



## Convention on Biological Diversity

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### CONFERENCE OF THE PARTIES TO THE CONVENTION ON BIOLOGICAL DIVERSITY

Ninth meeting

Bonn, 19–30 May 2008

Item 3.8 of the provisional agenda\*

#### REVIEW OF IMPLEMENTATION OF ARTICLES 20 AND 21

*Draft strategy for resource mobilization in support of the achievement of the Convention's objectives:*

*Submission from the Secretariat of the Global Environment Facility*

In recommendation 2/2, the Ad Hoc Open-ended Working Group on Review of Implementation invited the Global Environment Facility to provide inputs to the development of the strategy for resource mobilization. The following has been received from the Secretariat of the Global Environment Facility:

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

##### I. MISSION, RATIONALE AND GUIDING PRINCIPLES

1. The mission 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.

2. The strategy 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, coinciding with the international development planning cycle, including the Millennium Development Goals.

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\* UNEP/CBD/COP/9/1.

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3. The intended users 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.

4. 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 financing and development discussions; (b) the G8; (c) the OECD; (d) the EC; (e) Government authorities, financial ministers and development agencies; (f) key business forums and corporations; and (g) NGOs and private foundations.

5. 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.

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

7. 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 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”.

8. Despite marked progress as evidenced above, the conservation challenges that Parties face have grown dramatically since Rio, and these are now being made more acute and amplified by climate change. For example, Parties have made remarkable efforts to build protected area systems resulting in some 12% of global land surface being under some form of protection. Nevertheless these efforts are not enough to safeguard global biodiversity. For example, there are many habitats and species which are not well represented in the current systems and in several of the existing protected areas the required management cannot be assured. 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.

9. 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.”

10. 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.

11. A successful SRM will have to build on these past experiences and ongoing efforts by advancing a framework that the CBD Parties and partners can use. This calls for the adoption of funding targets, for the identification of viable instruments, and for commitments by all relevant sectors.

12. 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 experiences in directing resources to projects and programs in biological diversity worldwide.
- Increase the effective and efficient use of available resources. Doing so may not only reduce the overall 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 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.
- Build synergies on the implementation of priority action and projects, as guided by the Convention on Biological Diversity and the United Nations Convention on Climate Change, particularly using the Global Environment Facility as the financial mechanism of the two conventions, such as in forest conservation and management.
- 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 and sustainable use and 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.

## **II. FUNDING TARGETS AND SOURCES**

13. Based on what is known about the current funding gap, to more effectively achieve the CBD's three main objectives (see Annex I) the SRM proposes that the COP9 of the CBD adopt the following funding target:

### **CBD Funding targets for 2015**

- To achieve, by 2015, a doubling of the international annual funding flow for the three CBD goals (measured against 2005 funding levels).
- To increase by 50% the domestic annual funding for the three CBD goals (measured against 2005 funding levels).

The above targets 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).

The above targets would translate into annual international funding flows of US\$10 billion dollars a year by 2015 for all 3 CBD goals. As for domestic expenditures just considering biodiversity conservation (the only one of the 3 CBD objectives for which there are estimates of domestic expenditure) it would translate into annual domestic funding flows of US\$11.4 billion, (of which US\$3.9 billion would be domestic investment of developing countries).

14. The proposed funding targets are world aggregates. The strategy 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 50% 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. By placing the baseline in 2005, it will be possible to determine trends in international and domestic funding.

15. 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.

16. 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.

17. 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.

18. 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, the SRM recommends that the CBD Parties further explore, foster the development, pilot implementation, adoption, and scaling-up of traditional and promising innovative financing mechanisms identified in the table below.

