



## Convention on Biological Diversity

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### INFORMAL CONSULTATION ON THE DEVELOPMENT OF A STRATEGY FOR RESOURCE MOBILIZATION IN SUPPORT OF THE ACHIEVEMENT OF THE CONVENTION'S OBJECTIVES

Second meeting

Geneva, Switzerland, 20 January 2008

Item 3 of the provisional agenda\*

### **DRAFT STRATEGY FOR RESOURCE MOBILIZATION IN SUPPORT OF THE ACHIEVEMENT OF THE CONVENTION'S OBJECTIVES**

*Note by the Executive Secretary*

1. At its eighth meeting in May 2006, the Conference of the Parties, by paragraph 4 of decision VIII/13, requested the Executive Secretary, in consultation with Parties, Governments and relevant partners, to explore all options for resource mobilization including innovative financial mechanisms and to develop a draft strategy for resource mobilization in support of the achievement of the objectives of the Convention, taking into account the elements of the in-depth review, and to present a report on these options and the draft strategy to the ninth meeting of the Conference of the Parties through the Ad Hoc Open Ended Working Group on Review of Implementation of the Convention.
2. While preparing for the second meeting of the Ad Hoc Open-ended Working Group on Review of Implementation of the Convention in line with relevant provisions of decision VIII/13, the Executive Secretary solicited submissions on options and a draft strategy for resource mobilization, and received inputs from Argentina, Australia, Canada, Germany and the European Commission on behalf of the European Community and its member States, Honduras, Mexico, Myanmar, Switzerland, as well as Greenpeace International and RSPB (the BirdLife Partner in the UK). The submissions were compiled in information document UNEP/CBD/WGRI/2/INF/8 (16 April 2007).
3. The Executive Secretary assessed the information received as well as other materials available at the Secretariat, and prepared the working document entitled "Options for resource mobilization, including innovative financial mechanisms, and a draft strategy for resource mobilization in support of the achievement of the objectives of the Convention" (UNEP/CBD/WG-RI/2/4, 16 May 2007). That note provided an assessment of major potential elements for the resource mobilization strategy, and noted that the options for regional and global levels are still limited and necessary consensus on viable options and strategy for resource mobilization will be required.

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4. The second meeting of the Ad Hoc Open Ended Working Group on Review of Implementation of the Convention examined the report by the Executive Secretary on options and a draft strategy for resource mobilization in support of the achievement of the objectives of the Convention, including innovative financial mechanisms (UNEP/CBD/WG-RI/2/4). Nineteen Governments including two on behalf of regional groups as well as two organizations provided their perspectives on basic parameters for a resource mobilization strategy of the Convention. Among others, Governments suggested that the strategy would be based on the financial provisions of the Convention and built upon the existing decisions of the Conference of the Parties, take into account the full range of possible national, regional and international as well as public and private sources of financing, and provide adequate guidance for implementation at the global, regional and national level.

5. In its recommendation 2/2 (Options and a draft strategy for resource mobilization in support of the implementation of the Convention on Biological Diversity), paragraph 2, the Ad Hoc Open Ended Working Group on Review of Implementation of the Convention requested the Executive Secretary in preparation for the ninth meeting of the Conference of the Parties to:

(a) Seek views and further suggestions from Parties, other Governments, regional economic integration groups, partner organizations, donors and observers on a strategy for resource mobilization, and compile the information received;

(b) Undertake informal consultations on the development of the strategy for resource mobilization in conjunction with the Convention's inter-sessional meetings;

(c) Submit a draft strategy for consideration of the Conference of the Parties at its ninth meeting.

6. Pursuant to Recommendation 2/2, paragraph 2(a), of the Ad Hoc Open-ended Working Group on Review of Implementation of the Convention, the Executive Secretary issued a Notification (2007-090) dated 18 July 2007 to seek views and further suggestions from Parties and relevant organizations, and received one submission from Portugal and the European Commission, on behalf of the European Community and its Member States.

7. Pursuant to Recommendation 2/2, paragraph 2(b), the first informal consultation on the development of a draft strategy for resource mobilization in support of the achievement of the Convention's three objectives was held in Montreal, Canada on Saturday, 13 October 2007. A background note for the informal consultation "Strategy for Resource Mobilization in Support of the Achievement of the Convention's Objectives" is reproduced in information document UNEP/CBD/IC-RMS/2/INF/4. Forty-five participants from thirty three countries as well as Global Environment Facility and United Nations Environment Programme attended the informal consultation. It was agreed that the draft strategy prepared by the Secretariat would be revised taking into account the views expressed during the informal consultation and subsequent written submissions.

8. Based on the results of the first informal consultation held in Montreal, Canada on 13 October 2007, the Executive Secretary issued a preliminary revised draft of the strategy for resource mobilization on 26 October 2007, and invited Parties, Governments, and relevant organizations to submit comments/views/suggestions on the draft strategy on resources mobilization, no later than 30 November 2007. The submissions received in this connection are compiled in information document UNEP/CBD/IC-RMS/2/INF/1. On the basis of the submissions, the Executive Secretary prepared the

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present draft version of the strategy for resource mobilization in support of the achievement of the Convention's objectives contained in annexes I and II of the present note.

