

CONVENTION ON BIOLOGICAL DIVERSITY

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AD HOC OPEN-ENDED WORKING GROUP ON REVIEW OF IMPLEMENTATION OF THE CONVENTION

Second meeting

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REVIEW OF IMPLEMENTATION OF ARTICLES 20 AND 21

Review of the availability of financial resources

Note by the Executive Secretary

1. The present note has been prepared by the Working Group with updated information concerning the availability of financial resources in support of the implementation of the Convention. Information sources for this note include national reports, national biodiversity strategies, action plans, submissions, and other information publicly available on the websites of relevant organizations.

2. The present note provides a preliminary summary of the funding information that has been gathered by the Secretariat under the sixteen headings listed below. A more advanced summary will be prepared in time for information of the ninth meeting of the Conference of the Parties.

- I. Estimates of funding needs of global biodiversity efforts
- II. Resources from national financial support and incentives
- III. Resources available through environmental funds
- IV. Resources available from tax exemption measures
- V. Resources available from integration of biological diversity into sectoral development and assistance programmes, policies and plans
- VI. Resources available from revenue measures
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- IX. Resources available through bilateral channels
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- XIV. National funding targets and priority setting
- XV. Resource mobilization under biodiversity-related conventions
- XVI. International consideration of innovative financing

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I. ESTIMATES OF FUNDING NEEDS OF GLOBAL BIODIVERSITY EFFORTS

3. In its preamble, the Convention acknowledges that substantial investments are required to conserve biological diversity and that there is an expectation of a broad range of environmental, economic and social benefits from those investments. The Conference of the Parties has not so far undertaken any estimation of funding needs of the Convention and its decisions. However, other intergovernmental and major international processes have carried out such exercises as to determine the level of funding required for purposes of the Convention.

4. The United Nations Development Programme commissioned an International Conservation Financing Project to the World Resources Institute in late 1980s. The project examined the ongoing conservation financing mechanisms, assessed the prospects for expanding their scope, and proposed four additional initiatives based on the results of intensive study and consultation in Asia, Africa, Europe, and the Americas. The project report entitled "Natural endowments: Financing Resource Conservation for Development" (1989) states: "This study defines conservation as maintaining natural resources as the basis for meeting the needs of current and future generations. While unmet conservation financing needs in developing countries are difficult to gauge precisely, indicators are that as much as \$20-\$50 billion per annum will be needed over the next decade."

5. During the negotiations for the Convention on Biological Diversity, many estimates of funding needs were circulated. In its address to the negotiators at the first day of the fourth negotiating session in 1991, Dr. Mostafa K. Tolba, the then Executive Director of the United Nations Environment Programme, informed the Intergovernmental Negotiating Committee (INC) that the World Bank had estimated that the cost of biodiversity conservation ranged from \$500 million to \$50 billion per year. These figures were based on the experience which the GEF had in biological diversity conservation projects. The GEF biological diversity conservation projects cost approximately \$35,000 per square kilometre at that time.

6. Another estimate was proposed by the Secretariat of the United Nations Conference on Environment and Development (UNCED) (3-14 June 1992, Rio de Janeiro, Brazil). Agenda 21, Chapter 15, stated: "The Conference secretariat has estimated the average total cost (1993-2000) of implementing the activities of this chapter to be about \$3.5 billion, including about \$1.75 billion from the international community on grant or concessional terms. These are indicative and order-of-magnitude estimates only, and have not been reviewed by Governments. Actual costs and financial terms, including any that are non-concessional, will depend on, inter alia, the specific strategies and programmes Governments decided upon for implementation."

7. The Vth IUCN World Parks Congress (8-17 September 2003, Durban, South Africa) released a more recent estimate. Recommendation 5.07 (Financial Security for Protected Areas) adopted by the Congress noted a significant funding gap, and declared: "As an indicator of this need, it is estimated that protected area budgets in the early 1990's totalled only about 20 percent of the estimated US\$20-30 billion annually over the next 30 years required to establish and maintain a comprehensive protected area system including terrestrial, wetland, and marine ecosystems."

II. RESOURCES FROM NATIONAL FINANCIAL SUPPORT AND INCENTIVES

8. Article 20, paragraph 1, of the Convention states: "Each Contracting Party undertakes to provide, in accordance with its capabilities, financial support and incentives in respect of those national activities which are intended to achieve the objectives of this Convention, in accordance with its national plans, priorities and programmes." Resources from national financial support and incentives come essentially from national budgetary allocations. To what extent have Parties to the Convention implemented this commitment? What are their general approaches in responding to this provision? What share in national public expenditures does biodiversity take? How are biodiversity spending calculated?

9. In a sample of 93 national reports, only less than 10 percent of countries indicated that they did not provide any financial support or incentives to national activities that are intended to achieve the objectives of the Convention. The large majority of countries have provided financial support (26%), incentives (10%) or both (55%) to support national biodiversity activities.

10. There are a wide range of approaches to allocating national budgets to biodiversity in different countries. The following trends can be identified from national submissions:

Africa:

- Generally no separate budget for biodiversity;
- Sector-wide approach to budgetary allocations;
- Programming biodiversity into major policy documents;
- Budget for biodiversity as part of the budget allocated for the environment;
- Budgetary allocations to sectors such as wildlife, national parks, environmental management, forestry, fisheries, water resources, agriculture, tourism, museums, herbarium and botanic gardens, waste management, etc.;
- Fluctuation of budgetary expenditures on biodiversity over years, and in some cases, spending limited to cover salaries and some logistics; and
- Different budgetary capacities.

Asia and the Pacific:

- Governmental sources (all levels) as the main source of investment into environmental protection;
- Support of science and technology budgets to conservation and sustainable use of biodiversity;
- Budgetary allocations to non-governmental organizations;
- Budgetary allocations through project applications for funding on small scale basis;
- Five-year national programmes for biodiversity;
- Budgets in line with five year development budget and annual operating budget;
- Specific budgets for CBD focal point's activities;
- Budgetary provisions used as co-financing for internationally financed projects;
- Level of budgetary allocations linked to priority given to biodiversity;
- Impact of low wages and minimal capital expenditures on the capacity of effective conservation;
- Impact of changes in oil prices on available budgetary resources; and
- No significant changes in terms of budgetary allocations in some years.

Latin America and the Caribbean:

- Pluri-annual plan with programs containing actions which are directly or indirectly related to CBD implementation;
- National biodiversity work programme coordinated by the Ministry of the Environment;
- Adverse impacts of public expenditure adjustments on environmental allocations;
- Importance of geographical distribution of biodiversity not reflected in budgetary allocations;
- Allocations to debt for nature swaps; and
- Limitation of national sources.

Central and Eastern Europe:

- Unequal attention to biodiversity in relation to other sectors;
- 30% of planned activities with non-secured funds;
- Legislation of biodiversity programs to be financed from national budgets;
- Existing financial mechanisms not implemented;

- Declining share of the state budget thanks to increasing resources from other sources or thanks to economic changes; and
- Insufficient budgets for nature protection.

Western Europe and Others:

- Budgets for the biodiversity convention office;
- Allocations from development cooperation agencies;
- Impact of radical change in public administration system on budgetary allocations to biodiversity;
- Specific funding instruments for biodiversity;
- Increased funding as a result of a central government funding package for national biodiversity strategy and action plan;
- Increased support from regional budgets;
- Part of regular budgetary processes and budget lines;
- Special biodiversity initiatives initiated; and
- Budgetary constraints to increase funding for biodiversity.

11. Several countries have begun to measure budgetary support to biodiversity in terms of general environmental budgets and general national budgets. The following percentages are taken from some national submissions:

- On annual average, 2.35% of gross domestic products used for forestry and wildlife budgetary allocations, 2.15 for ecology and environmental budgetary allocations at the national level, 2.18% of total revenue expenditure and 2.03% of total capital expenditure allocated to environment, forest and ecology at the all states level from 1990 to 1999;
- 0.2% of the gross domestic products spent on environmental protection and sustainable use of natural resources on annual average from 1991 to 2000;
- 0.3% of total public expenditure and 0.06% of gross domestic products for nature protection expenditure in 1998;
- 0.3% of the gross domestic products spent on the environmental sector in 2000;
- 1.5-2% of the total environmental allocations for biodiversity in 2000;
- 0.27% and 1.06% of the total national budget allocated for Ministry of Environment and Ministry of Agriculture, Forestry and Fisheries respectively in 2003, and 25.3% and 41.15% of the global budget allocated to line departments of the two ministries at the provincial level; and
- 0.07% of the state budget allocated for all the institutions operating within the nature protection system and for their programmes and projects in 2006.

12. Most national submissions were able to provide budgetary information concerning conservation and sustainable use of biodiversity. Although no uniform format has been used in those submissions, there is a general convergence that budgetary information needs to report on:

- Biodiversity expenditure of the General environmental expenditure (i.e. Budget for Ministry of the Environment, Ecology and Natural Resources or its equivalent), and the proportion;
- Special biodiversity or its related agencies or institutions
 - o Wildlife service/commission/national parks/nature reserves
 - o National herbarium and botanical gardens
- Expenditure on national environmental funds or biodiversity funds
- Budgets allocated to conservation non-governmental organizations
- Special national environmental/biodiversity programs
- Biodiversity expenditures in the budgets of other ministries (Agriculture, Forestry, Energy, Transport etc.)
- Biodiversity expenditures for line departments at regional/provincial and local levels

III. RESOURCES AVAILABLE THROUGH ENVIRONMENTAL FUNDS

13. By decision VIII/13, paragraph 7, the Conference of the Parties recommended to Parties, Governments and funding institutions, as appropriate, the promotion, and fostering of new national and regional environmental funds and strengthening/expanding such existing funds, and further to encourage knowledge transfer and exchange about these mechanisms, through the creation and/or strengthening of national and international learning networks or communities, and that information on these initiatives be considered in the in-depth review to be conducted by the Conference of the Parties at its ninth meeting, through the Ad Hoc Open Ended Working Group on the Review of the Implementation.

