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STUDY ON THE AVAILABILITY OF ADDITIONAL FINANCIAL RESOURCES

Prepared by the Secretariat

1. The Conference of the Parties requested the Secretariat to present to the Conference of the Parties at its second meeting, a study on the availability of financial resources additional to those provided through the restructured Global Environment Facility (GEF), and on the ways and means for mobilizing and channeling these resources in support of the objectives of the Convention, taking into account the views expressed by participants on the subject at the Conference of the Parties at its first meeting.

2. In addition to the first Conference of the Parties to the Convention, other recent international meetings, including meetings of the Commission on Sustainable Development identified the need to finding additional sources of funding for sustainable development, including the conservation of biological diversity and the sustainable use of its components. They concluded that current sources and channels of funding were not enough to meet conservative estimates of the global need for program funding called for by the Convention. Agenda 21, paragraph 33.16, calls for an exploration of ways to mobilize additional public and private resources so as to support the conservation and sustainable use of biological diversity.

3. This study includes two chapters:

- Chapter I: Overview of available financial resources. This chapter summarizes current flows of Official Development Assistance (ODA) and other public and private funding into biological diversity projects and programs.

- Chapter II: Ways and means for mobilizing and channeling financial resources. It reviews policy and economic instruments as ways of mobilizing public and private financing. The chapter also identifies alternative channels of additional resources so as to support the implementation of the Convention by developing countries.

4. The study gives some conclusions and recommendations. Given the length of the study and the tight time framework, it would not be possible to describe each contributing agency. Thus, attached to this study is a list of organizations that provide financial resources to biodiversity-related activities (Annex I). Also attached as Annex II is a list of currently existing national environmental funds in the world.

5. Given the time, financial, and human resources constraints, the information gathered by the Secretariat on the availability of additional resources provided in the study can not be at all exhaustive. Technically speaking, it would take more time to desegregate funding used exclusively for biological diversity from those used for general environmental purposes. Therefore, the study presented here should be considered as the initiation of a process on the subject. Further work may be needed within this process, in the coming years.

CHAPTER I: OVERVIEW OF AVAILABLE FINANCIAL RESOURCES

1.0 Introduction

6. This chapter describes existing institutions and mechanisms that currently support programmes on the conservation of biological diversity and the sustainable use of its components or on programmes that have an immediate potential to become available sources to support the provisions of the Convention.

7. Though it is difficult to obtain an accurate figure for the fulfillment of the objectives of the Convention, it is assumed that the flow of additional financial resources in support of the Convention's objectives are closely related to overall resource flows. The 1994 Report of the Chairperson of the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD) stated that in 1993, total resource flows to developing countries increased by over $14 billion, to a record of $167 billion -- an increase of 12 per cent in terms of 1992 constant prices and exchange rates. The major force underlying this expansion was the strong performance of private flows. The following observations highlight current trends in resource flows:

(a) Particularly noteworthy is the recent variation in the contribution of different types of private flows within the overall trend. In 1992, the striking growth in private flows was largely attributed to the strong surge in international bank lending to $31 billion, i.e. 38 per cent of total net private flows[1], among the different types of private flows; an increasingly strong surge witnessed in direct investment and bond lending;

(b) Net disbursement of official development finance (ODF) - comprising bilateral and multilateral disbursements largely provided by OECD countries - has fallen in real terms since 1991, standing at $68.5 billion in 1993. Gross flows of export credits represent an important source of export finance, but as a result of high levels of repayment for past lending, net resource flows are much smaller[2];

(c) There was a large increase in external financing from the international financial markets affecting private bank and bonding lending, syndicated credits, and commercial paper issues. However, the distribution of benefit flows was uneven as it largely supported few dynamic economies in Latin

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[1] CSD, Report of the Secretary-General, para. 27, page 6.

[2] CSD, Third Session, para. 28, page 6, April 1995.

America
and South and South-East Asia[3];

(d) A source of intra-developing country aid can be seen in a small number of non-OECD DAC countries such as Saudi Arabia, Kuwait, UAE, Turkey, Israel, China, India, the Republic of Korea and Venezuela. Total aid from non-OECD donors was estimated at slightly over $4,200 million in 1991. Though this amount was limited in the overall transfer of financial resources, it is very encouraging to see this emerging South-South cooperation.

1.1 Multilateral Agencies

8. For the purpose of this study, multilateral agencies cover the World Bank Group, the International Monetary Fund (IMF), Multilateral Development Banks (MDS); and the United Nations agencies and programmes.

1.1.1 The World Bank Group

9. The World Bank Group includes the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA) and the International Finance Corporation (IFC). The IBRD is the Bank's commercial lending arm; the IDA is its soft lending arm; and the IFC is the group's arm for financing the private sector. The Bank is the world's largest provider of development finance and advisory services for environmental programs and projects. As such, it has an important role to play in the conservation of biological diversity and the sustainable use of its components[4]. The Bank's financial investments support the purposes of the Convention through the general investment portfolio for sustainable development, and through project components that address biodiversity issues within the context of larger environmental projects.

10. The World Bank lends approximately $20-25 billion every year. According to the Bank[5], a significant portion of World Bank executed programs have been specifically designed for biological diversity conservation and management and most of the portfolio impacts positively on biodiversity through improved management of natural resources and development of appropriate incentives and policies. In 1994, the Bank had a portfolio of $2.4 billion of environmental projects, $800 million of which addressed improved natural resource management, aimed at restoring the integrity and functioning of ecosystems on which biodiversity depends. In an average year, the Bank lends $100 million for biodiversity conservation and $137 - 188 million for natural resource management. The Bank estimates that over the past eight years, it lent $500 million in direct biodiversity conservation activities and between $1.1 to $1.5 billion in support of natural resource management.

11. In terms of disbursement, the size of IDA lending is increasing over time. The IDA transferred $5.1 billion in 1994. But the first session of the Commission on Sustainable Development noted the absence of additional funding in the form of an "Earth Increment" at the Tenth Replenishment of the

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[3] UNCTAD, pages 23-28, 1994.

[4] World Bank, page 2, 1994.

[5] Idem, page 10.

IDA, and called on donor countries and the World Bank, to explore ways and means of achieving an "Earth Increment"[6].

12. In 1993, the General Assembly of the United Nations observed that in the 1990s, the net transfer of resources from the World Bank Group to developing countries was negative in real terms, although it was positive in countries of Africa and in some countries of Asia, and noted too that the net transfer of regional banks taken together was also positive in the 1990s.

13. Though, financing approved for IFC's on its own account ($2.1 billion for 185 approved projects in 1993) included loans, guarantees, swaps and stand-by arrangements, equity and quasi-equity investments[7], it is difficult to provide the exact figure used for the purpose of biological diversity. IFC insists on an environmental assessment of projects that can have a significant impact on the environment. Because of IFC's close working relationship with the private financial sector, it can be considered as an important means for mobilizing private flows into biodiversity projects. In fact, IFC together with the World Bank, are exploring ways to establish a joint venture capital fund for biological diversity. Further information is provided below under commercial and investment banking institutions.