9. Annex I suggests a draft strategy for resource mobilization in support of the achievement of the Convention's objectives for the period 2008-2015. It has compiled major elements of previous consultation documents that have been highlighted by Participants of the first informal consultation and subsequent submissions. A realistic fund-raising target and suggested activities/initiatives/timeframes will be developed for implementing the draft strategy.

10. In its recommendation 2/2 (Options and a draft strategy for resource mobilization in support of the implementation of the Convention on Biological Diversity), paragraph 4, the Ad Hoc Open Ended Working Group on Review of Implementation of the Convention invited the Global Environment Facility to provide inputs to the development of the strategy for resource mobilization. Annex II contains the input from the Secretariat of the Global Environment Facility in response to that invitation.

11. To support the development of a resource mobilization strategy, the Executive Secretary initiated an Internet service entitled the CBD Online Network on Finance, which is available at: <http://www.cbd.int/financial/default.shtml>. The web-pages provide a wide range of financial information related to major elements contained in the proposed draft strategy, and also include a section on the strategy for resource mobilization at: <http://www.cbd.int/financial/mobilization.shtml>.

12. Participants are invited to consider the draft strategy for resource mobilization in support of the achievement of the Convention's objectives together with the input from the Secretariat of the Global Environment Facility and provide advice on its further refinement and development.

*Annex I*

**DRAFT STRATEGY FOR RESOURCE MOBILIZATION IN SUPPORT OF THE  
ACHIEVEMENT OF THE CONVENTION'S OBJECTIVES FOR THE PERIOD 2008-2015**

**I. MISSION**

A concrete realistic target to be elaborated

**II. STRATEGIC GOALS AND OBJECTIVES**

***Goal 1: Assess and determine funding needs, gaps and priorities***

- 1.1 To develop a financial information base including funding needs and shortfalls for supporting resource mobilization efforts
- 1.2 To assess economic costs of biodiversity loss and benefits of early action to reduce loss of biodiversity
- 1.3 To develop and promote harmonized priority-setting frameworks for guiding resource allocation
- 1.4 To improve effectiveness of resource utilization for informing further resource mobilization

***Goal 2: Mobilize domestic financial resources for biological diversity***

- 2.1 To prepare national financial plans to support a coherent set of priorities that can be implemented by local, national, regional and international stakeholders
- 2.2 To promote budgetary allocations for biodiversity activities in national budgets and all relevant sectoral and regional budgets
- 2.3 To advance tax systems that are supportive of the Convention's objectives at local and national levels
- 2.4 To establish enabling conditions for private sector involvement in conservation and sustainable use of biological diversity, including the financial sector

***Goal 3: Strengthen existing financial institutions and establish new and additional funding programmes to support conservation and sustainable use of biological diversity***

- 3.1 To mobilize co-financing, associated financing and other modes of financing for biodiversity projects
- 3.2 To establish new and additional funding programmes to support conservation and sustainable use of biological diversity
- 3.3 To mobilize international private sector investment in biodiversity projects

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***Goal 4: Mainstream biodiversity in development cooperation plans and priorities including the linkage between Convention's work programmes and Millennium Development Goals in order to mobilize international resources for biological diversity***

4.1 To integrate biological diversity into sectoral development cooperation and assistance programmes

4.2 To promote effective integration of the Convention's objectives into the United Nations development system, as well as international financial institutions and development banks

4.3 To strengthen cooperation and coordination among funding partners at the regional and subregional levels

4.4 To enhance financial and technical cooperation with international biodiversity organizations, in particular non-governmental organizations

***Goal 5: Promote replication of successful financial mechanisms and instruments and explore innovative financial mechanisms***

5.1 To support national and regional environmental funds as essential complements to national biodiversity resource base

5.2 To promote valuation of ecosystem services to adequately reward environmental stewards at all levels

5.3 To accelerate debt relief and cancellation initiatives and promote swaps of debt for nature

5.4 To enhance revenue generation measures as a contribution to sustainable resource mobilization

5.5 To explore ways and means to integrate biodiversity consideration in the development of new and innovative sources of international development finance

***Goal 6: Build capacity for resource mobilization and promote South-South cooperation as a complement to necessary North-South cooperation***

6.1 To provide technical assistance and build local capacity on resource mobilization skills and financial planning

6.2 To identify and intensify South-South Cooperation as a means of enhancing technical and financial cooperation

***Goal 7: Enhance the global engagement for resource mobilization in support of the achievement of the Convention's three objectives***

7.1 To promote exchange of experience and good practice in financing for biological diversity

7.2 To monitor and review the implementation of the strategy for resource mobilization

**III. SUGGESTED ACTIVITIES/INITIATIVES/TIMEFRAMES**

To be elaborated

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*Annex II***INPUT FROM THE GLOBAL ENVIRONMENT FACILITY TO THE DEVELOPMENT OF THE STRATEGY FOR RESOURCE MOBILIZATION, IN RESPONSE TO RECOMMENDATION 2/2, PARAGRAPH 4 OF THE AD HOC OPEN ENDED WORKING GROUP ON REVIEW OF IMPLEMENTATION OF THE CONVENTION***Forwarding Note*