14. Among 118 countries that have made submissions to the Convention on Biological Diversity, two thirds of them mentioned national environmental funds in place, under preparation or planned. Major biodiversity donors, such as the Global Environment Facility and the United States of America, have invested considerable amount of resources in national environmental fund in the past two decades.

15. There are diverse approaches as well as perspectives on national environmental funds. National environmental funds are perceived to contribute to biodiversity finances in a number of different ways:

- Financing arm of national biodiversity agenda
- Independent financial base for conservation activities
- Source of sustainable financing
- Source of predictable financing
- Source of complementary financing
- Treasury to collect revenues for environmental purposes
- Provider of financial management
- Implementing Agency
- Means to reduce external dependence
- Planner and manager of national biodiversity
- Advocacy force for environmental policy

16. Given the potential of mobilizing financial resources through national environmental funds, many countries, in particular in Africa and Asia, which do not yet have national environmental funds, planned to establish new environmental funds in their national biodiversity strategies and action plans. According to Lebanon, the concept of the Arab Environment Facility has also been elaborated.

17. The established environmental funds differ in terms of sources of revenue, governance and institutional structure, scope of function, legislative base, relation to national biodiversity finance structure, as well as other aspects.

Bhutan:

By charter, the Trust Fund for Environmental Conservation is mandated to support the following broad themes:

- Training professionals in ecology, natural resources management, forestry and environment;
- Assess biological resources and develop ecological information base;
- Develop management plans for protected areas and implement them;
- Public awareness and environmental education in the schools;
- Institutional support to related sectors/agencies; and
- Projects integrating conservation and development.

Bolivia:

The principal functions of the National Environmental Fund (Fondo Nacional del Medio Ambiente (FONAMA)) in Bolivia are:

- Organize environmental investments as part of national public investment through a formulating annual financial programme;
- Receive funds through elaborating a contribution plan for applying environmental sustainable development plans and policies and on behalf of other governmental bodies;
- Administer the funds through elaborating investment programmes; and
- Provide technical, financial and administrative assistance to public and private national organizations with regard to development of the capacity to prepare and implement environmental and sustainable development projects and programmes.

Denmark:

Since 1989 the Danish Parliament has through the yearly Fiscal Act provided financial resources for a fund for Nature Management operated by the Danish Forest and Nature Agency of the Ministry of Environment. The fund is used in support of projects to:

- Restore nature areas and improve habitats of wild fauna and flora, including protected areas such as Natura 2000 sites;
- Increase the area of state owned forest by afforestation in order to contribute to the objective of doubling the forest area of Denmark within 80-100 years;
- Improve public access to nature areas and the possibilities for non-consumptive use; and
- Conserve and manage the aesthetic and cultural values of open landscapes.

18. A range of issues related to establishment and strengthening of environmental funds require further exploration. In general, there are needs to strengthen institutional capacities, financial capacities, legal basis, governance, and coordination with both domestic and external policy and finance.

IV. RESOURCES AVAILABLE FROM TAX EXEMPTION MEASURES

19. In decision V/11, paragraph 16, the Conference of the Parties urged Parties, subject to their national legislation, to promote the consideration of tax exemptions in national taxation systems for biodiversity-related donations.

20. In a sample of 90 national submissions, half of the reporting countries indicated that there was no tax exemption for biodiversity-related donations. One third of the reporting countries have adopted tax exemption status for biodiversity-related donations, and a considerable number of the reporting countries (16%) are in the process of developing appropriate tax exemption measures.

21. Several countries are investing into tax exemption measures and some others planned to introduce such measures. In a number of countries, certain donations including but not specific to biodiversity are deductible, that is, exemptions are provided for donations of general nature. The tax exemption measures adopted by different countries have gone well beyond the initial scope of the above-mentioned decision:

Income tax deductions:

- Agricultural products, including products and industries related to conservation of biodiversity or its components;
- Gifts of property or for landowners entering into conservation covenants;
- Conservation easement, covenant, or servitude;
- Donations by private individual and corporate landowners of ecologically sensitive land;
- Donations to public welfare cause by the enterprise and individual, including the donation to conservation of biodiversity;
- Donations for purposes in which there is a public interest;
- Shifting away from urban sites; and

- Donations to specific programmes and registered non-for-profit organizations (including non-governmental organizations).

Land tax exemptions:

- Protected areas and organizations implementing conservation of lands under state forests
- The state reserves and reservations, national parks, municipal parks, botanical gardens and lands under state forests;
- Conservation agreements with private landowners;
- Landowner contributions to biodiversity conservation;
- Landowners having land within protected areas where economic activities are restricted or forbidden;
- Participation in programs designed to promote long-term private stewardship for conservation and management of lands;
- Gene reserve forests with voluntary long-term protection commitment;
- For cultural, scientific or historical reasons or for nature conservation reasons or there is a special public interest in the property and the income generated by the property is less than the cost of acquisition;
- Areas covered with legal protection (national parks and nature reserves) and protective forests;
- Succession rights and levy for forests; and
- Provincial tax incentives for land conservation.

Value added tax (VAT) exemptions:

- Agricultural products (seedlings and saplings of trees and bushes, young fish, etc.), produced domestically;
- The Green VAT concerning biodiversity;
- Purchases of materials and equipment related to environmental projects;
- Special funds of the forestry entities formed due to sale of forest products (commercial timber, wood, saw-timber), sale of agricultural products (grain, potato, livestock products, honey and etc.), sale of mountain products (walnut, pistachios, apple, barberry, sea-buckthorn, cherry-plum, hips and etc.), sale of planting material, renting of land, pastures;
- Paraffin; and
- Acquisition of materials and equipments related to implementation of environmental protection projects.

Custom duty exemptions:

- Imported products and equipment for use by projects that support biodiversity conservation;
- Imported environmental technologies;
- Components of membrane cell technology; and
- Import of scientific materials and information in certain sectors (those from UNESCO).

Tax exemptions on international cooperation:

- All funded projects and activities by GEF or other regional and international agencies;
- Bilateral and multilateral cooperation; and
- Other foreign contributions.

Tax exemptions for charitable organizations and foundations:

- Donations to approved environmental organizations/associations;
- Gifts to conservation organizations;
- Legal subjects/entities whose intention is biodiversity protection investment;
- Charitable organizations and foundations and supply utility associations, including those concerned with nature conservation;

- Activities of public-interest corporations related to biodiversity;
- All not for profit, organizations including those working for the promotion of the Convention;
- Charitable and non-profit organizations;

Other tax exemptions:

- Research;
- Creation of environmental trust funds, and revenues contributed voluntarily by legal entities and individuals to environmental funds;
- Introducing technologies and production with little waste or without waste, and utilization of secondary resources;
- Amount of revenues from profits reinvested to nature protection needs;
- Enterprise revenues received from utilization of industrial and household waste;
- Enterprises manufacturing nature protection equipment, materials, reagents, facilities for controlling environment, and those ones implementing construction and reconstruction of mature protection objects;
- Tree planting;
- Income from natural forestry;
- Industries that install pollution reduction measures, or restore degraded habitats;
- Innovative technologies which are environment friendly;
- Ecotourism;
- Leasehold forestry owners who take certain area of forestland for commercial plantation of non-timber forest products;
- Facilities for research, development, and transport to environmental management;
- Maintenance of privately owned nature areas;
- Investments in green funds; and
- Projects carried out by landfill operators.

22. There are several implementation issues related to tax exemption measures. In some cases, tax exemptions in national taxation systems to encourage financial support to biodiversity management have not been implemented. Some measures are planned to encourage financial support for environmental matters, but they are not directly related to biodiversity. Certain tax exemption measures are relatively unimportant for the individual or corporate taxpayer. In addition, when conservation organizations pursue commercial activities, taxes are reduced only partially or within certain limits.

V. RESOURCES AVAILABLE FROM INTEGRATION OF BIOLOGICAL DIVERSITY INTO SECTORAL DEVELOPMENT AND ASSISTANCE PROGRAMMES, POLICIES AND PLANS

23. In decision VI/16, paragraph 8, the Conference of the Parties “Urges Parties and Governments, the World Bank, the International Monetary Fund, the United Nations Development Programme and other relevant institutions to take concrete action to review and further integrate biodiversity considerations in the development and implementation of major international development initiatives, such as the Highly Indebted Poor Countries (HIPC) Initiative, Poverty Reduction Strategies (PRSs), and Comprehensive Development Frameworks (CDF), as well as in national sustainable development plans and relevant sectoral policies and plans”.

24. In a sample of 93 third national reports, only 9% of the reporting countries report that they have not taken concrete actions to review and further integrate biodiversity in national plans and international development initiatives. Half the reporting countries indicated some initiatives, and a quarter of the reporting countries have undertaken major initiatives. Sixteen per cent report that the review is under way.

25. In decision VII/21, paragraph 7, the Conference of the Parties “Invites Parties and Governments to enhance the integration of biological diversity into their sectoral development and assistance programmes.”

26. In a sample of 89 third reports, only 10 % of the reporting countries did not enhance biodiversity integration, and a few more were developing some programs. More than half the reporting countries report that they have integrated biodiversity into some sectoral development and assistance programmes, and nearly a quarter of the reporting countries have integration into major programmes.

27. Examples of integrating biodiversity into general national plans, programmes and policies:

Africa:

- Millennium Development Goals implementation plans;
- National Development Plan/Strategy;
- National Program for Human Resource Development;
- National Strategy for Sustainable Development;
- Plan of Action for the Promotion of Women;
- Post-Crisis Reconstruction document;
- Poverty Reduction Strategic Plan (PRSP);
- Program for Promotion of Decentralization and Development of the Civil Service;
- Vision 2020; and
- Vision 2030.