1.1.2 The International Monetary Fund (IMF)

14. The mandate of IMF is to safeguard the stability of the international financial system which is crucial in promoting monetary stability and the availability of adequate financial resources. IMF provides advice on macroeconomic management and provision of financial support for adjustment programs which help in securing debt relief and encourage private capital flows. IMF can play a strong role in influencing its member countries so as to adopt structural adjustments including subsidy and price reform, trade liberalization, and fiscal policies specifically aimed at redirecting budgetary and domestic resources into the conservation of biological diversity and sustainable use of its components.

1.1.3 Other Multilateral Development Banks (MDBs)

15. Other than the World Bank Group, the principal MDBs are the African Development Bank (AfDB), the Asian Development Bank (ADB), the Caribbean Development Bank (CDB), the European Bank for Reconstruction and Development (EBRD) and the Inter-American Development Bank. These banks have sources of capital similar to those of the World Bank and provide loans on near-market terms with funds borrowed from international capital markets. Each MDB has a special fund financed by grants from the industrial-country members for making concessional loans similar to IDA's.

- **AfDB**: Long before the signing of the Convention on Biological Diversity in 1992, AfDB was involved in financing projects with implications on the conservation and sustainable use of biological resources. Up to the end of 1993, AfDB financed natural resources conservation and rehabilitation projects and activities worth approximately $275 million. Projects funded include conservation and rehabilitation of degraded indigenous forests, establishment of fuelwood and industrial wood plantations and other biological diversity-related activities. In addition, AfDB had also funded some renewable resources components in agricultural projects which had direct and indirect positive implications on biological diversity.

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[6] CSD. "*An Overview Paper on financial issues in UNCED and the Follow-Up After Rio*", page 6, mimeo, 1994. *UN General Assembly Resolution 49/93*, page 167.

[7] IFC. Annual Report, page 16, 1993.

- ADB: Jalal[8] noted that in 1992, ADB provided loans related to environmental improvement and natural resources management amounting to $1,14 billion, nearly thrice that of 1991. A large portion of those loans targeted environmental improvement in urban areas: marine, aquaculture, and fisheries development, and forestry development -- as well as the strengthening of the institutional base in developing countries. In 1993, $1 929.6 million was allocated to environment oriented loans and $259.7 million to environment-oriented technical assistance[9].

- CDB: In accordance with CBD Annual Report 1994, approximately 25 per cent of CDB's resources was channelled through development financial institutions in the country members and through the environmental training of staff in these institutions. This reflects the Bank's commitment to ensure that all aspects of its operations are environmentally sound. CDB committed a total of $367.000 in grant funds to support environmental initiatives in the region. Among its lending operations, there was $11.5 million (21%) for agriculture and $10.7 million (20%) for water sewerage.

- EBRD: The Bank has emerged as an important source of finance for the environment in Eastern European countries. In accordance with its Annual Report 1993, many recommendations of the 1992 Rio Earth Summit's Agenda 21 are already being implemented by the EBRD. Since the Bank's inception in 1991, it has adopted strict environmental procedures. Every project it funds is screened for possible environmental impact. In 1993, the EBRD approved 156 projects, with a total amount of ECU 3 776.5 million ($4 823.1 million). There were 9 projects in the area of natural resources and 23 in the area of agribusiness, totalling separately ECU 499.5 million ($637.9 million) and ECU 307.8 million ($393.1 million), representing 13% and 8% respectively by value of the project expenditure of EBRD in 1993.

- Inter-American Development Bank: Since 1990, total lending for projects specifically designed to address environmental and natural resources problems has risen at an average annual rate of 35.7 per cent, totalling $4.8 billion between 1990 and 1994. In 1994, the Bank approved ten natural resources conservation operations in Latin American countries. Eighteen technical cooperations and small projects dealing with environment and natural resources were also approved. The technical cooperations totalled $19.4 million, the bulk of which went to natural resources conservation. In addition, the Multilateral Investment Fund approved $1.5 million in grants for the benefit of the environment and natural resources.

1.1.4 UN Agencies and programmes

16. United Nations organs, agencies and programs represent a major source of multilateral assistance to developing countries. FAO, UNDP, UNEP, UNESCO and other UN bodies have made and continue to make efforts in mainstreaming biodiversity activities within their respective work programs. For example, UNCTAD is working in the internalization of costs and resource values, as well as in capturing and expanding economic benefits, including through trade, from the conservation and sustainable use of biodiversity; UNIDO provides support to sustainable industrial technologies, including biotechnology. Sources of finance for the purpose of the Convention in the above-mentioned four UN bodies can be summed up as follows:

- FAO works on fisheries, forestry, and agriculture. Thus, its work is relevant to the Convention. Cost estimated of FAO's regular programme related to biodiversity are: $5,470,000

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[8] Jalal, page 5, 1992.

[9] The Environment Program of ADB, page 118, April 1994.

(forestry); $10,152,000 (fisheries); and $12,036,000 (1994/1995 for agriculture). The fourth International Technical Conference on Plant Genetic Resources has a budget of $ 7,467,873. Besides, projects formulated by the Investment Centre cover forestry and other natural resources management. At present, about $750,000 is spent annually in this field.

- **UNDP**: Expenditures of the UNDP in 1994, including managed trust funds, amount to $1.18 billion. UNDP introduces biodiversity concerns into its country programs when considering the impact and environmental opportunities associated with the various activities it supports. UNDP supports country activities in the area of sustainable use of biological diversity components. In addition, UNDP manages and/or implements the following biodiversity-related programs: a) Social Forestry Program, b) Sustainable Agriculture and Food Security, c) Coastal Management and Fisheries, and d) Activities related to desertification.

- **UNEP** - Environment Fund (1994/1995 $120 million): The Environment Fund is used for financing programs such as regional and global environment monitoring; assessment and data-collecting systems; environmental research; information exchange and dissemination; and studies aimed at developing forms of economic growth compatible with sound environmental management. $8,490,000 have been allocated for biological diversity-related activities in 1994/1995. In addition, UNEP's activities for the regional seas are also relevant to the objectives of the Convention.

- **UNESCO**: UNESCO provides direct funding to biodiversity projects particularly through the MAB Biosphere Program and the Intergovernmental Oceanographic Commission. In accordance with UNESCO's Programme and Budget 1994/1995, i.e. about one quarter of $496,604,000, UNESCO's total budget has been used on the science sector, including environment. To be more specific, around $5,400,000, including regular budget and funds-in-trust sources, has been used directly for the purpose of biological diversity.

17. Other UN specialized funds which provide additional financial resources in support of the Convention's objectives are as follows:

- **International Fund for Agriculture and Development**: IFAD provides financial resources on concessional terms for agricultural development in developing Member States. To this end, the Fund provides financing primarily for projects and programmes specifically designed to introduce, expand, or improve food production systems, and to strengthen related policies and institutions with the framework of national priorities and strategies. The seventeenth session of the Governing Council of IFAD endorsed a Programme of Work of $233 million for loans and grants under the Regular Programme, in addition to $39.4 million under the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification.

- **UN Capital Development Fund** (UNCDF): Managed by UNDP, UNCDF assists developing countries in the development of their economies by supplementing existing sources of capital assistance by means of grants and loans. In 1973, the Funds' mandate was modified so as to serve the least developed countries on a priority basis. Resources of the fund are based on voluntary contributions ($33 million in 1993) and on co-financing.