1. At its eighth meeting, the Conference of the Parties, in its decision VIII/13, requested the Executive Secretary, in consultation with Parties, Governments and relevant partners, to explore all options for resource mobilization including innovative financial mechanisms and to develop a draft strategy for resource mobilization (SRM) in support of the achievement of the objectives of the Convention, to be presented to the ninth meeting of the Conference of the Parties through the Ad Hoc Open Ended Working Group on Review of Implementation of the Convention (WGRI).
2. To this end the Executive Secretary has already convened two consultations with an Informal Working Group (Paris, June 2007 and Montreal, October 2007), solicited and received significant inputs from Parties, Governments and partners, and produced several iterations of a draft document. Two more consultations are scheduled before COP 9 and additional iterations will be produced.
3. The previous drafts discussed with the Informal Working Group were of a broad scope, exhaustive in terms of guidelines and goals; but did not advance analyses regarding the viability of the different recommendations. Furthermore, the recommendations were not prioritized and the draft strategy document did not elaborate on resource mobilization targets and responsibilities.
4. The approach taken with this present document builds upon and benefits from the previous drafts prepared by the CBD Secretariat, and on the principal goals of the SRM. As part of this process, the October 2007 draft has now been summarized, and appears as the annex "Strategic Goals and Objectives of a SRM". Other contributions contained in the previous drafts were either interspersed in appropriate sections of this draft, or will be included as annexes to the final version of the SRM.
5. In addition to addressing some of the principal gaps in the previous SRM documents, this document benefits from written suggestions by many of the Parties, and from feedback obtained in prior consultative meetings, in particular the last one held in Montreal October 13 2007. This draft version of the SRM pays particular attention to existing resource flows and gaps, funding sources and financial mechanisms, concentrates on a smaller number of proposals regarding tools and instruments, and proposes that COP deliberates on funding targets and responsibilities at national and international levels.
6. The premise behind the approach taken with this document is that it will lead to the development of a useful tool for existing funders and for prospective donors, together with their respective institutions. This requires that funding targets be proposed and eventually agreed upon by the parties and partners, that financial mechanisms are assessed and that responsibilities are assigned, together with mechanisms to track and report on progress.
7. Finally, there is recognition that the CBD has amassed a comprehensive list of financing guidelines and recommendations. This previous work, together with the ideas and proposals gathered through the draft SRM consultation process, and similar work from CBD Parties and partners, will become an invaluable resource for the implementation of the SRM. Document UNEP/CBD/WG-RI/2/4

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lists over 150 funding mechanisms, already in use or recommended by CBD Parties. Document UNEP/CBD/WG-PA/1/3 lists over 100 funding mechanisms recommended by conservation NGOs. And beyond the CBD, many of its partners in the development and conservation community have put forward detailed biodiversity and conservation financing manuals.

## **I. Purpose, Immediate Users and Broader Audience of the SRM**

1. The purpose of this SRM is to assist the CBD, its Parties, and relevant partners to mobilize adequate and predictable flows of financial resources to support the achievements of the three principal objectives of the Convention at the local, national, and international levels. These objectives are the conservation of biological diversity, the sustainable use of its components, and the fair and equitable sharing of the benefits arising out of the utilization of genetic resources. This SRM considers the full range of possible national, regional and international funding sources, both public and private. It is geared towards implementation during an initial period up to 2015, focusing on priority themes and areas where opportunities for success are favourable, coinciding with the international development planning cycle, including the Millennium Development Goals.

2. The intended users will include, *inter alia*: (a) the CBD Conference of the Parties; (b) the CBD Executive Secretary, (c) the CBD programmes and mechanisms; (d) the Global Environment Facility as the financial mechanism of the CBD; (e) the CBD Parties and their national agencies in charge of biodiversity and natural resources ; (f) the environment offices of international financial institutions and bilateral foreign assistance agencies; (g) biodiversity related businesses and business organizations; (h) conservation organizations; (i) private foundations, and (j) and other donors.

3. The SRM also aims to assist the CBD, its Parties and relevant partners to reach out to wider audiences, particularly to the forums where global and national funding priorities are defined and where decision-makers allocate public and private funds, including, *inter alia* (a) the UN development and financing for development discussions; (b) the G8; (c) the OECD; (d) the EC; (e) Government authorities, financial ministers and development agencies in key countries; (f) key business forums and corporations; and (g) NGOs and private foundations.

## **II. The Need and Rationale for an Effective SRM to Achieve the Objectives of the CBD**

4. Since its inception in 1992, the CBD has fostered remarkable achievements for biodiversity conservation at multiple levels. For example, protected areas, the most predominant and dedicated land-use globally for biodiversity conservation, have doubled in number between 1992 and 2006, and grew more than 60% in total surface area. Between 1991 and 2006, more than \$ 1.6 billion were invested by donor countries via the GEF in 1,600 protected areas around the world, spanning 360 million hectares, an area equivalent to Mongolia and Greenland put together. This investment leveraged an additional 4.2 billion in cofinancing. As a result, very few countries today lack systems of protected areas at the national level.