Asia and the Pacific:

- Coastal Infrastructure Assets Management Strategy;
- Comprehensive Development Framework;
- Comprehensive Strategy for Growth and Poverty Reduction;
- Five Year National Economic Development plan (SEDP);
- Government Rectangular Strategy;
- Government’s Policy Platform;
- Government’s Social Economic Development Plan;
- National Administration Strategic Plan;
- National Development Plan;
- National Strategic Development Plan;
- Institute of sciences;
- Law and human rights;
- National Strategy for Accelerated Poverty Reduction/ National Poverty Reduction Strategy/Poverty Reduction Strategy Plan/ National Strategy on Poverty Reduction; and
- National Sustainable Development Plan/Strategy/ National plan of sustainable development.

Latin America and the Caribbean:

- Federal Government development strategy;
- Federal Government Pluri-annual Plan;
- Community development programs;
- Urbanization;
- Development Plan;
- National Land Development Plan; and
- Sustainable Development Strategies.

Central and Eastern Europe:

- Rural Development Plan/Programme;

- Sustainable Development Strategy; and
- National Development Strategy.

Western Europe and Others:

- Sustainable Development Strategies;
- Provincial strategy plans;
- Programme for Sustainable Development; and
- National Sustainability Strategy

28. Examples of integrating biodiversity into environmental plans, policies and programmes:

Africa:

- National parks;
- Environment Act;
- Environmental plan for sustainable development;
- NAPA Programme to combat desertification; and
- National Environmental Management Programs /Strategies

Asia and the Pacific:

- National Adaptation Programme of Action;
- National Action Plan for Desertification/National action programme on UNCCD;
- National Climate Change Strategy;
- National Environmental Action Plan;
- Law for Protection of Environment; and
- National Strategy for Environmental Protection to 2010 and Orientations towards 2020

Latin America and the Caribbean:

- National Environmental Strategies

Central and Eastern Europe:

- State Environmental Policy;
- National Environmental Action Plan; and
- Environmental protection/ Nature Conservation Development Plan.

Western Europe and Others:

- Priority Issues in the Environmental Conservation Initiative for Sustainable Development (EcoISD); and
- Chart on Environment

29. Examples of integrating biodiversity into sectoral plans, programmes and policies:

Africa:

- Agricultural and livestock production development programs/ lowlands agricultural development programme/ Agricultural and rural development policy/ plan for modernization of agriculture;
- Ecotourism/ tourism development plan/ tourism industry development;
- Energy sector programs;
- Non Sugar Sector Strategy Plan;
- National forestry plan/ Forestry management plan/ National forest management activities/programmes/ Sustainable forestry management;
- Lands/ Rangeland development activities/programmes;
- Fisheries sector;

- Marine and aquaculture;
- Participatory integrated watershed management programme; and
- Production system resource management

Asia and the Pacific:

- Agriculture/ Livestock/ Strategic Paper on Food Safety Policy;
- Aquacultural Resources Protection and Development Programme;
- Forestry Development Programme / Forestry reform;
- Fisheries;
- Freshwater;
- Manufacture/Retail;
- Marine affairs and fisheries/ ocean;
- National tourism development plan/ Environmental tourism;
- Petroleum;
- Pharmaceutical;
- Research and technology; and
- Water resources plan.

Latin America and the Caribbean:

- Agricultural sector policy;
- Aquaculture and fisheries/marine and coastal sector;
- Education;
- Health programs;
- Forestry Strategy/Law;
- Land use policy/ Sustainable land management;
- Physical planning;
- Solid waste management;
- Tourism programs;
- Water and sewerage;
- Water policy

Central and Eastern Europe:

- Agriculture;
- Air quality management;
- Energy sectors;
- Fisheries;
- Forest sector/ forestry and hunting plans /Forestry development plan;
- Industry;
- Infrastructure;
- Marine;
- Mountain areas;
- Tourism;
- Traffic;
- Transport; and
- Water management/Water quality management

Western Europe and Others:

- Agriculture/Agriculture Policy Framework (APF)/ Food, Agriculture/ Sustainable Food and Farming Strategy;
- Culture;
- Defense;

- Ecclesiastical Affairs;
 - Economic and Business Affairs;
 - Education;
 - Fisheries;
 - Health;
 - Justice;
 - National Forest Strategy (NFS);
 - Ocean Strategy/ Oceans Action Plan;
 - Science;
 - Transport; and
 - Water
30. In general, there are four approaches used to integrate biodiversity into development cooperation:
- Most countries have integrated environmental considerations, including biodiversity, into all aspects of development cooperation, in particular through mandatory environmental impact assessments;
 - Many countries have integrated biodiversity and environmental considerations in sectoral programmes and country strategy planning procedures, strategy for aid to developing countries or Chart on Sustainable Development;
 - A number of countries have pursued sectoral integration into, such as agriculture, forestry, fisheries sectors, sustainable resource management and rural development strategy; and
 - Certain countries have established specific policy instruments or programmes to promote integration of biodiversity, such as the French Global Environment Facility, and International Policy Programme on Biodiversity.

VI. RESOURCES AVAILABLE FROM REVENUE MEASURES

31. There is a wide range of revenue measures, mostly known as innovative financial mechanisms in certain literatures, applied to mobilize financial resources. There are also different typologies of those revenue measures. Based on entry points of revenue generation, those measures may be classified as follows:

- Payment for the right of utilization (licenses and permits, user charges);
- Revenues from direct utilization;
- Payment based on utilization;
- Payment for environmental damage;
- Environmental insurance;
- Payment for environmental services; and
- Revenues from benefit-sharing

32. Payment for the right of utilization involves the issue of authorisation documents such as licenses, permits and user charges of nature utilization. It is one of the most important ways of controlling economic activities having negative impact on biological diversity. Examples are:

- Forestry concession/ grazing permits in forest reserves/ licenses for commercial use of forest resources;
- Fishing permits/ angling license/ registration for boats/ fishing concession;
- Animal resources;
- Vegetable resources;
- Recreation resources/ leisure netting license/ permits for boats;
- Hunting;
- CITES export permits;
- National park entry fees;

- Environmental impact assessment certification;
- Wetland and water permits; and
- Permit for emissions, drainage, discharge of polluting substances and waste according to scientifically justified standards.

33. Issues related to payment for the right of utilization are legislation, enforcement capacity, information base, administration of resultant revenues, and how to redirect revenues towards biodiversity conservation, as well as reserve maintenance and upkeep. In general, revenues from payment for the right of utilization are not significant. In some countries, these revenues are fed into national coffers and returned to biodiversity as annual budget allocation. Certain countries return a percentage of these revenues for direct use to nature management. Other countries treat the revenues as revenues of State national fund, and thus they are not used for purposes of biological diversity. In the license for nature utilization, the following data is required:

- nature user;
- detailed purpose of work;
- borderlines of the territory and periods of utilization;
- a list of utilized natural resources and rates of their utilization and exception;
- a list and limits for emissions and placed waste;
- payment rates;
- environmental requirements and consequences in case of non-observance of these requirements.

34. Better knowledge is needed on the cost of various government permits relative to potential values generated. In Zimbabwe, for example, the annual permit cost for a luxury cruise boat is Z\$50 000, yet one boat can generate at least Z\$500 000 per annum. With canoeing in Victoria Falls, the annual permit cost to an operator is Z\$25 000 while the industry generates about Z\$50 to Z\$60 million per annum.

Relevant policy questions that need to be addressed include:

- Are the license and permit costs high enough to cover government costs of monitoring and regulating the industry;
- Are license and permit fees high enough to discourage over-entry into the industry and the subsequent resource degradation. If the license and permit system is not designed to regulate entry into the industry, is there an effective quota system to limit the numbers of operators; and
- Are license and permits supported by regulations governing the activities of the industry and are these being effective.

35. Revenues from direct utilization include those raised for reserve management from economic activities within the protected areas themselves, such as cutting woods, grazing, collection of mushrooms and medicinal plants, ecotourism, hotels, elephant rides, issuing filming licenses, monkey export, etc.. In St. Lucia, local organizations have generated revenues from yachting, diving, snorkelling, forest produce, Christmas trees, and forest trails. In Zimbabwe, the Forestry Commission has a commercial wing operating as a company, and National Parks and Wildlife Authority charges for services given with a fund set-up.

36. Revenues generated from sustainable use of biological resources could be greatly enhanced through adoption of market pricing strategies. In Armenia, pricing policy is generally driven by the need to raise revenue rather than by market forces. For example, timber prices are currently determined by the costs of extraction and the need to generate specific revenues, and as a result timber products are undervalued, and are sold well below international prices. The introduction of modern technologies, along with revised pricing and effective marketing of timber, could increase income from forestry by

650%. In general, there is a need for an integrated economic policy and pricing mechanism with regard to forest and biodiversity management, which relates market values to revenue generation.

37. Payment based on utilization refers to charges/taxes/fees applied on exploiting natural resources. For instance, natural resources tax on use of natural resources such as water, air, packaging material and other biological resources exploitations, or provincial taxes on sensitive natural spaces. In Estonia, an ecological tax reform was under preparation. Finland developed taxation system so that the emphasis in taxation could gradually be shifted from taxation of labour to taxation of the use of natural resources and of activities polluting the environment.

Examples of charges on exploiting natural resources:

- Charges collected from water users based on a “full-cost principle”;
- Charges on use of hunting species for the protection of fauna species, for restoration of endangered species, for compensations for damage caused by protected fauna species; and
- Cost recovery charges on all commercial uses of protected areas and biodiversity;

Examples of fees on exploiting natural resources:

- Natural resource fees;
- Wildlife trade;
- Timber royalties;
- Water royalties;
- Royalties from the sale of medicinal plants and non-timber forest products; and
- Trophy hunting fees

38. Payment for the damage done to environment as a result of non-observance of rates and rules of nature utilization is a rather popular instrument used to collect resources for environmental purposes. In Brazil, the Law of Environmental Crimes stipulates rules on penal and administrative sanctions that may be applied to conducts and activities that are harmful to the environment. In China, administrative charges include charges for disposing pollutants, dumpage charge in sea area, charge for using sea area etc. Other examples include fines for illegal hunting.