1.2 Bilateral Agencies

18. In nominal terms, ODA from OECD Development Assistance Committee (DAC) Members decreased sharply from $60.8 billion in 1992 to $54.8 billion in 1993[10]. As economic recession in developed countries has eased, the prospect for maintaining the present level of ODA commitment has brightened. Only four countries met or exceeded the DAC target of donating 0.7% of GNP to foreign aid. They are Denmark, Norway, Sweden and the Netherlands. Six other countries exceeded 0.35 per cent: France, Finland, Canada, Belgium, Germany and Australia. Eleven countries were below 0.35 per cent: Switzerland, Australia, Portugal, Japan, New Zealand, Spain, Ireland and the United States of America.[11]

19. Grants on average account for over four-fifths of net disbursements of the Official Development Assistance extended bilaterally by DAC Members, a proportion which has been rising slowly but steadily in recent years as more donors have successively moved to a grant-only programme. The trend was reinforced in 1993; in aggregate, the decrease in bilateral ODA was entirely due to the decline in loans ($2.5 billion or a fall of 30 per cent) whereas bilateral grants rose by less than 1 per cent. This had an impact on the geographical distribution of ODA. DAC Members' grant aid to the least-developed countries declined by less than 1 per cent[12].

20. Some bilateral donors have given a priority to biodiversity projects. For instance, USAID funding for biodiversity conservation rose from $5 million in 1987, to an estimated $74 million in 1994 and is planned to increase to $90 million in 1995[13]. As for the UK, it launched the Darwin Initiative at the UNCED in 1992. The Darwin Initiative is aimed at linking UK scientific expertise with efforts to conserve biodiversity in developing countries with £9 million ($13.8 million) over a four-year period. Under UK's Aid Program, as of July 1993, there were 78 projects either wholly or partly concerned with biodiversity and funded by the Government, at a total cost to the aid program of £37 million ($56.9 million)[14]. The Japan International Cooperation Agency (JICA) has widened its involvement in conservation of the natural environment and biodiversity. JICA's expenditure on conservation has increased from Yen 10,000 million ($102 million) in 1989 to Yen 17,400 million ($177.5 million) in 1992.

21. In addition, some other donors have set up new windows for environmental purposes, including biological diversity. Here are only some examples of national funds that countries can have access to, for the purposes of the Convention.

- French Global Environment Facility (FGEF): As part of its membership in the GEF and in addition to its contribution to the multilateral fund, France has set up the FGEF. This initiative is part of France's efforts to ensure that problems relating to climate change, biological diversity, ozone layer and international waters are factored in more completely by the poorest countries and countries most confronted with these issues in their drive for sustainable development. Moreover, this fund aims to catalyze French aid efforts in these areas by providing it with fresh intervention resources. A sum of

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[10] Mediascan, July 25, 1994.

[11] Financial Resources and Mechanisms, *"Financial resources and mechanisms for sustainable development: overview of current issues and developments"*, Report of the Secretary-General, E/1995, para 36, page 7, 24 February 1995.

[12] CSD, Third Session, *supra* note 2, para 37, page 7.

[13] USAID, *"Biodiversity Conservation and Sustainable Use : USAID Program Overview"*, page 5, 1994.

[14] Department of Environment. *"Biodiversity: The UK Action Plan"*, Summary Report, page 13, 1994.

FF440 million ($87 million) has been earmarked for the period 1994-1997. The FGEF will allocate FF15 million ($2.9 million) to projects in the area of biodiversity in the first tranche of projects.

- Danish Cooperation for Environment and Development (DANCED): The overall objective of DANCED is to restore the global environment and to follow up on the UNCED. In the long term, efforts will take the form of general pollution reduction in the atmosphere, water and soil, and promotion of environmentally sound energy sources. Moreover, the strategy includes projects relating to rain forests, nature conservation, including projects that safeguard biological diversity. From 1994 to 1997, DKK 200, 300, 400 and 500 million ($39, 52, 70 and 87 million) have been allocated respectively in the government action plan to projects in developing countries and to the Arctic environment.

- Deutsche Gesellschaft fur Technische Zusammenarbeit mbH (GTZ): The main activities under the GTZ portfolio of biological diversity are aimed at promoting and supporting individual projects and minor accessory measures for a period of three years (1994-1996). These activities include effective means of protection, such as an inventory of biological diversity assessing the regional and global importance of areas worthy of protection; elaborating strategies for the protection and sustainable utilization of biodiversity,and the strengthening of institutions devoted to the protection of biological diversity. DM5 million ($3.4 million) has been allocated for the period from 1994 to 1996.

1.3 Commercial and investment banking institutions

22. Governments, bilateral aid agencies and multilateral institutions (such as the World Bank and GEF) are trying out various ways to leverage private funds for investment in the environment. These include financial participation through grants and/or co-financing. Private enterprises are attracted by financial incentives (grants, co-financing, lower interest payments), new business opportunities and for public relation reasons to undertake projects which would have been otherwise avoided due to unfavorable technological risks or low financial returns. The World Bank and the IFC are exploring ways to set up joint venture capital funds for biodiversity. Other notable publicly sponsored venture capital funds for biological diversity include: the Global Environment Emerging Markets Fund (US government sponsored), the Nordic Environmental Finance Corporation (sponsored by Nordic countries) and the North American Environmental Fund (partly sponsored by the Japanese Overseas Economic Cooperation Fund).

23. The underlying principle of venture capital funds for biodiversity is that it would support private investment in developing country businesses that are highly profitable and either reduce the pressure of unsustainable harvesting of biologically important natural resources or sustainably utilize biodiversity components. Conceptually, a range of non-timber forest products, ecotourism, and medicinal plant use including genetic prospecting, would all qualify for funding. Concessional and grant resources would be mobilized as a small proportion of total funds raised in order to afford the additional social, legal and environmental investigations required to verify the social and ecological integrity of pioneering ventures - investigations which the private sector would not otherwise fund. By providing grant resources for preliminary investigations and extended feasibility studies, the Fund managers would buy down normally prohibitive entry barriers to private investment in biodiversity sustaining enterprises. The Biodiversity Venture Capital Fund will be sufficiently defined soon to enable an IFC management decision on the commitment of IFC's share of the Fund[15].

[15] World Bank, *supra* note 4, page 15.

24. Another potential source of funding is ecological mutual funds. Most of these funds are located in the USA, the UK and Switzerland[16]. These funds are a business response to growing environmental concerns and a desire to cash on a new and more eco-friendly corporate image. These banks/funds have developed over the years considerable expertise in financing pollution abatement activities, green business marketing, and other environmental projects.

25. The environmental role of financial service firms is somewhat limited as the terms of bank credit are frequently of a short term nature (less than 36 months). Thus, sustainable development becomes technically outside the scope of financiers' perspective. In the "UNEP Global Survey on Environmental Policies and Practices of the Financial Services Industry", it was found that 4/5 of the 84 respondent financial firms perform some degree of environmental risk management on the debt side of their business. However, environmental issues currently appear to play a minor role when it comes to equity financing. One could only hope in this case that sensitization of financial managers through a global exchange of information on environmentally focussed banking policies and practices would make them receptive to easier lending in support of biodiversity-related projects.