5. Starting in 2003 through 2007, donor countries have provided support to the second objective of the CBD through biodiversity mainstreaming in the amount of US\$ 641 million via GEF. This leveraged more than US\$2 billion in additional cofinancing.

6. The political commitments have also been significant, perhaps none more so than the one taken by Parties at COP VI in the Hague in 2002 “to achieve by 2010 a significant reduction of the current rate

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of biodiversity loss at the global, regional and national level as a contribution to poverty alleviation and to the benefit of all life on earth”.

7. Despite marked progress, the conservation challenges that Parties face have grown dramatically since Rio, and these are now being made more acute and amplified by climate change. As a result, resources to sustain existing conservation efforts, to address new challenges, and to deliver further on the full range of commitments made by the Parties to the CBD, all fall short of current needs and demands, as well as those anticipated in the near to medium-term.

8. Overall funding for biodiversity conservation, both from national and international sources, has grown sluggishly at best. At the July 2007 Paris meeting of the WGRI, the EC stated that “It is widely accepted that the global community has to step up its efforts considerably if it wants to reach the 2010 target. It is also common understanding that one of the major impediments to achieve the target is a lack of financial resources for the conservation and sustainable use of biodiversity. In a multitude of decisions Parties have acknowledged the urgent need for adequate financing. Nevertheless since the adoption of the 2010 targets in 2002, little progress has been achieved in the mobilization of significant additional resources. It is estimated that funding has mostly remained at the same level or in some cases has even decreased in real terms.”

9. As it is the case with the wider conservation and sustainable development community, the CBD itself has long recognized the need for increased funding. Through the years, the CBD, its Parties, and its partners have elaborated many financing guidelines and have reiterated calls to domestic and international funders to increase their financial support of the CBD goals. The results of these pleas have not been successful to the extent needed to start making real progress toward the 2010 target, and beyond. Therefore, the new SRM must use the lessons learned in the development of a new framework that will not be met with the same fate as the preceding ones.

10. The proposed SRM adds to these past and ongoing efforts by providing a framework that the CBD Parties and relevant partners can use to adopt funding targets, identify instruments, and pursue actions that can focus and energize the search for adequate funding to achieve the CBD objectives.

### **III. Guiding Principles of the Strategy for Resource Mobilization**

11. The strategy calls for each CBD Party and relevant partners to give special consideration to these guiding principles during the implementation of the Strategy for Resource Mobilization.

#### **Promote Efficiency and Effectiveness**

- Strengthen and make full use of the reformed Global Environment Facility for mobilizing, leveraging and channelling new and additional financial resources for purposes of the Convention. The GEF is today the largest repository of funding experience in directing resources to projects and programs in biological diversity worldwide.
- Increase the effective and efficient use of available resources. Doing so not only may reduce funding need, it also becomes an important magnet to attract additional funding.

#### **Build Synergies**

- Build upon existing high-level policy agreements including: Agenda 21, the Johannesburg

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Plan of Implementation of WSSD, the Monterrey Consensus, the 2005 World Summit Outcomes, the 2005 Paris Declaration on Aid Effectiveness, the G-8 “Potsdam Initiative—Biological Diversity 2010” and relevant previous COP decisions.

- Promote effective integration of the Convention’s objectives into the United Nations development system, in particular those of direct relevance to biological diversity.
- Widen the scope of collaboration between the Convention and the Organization for Economic Cooperation and Development, fostering better harmonization of interests between donor and recipient countries.
- Enhance financial and technical cooperation with international biodiversity conservation organizations, and in particular, with non-governmental organizations which have traditionally been a driving force in the international biodiversity conservation movement, and that play an important role in financing for biological diversity.
- Strengthen cooperation and coordination among funding partners at the regional and sub-regional levels to address technical, technological, human and financial challenges related to the achievement of the objectives of the Convention that are of a trans-boundary nature and are best addressed through interregional, regional and sub-regional cooperation.
- Mainstream biodiversity in national development plans and international development cooperation plans and priorities, including the linkages to other relevant Convention’s work programs and to the Millennium Development Goals.

#### **Support Innovation**

- Promote new financial mechanisms, including (a) incentives to promote private sector involvement in biodiversity conservation sustainable natural resources management, in the agriculture, resource extraction (oil and gas, mining) forestry, fisheries, tourism, financial and industrial sectors; (b) the integration of biodiversity considerations in the development of new and innovative sources of international development finance; (c) debt relief and cancellation initiatives, (d) debt for nature swaps; and (e) innovative financial mechanisms that contribute to all three objectives of the CBD.

#### **Strengthen Capacity**

- Identify and respond to the financial and technical capacity needs of developing countries and countries with economies in transition, in particular the least developed countries and small island states.
- Identify and intensify opportunities for South-South Cooperation to complement North-South Cooperation and as a means of sharing best practices and providing enhanced technical cooperation.