39. It should be noted that fines and sanctions are not always effective, and do not necessarily promote fulfilment of biological diversity objectives. In some countries, the penalties established are too low to provide a real deterrent and do not reflect the actual economic realities and real costs of damage. In most cases, assessments of the overall fines for use of biological resources or products is based on existing market prices, but does not take into account the costs associated with long-term and indirect environmental damage resulting from such activities. For example, a fine for felling a walnut tree that is based on the market price of the tree does not cover the costs of planting and growing another tree over several decades. Fines should thus incorporate the wider environmental costs of use such as: accessibility of the location (remoteness); rarity of the species and purpose of use; the availability of hunting licences for foreign citizens; environmental restoration costs; distribution and population; existing availability of stored material; quantity needed; season of availability; location; labour expenses; (medical) efficacy; and the part of the plant, or animal, that is used. In order to put an appropriate value on biodiversity conservation in an economic context, legislation needs to be developed which takes into account both economic value and ecological damage.

40. Environmental insurance is an insurance of civil-legal responsibility of an enterprise as a source of environmental danger for the damage done to the health and property of individuals and legal entities (third parties), and also for doing damage to environment as a result of extreme circumstances (emergency) pollution of it. In Kazakhstan, the Law “On Protection of Environment” provides for mandatory or voluntary insurance. In Georgia, the income from mandatory insurance contributions is

earmarked for the costs associated with the prevention of, or clear up after, environmental accidents and/or disasters. A state company for compulsory environmental insurance is under design to implement measures to mitigate and prevent environmental damage. The assessment of economic value of biological diversity is necessary to underlie appropriate pricing for environmental services and damage.

41. Payment for environmental services has been piloted in several countries. In Bolivia, el Parque Noel Kempff Mercado has experimented to raise funds from capturing carbon dioxide emissions. In Costa Rica, private hydro-electrical companies provide compensations to the area affected and hotels in conservation areas apply voluntary surcharge to tourists.

42. Revenue from benefit-sharing arrangements is still a relatively new source of funding in only a limited number of countries, but might become more popular once the international regime on access to genetic resources and benefit sharing has been established. Kenya has initiated benefit-sharing mechanisms for wildlife conservation. In Philippines, resources that can be used for research can be accessed through the Joint DENR-DA-PCSD AO#1 or the IRR of Republic Act 9147 or commonly called the Bioprospecting IRR.

43. Some revenue measures are not directly related to biological resources, but used for purposes of biological diversity. In Egypt, an additional tax is levied on aeroplane tickets issued locally, from which income to finance programmes for developing tourism and environmental protection. In Mauritius, coastal hotels and boarding houses (with more than 4 bedrooms) are required to pay an environment protection fee of 0.75% of their annual turnover.

44. Although some national biodiversity strategies and action plans recommended generating income from visitor charges and other measures, there has been no much progress in implementing the recommendation partly due to relevant policy on revenue management of Ministry of Finance.

VII. RESOURCES AVAILABLE FROM PRIVATE SOURCES

45. The voluntary and private sectors are an important additional source of funding, particularly through their involvement with local biodiversity partnerships. In a Forum of Donors in Romania, 32% of the donors are development agencies, 18% are bilateral donors, 16% are multilateral donors, 16% are private donors, and 18% public foundations. In New Zealand, the private sector and community groups contribute significant in-kind support – labour, materials, land, etc – which are critical to implementation. Given the limitation of available information, it is, however, difficult to assess to what extent private resources contribute to biodiversity conservation.

46. To a large extent, the role of contribution from private resources to biodiversity has been defined by enabling policy environment established by governments. There are opportunities for governments to improve enabling policies for increased contributions from private resources:

- Public private partnerships in development cooperation;
- Legal instruments for governing privately owned or administered biological resources, for guaranteeing ownership rights on land and of biological resources on it, and for benefit-sharing;
- Tax-deductibility required for private initiatives;
- Information dissemination to encourage sponsorship of environmental protection and nature conservation measures;
- Agro-environmental and contract-based nature conservation programmes to influence agricultural and silvicultural land use;
- Lotteries and green funds to attract private resources; and
- Financial incentive for exchange of private lands important for forest conservation.

47. Non-governmental organizations (NGOs) have traditionally been a driving force in international biodiversity movement, and also played an important role in financing for biodiversity. Several international organizations have small grant programmes, such as awards, and provide technical assistance for local non-governmental organizations, schools and local groups. In many countries, NGOs have gained great confidence of international donors, and thus become essential partners in implementing external funding. Through membership fees and occasional donations, some NGOs help pool up donations from small donors. International NGOs perhaps are the largest provider of technical assistance for biodiversity activities. In Bhutan, the World Foundation for Environment and Development (WFED) of Washington D.C. assisted to develop a Bioprospecting Action Plan for Bhutan and facilitated a program of workshops and training in aspects of bioprospecting management. NGOs are also instrumental in establishing national environmental funds. National reports mentioned a number of major NGOs:

- Birdlife International;
- Concerns World Wide International;
- Conservation International;
- Counterpart International;
- Eeconet Action Fund;
- FFI International;
- Frankfurt Zoological Society;
- Institute for Zoo Biology and Wildlife Research (Berlin);
- International Society for Animal Rights;
- London Zoology Society;
- New York Zoological Society/The Wildlife Conservation Society (New York)
- Oxfam (GB, America, Australia);
- The Nature Conservancy;
- World Conservation Union (IUCN);
- World Fish Centre;
- World Foundation for Environment and Development (WFED) of Washington D.C.;
- World Resources Institute (WRI);
- WWF International (country arms or regional headquarters);

48. Corporate sector may have different incentives for their involvement in biodiversity activities based on the nature of business. Broadly speaking, corporate financing may come from the following areas:

- Businesses that profit directly from conserving biodiversity, e.g. eco-tourism companies, whose activities will directly benefit biodiversity;
- Businesses that use or affect biodiversity, e.g. mining companies. Companies such as these may support biodiversity conservation by reducing their negative effects on biodiversity (e.g. reducing pollution) or by supporting parallel activities that benefit biodiversity conservation (e.g. conducting ecological research or supporting local community conservation initiatives);
- Businesses that have little or no direct link with biodiversity conservation but may contribute to biodiversity conservation activities as part of their social responsibility (e.g. supporting communities or employees) or to raise their public profile. Such companies are often found in energy companies, oil companies, automotive companies, chemical companies; and
- Other businesses such as investments by “green” banks.

49. Corporate sector is often a target of fund-raising for conservation project activities. In Bahamas, Disney Wildlife Grant contributed US\$16,000.00 for Bahamas Parrot Monitoring in 2005. In Thailand, Petroleum Thailand initiated the Green Globe Award for 6 years as a national campaign to promote forest protection. Corporate sector can also be an effective conservation manager. In Swaziland, the private sector manages the Big Game Parks.

50. Foundations are an important private-sector element in the development of practices promoting nature conservation. In Germany, more than 400 foundations are active in the field of nature conservation, where they spend some 75 million EUR. A large number of foundations are displaying increased commitment to sustainability, and to this extent the promotion of sustainable use of biodiversity is increasingly falling within the field of activities of private foundations. In China, a number of international foundations have carried out co-operative and exchange programs with various ministries, governmental agencies and academic organizations. Some foundations are mentioned in several national reports:

- Alliances for Voluntary Initiatives and Development - Allavida;
- Asia Foundation;
- Baumann Foundation;
- Carpathian Foundation - Fund for Development of the Carpathian Euro region;
- Charles Stewart Mott Foundation;
- Christian Oswald Foundation;
- Co-operating Netherlands Foundations For Central and Eastern Europe - CNFCEE;
- Ford Foundation;
- Freedom House;
- German Marshall Fund of the United States;
- International Crane Foundation;
- International Snow Leopard Trust;
- King Baudouin Foundation;
- Mac Arthur Foundation;
- National Endowment for Democracy;
- Open Society Foundation /Open Society Institute;
- Rockefeller Foundation; and
- Soros Foundation.

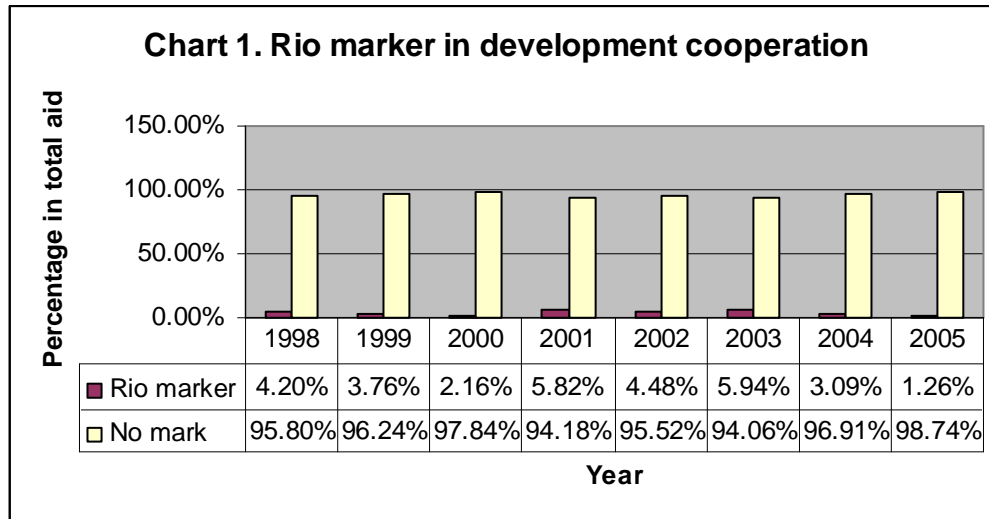
51. Individuals can provide financial resources through individual contributions, donations, and memberships regarding private nature conservation organizations (NGOs). In Cambodia, Angelina Jolie, a Hollywood movie star donated USD10 million for biodiversity conservation project at Roneam Daun Sam and Samlaut Protected Areas.