1.4 Non governmental organizations (NGOs)/private foundations

26. A special category of private source flows is NGOs and charitable foundations, which provide significant technical assistance and advisory services. NGOs can be used as a channel for official funds, particularly for innovative projects. Private flows and grants by NGOs increased from $4.0 billion in 1989, to $6.5 billion in 1993. This trend will continue to grow as he United States announced in March 1995 at the Social Development Summit that 40 per cent of the American official aid would be channeled through NGOs in the next five years[17]. US NGOs are one of the major founders of biological diversity projects (1991 funding $105 million)[18]. The two largest conservation NGOs in the world are IUCN and WWF.

- **IUCN**: Activities in the area of biological diversity are the heartland of IUCN and are predominantly undertaken in developing countries. Their activities are focused on areas such as biological diversity, protected areas, species, sustainable use of wildlife, natural heritage, forest conservation, wetlands, marine and coastal, strategies for sustainability,environmental assessment, environmental law, social policy, and environmental education. Its budget for the above activities amounted to $48.4, $44.8, $43.6 and $44 million in 1992, 1993, 1994 and 1995 respectively.

- **WWF**: Its aims are to conserve nature and ecological processes by: preserving genetic, species, and ecosystem; ensuring that the use of renewable natural resources is sustainable and promoting actions to reduce pollution and the wasteful exploitation and consumption of resources and energy. The conservation of biodiversity is therefore WWF's top priority and its work on sustainable use, pollution and consumption are directly related to that objective. Clearly the bulk of WWF's work is closely related to the objectives of the Convention. Further work includes projects on the economics of conservation of biodiversity and sustainable use and on the implications for biodiversity of Trade, Systems of National Accounts, Structural Adjustment and the activities of the Bretton Woods

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[16] These include Jupiter/Merlin Ecology; Selection Environment; Foundation Rafad; HCM Eco Tech; Green Stock; TBS Environmental Investor etc. The list is by no means exhaustive.

[17] Le Monde, 14 March 1995.

[18] Abramovitz, page 14, 1994.

Institutions. In recent years WWF has mobilized as much as Sfr.200 million ($163.9 million) per annum in support of its activities.

27. The leading charitable foundations for the environment including biological diversity are John D. and Catherine T. MacArthur Foundation, the Andrew W. Mellon Foundation, the Ford Foundation, the Rockefeller Foundation, David and Lucille Packard Foundation and the Pew Charitable Trusts. This source of funding covers a broad range of activities such as research, policy development, site/species management, education and institutional strengthening. Like NGOs, private foundations often leverage funds from government agencies active in research and conservation work overseas.

1.5 Other sources

28. There are other sources which support the objectives of the Convention, like the resources mentioned below come from governments, but there also different channels or a mix of private and public funding flows . For instance, resources provided to biological diversity related conventions, resources used for scientific research and development of technologies and funds raised from debt-for-nature swaps. Those resources could be considered financial contributions towards fulfilling the objectives of the Convention, though a part of such resources is used to support secretariat staff. Given the large number of biological-related conventions and scientific organizations, it is impossible for the study to cover all of them. Thus, some are only mentioned below as an indication of the contribution of those conventions and scientific communities.

Other conventions

Besides the Convention on Biological Diversity, there are several other conventions directly related to biological diversity which could be divided mainly into two categories, global conventions and regional conventions. Here are the expenditures of some global biological diversity-related conventions:

- Convention on Wetlands of International Importance Especially as Waterfowl Habitat (Ramsar, 1971), whose 1994 annual budget stood at SF2.2 million ($1.8 million) and the Wetland Conservation Fund which amounted to approximately SF400 000 ($327,900);

- Convention concerning the Protection of World Cultural and Natural Heritage (World Heritage, 1972), whose annual budget, including emergency assistance amounts to $3.4 million from the World Heritage Fund, and $1 million from other sources. These figures do not include staff costs. Out of the total budget, no more than $1.5 million is allocated to natural heritage conservation. This amount does not include resources made available through bilateral projects and other multilateral channels;

- Convention on International Trade in Endangered Species of Wild Fauna and Flora (Cites, 1973), whose budget for 1994/95 is SF5 million ($4.09 million). Its fund raising can reach $1 million, used mainly for studies, field training and seminars;

- Convention on the Conservation of Migratory Species of Wild Animals (CMS, 1979), whose approved budget for 1995-1997 stands at $3.1 million, i.e. $910 000 for 1995.

Scientific organizations

Many scientific organizations have spent their regular budgets and complementary funds on biological diversity-related scientific activities. Among others, there is the Consultative Group on International Agricultural Research (CGIAR) including the International Plant Genetic Resources Institute (IPGRI). About $28 million was spent in total by CGIAR centers in 1994 on genetic resources conservation activities such as conservation, research, training, information and public awareness. Out of $28 million, $13.37 million was spent by IPGRI in 1994 on research. In addition, a number of other CGIAR-funded activities are relevant to the objectives of the Convention, but it is difficult to obtain information on the expenditure of such activities.

Debt conversion

Two recent great NGOs initiatives in the area of environment including biological diversity are debt conversion and the establishment of national environment funds, which have contributed to fund raising for some developing countries in support of the Convention.

29. Debt conversion deals can be structured to relieve the debt burden of developing countries and create a local currency fund for the purposes of biodiversity. The debt-for-nature swap was the first type used. Now the variety of debt conversion includes also debt-for-equity conversions and debt rescheduling[19]. An NGO, with funding from a creditor country or private source, can purchase the debt of countries that are in arrears in their debt service at a discount on its face value in dollars. Through an agreement that is prearranged with the debtor country's Central Bank, the NGO agrees to exchange the debt for local currency. These local currency proceeds are used to fund conservation projects[20].

30. Since 1987, about $128 million of debt has been retired with 27 debt-for-nature swaps for environmental projects at a cost of $47 million. Most, but not all, of the local currency generated from debt-for-nature swaps have gone towards the conservation of biological resources[21]. Many of these arrangements have been implemented by NGOs, through the establishment of a NEF. Countries like Canada, Germany, the United States and other countries have also entered into debt reduction agreements in which the debtor country agrees, in return for reduction or cancellation of outstanding debt, to make local-currency payments into the NEF[22]. Debt-for-nature swaps represent small, but important sources of funding some developing countries where budgets for biological diversity are small and make a limited contribution to debt reduction.

National Environmental Funds

31. The Report of the Global Forum on Environmental Fund[23] uses the term, "National Environmental Fund" or "NEF" to include a variety of mechanisms: national-level trust funds, foundations, and endowments. Although each NEF is unique, they all generally share the features of being: (1) governed by boards of directors representing different sectors of society; (2) capable of

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[19] Theodore Panayotou. *"Financing Mechanisms for Agenda 21"*, page 12.

[20] IUCN. *"Report of the First Global Forum on Environmental Funds"*, page 22.

[21] OECD. *"Scoping Papers on International Incentives for Conservation of Biodiversity"*, page 2.

[22] IUCN, *supra* note 20, page 23.