<b>Local Level Financial Mechanisms</b>	
<p><b>More traditional</b></p> <ul style="list-style-type: none"> <li>- Local or state government budget allocations</li> <li>- Earmarking public revenues</li> <li>- Protected areas entrance and fees</li> <li>- Tourism related incomes</li> <li>- Local NGO and charities</li> <li>- Local businesses good will investments</li> </ul>	<p><b>More innovative</b></p> <ul style="list-style-type: none"> <li>- Local green markets*</li> <li>- Local markets for modalities of ecosystem services (PES)</li> <li>- Tax systems at municipal and state levels</li> </ul>
<b>National (and Regional) Level Financial Mechanisms</b>	
<p><b>More traditional</b></p> <ul style="list-style-type: none"> <li>- Government budgetary allocations</li> <li>- Earmarking public revenues</li> <li>- National tourism</li> <li>- National NGO grant making</li> <li>- National businesses good will investments</li> <li>- National private foundations</li> <li>- Environmental funds</li> </ul>	<p><b>More innovative</b></p> <ul style="list-style-type: none"> <li>- Environmental tax reform</li> <li>- Reforming rural production subsidies</li> <li>- National level PES</li> <li>- Green lotteries</li> <li>- New good will fundraising instruments (internet based, “rounds-ups”†, etc)</li> <li>- Businesses/public/NGO partnerships</li> <li>- Businesses voluntary standards</li> <li>- National green markets</li> <li>- National markets for all type of ecosystem services (PES)</li> <li>- Funding marketplaces to bring quality projects and programs to interested donors</li> </ul>

\* Markets for environment–friendly products--organic and/or certified agricultural products, timber, coffee, fish, and ecotourism

† 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.

<b>International (and Regional) Level Financial Mechanisms</b>	
<p><b>More traditional</b></p> <ul style="list-style-type: none"> <li>- Bilateral aid</li> <li>- Multilateral aid</li> <li>- Debt-for Nature Swaps</li> <li>- Development banks and agencies</li> <li>- “Old” GEF</li> <li>- UN Agencies</li> <li>- International NGOs grant-making</li> <li>- Private Foundations</li> <li>- International tourism</li> <li>- Businesses good will investments</li> <li>- Environmental funds</li> </ul>	<p><b>More innovative</b></p> <ul style="list-style-type: none"> <li>- Long term ODA commitments</li> <li>- Auction or sale of part of the carbon emission permits and other cap-and-trade schemes</li> <li>- Environment-related taxes</li> <li>- Sharing in international solidarity taxes</li> <li>- Reforms of the international monetary system</li> <li>- Green lotteries</li> <li>- New good will fundraising instruments (internet based, rounds, up, etc)</li> <li>- Businesses/public/NGO partnerships</li> <li>- Businesses voluntary standards</li> <li>- International green markets</li> <li>- International markets for certain modalities of ecosystem services (PES)</li> <li>- Dedicated public funds</li> <li>-- Funding marketplaces to bring quality projects and programs to interested donors</li> <li>- “New” GEF (various modalities of funds under the same secretariat)</li> </ul>

### III. SPECIFIC GOALS AND OBJECTIVES

19. The CBD has compiled a comprehensive list of financing tools, guidelines and recommendations. This and other similar work from CBD Parties and partners are an invaluable resource for the implementation of the SRM. Document UNEP/CBD/WG-RI/2/4 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.

20. This wealth of material has enabled the SRM to arrive at a consolidated set of specific goals and recommendations to guide its implementation:

*Goal 1: Improve information base on funding needs, gaps and priorities*

1.1 To improve a financial information base for the three objectives of the Convention, in particular sustainable use and fair and equitable sharing of benefits, including funding needs and shortfalls for supporting resource mobilization efforts in all areas

1.2 To assess economic costs of biodiversity loss and benefits of early action to reduce loss of biodiversity

1.3 To adopt a harmonized priority-setting framework for guiding resource allocation

1.4 To improve effectiveness of resource utilization for informing further resource mobilization.

1.5 To access new financial resources by demonstrating the benefits of gender mainstreaming for achieving the three objectives of the CBD.