VIII. OFFICIAL DEVELOPMENT ASSISTANCE TO BIODIVERSITY

52. In decision VIII/13, paragraph 5, the Conference of the Parties requested the Executive Secretary and invited the Organization for Economic Co-operation and Development (OECD) to further collaborate on data collection and to provide regular reports on the status and trends of biodiversity finance to the Conference of the Parties

53. The following synthesis is based on the OECD data extracted on 1 March 2007, which contains funding information from Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom, United States and European Commission. As biodiversity and other Rio issues are relatively new concepts within development statistical system, different understandings of their definitions and statistical attributes may have more impact on accuracy and consistency of applying the Rio markers across countries than over time. Figure 1 presents the results of applying the Rio markers in development cooperation data. The percentages of marked aids for the Rio conventions have varied significantly, providing a trend measurement of the extent to which the Rio conventions have been frequently integrated into development assistance programmes. The period between 2001 and 2003 appear to be relatively high, with nearly 6 percent in 2003. There was a turning point in 2000, and also in 2004. The relatively low percentage in 2005 may be a reflection of time factor in data processing.

Figure 1 Rio marker in development cooperation

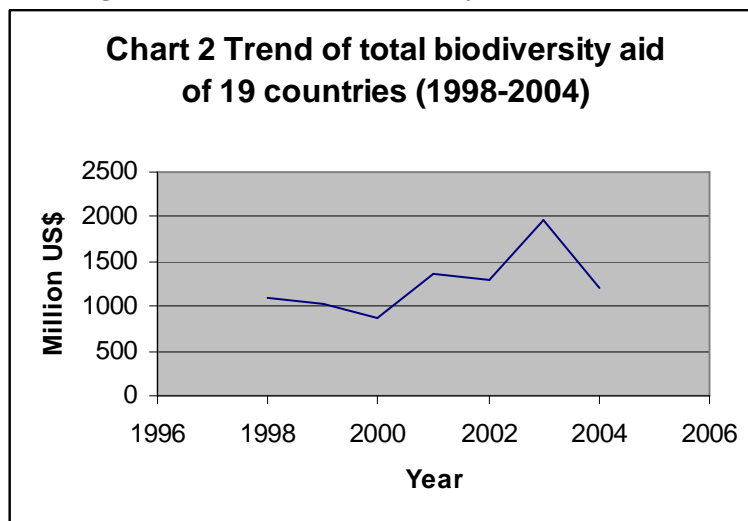


Historical Trends in Biodiversity Finance

54. The data generate around nine billion United States dollars for biodiversity-related assistance from 21 developed countries and the European Commission for the period between 1998 and 2005. Four countries (Japan, Germany, Netherlands and the United States) together provided 70 percent of the marked total biodiversity-related assistance in this period. Other countries in the top ten supporting countries are Denmark, France, Norway, Canada, Sweden and Switzerland.

55. Since several countries and the European Commission were not involved in the pilot phase of the Rio markers, and certain countries may have not completed the marking for the year 2005, Figure 2 presents the more representative trend based on 19 countries whose data are available for the whole period between 1998 and 2004. There was generally an increasing trend of biodiversity-related assistance from 1998 to 2003, but a downward trend started in the year 2004.

Figure 2 Trend of total biodiversity aid of 19 countries



56. According to table 1, the percentage of biodiversity assistance in total development assistance had a low of 1.32 percent in 2000 and a high of 2.94 percent in 2001. The period between 2001 and 2003 also witnessed high-level percentage of biodiversity assistance in total official development assistance.

Overall, the data demonstrate that biodiversity accounts for around 2.10 percent of annual total official development assistance.

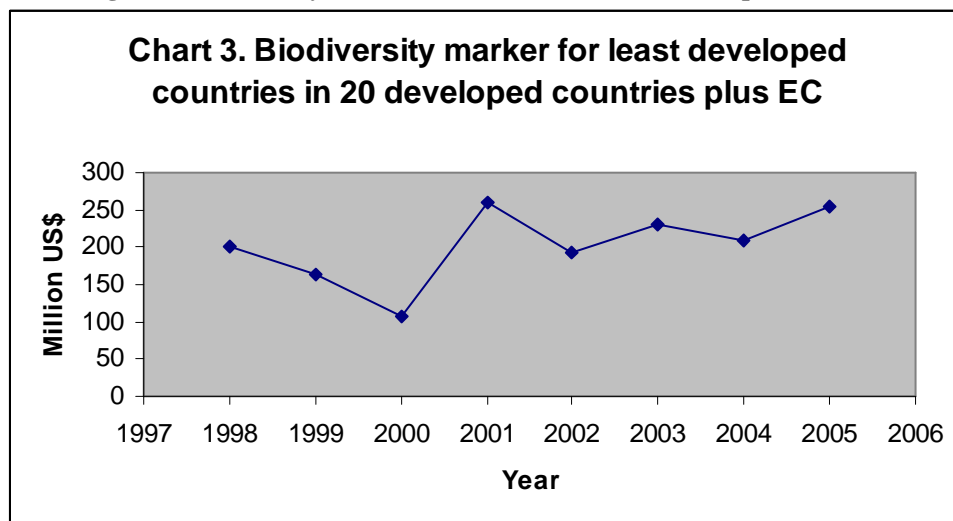
Table 1 Biodiversity assistance as percentage of total ODA

Year	Biodiversity assistance as percentage of total ODA
1998	2.13%
1999	1.71%
2000	1.32%
2001	2.94%
2002	2.39%
2003	2.55%
2004	1.63%
2005	0.55%
Average (1998-2004)	2.10%

Regional Trends in Biodiversity Finance

57. *Least Developed Countries:* There are some 1.6 billion United States dollars marked for the least developed countries between 1998 and 2005. On average, about 200 million United States dollars have been invested in biodiversity-related development assistance in the least developed countries every year. Such assistance declined to around 100 million United States dollars in 2000, but has recovered since then. As shown in Figure 3, the overall trend in bilateral biodiversity assistance for the least developed countries is to increase positively. The top ten supporting countries are: Netherlands, Germany, Norway, Japan, Denmark, Canada, United States, Sweden, France, Belgium and European Commission.

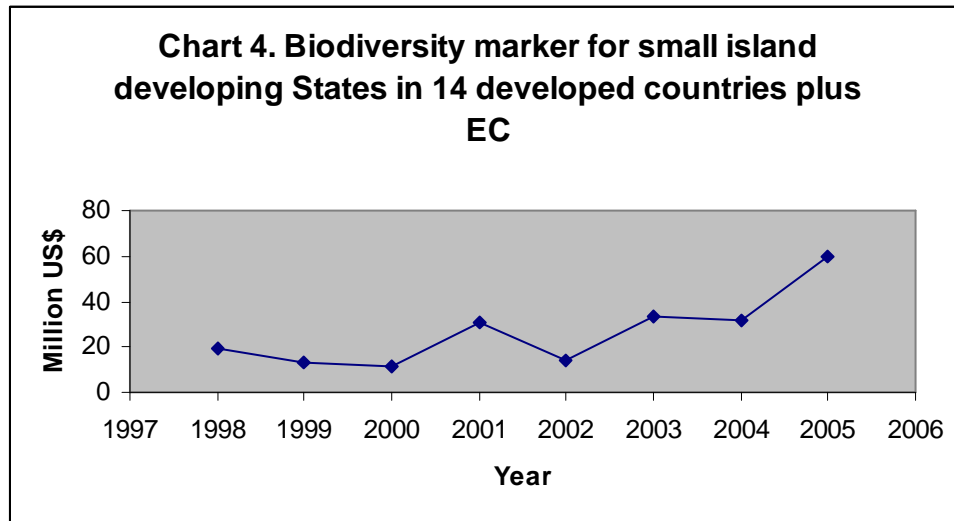
Figure 3 Biodiversity marker for assistance to least developed countries



58. *Small islands developing States:* Among 22 developed countries, 14 countries marked over 212 million United States dollars for biodiversity assistance in their development assistance for the small island developing States. On average, development assistance has allocated some 27 million United States dollars to biodiversity activities in the small island developing States every year, and there is a general trend of increasing biodiversity cooperation with small islands developing States led by the European Commission, as shown in Figure 4. The top ten supporting countries: Netherlands,

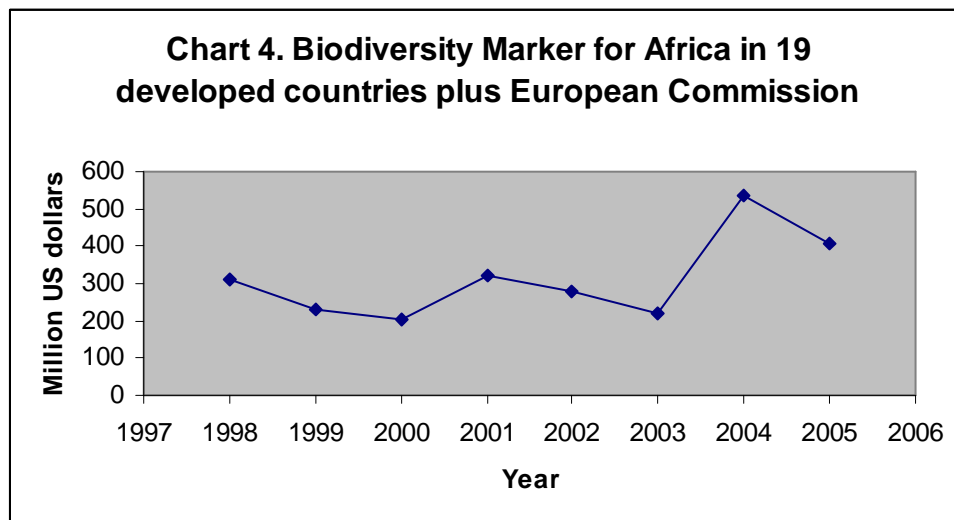
Switzerland, Canada, Japan, Australia, France, Germany, Spain, New Zealand, Norway and European Commission.