[23] IUCN, *supra* note 20.

receiving and managing money from a range of sources; and (3) able to make grants to beneficiary organizations. Some funds are endowments that disburse income from investments. Others such as the Protected Areas Conservation Trust disburse the funds that they receive to supporting projects. They replenish regularly their capital through fund raising, government appropriations, and/or special taxes and user fees[24].

32. The major sources of capital for national environmental funds have been direct contributions from national governments, debt-for-nature swaps, bilateral debt reduction agreements, the GEF, and direct grants from bilateral and multilateral aid agencies. International NGOs have also organized and funded debt-for-nature swaps and have been the major source of technical assistance. Private foundations in developed countries have offered technical assistance and some funding as well but are not considered to be major sources of capital in the future. In country funding may also come from taxes, fees, fines, fund-raising campaigns, and other sources[25].

1.6 Recent trends in availability of resources

33. Recent trends in ODF flows, particularly the fact that they are not only adversely affecting the LICs but that the decline is largely concentrated on ODA flows, is of particular concern in light of the need to maintain the flow of highly concessional resources and to ensure net positive resource transfers to the poorest and most heavily indebted countries[26]. This is compounded by the fact that for many developing countries, the net transfer of resources from the Bretton Woods institutions to developing countries has been negative in real terms. Nonetheless, donors have been recently supportive of the concept of the NEF with direct grants for endowments. Some donors have forgiven bilateral debts in return for a governmental contribution of local currency to a NEF. NEFs indicate that they can be a source of fund raising and can leverage co-funding in their own right.

34. The Secretary-General's report on Financial resources and Mechanisms for Sustainable Development[27] notes that: "The recent decline in total ODF has not been associated with any major redirection in aid flows towards the poorer developing countries. The LDCs (least-developed-countries) are therefore increasingly dependent on aid budgets that are under pressure and are unlikely to see any significant expansion in real terms in the near future. These countries must therefore do much more to increase their attractiveness to private flows since these are the only ones which are expanding and which have demonstrated that they can react positively and rapidly to improved prospects".

35. With a view to assisting countries in identifying and attracting additional resources at the national and international levels, chapter II attempts to suggest some ideas on the alternative ways and means for mobilizing and channeling resources in support of the objectives of the Convention.

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[24] IUCN, *supra* note 20, page 2.

[25] IUCN, *supra* note 20, page 21.

[26] CSD, *supra* note 1, para 57, page 11.

[27] Secretary-General's report on Financial resources and Mechanisms for Sustainable Development, Commission on Sustainable Development, Third Session, para. 56, page 11, (11-28 April 1995).

CHAPTER II: WAYS AND MEANS FOR MOBILIZING AND CHANNELING FINANCIAL RESOURCES

2.0 Introduction

36. In Article 20, the Convention requests Parties to provide, in accordance with their capabilities, financial support and incentives in support of the objectives of the Convention. The decision on financial resources and mechanism made by the Conference of the Parties requested the institutional structure operating the financial mechanism to support: Activities that provide access to other international, national and/or private sector funds. The Report on the Third Session of the Commission on Sustainable Development[28] encourages the mobilization of financial resources, inter alia, through the use of economic instruments and policy reforms in both developed and developing countries as well as through the establishment of national environmental funds.

37. This chapter will consider first the potential role of economic instruments as a means to mobilize public financing for the objectives of the Convention and to consider, thereafter, ways of mobilizing private financing. Given the interrelationship between public and private funding, these two flows of resources are in fact mutually supportive. This chapter focuses on sources additional to existing ones described in the preceding chapter. Among existing channels of additional resources, the chapter highlights two alternative channels: NEFs and the Trust Fund for the Convention.

2.1 Mobilizing public financing

38. This section will focus on mobilizing public funding through the application of economic instruments**.** The large variety of such measures could be divided into five categories: a) charges and taxes; b) deposit refund systems; c)emission trading schemes; d) financial enforcement systems and e) public expenditure. As these instruments are more or less known, it will be sufficient to briefly recall the role they could play in attracting international resources and stimulate national funding.

39. The Secretary-General's report observes: "Indeed, policy performance is rapidly becoming the single most important determinant of countries' access to financing from all sources. Closer links between the provision of financial assistance and the economic and financial performance of recipient countries are increasingly being forged for bilateral ODA flows and multilateral lending in support of adjustment programmes (page 10, para 53)". The application of economic instruments will help countries create a favorable climate to attract and absorb international investments from public and private sectors.

40. In recent years, the approach of economic policy in most developed countries, developing countries as well as in countries with economies in transition has changed and more emphasis being put on the role of prices and market-based mechanisms in allocating scarce resources. For example, many countries have liberalized imports and capital flows, privatized public enterprises, and shifted government functions to the local level.

41. Economic instruments can help countries in rectifying the economic distortion which is harmful to the objectives of the Convention and mobilize additional national and international resources. The application of economic instruments tends to integrate both economic and environmental decision-making. By setting the correct price, economic instruments send a market signal that helps decision-

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[28] Report on the Third Session, Commission on Sustainable Development, Economic and Social Council, Official Records, 1995, Supplement No. 12, para. 123, page 25, (11-28 April 1995).

makers recognize the environmental implications of their choices and decisions. They also serve as an incentive to private enterprises and households so as to take the right action in favor of conservation and sustainable use[29].

42. By contrast, the adoption of a command-and-control regulatory approach which imposes specific mandatory actions on economic agents, economic instruments use market signals to influence their behavior and are often highly efficient in achieving environmental targets such as meeting the objectives of the Convention. In providing the signals which make economic agents aware of resource scarcity and environmental damage, economic instruments can mitigate environmental damage and save governmental expenditures as subsidies, which often impose serious economic and environmental distortions.

43. The Convention emphasizes the intrinsic value of biological diversity as well as the ecological, genetic, social, economic, scientific, educational, cultural, recreational and aesthetic values of biological diversity and its components. The recognition and realization of those cited values can help governments generate additional resources. Economic instruments can be one of the most efficient tools towards realizing the values of biological diversity.

44. Traditional economic indicators, such as gross national product (GNP) and gross domestic product (GDP) do measure production but provide little information about social and environmental factors. Increasing environmental awareness has sharpened the need for the integration of all activities made by all sectors of the economy and their impact on the depletion and degradation of ecological capital -- forests, soils, rivers, ecosystems, species. In fact, sustainable development requires the use of a system of national income accounts with indicators that show how sustainable and environmentally sound is the rate of economic growth and development. Such a new system of national income accounts will be able to foster the application of economic instruments.

45. The application of these measures in fact implies changing course from a business as usual practice to a sustainable development pattern. Though the advantages are obvious for the purposes of the Convention and for cost saving, it would not be easy for a number of countries, in particular developing countries, to justify the adoption of such instruments in the immediate term. The difficulty may arise from their relatively weak capacity in the field of institutions, insufficient finance, and lack of qualified human resources. The implementation of economic instruments by developing countries, particularly LDCs, will depend, by and large, on their capacity to reform their policies and restructure their economies to achieve a sustainable balance among competing needs. In the starting phase, technical and financial assistance will be needed from developed countries. The issue of economic instruments will be further examined at the third meeting of the Conference of the Parties, under its agenda item: Incentive Measures for the implementation of Article 11 of the Convention.