*Goal 2: Mobilize domestic financial resources for the three CBD objectives*

- 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, including for development assistance, in national budgets and all relevant sectoral and regional budgets
- 2.3 To consider economic incentives that are supportive of the Convention's objectives at local and national levels, such as non-trade distorted tax systems
- 2.4 To establish enabling conditions for private sector involvement in all three objectives of the Convention

*Goal 3: Strengthen existing financial institutions and establish new and additional funding programmes to support the three objectives of the Convention*

- 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 the three objectives of the Convention
- 3.3 To mobilize international private and public sector investments in biodiversity projects

*Goal 4: Mainstream biodiversity in development cooperation plans and priorities including the linkage between Convention's work programmes and Millennium Development Goals*

- 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 environmental funds at all levels as essential complements to national biodiversity resource base
- 5.2 To promote valuation of ecosystem services to adequately reward environmental initiatives at all levels, while ensuring that these are not trade-distorted
- 5.3 To promote biodiversity considerations in debt relief and cancellation initiatives, including debt-for-nature swaps
- 5.4 To enhance revenue generation measures, in particular benefit-sharing arrangements 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 mobilize funding for capacity building and awareness-raising activities
- 6.2. To provide technical assistance and build local capacity on resource mobilization skills and financial planning
- 6.3 To identify and intensify South-South Cooperation as a means of enhancing technical and financial cooperation

*Goal 7: To raise public awareness and enhance the global engagement for resource mobilization in support of the achievement of the Convention's three objectives*

- 7.1 To raise public awareness of the importance of biodiversity, and to the goods and services that it provides to society at all levels
- 7.2. To promote exchange of experience and good practice in financing for biological diversity
- 7.3 To monitor and review the implementation of the strategy for resource mobilization

#### IV. ROLES AND RESPONSIBILITIES

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

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.

## ANNEX I

### Funding Sources, Flows and Gaps to Achieve the Objectives of the CBD

1. The estimation 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 a implementing a globally representative system of protected areas emerging from the collective contribution of national systems of protected areas.
2. 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. There is better (but still disputed) information on current levels of aggregate international funding for all three CBD objectives.
3. 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.
4. 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:
  - In the low range estimates: Vreugdenhil (2003) proposes that an additional US\$1.1 billion dollars a year would significantly improve basic management in developing countries' existing protected areas. Bruner et al (2004) identifies a shortfall of US\$ 1.7 billion a year to improve management in developing countries' existing protected areas and proposes that US\$4 billion a year would be required for establishing and managing an expanded protected-area system in tropical countries.
  - In the medium range estimates: James et al (1999, 2001) the cost of adequate management of existing protected areas to be US\$ 14 billion (including management costs and opportunity costs)

and US\$ 20-25 billion a year for an expanded representative system.

- In the high range estimates: According to Balmford et al (2002), 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).

5. In summary, if we take as a given that the current annual expenditure globally for biodiversity conservation (US\$6.5-10 billion, see below tables) is mainly directed towards protected area management and assume the conservative mid-range estimate proposed above for managing the existing protected areas, 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.”

6. It is important to note that the funding gaps are unevenly distributed among countries and are largest in lower income countries, where a significant concentration of the world’s biodiversity exists. Closing the gaps in lower income countries is thus bound to bring us closer to the 2010 and 2012 CBD targets.

7. High-income countries pay for all and middle-income countries pay for most of their CBD related 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, Payment for Environmental Service schemes, and conservation easements are being applied, and have the potential to contribute more substantially in the future.

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

**Table 1. Estimates of National Expenditures in the Three CBD Objectives** (circa 2005 in billions of US dollars)

Recent national expenditures in biodiversity conservation (mostly Protected Areas)	Recent national expenditures in sustainable use and fair and equitable benefits sharing
1. All developing countries 1.3 to 2.6	All developing countries: unknown
B. All high income countries 4 to 5	All high income countries: unknown
3. World total 5.3 to 7.6	World total: unknown

Sources: 1 Molnar et al, 2004; 2 Based in James et al 2001; 3 Pearce 2005, 2007, Gutman & Davidson 2007

**Table 2. Estimates of National and International expenditures in biodiversity Conservation Mostly Protected Areas** (circa 2005 in billions of USD)

A. All developing countries’ investments	B. High income countries’ aid to developing countries	C. High income countries’ investments in their own countries	D. Total
1.3 to 2.6	1.2 to 2.5	4 to 5	6.5 to 10

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et al, 2004; B Gutman & Davidson 2007; C, Based in James et al 2001; D Pearce 2005, 2007, Gutman & Davidson 2007

9. There is no information to break down national funding by sources, but there is some information regarding sources of international funding that, according to Table 3 below, may currently be around US\$ 4 to 5 billion dollars a year. 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.