Figure 4 Biodiversity marker for assistance to small island developing States



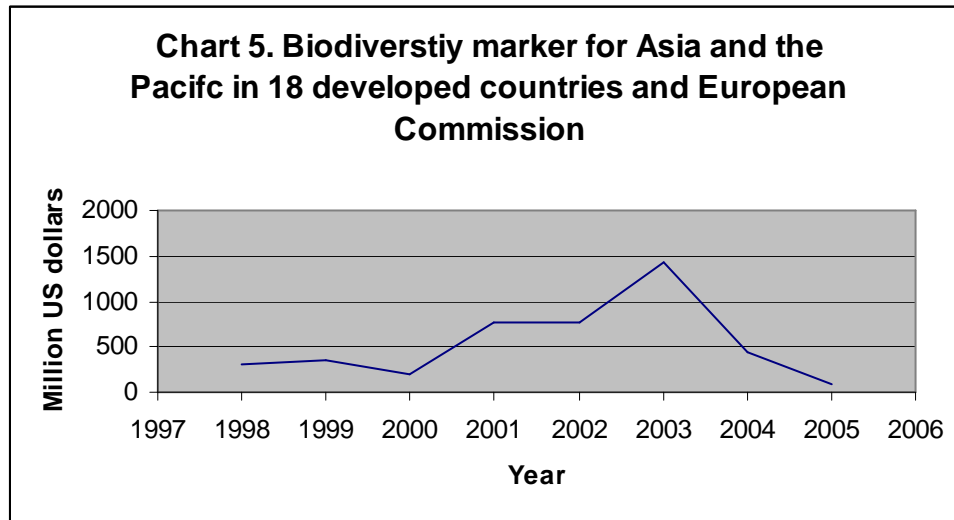
59. *Africa:* A total of 19 developed countries and the European Commission marked 2.5 billion United States dollars for biodiversity in their development cooperation to Africa, implying that over 3 million United States dollars have been invested in African biodiversity on an annual basis. According to Figure 5, the overall trend of development assistance to African biodiversity is increasing significantly despite incomplete marking in 2005. The top ten supporting countries are Germany, Netherlands, Norway, Canada, Denmark, France, Japan, Sweden, United States, Belgium and European Commission.

Figure 5 Biodiversity marker for assistance to Africa



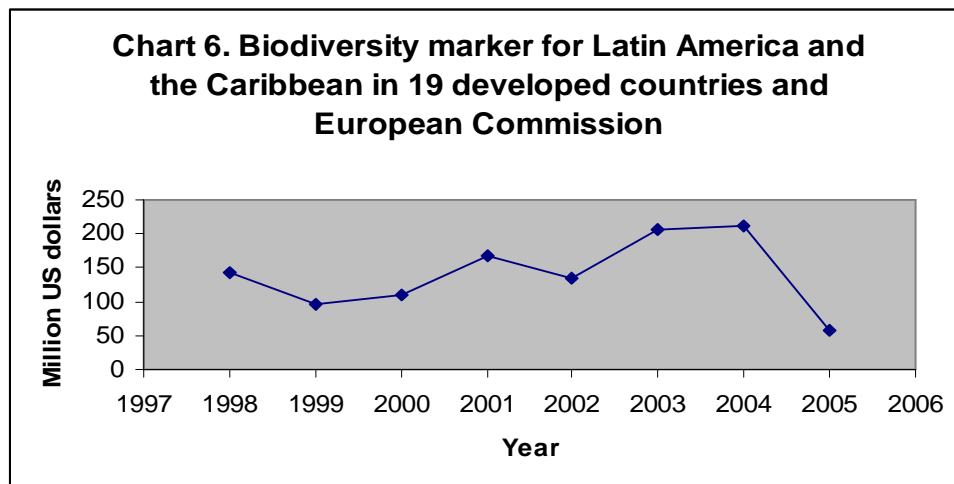
60. *Asia and the Pacific:* More than 4.35 billion United States dollars are marked for biodiversity in Asia and the Pacific from 18 developed countries and European Commission, and Japan alone accounts for more than half of the marked assistance. On average, over half billion United States dollars have been invested in biodiversity activities of Asia and the Pacific every year. Partly due to heavy reliance on a single donor, as shown in Figure 6, biodiversity assistance to Asia and the Pacific has varied dramatically in the observing period. Other top ten supporting countries are Netherlands, Germany, Denmark, France, Norway, Canada, Switzerland, Australia, Sweden and European Commission.

Figure 6 Biodiversity marker for assistance to Asia and the Pacific



61. *Latin America and the Caribbean:* Nineteen developed countries and European Commission have marked over 1.1 billion United States dollars for biodiversity in Latin America and the Caribbean, at an annual average of 140 million United States dollars. Considering incomplete marking for 2005, the overall trend in biodiversity assistance to Latin America and the Caribbean is generally going up, as shown in Figure 7. The top ten supporting countries are Germany, Netherlands, United States, Japan, Spain, Canada, Denmark, Switzerland, France, Norway and European Commission.

Figure 7 Biodiversity marker for assistance to Latin America and the Caribbean



Sectoral Pattern of Biodiversity Finance

62. Figure 8 presents sectoral distribution of biodiversity assistance between 1998 and 2005. Multi-sector including general environmental protection and traditionally defined biodiversity projects accounts for 36 percent of marked total biodiversity aid. Production sectors (agriculture, forestry, fishing, industry, mining, trade policy & regulation, tourism) and social infrastructure (education, health, water supply and sanitation, government & civil society) contain 33 percent of marked biodiversity assistance and 27 percent respectively. Economic infrastructure (transport and storage, communications, energy, banking & financial services) and other non-sectoral cooperation explain the remaining minor portion of total marked biodiversity assistance.

Figure 8 Broad sectoral categories of biodiversity assistance

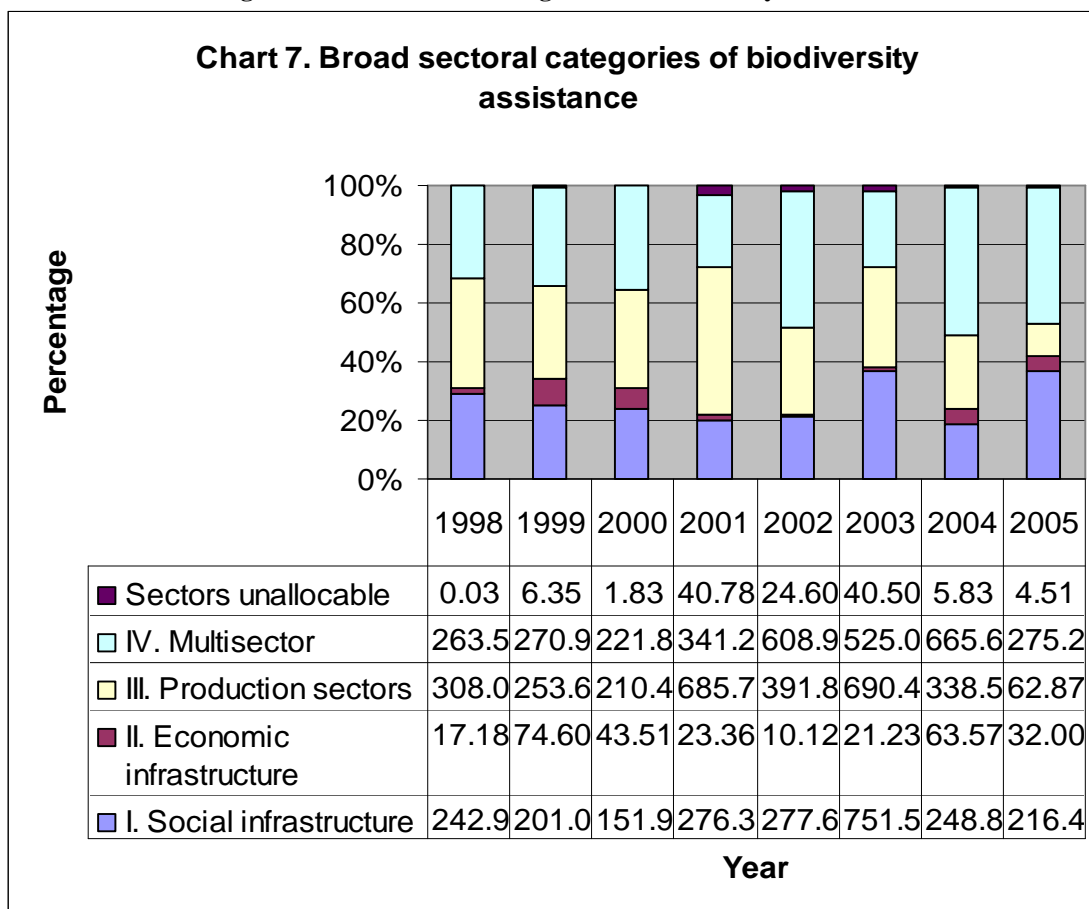


Table 2 Sectoral distribution of biodiversity assistance (1998-2005)

Sectors	Marked biodiversity aid between 1998-2005	Percentage in total marked biodiversity assistance
Water supply and sanitation	2296.52	25.83%
Agriculture	1450.08	16.31%
Forestry	1208.99	13.60%
Fishing	220.72	2.48%
Energy	144.34	1.62%
Transport and storage	127.04	1.43%
Government & civil society	39.79	0.45%
Industry	35.35	0.40%
Education	17.79	0.20%
Tourism	12.45	0.14%
Banking & financial services	9.75	0.11%
Mining	8.90	0.10%
Health	7.78	0.09%
Trade policy & regulation	5.11	0.06%
Communications	2.48	0.03%

63. General environmental protection, water supply and sanitation, agriculture, forestry, fishing, energy, transport and storage are the six largest sectors channelling biodiversity cooperation, together accounting for 97 percent of all marked biodiversity assistances. As shown in table 2, water supply and sanitation, agriculture and forestry have featured prominently in bilateral assistance to biodiversity, with 26 percent, 16 percent and 14 percent in total marked biodiversity assistance respectively.

