth 2.4 million euros for the systemic management of shared components of the Amazon biome across the Peruvian-Bolivian borders, which comprises the complex of the Tambopata Candamo-Madidi protected areas. The project supported communities settled in protected-area buffer zones, traditionally

engaged in coca cultivation, and aimed at the establishment of environmental and economic conditions to provide incentives for the identification and development of economically and environmentally sustainable alternative sources of income.

40. Italy was also actively involved in tapping the potential role of protected areas in post-conflict reconstruction and stabilization, as was the case with the transboundary protected area process in Africa, in our Limpopo basin Initiative, valued at 5 million euros, as well as creating bridges between the borders of Mozambique, Zimbabwe and South Africa, based on successful conservation experiences. These “protected-area buffer zones” programmes are carried out with the collaboration of the Southern Africa Development Community, involving 15 countries. The process aimed at boosting the capacity of herbaria and botanical gardens to gather, store and provide useful information on 300 economically valuable species in support of the implementation of Articles 15 and 8(j) of the Convention on Biological Diversity.

41. At the Mauritius Conference on the Sustainable Development of Small Island Developing States, Italy had launched the Galapagos-Socotra Type 2 Partnership initiative, which promoted the exchange of experiences and lessons learned among islands sharing common conservation problems and development potential. The programme built upon the experiences gained through case-studies, supported by two multi-million projects that Italy supported in the archipelagos of Ecuador and Yemen. The project provided for the proactive contribution of the Directorate General for Nature Protection of the Italian Ministry for the Environment and Territory, which will offer its experience on vulnerable islands ecosystems and protected-areas management structures. Joint conventional training that included evaluating and protecting cultural heritage would be backed by special efforts towards reducing the digital divide to the benefit of those Islands with inadequate access to information and communication technologies.

42. Other relevant development cooperation initiatives carried out by the Ministry of the Environment and Territory were implemented through a framework agreement with the IUCN Centre for Mediterranean Cooperation, through the Countdown 2010 Initiative and through bilateral country agreements. Commitments to support the building of local capacities for the development and management of national protected areas systems had been initiated with the Government of Dominican Republic and Laos. Similar bilateral agreements were also under development in northern African countries and in Thailand.

43. As a major donor to GEF, Italy was interested in new initiatives, such as the provision of preparatory grants in support of tasks associated with the completion of project or programme preparation for initiatives which were already clearly identified. Such a mechanism both allowed for early actions and should lead to better designed initiatives. It was, however, important to stress that access to these funding options should be assessed in the framework of, and linked to, the priorities expressed by the recipient countries in their national biodiversity strategies and action plans and confirmed several times during the first meeting of the Working Group on Protected Areas. Consistent with the systemic approach adopted by Italy, he believed that parallel to our essential work on a global level in international forums, a more forceful effort could be put into jointly boosting the protected areas process on a more operational level. For example, protected areas also emerge as a priority in the various donors’ meetings that discuss issues such as poverty reduction, livelihoods and diseases, climate change and desertification. Such events offered the most favourable setting for participants to understand the key role played by protected areas in preserving the provision of ecosystem goods and services.

*Annex II***MONTECATINI FINANCIAL CONSIDERATIONS FOR PROTECTED AREAS**

*The Meeting of Donor Agencies and Other Relevant Organizations to Discuss Options for Mobilizing New and Additional Funding for the Implementation of the Programme of Work on Protected Areas*

*Recognized* the importance of the following possible/potential options for mobilizing new and additional funding to developing countries, in particular the least developed and small island developing States among them and countries with economies in transition, for the implementation of the programme of work on protected areas:

(a) *Short-term national, regional and global level actions for the implementation of the programme of work on protected areas in developing countries and countries with economies in transition:*

- Highlighting the need to build upon existing needs assessment reports and reporting formats, focusing urgent attention on their production in countries where needs assessments are less developed;
- Recognizing the importance of quality, transparent and comprehensible needs assessments to assist comparability and credibility and to generate overall figures on financial needs to raise awareness amongst donors and among policy makers in recipient countries;
- The financial needs assessments should reflect information on national commitments to financial sustainability of protected areas and, as far as possible, their contribution to poverty reduction and achievement of the Millennium Development Goals;
- Stressing the desirability of protected-area financing roundtables at national and regional levels that lead to commitments on national and international funding and their effectiveness, building upon existing assessment processes, programmes and forums, including regional and subregional mechanisms;
- Ensuring appropriate access for donors and recipient countries to the results of national financial needs assessments and encourage international organizations and donor agencies to use financial needs assessments as a main tool for funding allocations and financial planning;
- Ensuring the full and effective participation of indigenous and local communities in the process of financial needs assessments and financial sustainability planning as well as protected-area financing roundtables, and other national assessment and review processes included in the programme of work on protected areas, inter alia by providing timely financial resources;
- Encouragement of the Global Environment Facility to move expeditiously to support country early action on protected areas, bearing in mind the targets in 2006 of the programme of work on protected areas, in order to ensure that many projects are implemented by 2008;
- *Encouragement of a full and effective fourth replenishment of the Global Environment Facility.* That the Global Environment Facility gives additional focus to addressing the funding needs of the programme of work on protected areas, and serious consideration to allocating any increase of funds to the programme of work on protected areas and biodiversity more generally;

(b) *Country-level protected area values and benefits initiatives designed to assess, document and communicate contributions of protected-area systems to poverty reduction and Millennium Development Goals:*

- As biodiversity funding is becoming increasingly decentralized and subject to national priorities, there is an urgent need to raise the profile of biodiversity and strengthen and empower biodiversity community in the national priority setting processes (e.g. Poverty Reduction Strategy Papers);
- Considering the proven benefits of debt-for-nature swaps and trust funds including endowment funds in many countries, these initiatives should be explored and possibly augmented for additional protected area funding, and to support the development of networks of conservation trust funds like the Latin American and Caribbean Network of Environmental Funds (RedLAC), in other regions such as Africa and Asia;
- The countries present in the meeting that are G8 countries should address biodiversity and protected area issues, in view of their contribution inter alia to the achievement of the Millennium Development Goals, in the upcoming G8 meeting and agenda, bearing in mind that, as stated in the recommendation 1/5 of the Open-ended Working Group on Protected Areas, that the Italian Minister, as host of the Montecatini meeting, will carry a message to the 2005 Summit;
- Discuss the opportunities that may exist for biodiversity and protected area funding in innovative international funding mechanisms;
- The donor community should consider the case for additional earmarked funding for protected areas;
- It is important to explore opportunities for public-private sector partnerships for tapping private sector funding for conservation and sustainable use of biological diversity in protected areas;

(c) *Millennium Review Summit in September 2005—highlighting the importance of protected area financing:*

- Concrete case-studies showcasing the potential contribution of protected areas to poverty alleviation, linkages to other Millennium Development Goals (not only to goals 5 and 7) should be presented;
- Promote participation of indigenous and local community representatives and beneficiaries in the Summit to make the case themselves on poverty—conservation win-win examples;
- *The draft Summit outcome document is open for comments and suggestions.* The existing text could be strengthened by adding additional language to make more clear references to biodiversity and protected area funding, particularly: (i) paragraph 14 by making reference to GEF replenishment; and (ii) paragraph 18 by making direct reference to implementation of the programme of work on protected areas and other programmes of the Convention on Biological Diversity.

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