2.2 Mobilizing private financing

46. Having read the survey mentioned in Chapter I, one can conclude that private capital is the largest component of total international flows and its share is likely to continue to rise[30] as virtually all of the expansion in resource flows to developing countries since the beginning of the 1990s, is

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[29] UNEP. *"Financial Resources and Mechanisms"*, page 18.

[30] Final Report, Second Expert Group Meeting on Financial Issues of Agenda 21, February 1995.

attributable to the growth of private flows[31]. The Report of the Third Session of the Commission on Sustainable Development underscores the need for both developed and developing countries to encourage policies that promote private foreign investment so as to contribute to sustainable development[32].

47. As a result of strict environmental regulations, private expenditures on pollution abatement control exhibited a steady increase in several OECD countries during the last decade, both in absolute terms and as a percentage of GDP. In developing countries, private expenditures on pollution abatement control have also risen in the last decade, in particular in the newly industrialized countries of Asia. Private expenditures in economies in transition are expected to increase in line with the pace of privatization.

48. Countries have used a wide range of policy instruments which may be divided into three main categories: (i) directed credits programmes; (ii) financial incentives; and (iii) co-financing arrangements and venture capital funds. The two first categories have a great potential to generate additional financial resources in most countries. Thus, they focus mainly on national resources, though they are also factors for attracting international resources. For the purpose of this study, the third category of activities will most likely bring immediate international financial support to countries in support of the objectives of the Convention. Thus, they have been described in detail in paragraphs 22 and 23 of Chapter I.

49. However, the three above-mentioned categories are inherently interlinked. Thus, countries should on the one hand, consider reform or adjust their policy to increase their attractiveness to private funding, and on the other hand, consider mobilizing private sources from an entrepreneurial perspective. They can consider, for instance, establishing some form of partnership between the public and private sector to have access to private investments on biological diversity to bring a range of benefits and make investments in technology transfer for biological diversity. This can also be an effective path for long term national and local economic development.

Forming partnerships

50. Two fundamentally different approaches to finding new funds, the first is to bolster current rationales that lie behind current mechanisms and levels of funding. Such a strong argument would be made from a global perspective, in keeping with the global viewpoint inherent in the Convention. The second approach is to look for ways of funding biological diversity conservation by realizing more value out of particular resources in specific places. The essence of the second approach is to make a "win-win" deal. The two approaches should complement each other.

51. Mobilizing funding additional to current levels will involve bringing in new partners and forming new partnerships beyond those now backing biological diversity programs. Any process to do so, will require that the new partners be able to recognize opportunities for entering into new relationships with benefits to all partners. Governments and NGOs in developing countries have a strong interest in such an opportunity seeking as they have much to gain in side benefits which meet their particular needs above and beyond their direct interest in the conservation of biological diversity.

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[31] Secretary-General's report on Financial resources and Mechanisms, *supra* note 27, para. 54, page 11.

[32] Report on the Third Session on Commission on Sustainable Development, para. 116, page 24, (11-28 April 1995).

52. The goal of forming partnerships is to add value to biological resources and capture as much as possible that value in the local economy. With an increase in value comes an increase in the ability of the resources' owner to control it, i.e., make decisions about its management and use. This growth in management ability reinforces the ability to realize and capture value in a kind of positive feedback loop. This reinforcing relationship between capacity to manage and value means more security for the particular biodiversity asset. This kind of security should be the ultimate goal of biodiversity funding as the future of biodiversity would rest not only on income but also on the self interest of those controlling the asset.

53. Exploring partnerships is much the same as a forming a business and making investment decisions. The skills are those of a business person who can envision new enterprises and take risks to bring his/her vision into reality. Most of this work has been done by donor agencies and international NGOs. The pioneering example of the "debt-for-nature swap" described in chapter one shows how this combination of method and skills works.

54. Forming partnerships from the developing countries' perspective requires two steps: 1) examining what additional benefits a candidate venture could potentially generate to address the needs of developing countries; and 2) determining where in the marketplaces described above is the venture competitive. Once a prospective partnership/mechanism is seen to serve the self interest, then the viability must prove itself as any other proposed business venture.

55. Developing countries can promote widespread ownership of biodiversity related ventures by encouraging widespread ownership and participation in the business in two ways through: encouraging public share offerings and bond issues so that their citizens have the opportunity to invest directly in debt and equity instruments; and promoting the investment of the endowment assets of national environmental funds in the venture. If these NEFs have indigenous groups on their boards, they can have a share in the ownership.

Investment in research and transfer of technology

56. For biological diversity to become a major source of income based on commercial products will require investment in research and technology transfer so as to find and develop new products that can be mass marketed. The question is where can this investment come from and where and how it will be invested. Breaking out of the current marginal role will require a concerted strategy support from governments of developing countries and the identification of investments in world capital markets. The practice of some countries show a different approach on how developing country governments might support such investments.

57. It is well known that the market will not wait. Suppose that there are twenty plant species containing one or more new efficacious antimalarial compound(s). The developing country that puts into place a significant technology transfer program will have a good lead on this market. Those countries that wait, may lose this market even though one of their indigenous plant species contains an equally good or even superior antimalarial compound.

58. Developing countries must adopt "state of the art" technology to ensure competitiveness with a view to maintaining much less increase value of their biological resources. This means that not only must they act expeditiously to find and realize value to their resources, but also do so with technology that can compete in world markets at any level of investment.

59. Technology transfer should include "soft" technologies. Emphasis should be on transfer of the full range of non-profit skills, including fund raising, striking sophisticated partnerships with the for-profit sector. The need is for more entrepreneurial skills in both the government and non-profit private sectors.

60. It would be useful to regulate access to biodiversity to those countries that transfer technology. Developing countries help biodiversity related business by regulating access of foreign companies to their country's biodiversity resources. However, such a limitation must go hand in hand with technology transfer otherwise the country would put itself at a competitive disadvantage as to investment vis-à-vis another country's efforts.

61. Let consider biodiversity investments as market makers for long term capital. In many developing countries, capital markets are growing rapidly in size and complexity. Some governments are concerned that markets in the long term uses of money are hampered by a lack of willingness of their domestic savers and financial institutions to make long term investments. Environmental investments are inherently long term. Developing countries can use such environmental investments, including biological diversity, to help form this end of the capital market. For example, a commitment to a 20 year development of a world competitive biotechnology company dedicated to bioprospecting can leverage others to co-invest in support of the objectives of the Convention.

2.3 Channels of additional financial resources

62. Most of the channels that have been included in the survey are described in Chapter I and in the preceding sections to this Chapter. However, it might be useful to specify, among others, two alternative channels of additional financial resources for meeting the objectives of the Convention which are national environment funds and the Trust Fund for the Convention on Biological Diversity.

63. As described in Chapter I, national environment funds--national in scope and created by people and organizations committed to developing innovative, participatory, long-term approaches to the conservation of biological diversity and sustainable use of its components--are part of a movement to create a local solution to environmental challenges and provide an alternative to the short-term projects undertaken by a few financing institutions. Most of the existing NEFs can raise capital, manage it to yield maximum income and make funds financially self-sustaining. They can also be considered as one potential channel in support of the objectives of the Convention.