64. The major sectors important for biodiversity may broadly cover many elements of the programmes of work under the Convention. For instance, multi-sector assistance contains traditionally defined biodiversity activities, and water supply and sanitation as well as fishing may correspond to programmes of work on inland water ecosystems, marine and coastal biological diversity and also island biodiversity. Agriculture and forestry can be broadly captured in the programmes of work on agricultural biodiversity and on forest biological diversity.

Box 1. Coverage of sectoral assistance marked for biodiversity

Multi-sector: Environmental policy and administrative management, biosphere protection, bio-diversity, site preservation, flood prevention/control, environmental education/ training, environmental research, urban development and management, rural development, non-agricultural alternative development, multi-sector education/training, research/scientific institutions

Water supply and sanitation: Water resources policy and administrative management, water resources protection, water supply and sanitation - large systems, basic drinking water supply and basic sanitation, river development, waste management/disposal, education and training in water supply and sanitation

Agriculture: Agricultural policy and administrative management, agricultural development, agricultural land resources, agricultural water resources, agricultural inputs, food crop production, industrial crops/export crops, livestock, agrarian reform, agricultural alternative development, agricultural extension, agricultural education/training, agricultural research, agricultural services, plant and post-harvest protection and pest control, agricultural financial services, agricultural co-operatives, livestock/veterinary services

Forestry: Forestry policy and administrative management, forestry development, fuelwood/charcoal, forestry education/training, forestry research, forestry services

Fishing: Fishing policy and administrative management, fishery development, fishery education/training, fishery research, fishery services

Table 3 Biodiversity marker in sectoral assistance (percentage of biodiversity in sectoral total)

Year	Multisector	Water	Agriculture	Forestry	Fishing	Energy	Transport
1998	3.77%	5.81%	3.11%	25.43%	5.33%	0.24%	0.01%
1999	3.71%	5.41%	2.20%	48.37%	18.58%	1.90%	0.02%
2000	3.16%	3.10%	1.68%	22.76%	11.08%	0.36%	0.25%
2001	5.57%	6.40%	8.69%	51.78%	11.55%	0.13%	0.19%
2002	8.72%	10.15%	7.99%	26.23%	11.36%	0.16%	0.01%
2003	6.45%	15.67%	4.37%	75.34%	19.72%	0.30%	0.01%
2004	8.50%	3.76%	5.47%	18.72%	6.32%	0.13%	0.44%
2005	2.74%	2.78%	0.75%	1.73%	3.03%	0.01%	0.27%
Weighted average	5.25%	6.08%	3.98%	33.21%	9.98%	0.34%	0.17%
Simple average	6.64%	8.16%	5.27%	42.10%	13.36%	0.49%	0.19%

65. Although general environmental protection, water supply and sanitation and agriculture host the bulk of biodiversity-related bilateral assistance, the overall importance of biodiversity in these two

sectors are a little below 10 percent. Biodiversity-related assistance is more important to forestry and fishing. Over one third of forestry assistance come from biodiversity-related activities, and about ten percent of fishing assistance is related to biodiversity. Table 3 provides details of biodiversity marker in sectoral bilateral cooperation.

IX. RESOURCES AVAILABLE THROUGH BILATERAL CHANNELS

66. Article 20, paragraph 3, provides: “The developed country Parties may also provide, and developing country Parties avail themselves of, financial resources related to the implementation of this Convention through bilateral, regional and other multilateral channels.” Bilateral channels together may have provided more than two-third of all finances related to biodiversity. A study shows that in Latin America and the Caribbean, more than 90% of biodiversity-related finances originated from bilateral and multilateral institutions.

67. Bilateral assistance agencies are principal delivery mechanisms for providing resources through bilateral channels, and many other governmental organizations including Ministries of Environment are also involved in providing significant amount of aids to international biodiversity activities. The donor agencies are reported as follows:

- Australia: Australian Agency for International Development (AusAID); Australian Centre for International Agricultural Research;
- Austria;
- Belgium: Belgian Development Cooperation of the Federal Ministry Foreign Affairs; Federal Office for Scientific, Technical and Cultural Affairs; National Botanical Garden; Royal Belgian Institute of Natural Sciences;
- Canada: Canadian International Development Agency (CIDA); International Development Research Centre (IDRC);
- Denmark: Danish EPA, DANIDA;
- Finland;
- France: French Development Agency (AFD); French Global Environment Facility (FGEF); Priority Solidarity Fund; Social Development Fund; International Centre for Co-operation on Agronomic Research for Overseas Development (CIRAD); French Institute for Scientific Research in Overseas development and Co-operation (ORSTOM); National Coast and Lakeshore Conservation Agency (CELRL); Parks; National Forestry Office (ONF); Water Agencies; French Institute for Environment; French Agency for Environment and Energy Management (ADEME); French Committee to IUCN; French Man and Biosphere Committee;
- Germany: Federal Ministry for Economic Cooperation and Development (BMZ), GTZ, and KfW; Federal Research Ministry (BMBF); Federal Ministry of Food, Agriculture and Forestry (BML); Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU); Federal Office for Nature Conservation (BfN);
- Greece: Ministries of Foreign Affairs, of Agriculture and of the Environment;
- Iceland: Icelandic Development Agency (ICEIDA);
- Ireland: Development Cooperation Ireland; National Parks and Wildlife Service of the Department of the Environment, Heritage and Local Government; Departments of Agriculture and Food, Communication, Marine and Natural Resources, Foreign Affairs and the Environment Protection Agency;
- Italy;
- Japan (JICA);
- The Netherlands: Directorate-General of Development Cooperation of the Ministry of Foreign Affairs; Ministry of Agriculture, Nature and Food Quality; Ministry of Economic Affairs; Ministry of Education, Cultural Affairs and Science; Ministry of Foreign Affairs; Ministry for Housing, Spatial Planning and Environment; Ministry of Transport, Public Works and Water Management;

- New Zealand;
- Norway: Norwegian Agency for Development Cooperation (NORAD);
- Spain;
- Sweden: Swedish international development cooperation agency (Sida);
- Switzerland: Swiss Agency for Development and Cooperation (SDC); SNV; Swiss Agency for Environment, Forests and Landscape for the environment (SAEFL);
- United Kingdom: Department for International Development (DFID); and
- United States of America: USAID, NASA, USEPA, Peace Corps.

68. Several countries have established funding targets, though not specifically for biodiversity. In Sweden, the overall target for Swedish development cooperation disbursements was planned to reach the 1% target by end of 2006, and the Environment, Peace and Stability Fund established in 1993 would reach 0.25 % of the Danish gross domestic products. The Netherlands is committed to provide 0.1% of its gross national products annually for International Nature and Environment Issues in the context of ODA, and most of the activities financed under the 0.1% allocation are related to CBD targets. Switzerland made available a credit line for the global environment in developing countries.

69. A number of developed countries' national biodiversity strategies and action plans set out strategic objectives for biodiversity-related development cooperation. Some examples are as follows:

- To ensure continued and effective international cooperation in the conservation of biological diversity, directly between governments or through relevant international governmental and non-government organizations;
- To ensure a coherent implementation of / and between biodiversity-related commitments and agreements; ensure continued and effective international cooperation for the protection of biodiversity; promote sustainable forest management in other countries; ensure the provision of adequate resources for biodiversity;
- To work with other countries to conserve biodiversity, use biological resources in a sustainable manner and share equitably the benefits that arise from the utilization of genetic resources;
- To help developing countries to include the environment issue in their development process, through the formulation of adapted public policies, or by setting up showcase projects where the principles of sustainable development and of those of the Convention on Biodiversity (CBD) are raised to the status of a code of conduct;
- To co-operate with the developing countries for the conservation and sustainable use of biodiversity; strengthen participation in programmes of multilateral cooperation; adopt at national and international level codes of behaviour and other measures of protection against the negative environmental and socio-economic effects of biotechnologies;
- To have a visible and effective international role in seeking to ensure improved biodiversity management globally by participating in international forums, sharing information and expertise, and fostering bilateral and multilateral cooperation in biodiversity conservation efforts.

70. Strategic measures/actions contained in developed countries' national biodiversity strategies and action plans include:

Studies:

- Gain a comprehensive view of all cooperation and interregional projects supported;
- Investigate national financing possibilities for biodiversity;
- Explore possibilities of new financing (debt reduction contracts, biodiversity foundations, conclusions of Landau report etc.). All avenues for the creation of new resources and for making more efficient use of the existing sources of financing will have to be explored;
- Examine ways people can participate in the cost of access to nature in its various expressions (sports and leisure, business venture), either through a specific device, or by making use of

existing tools (for instance a local tax for the endangered areas...) and improving them or broadening their application. The possibility of shared financing between the public and private sectors will need to be investigated, as well as the role that can be played by philanthropy and foundations. Investment by the private sector could also be sought, based on the economic use, direct or indirect, of the natural heritage;

- Actively collaborate with organizations of social agents as regards developing the best practices for implementation of the Convention on Biological Diversity.