### **IV. Estimating Funding Flows and Funding Gaps to Achieve the Objectives of the CBD**

12. Estimating the costs of pursuing the three main objectives of the CBD has proven to be both difficult and elusive. A notable exception to this are the costs of in-situ biodiversity conservation, particularly the costs of implementing a globally representative system of protected areas emerging from the collective contribution of national systems of protected areas. There are practically no estimates of the costs of pursuing the other two CBD objectives, namely the sustainable use of biodiversity, and fair and equitable sharing of the benefits arising from the utilization of genetic resources. Current funding flows for sustainable use and benefits sharing coming from national sources is also largely unknown.

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There is better (but still disputed) information on current levels of international funding for all three CBD objectives.

13. In recent years, the national and international community has invested between 6.5 and 10 billion dollars annually in biodiversity conservation (James et al., 2001; Pearce, 2005, 2007). Recent analyses have produced a range of estimates of funding needs and gaps for the establishment and management of a global network of protected areas. James et al. (1999, 2001) concluded that the global cost of adequately managing existing protected was US\$14 billion a year (including management costs and opportunity costs) and that US\$ 20-25 billion a year would be needed to adequately manage an expanded representative system. At the high end of estimates, Balmford et al. (2002) calculates that a global protected area network encompassing 15% of the world's total land area and 30% of its ocean area would cost some 45 billion dollars a year (over 30 years and including management costs and opportunity costs). Calculations of the cost of protected area expansion and the inclusion of additional activities such as compensation programs further increase costs, but estimates of their magnitude are less precise. For example, James et al. (2001) suggest that it may be appropriate to include a compensation program across strictly protected areas in developing countries, at a cost of perhaps US\$5 billion annually. The cost of acquiring areas for expansion is only coarsely estimated, with costs ranging from almost nothing to perhaps \$11 billion per year over 30 years.

14. There is general agreement about the scale of the management costs of existing protected areas in all developing countries, ranging from \$1.1 to \$ 2.5 billion per year (James et al., 2001; Vreugdenhil 2003; Bruner et al 2004), with a funding shortfall of between US\$1 billion to \$1.7 billion per year. A growing body of national and regional studies by countries that are party to the CBD both adds precision to these estimates, and supports the findings on the scope of funding shortfalls. For example, in Cameroon and across the Congo Basin, current protected area budgets constitute only 20% of necessary requirements (Culverwell 1997; Wilkie et al. 2001), and in Ghana, Ecuador and Peru current spending accounts for perhaps 35%-50% of funding needs (Ankudey et al. 2003; Galindo 2005; Ruiz, 2005).

15. Important conclusions from this body of work are that 1) funding gaps are unevenly distributed among countries and are largest in lower income countries, where a significant concentration of the world's biodiversity exists; but due to lower cost structures, absolute funding needs remain lower in developing countries; 2) marine systems are the most under-funded, in terms of both current management and expansion; 3) while estimates of the cost of expansion to create a globally representative PA system are clearly imprecise, sufficient information does exist to begin to take action on the creation of well-managed, comprehensive PA system that will effectively bring us closer to the globally agreed targets.

16. In summary, if we take as a given that the current annual expenditure globally for biodiversity conservation (US\$6.5-10 billion) is mainly directed towards protected area management and assume the conservative mid-range estimate proposed above for managing the existing protected area estate, global investment is between 50-70% of what is required to manage existing protected areas. This gap would be larger when considering the 2010 target for terrestrial protected areas: "a global network of comprehensive, representative and effectively managed national and regional protected area system is established", and the 2012 target for marine areas: "a global network of comprehensive, representative and effectively managed national and regional protected area system is established."

## **V. Principal Funding Sources at National and International Levels**

17. High-income countries pay for all and middle-income countries pay for most of their CBD related

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investments. For low-income countries, international sources of funding are vital. Public budgets are still the largest source of funds, but other sources are increasingly important. For example, at the national level in some developing countries, conservation concessions and Payment for Ecosystem Service schemes have been applied, and have the potential to contribute more substantially in the future.

18. The tables below give an approximation of CBD-related global expenditure in recent years.

**Estimates of National Expenditures in Biodiversity Conservation (circa 2005)<sup>1</sup>**

| Recent national expenditures in biodiversity conservation<br>(billions of US dollars) |            | Recent national expenditures in sustainable use and fair and equitable benefits sharing |
|---|------------|---|
| All developing countries  | 1.3 to 2.6 | All developing countries: unknown   |
| All high income countries   | 4 to 5     | All high income countries: unknown  |
| World total   | 5.3 to 7.6 | World total: unknown  |

19. There is no information to break down national funding by sources, but there is some information regarding sources of international funding that, according to the below table may currently be around 4 to 5 billion of US dollars a year.