64. The main function of the Trust Fund for the Convention on Biological Diversity is to fund the administration of the Convention including the functions of the Secretariat. However, according to the draft Financial Rules for the Administration of the Trust Fund for the Convention on Biological Diversity, paragraph 3, the Trust Fund shall be financed from: (a) contributions made by Parties to the Convention; (b) additional contributions made by such Parties; (c) contributions from States not Parties to the Convention, as well as governmental, intergovernmental and non-governmental organizations, and other sources. Paragraph 8 of the Financial Rules mentions: contributions referred to in paragraph 3 (b) and (c) of the Convention shall be used in accordance with any terms and conditions agreed between the Executive Secretary of the Convention on Biological Diversity and the respective contributor. Consequently, the contributions the Trust Fund receives under paragraph 3 (b) and (c) could be used to fund specific activities to support the objectives of the Convention such as training, education and projects, provided that the Executive Secretary and the respective contributor agree to do so.

CONCLUSION AND RECOMMENDATIONS

65. As stated at the outset, current sources and channels of funds are not enough to meet even conservative estimates of global needs for funding biological diversity programmes. In order to respond to the request of the Conference of the Parties to examine ways and means to mobilize and channel additional resources in support of the objectives of the Convention, the following recommendations have been formulated:

(i) Existing institutions and mechanisms that currently support conservation of biological diversity and sustainable use of its components should strengthen their efforts in this field. To increase the volume of lending resources, multilateral financial institutions need not only adequate replenishment of their soft windows and conventional facilities but also the identification of new and innovative ways for attracting additional financial resources, expediting disbursements, and strengthening their capacity to develop and deliver biodiversity cooperation programmes;

(ii) Existing institutions and mechanisms should focus also on an incremental leverage of additional financial resources, i.e. use donor aid to cement partnerships that bring new and powerful allies into programs supportive of biological diversity. Thus, donor aid should support developing countries that have worked with their private sectors to transfer new technologies, find new markets, or attract significant private investment;

(iii) Both developed and developing countries should encourage the adoption and application of economically and socially sound measures for the objectives of the Convention. For this sake, developed countries and financing institutions should provide technical and financial support to developing countries, particularly to the least developed countries. At the same time, these measures should not be seen as a substitute for the needed increased international flows from all sources, including ODA but all these channels of financing should supplement and mutually reinforce each other;

(iv) Since the external debt burden of some developing countries, in particular, the least-developed-countries prevent them from applying adequately the provisions of the Convention, it is recommended that measures to tackle the problem of external debt should include the consideration and implementation of innovative mechanisms such as debt-for-nature swaps. Developed countries are encouraged to increase bilateral aid to those countries in the area of biological diversity.

(v) In many countries, national environment funds play an important and constructive role as an effective financial mechanism for mobilizing and channeling resources for the conservation of biological diversity and sustainable use of its components. It is recommended that countries, financing institutions, and NGOs support the establishment of NEFs with a broadly representative governance and encourage through joint programs together with NEFs the generation of additional financial resources to support the objectives of the Convention;

(vi) Avoid a general and diffuse use of donor aid for incremental improvements in biological diversity programs. Instead, fostering investments in environmentally sound technologies requires that governments promote a favorable environment for the transfer of technology, the adoption of favorable policies for business development and the creation of a wider framework to encourage investments in the technology development process, including research, development and technology adaptation. This could contribute to the capacity of developing countries and thus help them generate additional funding with their biological resources. Existing regional centers or the future clearing house mechanism of the Convention can serve as 'way stations' for this purpose;

(vii) Developing countries have a comparative advantage in their resources of biological diversity. This advantage lies in the potential value of biological diversity both as a source of products and as a commodity in the marketplace of ideas. Both values are largely unrealized and will require investment to achieve their potential. Individual developing countries will need to develop their own strategies to develop their biological diversity resources. In many cases, groups of countries will find it in their mutual interest to cooperate;

(viii) Developed and developing countries should encourage policies which promote private foreign investments in developing countries that wish to support the objectives of the Convention. Partnership should be established between the public and private sectors in order to attract more private resources. Steps, such as the adoption of incentive measures could be taken to ensure credibility for biological diversity programs and biological diversity supporting programs so that donors of grants for projects, purchasers of biological diversity-linked products, and investors in value adding activities (research, and manufacture) have adequate assurance for their purposes.

66. As stated in the introduction, this study does not pretend to be exhaustive. On the contrary, there are many other tasks, such as the collection of data, analysis of the collected information and other research that need to be undertaken to meet completely the request of the Conference of the Parties on the availability of additional financial resources in support of the objectives of the Convention. In addition, Article 21, paragraph 4, calls for the strengthening of existing financial institutions to provide financial resources for the conservation and sustainable use of biological diversity.

67. For these reasons, the Conference of the Parties may wish to mandate the Secretariat to continue this process so as to monitor, on a regular basis, the availability of additional financial resources and to identify where and how country Parties might get access to these resources. For this sake, methodologies need to be further identified and/or developed to collect, compile and analyze relevant data, with the close collaboration of related existing governmental and non-governmental institutions, including the future clearing-house mechanism of the Convention. Another concrete purpose of such a task is to study the characteristics specific to biological diversity-related activities and how to make additional funding suitable to these specificities of biological diversity activities. The outcome of such a task will be reported regularly to the Conference of the Parties.

ANNEX I

A PARTIAL LIST OF ORGANISATIONS PROVIDING FINANCIAL RESOURCES TO BIODIVERSITY-RELATED ACTIVITIES

BILATERAL

Australia:	- Australian International Development, Canberra
Austria:	- Ministry of Foreign Affairs, Department for Development Co-operation, Vienna
Belgium:	- Ministère des affaires étrangères, du commerce extérieur et de la coopération au développement, Bruxelles - Cabinet de la Coopération au développement, Bruxelles - Administration générale de la coopération au développement (AGCD), Bruxelles
Canada:	- Canadian International Development Agency (CIDA), Hull, Québec
Denmark:	- Ministry of Foreign Affairs, Copenhagen
European Community:	- Direction Générale Relations Economiques Extérieures, Commission des Communautés Européennes, Bruxelles - Direction générale du développement, Commission des Communautés européennes, Bruxelles
Finland:	- Finnish International Development Agency (FINNIDA), Helsinki
France:	- Ministère de la coopération, Paris - Ministère de l'Economie et des finances, Service des affaires internationales, Paris - Ministère des Affaires Etrangères, Service de la Coopération Economique, Paris - Caisse Française de Développement (CFD), Paris
Germany:	- Federal Ministry for Economic Co-operation (BMZ), Bonn - Kreditanstalt für Wiederaufbau (KfW), Frankfurt - Deutsche Gesellschaft für Technische, Zusammenarbeit (GTZ), Eschborn
Ireland:	- Development Co-operation Division, Dublin
Italy:	- Direction générale de la coopération pour le développement (DGCS), Roma
Japan:	- Multilateral Cooperation Div., Economic Cooperation Bureau, Ministry of Foreign Affairs, Tokyo - Planning and Administration Div., Coordination Dept., Overseas Economic Cooperation Fund (OECF), Tokyo - Planning Division, Planning Department, Japan International Cooperation Agency (JICA),Tokyo