**Table 3. Estimates of Approximate International Expenditures to Support the Three CBD Objectives in Developing Countries, by Source** (circa 2005, in billions of US dollars)

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

Sources: 1. From OECD, 2007 GEF online database and World Bank, 2006. 2 and 3 from Gutman & Davidson 2007; 5: From table 2; 6: difference between 4 and 5

Note: High income countries ODA (line 1) is probably an overestimation, since a lot of what OECD countries report as CBD related funding actually funds water & sanitation and rural development projects with little biodiversity value (see OECD 2007). This, in turn, would result in an overestimation of line 6 (funding for sustainable use and equitable sharing) that is obtained by subtracting line 5 from line 4 in the above table.

10. 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 awareness and interest in biodiversity as well as the state of the economy and a reduction in available funds for philanthropy in general.

11. 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.

12. 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.

13. 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 an 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**

<b>Local Level Financial Mechanisms</b>	
<p><b>More traditional</b></p> <ul style="list-style-type: none"> <li>- Local or state government budget allocations</li> <li>- Earmarking public revenues</li> <li>- Protected areas entrance and fees</li> <li>- Tourism related incomes</li> <li>- Local NGO and charities</li> <li>- Local businesses good will investments</li> </ul>	<p><b>More innovative</b></p> <ul style="list-style-type: none"> <li>- Local green markets<sup>‡</sup></li> <li>- Local markets for modalities of ecosystem services (PES)</li> <li>- Tax systems at municipal and state levels</li> </ul>
<b>National (and Regional) Level Financial Mechanisms</b>	
<p><b>More traditional</b></p> <ul style="list-style-type: none"> <li>- Government budgetary allocations</li> <li>- Earmarking public revenues</li> <li>- National tourism</li> <li>- National NGO grant making</li> <li>- National businesses good will investments</li> <li>- National private foundations</li> <li>- Environmental funds</li> </ul>	<p><b>More innovative</b></p> <ul style="list-style-type: none"> <li>- Environmental tax reform</li> <li>- Reforming rural production subsidies</li> <li>- National level PES</li> <li>- Green lotteries</li> <li>- New good will fundraising instruments (internet based, “rounds-ups”<sup>§</sup>, etc)</li> <li>- Businesses/public/NGO partnerships</li> <li>- Businesses voluntary standards</li> <li>- National green markets</li> <li>- National markets for all type of ecosystem services (PES)</li> <li>- Funding marketplaces to bring quality projects and programs to interested donors</li> </ul>
<b>International (and Regional) Level Financial Mechanisms</b>	
<p><b>More traditional</b></p> <ul style="list-style-type: none"> <li>- Bilateral aid</li> <li>- Multilateral aid</li> <li>-Debt-for Nature Swaps</li> <li>- Development banks and agencies</li> <li>- “Old” GEF</li> <li>- UN Agencies</li> <li>- International NGOs grant-making</li> <li>- Private Foundations</li> <li>- International tourism</li> <li>- Businesses good will investments</li> <li>- Environmental funds</li> </ul>	<p><b>More innovative</b></p> <ul style="list-style-type: none"> <li>- Long term ODA commitments</li> <li>- Auction or sale of part of the carbon emission permits and other cap-and-trade schemes</li> <li>- Environment-related taxes</li> <li>- Sharing in international solidarity taxes</li> <li>- Reforms of the international monetary system</li> <li>- Green lotteries</li> <li>- New good will fundraising instruments (internet based, rounds, up, etc)</li> <li>- Businesses/public/NGO partnerships</li> <li>- Businesses voluntary standards</li> <li>- International green markets</li> <li>- International markets for certain modalities of ecosystem services (PES)</li> <li>- Dedicated public funds</li> <li>-- Funding marketplaces to bring quality projects and programs to interested donors</li> <li>- “New” GEF (various modalities of funds under the same secretariat)</li> </ul>

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

<sup>§</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.

14. While each CBD party and partner will have to tailor and pursue the set of financial mechanisms most appropriate to its situation in implementing the SRM, 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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