**Estimates of Approximate International Expenditures to Support Biodiversity Conservation in Developing Countries By Source (circa 2005)<sup>i</sup>**

(Billions of US dollars)

|  |                 |
|--|-----------------|
| High Income countries ODA (both bilateral and multilateral)                | 2               |
| Not-for-profit (including foundations)                                     | ~ 1             |
| Business and market-based sources  | ~ 1 to 2        |
| <b>Total</b>   | <b>~ 4 to 5</b> |
| Of which approximately 30% to 50% went to biodiversity conservation,       | ~1.2 to 2.5     |
| And approximately 50% to 70% went to sustainable use and equitable sharing | ~ 2 to 3.5      |

20. The largest amount of international funds --approximately 2 billion dollars a year-- came from high-income countries' Overseas Development Assistance (ODA). Most of this is in the form of country-to-country bilateral aid, and the rest is in the form of multilateral aid managed by the GEF, other UN agencies, the International Development Agency the World Bank and other international financial agencies. The share of ODA going to CBD-related programs has remained fairly constant through the last 15 years, between 2.5% and 3% of total ODA.

21. Not-for-profit funding, coming from international conservation NGOs, private foundations and business-related foundations, may contribute over 1-1.5 billion dollars annually to international investment in biodiversity conservation but precise figures are difficult to come by. As in the case of ODA, not-for-profit sources for biodiversity conservation have grown sluggishly during the last decade, which may be a reflection of lack of awareness and interest in biodiversity as well as the state of the economy and a reduction in available funds for philanthropy in general.

22. The two major sources of *international* market-based funding for biodiversity conservation and sustainable use are (a) international visitors, ecotourism and tourism, (b) markets for environment-friendly products--organic and/or certified agricultural products, timber, coffee, fish, and ecotourism,

through a range of certification systems such as the International Federation of Organic Agriculture Movements (IFOAM), the Forest Stewardship Council, Rainforest Alliance, and the Marine Stewardship Council. It should be noted that certification systems such as “Fair Trade,” while generating socioeconomic benefits, do not necessarily generate environmental or biodiversity benefits.

23. The incipient field of international payments for ecosystem services (e.g. bio-prospecting and bio-carbon) has triggered high expectations, but thus far has produced little funding for biodiversity programs. However, the progress being made at the level of the UNFCCC with schemes related to the proposed REDD (Reduced Emissions from Deforestation and Degradation) approach and associated financial mechanisms, such as the World Bank’s Forests Carbon Partnership Fund (FCPF), together with GEF’s LULUCF activities, under its Sustainable Forest Management Program, that seek multiple benefits in the areas of CO<sup>2</sup> emissions mitigation, biodiversity conservation and community livelihood, are all poised to attract significant resources during the next several years.

## VI. Traditional and Innovative Financial Mechanisms

24. While the sources of funding for CBD related investments are few --governments, NGOs, private philanthropic foundations, businesses and households -- the financial mechanisms involved could be in the hundreds. The table below presents a much aggregated picture of both traditional and more innovative financial mechanisms available for biodiversity funding at local, national and international levels.

### A Summary of Traditional and Innovative Financial Mechanisms for CBD- related investments

| Local Level Financial Mechanisms   |  |
|--|--|
| <b>More traditional</b><br>- Local or state government budget allocations<br>- Earmarking public revenues<br>- Protected areas entrance and fees<br>- Tourism related incomes<br>- Local NGO and charities<br>- Local businesses good will investments       | <b>More innovative</b><br>- Local green markets <sup>2</sup><br>- Local markets for modalities of ecosystem services (PES)<br>- Tax systems at municipal and state levels  |
| National (and Regional) Level Financial Mechanisms   |  |
| <b>More traditional</b><br>- Government budgetary allocations<br>- Earmarking public revenues<br>- National tourism<br>- National NGO grant making<br>- National businesses good will investments<br>- National private foundations<br>- Environmental funds | <b>More innovative</b><br>- Environmental tax reform<br>- Reforming rural production subsidies<br>- National level PES<br>- Green lotteries<br>- New good will fundraising instruments (internet based, “rounds-ups” <sup>3</sup> , etc)<br>- Businesses/public/NGO partnerships<br>- Businesses voluntary standards<br>- National green markets<br>- National markets for all type of ecosystem |

<sup>2</sup> Markets for environment-friendly products--organic and/or certified agricultural products, timber, coffee, fish, and ecotourism

<sup>3</sup> Round-ups are schemes where households, employees or buyers agree that their bills be rounded up to the next dollar and that the difference between their purchase or expenditure and the round-up be donated to charity.

|   | services (PES)<br>- Funding marketplaces to bring quality projects and programs to interested donors  |
|---|---|
| <b>International (and Regional) Level Financial Mechanisms</b>  |   |
| <b>More traditional</b><br>- Bilateral aid<br>- Multilateral aid<br>- Debt-for Nature Swaps<br>- Development banks and agencies<br>- “Old” GEF<br>- UN Agencies<br>- International NGOs grant-making<br>- Private Foundations<br>- International tourism<br>- Businesses good will investments<br>- Environmental funds | <b>More innovative</b><br>- Long term ODA commitments<br>- Auction or sale of part of the carbon emission permits and other cap-and-trade schemes<br>- Environment-related taxes<br>- Sharing in international solidarity taxes<br>- Reforms of the international monetary system<br>- Green lotteries<br>- New good will fundraising instruments (internet based, rounds, up, etc)<br>- Businesses/public/NGO partnerships<br>- Businesses voluntary standards<br>- International green markets<br>- International markets for certain modalities of ecosystem services (PES)<br>- Dedicated public funds<br>-- Funding marketplaces to bring quality projects and programs to interested donors<br>- “New” GEF (various modalities of funds under the same secretariat) |