Luxembourg:	- Ministère des Affaires Etrangères, du Commerce Extérieur et de la Coopération, Luxembourg
Netherlands:	- Directorate-General for International, Co-operation (DGIS), Gravenhage, Netherlands
New Zealand:	- Development Cooperation Division, Ministry of Foreign Affairs and Trade, Wellington, New Zealand
Norway:	- Ministry of Foreign Affairs, Oslow - Norwegian Agency for Development (NORAD), Oslow
Portugal:	- Institut de la Coopération Portugaise (ICP), Lisbonne
Spain:	- Secrétariat d'Etat pour la Co-opération, Internationale et pour l'Amérique Latine, Madrid - Agence Espagnole de Co-opération Internationale, Madrid
Sweden:	- Ministry for Foreign Affairs, Department for International Development Co-operation, Stockholm - Swedish International Development Authority (SIDA), Stockholm
Switzerland:	- Direction de la Co-opération au développement et de l'aide humanitaire (DDA), Bern - Office Fédéral des affaires économiques extérieures (OFAEE), Bern - Swiss Development Cooperation, Département fédéral des affaires étrangères, Bern
United Kingdom:	- Overseas Development Administration (ODA), United Kingdom
United States:	- Agency for International Development (AID), Washington - U.S. Agency for International Development (USAID)

OTHERS

International Fund for Agricultural Development
International Finance Corporation
United Nations Development Programme
United Nations Development Fund for Women
United Nations Environment Programme
United Nations Organization for Education, Science and Culture
United Nations Industrial Development Organization
United Nations Conference on Trade and Development
Food and Agriculture Organization of the United Nations
International Bank for Reconstruction and Development
International Development Association
Asian Development Bank
Inter-American Development Bank
Caribbean Development Bank
African Development Bank
European Bank for Reconstruction and Development
Central American Bank for Economic Integration
European Investment Bank

Arab Monetary Fund
Arab Fund for Economic and Social Development
Citibank
National Westminster Bank
Chase Manahattan Bank
Bank of America
SB Capital International Inc.
The Delphi Group
Bank of Boston
Union des Banques Suisses
Société des Banques Suisses
The World Conservation Union
World Wide Fund for Nature
Consultative Group on International Agricultural Research
International Plant Genetic Resources Institute
The Rockefeller Foundation
The Ford Foundation
The John D. and Catherine T. MacArthur Foundation
Andrew W. Mellon Foundation
David and Lucille Packard Foundation
Pew Charitable Trusts
Conservation International-Bolivia
Charles Stewart Mott Foundation
The Nature Conservancy
W. Alton Jones Foundation
Environmental Enterprises
ABN AMRO Bank
Fondation RAFAD
Merrill Lynch Bank
Environmental Bankers Association

ANNEX II

LIST OF NATIONAL ENVIRONMENTAL FUNDS

1. ARGENTINA Fondo de las Américas (Americas Fund) Enterprise for the Americas Initiative (EAI)	**2. BELIZE** Belize Protected Area Conservation Trust (PACT) Tourism taxes
3. BHUTAN Bhutan Trust Fund for Environmental Conservation GEF (UNDP), Netherlands, Norway, World Wildlife Fund (US) (WWF-US), Switzerland	**4. BOLIVIA** National Fund for the Environment (FONAMA) Multiple donors with separate subaccounts, including EAI, GEF (World Bank), Switzerland, World Bank, others
5. BRAZIL Brazil Biodiversity Sinking Fund Government, GEF (World Bank), private sector Brazil Rainforest Trust Fund European Commission, World Bank National Environment Fund (FNMA) Government, Inter-American Development Bank (IDB)	**6. BULGARIA** National Environmental Protection Fund of Bulgaria Government (pollution fines, taxes, etc.)
7. CHILE Fondo de las Américas (Americas Fund) Government, EAI	**8. COLOMBIA** Corporacion ECOFONDO EAI, Canadian International Development Agency (CIDA)
9. CZECH REPUBLIC National Environmental Fund of the Czech Republic Government (pollution fines)	**10. DOMINICAN REPUBLIC** Fondo Integrado Pro Naturaleza (PRONATURA) Puerto Rico Conservation Trust, MacArthur Foundation, The Nature Conservancy (TNC)/ US Agency for International Development (USAID)
11. EASTERN CARPATHIANS (POLAND-SLOVAKIA-UKRAINE) Foundation for Eastern Carpathian Biodiversity Conservation GEF (World Bank), MacArthur Foundation, World Wildlife Fund for Nature (WWF)	**12. EL SALVADOR** SEMA Fondo Ambiente de El Salvador (FONAES)/Initiatives for the Americas Fund (FIAES) EAI, Canada
13. ESTONIA Estonian Environmental Fund	**14. GUATEMALA** Guatemala Trust for Environmental Conservation El Fidelcomiso para la Conservacion en Guatemala (FCG) US private bank, UK foundation, WWF-US

15. HONDURAS Fundacion Vida Government, USAID, UNDP Honduras-Canada Environment Management Fund CIDA	**16. HUNGARY** Hungarian Central Environmental Protection Fund Government (taxes and pollution fines)
17. INDONESIA Indonesian Biodiversity Foundation (IBF) USAID, Japan	**18. JAMAICA** Environmental Foundation of Jamaica (EFJ) EAI Jamaica National Park Trust Fund USAID, Conservation Trust of Puerto Rico, TNC
19. MADAGASCAR Activities Conservation Trust (ACT) USAID, Conservation International	**20. MEXICO** Fondo Mexicano para la Conservacion de la Naturaleza (MNCF) Government, USAID, MacArthur Foundation
21. NAMIBIA Environmental Investment Fund, Tourist taxes, WWF.US	**22. NICARAGUA** Nicaragua-Canada Environment Management Fund CIDA
23. PANAMA Fundacion Natura Government, USAID, The Nature Conservancy (TNC)	**24. PERU** Fondo Nacional para las Areas Protegidas por el Estado (FONANPE)/PRONOFAPE GEF (World Bank), GTZ (Germany), CIDA
25. PHILIPPINES Foundation for the Philippine Environment (FPE) USAID, WWF-US	**26. POLAND** The Ecofund Foundation France, Switzerland and USAID Polish National Fund for Environmental Protection and Water Management Government (taxes and pollution fines)
27. RUSSIAN FEDERATION Federal Environmental Fund	**28. SEYCHELLES** Seychelles Island Foundation GEF (World Bank)
29. SLOVAK REPUBLIC State Fund for the Environment of the Slovak Republic Government (budget and pollution fines)	**30. SRI LANKA** Wildlife Trust of Sri Lanka U.S. Fish and Wildlife Service
31. UGUNDA Mgahinga and Bwindi Impenetrable Forest Conservation Trust GEF (World Bank), USAID	**32. UKRAINE** Ukraine Danube Delta Biodiversity Project GEF (World Bank)
33. URUGUAY Fondo de las Américas (Americas Fund) EAI	

Source: WWF.US