25. While each CBD party and partner will have to tailor and pursue the set of financial mechanisms most appropriate to its situation, recent trends suggest that:

- Among the traditional financial mechanisms at local, regional, national and international level: government budget, visitors and tourism, and NGOs, are important now, they still will be important in the future, and have opportunities to grow and innovate.
- Some of the more promising innovative mechanisms at local, national and regional level are: promoting payments for ecosystem services, particularly in the area of carbon credits for avoided deforestation and reforestation, markets for green products, new forms of charity, and businesses engagement in biodiversity conservation (e.g., private/public partnerships, philanthropic ventures with the private sector etc).
- Among innovative financial mechanisms at national level, environmental tax reforms and the reform of production subsidies can become important sources of funding for CBD investments in high and medium income countries; but less so in low income countries where the tax base is usually small.
- Among innovative financial mechanisms at the international level several donor countries and other stakeholders are already experimenting with, or discussing long term ODA commitments, environmental taxes, international solidarity taxes, green lotteries, promoting payments for ecosystem services and markets for green products.

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## **VII. Building the Global Constituency for Increasing Financial Support for Biodiversity Conservation**

26. Raising public awareness of the importance of biodiversity and the goods and services that biodiversity provides to society should be a central component of any strategy to raise additional resources for biodiversity conservation. Research has shown that the public commonly does not fully comprehend the magnitude of the threats facing biodiversity, are unsure of how to address them, and are unaware of the long-term financial and societal implications of the degradation of biodiversity and the goods and services that biodiversity provides. While poverty and the lack of viable economic alternatives are clearly short-term barriers to biodiversity conservation and sustainable development, improving public awareness at local, national and *global* levels of viable options to sustain biodiversity and of the anticipated result of societal inaction, is also urgently needed. The CBD recognizes, in its Article 13, that raising public awareness is essential to achieving its overarching objectives.

27. Thus, the proposed Strategy for Resource Mobilization should be supported by a creative campaign to build a global constituency for biodiversity conservation. This will require a carefully focused effort to develop the capacity of the Parties and other partners to promote the three objectives of the CBD to other sectors, and to mainstream biodiversity into the work of other sectors. The campaign should apply best practices from the realm of social marketing, including effective and low-cost methods for changing attitudes and behaviours at the global, national and local levels.

## **VIII. Funding targets**

28. Based in what is known about the current funding gap to achieve the CBD's three main objectives, this SRM proposes that the COP9 of the CBD adopt the following funding target:

To achieve, by 2015, a doubling of the international annual funding flow, and to increase by 50% the domestic annual funding for the CBD's three main goals (in real terms, and measured against 2005 funding levels).

This target would require annual increases of 7.2% a year in international funding and 4.1% a year in domestic funding (both in real terms and for the 10 years between the 2005 baseline and 2015). With this target, by 2015 international funding would be approximately 10 billion dollars a year, and domestic funding approximately 11 billion dollars a year (in 2005 US dollars).

## **IX. Potential Funding Sources and Financial Mechanisms**

29. The proposed 2008-2015 funding targets are world aggregates. The SRM proposes that each CBD Party and other partners adopt these targets as a general guide when applying them to their own financial plans and objectives. At the country level, Parties would set a goal to increase by half the amount of domestic funding for biodiversity conservation while trying to double the amount of international funding that they procure from global sources. International donors would use these figures to adjust their own contribution levels to address the demand driven by the existing needs. These general guidelines would need to be adjusted to reflect national contexts. For example, some Parties may find that increasing domestic funding by half exceeds the actual needs or, conversely, is beyond the financial means of the country, thus requiring great international assistance to achieve the commonly agreed target.

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30. When considering potential sources of funds, the same calculus is proposed. Each international source of funding would aim to double its support to biodiversity conservation while each domestic source would attempt to increase its support by half. As above, this would require flexibility in attempting to reach this target. For example, while high expectations exist for the support provided through businesses and carbon markets, they may take time to mature. Therefore, the more traditional sources may have to bear most of the financial burden in the near term.

31. The SRM is intended to stimulate the CBD Parties to explore the full range of funding sources at national, regional and international levels, from public and private sources, and adopt those that are effective in their respective contexts. While each party should decide which combination of financial mechanisms better suits its needs, this SRM recommends that the CBD Parties further explore, foster the development, pilot implementation, adoption, and scaling-up of the most promising innovative financing mechanisms identified in the table below. These assessments will form the basis for a more comprehensive global plan consisting of a pyramid of funding targets by source (government or private, sectoral, and national and international), and according to a temporal scale. This funding pyramid will inform the parties on progress towards the goals and promote adjustments as needed.

| <b>Financial mechanism (FM)</b>   | <b>Main actors involved</b>                                 |
|---|---|
| <b>Voluntary Contributions and Other Financial Mechanisms</b>   |   |
| <b>Budgetary allocation through ODA</b> <ul style="list-style-type: none"> <li>• Bilateral ODA (country to country)</li> <li>• Regional ODA (regional organization to country or to a receiving regional organization)</li> <li>• Multilateral ODA through GEF</li> <li>• Multilateral ODA through UN agencies</li> <li>• Bilateral ODA, through debt for nature swaps</li> </ul> | Governments   |
| Auctioning or sales of carbon emission permits and other cap-and-trade permits  | Governments<br>Businesses                                   |
| International Environmental (or international solidarity) taxes   | Governments   |
| International Voluntary Funds (carbon or biodiversity related)  | Governments   |
| National environmental tax reforms  | Governments   |
| Green Lotteries<br>Private foundation and NGO grant making and other direct investments   | Governments<br>Private Foundations and NGOs                 |
| <b>Market development mechanisms</b>  |   |
| Foster international markets for biodiversity friendly carbon projects, REDD, and biodiversity offsets  | Businesses<br>NGOs and Private Foundations<br>Governments   |
| Foster international green markets including eco-labeling, markets for sustainable products and for ecosystem friendly products   | NGOs/Non-profits<br>Businesses<br>Governments<br>Households |
| Foster domestic markets for payments for ecosystem services, particularly those involving hydrological services   | State and municipal governments<br>Businesses               |

## **X. Institutional Arrangements and Responsibilities**

32. The successful implementation of the SRM will be dependent on the direct involvement of all

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Parties to CBD and associated partners. Recognizing that there will be overlapping responsibilities in many areas and across Parties and sectors, it is recommended that during 2008, and before COP 10:

- **The COP of the CBD** (a) endorses the final version of this SRM at COP 9 and agree to its initial implementation, (b) support the Parties in the processes needed to deliver on their commitments; (c) periodically reviews the implementation of the SRM and promotes adjustments as deemed necessary; (d) directly, through the Executive Secretary or with support from individual countries, assume a more proactive role in resource mobilization, by, inter alia, engaging donors and key stakeholders to participate in the COPs; reaching out to development and businesses forums, and participating in the UN discussions on long term solutions to international governance and financing for the global commons, of which global biodiversity is a vital component.
- **CBD Parties:** Using the guidance and targets contained in the SRM, each party to the convention should appoint a “resource mobilization focal point” to design a country-specific SRM up to 2015, with the involvement of key stakeholders (NGOs, businesses and donors). The resulting SRM should be widely disseminated nationally and internationally. Adequate mechanisms for periodical tracking, reporting, reviewing and updating should also be designed. Beyond preparing their own domestic SRM, the CBD Parties of high-income countries should use their leverage and knowledge to promote the CBD’s SRM among their country donor agencies.
- **GEF Secretariat:** Taking guidance from the SRM and taking into consideration its funding requirements, the GEF should (a) develop a plan to address the SRM targets through 2015, in consultation with the GEF Agencies (World Bank, UNDP, UNEP, EBRD, ADB, IADB, AfDB, FAO, IFAD and UNIDO); (b) actively seek additional resources and dedicated funds that can be added to the existing instrument, as required to address the SRM targets and needs at multiple levels; (c) facilitate the development and implementation of pilot national SRM in a few select countries. Adequate mechanisms for periodic tracking, reporting, reviewing, and updating on progress towards these goals should also be designed.
- **Bilateral donor agencies.** The COP should invite bilateral donor agencies to use the present global SRM and its funding targets as a framework to develop a donor agency funding plan in support of the achievements of the CBD to 2015.
- **International conservation organizations.** The COP should invite international conservation NGOs, private foundations and other large private funders of biodiversity conservation to use the present global SRM and its funding targets as a framework to develop their funding plans in support of the objectives of the CBD up to 2015.
- **CBD Executive Secretary** Using the present global SRM and its funding targets as its framework, the CBD Secretary should create a SRM task force co-chaired by the CBDSEC and the GEFSEC to: (a) advise CBD Parties in the preparation and implementation of their SRM; (b) track progress in the implementation of the SRM, and prepare reports for the Secretary and the COP; and (c) support the COP, the Executive secretary and the CBD Working Groups in identifying emerging funding opportunities, and in the revision and updating of the CBD SRM.
- **The CBD Executive Secretary, and GEF CEO,** in collaboration with CBD Parties should also (a) identify opportunities for the CBD to reach-out to important audiences, particularly the forums where financing priorities are decided, including, the UN development and financing for development

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discussions; the G8; the EC; government authorities, financial ministers and development agencies in key countries; key business forums; etc.; (b) engage key donors and stakeholders in the discussion of innovative opportunities to fund the achievement of the CBD goals; (c) nominate globally renowned and respected personalities who can act as CBD champions; and, (d) mobilize the Program of Work on Communication Education and Public Awareness in support of the SRM per Section VII above .

## **XI. Mechanisms to Track and Report on Progress**

33. Between COP meetings, the task force on SRM implementation should produce reports on the progresses of the SRM to be delivered to the WGRI. Summarized progress reports should be produced every 2 years, for each COP meeting, and a major assessment and review should be undertaken every 4 years (every other COP meeting). The first progress report should be delivered at COP10, and the first major assessment and review should be delivered at COP11.

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