Alignment of priorities:

- Implement projects that have a significant impact on biological diversity in accordance with the Convention and decisions related to its implementation;
- Re-orient development aid co-operation to cater for biodiversity along with established goals, and provide financial support - on a bilateral as well as a multilateral basis - for the conservation and sustainable use of biodiversity.

Sectoral program for biodiversity:

- Set up tangible initiatives/activities with immediate ecological objectives, such as special sectoral program on biodiversity;
- Enter into medium-term commitments for all biodiversity projects entail in order to guarantee success;
- Provide specific funding for biodiversity projects in developing countries and countries with economies in transition and for work which contributes to the identification, assessment and monitoring of the state of biodiversity at the global scale;
- Set up a specific line of bilateral cooperation to be achieved through agreements between the Ministry of Foreign Affairs, the Ministry of the Environment and the other relevant administrations.

Multiple purpose programs addressing biodiversity:

- Initiate measures with other primary goals, but that are directly useful for the environment and biodiversity;
- Include greater consideration for biodiversity in the environmental support scheme;
- Include projects relating to biological diversity conservation in the Environment Assistance Program and other aid programs.

Integration of biodiversity:

- Incorporate biodiversity conservation and sustainable use of biological resources into the criteria for choosing, designing, and evaluating development assistance projects;
- Make biodiversity a specific objective of ODA, and take account of biological diversity in all support to, and co-operation with, developing countries.

Impact assessments:

- Review the ecological impacts of every projects at all program levels;
- Consider impacts on biological diversity as part of routine evaluation of aid projects, including annual environmental audits, with a view to improving future aid program contributions to biological diversity conservation. Where significant negative impacts are identified, consider the need for remedial action;
- Submit the plausibility of all environmental impact statements to scrutiny by an independent and competent firm;
- Have an ex ante environmental assessment procedure in all programmes and projects funded in partner countries, ranging, as appropriate, from environmental screening to full environmental impact assessment or strategic environmental assessment;

- Upgrade environmental monitoring and environmental impact assessments;
- Systematize the practice of environmental impact assessments in all cooperation projects by developing a systematic procedure for environmental impact assessment in cooperation projects respecting the best international standards; generalizing economic analysis and integration of environmental costs in cooperation action budgets; and generalizing integration of environmental criteria in the conditionality of accessing to financial resources.

Regional focus:

- Promote policies and programmes and support biodiversity conservation in focus countries and regions;
- Plan and implement the regionally focused programmes in a participative way;
- Consolidate various co-operation lines through the regionally focused programmes;
- Promote cooperation at regional level for the setting up of measures for the conservation of biodiversity.

Planning and policy development:

- Assist partner countries in identifying environmental priorities and strengthening environmental expertise, legislation and institutions relevant to biological diversity conservation;
- Contribute to creating an enabling environment for biodiversity in partner countries;
- Promote integration of biodiversity and biosafety into the development plans of partner countries;
- Provide assistance and co-operate with developing countries to improve their capacities to plan and implement biodiversity conservation policies, strategies and plans and to use biological resources in a sustainable manner;
- Aid in preparing national studies of, and national strategies for, the conservation of biodiversity;
- Ensure that national legislation fully incorporates the principles of the Convention, including principles on fair and equitable sharing of benefits gained from the use of genetic resources.

Transfer of technology:

- Increase the level of technology transfer relevant to biological diversity conservation through relevant aid programs and projects;
- Explore mechanisms to facilitate the transfer of environmentally sound technologies to promote the conservation and sustainable use of biodiversity by encouraging collaboration to develop new approaches to technology transfer among the private sector, government, non-governmental organizations and communities; and facilitating access to samples of genetic resources on mutually-agreed terms, and under the understanding that arrangements will differ for each sector using these resources;
- Support biotechnologies transfer activities

Synergies:

- Assess all climate change, biodiversity and desertification cooperation projects so as to ensure that they are mutually supportive of the objectives of the three Rio conventions.

Protected areas:

- Encourage projects that allow conservation self-financing through mechanisms ensuring their integration into economic and local social development (eco-tourism development, valuation of local practices, payment for environmental services, etc.);
- Develop sustainable financing instruments for protected areas networks, in particular in Africa (debt reduction and development contract, biodiversity foundations etc.);
- Promote development of compensation mechanisms for environmental services provided by natural ecosystems, in particular in the field of water resource management.

Ex situ conservation:

- Enhance international coordination and effective exchange of information between ex situ conservation centres (zoos, botanic gardens)

Forest:

- Support efforts of developing countries to combat illegal logging and associated illegal trade;
- Support the development of National Forest Programmes and their integration with other relevant policy instruments

Capacity building:

- Promote research, development, education and public awareness aimed at capacity-building for biodiversity and resource management;
- Support technical-scientific training in environmental matters.

Minimizing adverse impacts:

- Participate in co-operation programmes with developing countries to avoid or minimize adverse effects on biodiversity and promote its sustainable use.

Economic instruments:

- Participate in the development of economic instruments for the maintenance of biological diversity.

Biosafety:

- Define procedures for the safe use of modified genetic material in developing countries;
- Carry out preliminary risk analyses, define procedures of risk management, and provide all necessary information for the safe use of modified genetic materials;
- Define evaluation mechanisms for the socio-economic effects deriving from use of modified genetic materials.

Information exchange:

- Enhance information exchange and collaboration internationally in biodiversity science, research and technology through the use of the Internet Clearing House Mechanism, travel grants and involvement in relevant international and regional organizations;
- Support centre of reference in the North-South dialogue.

International scientific collaboration:

- Enhance international collaboration in research related to biological diversity;
- Support cooperation with the research institutes that conduct research relevant to the Convention on Biological Diversity, with a view to ensuring that the results of such research can be used in the specialist following up of the Convention and also to endeavour to initiate or stimulate a high level of information and the exchange of information and results;
- Support establishment of programmes and co-operation and exchange of experts in the fields of science, technology and the law;
- Co-operate with the international scientific community in research programmes aimed at improving knowledge, conservation and sustainable use of biodiversity.

Participation in multilateral efforts:

- Maintain and strengthen participation in multilateral efforts concerned with the conservation and sustainable use of biological diversity, particularly in respect of areas beyond national

jurisdiction and other matters of mutual interest, through international organizations and programs;

- Participate in international efforts to coordinate and enhance activities related to the conservation of biodiversity and the sustainable use of biological resources by encouraging the implementation and integration of the objectives of the Convention; participating in international bodies to consider the development of international agreements to complement the Convention; and considering the objectives of the Convention in the context of, and in relation to, other international agreements;
- Support the development and reinforcement of the Global Environment Facility (GEF);
- Contribute systematically to the elaboration of strategies of GEF and European Development Fund as well as review and evaluation of their programs and projects;
- Maximize impacts of bilateral financing instruments by pursuing strategic complementarities with GEF and European Development Fund;
- Support the development of international law and conventions in accordance with the objectives of the Convention on Biological Diversity;
- Provide specialized personnel for supporting the functioning of the international structure set up for multilateral cooperation on environmental matters.

Multi-stakeholder engagement:

- Co-operate with the international community to explore mechanisms to encourage the private sector, government, indigenous communities, non-government organizations and communities to share benefits derived from using genetic resources provided by other countries.
- Encourage the participation of stakeholders, including non-government organizations, the private sector, and indigenous communities, in international efforts to implement the Convention;
- Establish clear criteria and permit speedy procedures for ensuring an increase in institutional support and human and financial resources to non-governmental organizations in international co-operation activities;
- Intervene in favour of local communities and of informal bodies for the conservation of biodiversity in situ and ex situ.

71. Biodiversity-targeted assistance programmes continue to play a valuable role in shaping international financial cooperation for biodiversity. Special programmes/initiatives targeted at biodiversity include:

- Australia's Pacific Governance Support Programme;
- Regional Natural Heritage Programme (RNHP);
- Austrian Global Environment Cooperation Trust Fund;
- Flemish Fund for Tropical Forests;
- Equator Initiative;
- IDRC's Sustainable Use of Biodiversity Program;
- Environment, Peace and Stability Fund;
- Trust Fund for Environmentally and Socially Sustainable Development;
- French Global Environment Facility;
- UNEP/Development Cooperation Ireland Multilateral Environmental Trust Fund for Africa;
- International Policy Programme on Biodiversity in the Netherlands;
- Spain's Azahar and Araucaria Programmes;
- Swedish International Biodiversity programme (SwedBio);
- Darwin Initiative;
- Flagship Species Fund;
- UK Foreign and Commonwealth Office Sustainable Development Global Opportunities Fund; and
- Overseas Territories Environment Programme (OTEP).

72. Most developed countries have adopted a policy to integrate environmental considerations into all aspects of development cooperation.

Policy orientation:

- The aim of policy integration is not simply to avoid ‘doing harm’ to the environment but to recognize that because poor people, in particular, are highly dependent on their natural resource base, that effective environmental management is a key to long-term poverty reduction;
- Mainstreaming not only refers to mitigating negative effects to the environment and biodiversity but also to contributing to positively enhance the state of the environment;
- Through EIA processes (EIA guidelines include biodiversity assessments), all programmes and projects are screened towards their compliance with and support to relevant national strategies and action plans, including the biodiversity plans;
- Strong focus is given on “up-streaming” planning through including biodiversity aspects in policies and strategies. Special attention is given to addressing biological resources and their importance for poverty alleviation in development of country strategies.

Policy instruments:

- Environmental Management Guide for Australia's Aid Program;
- CIDA's environmental program priority;
- Finland's process of adopting a strategy paper on how to support international environmental conventions via development cooperation;
- Sustainable development charter of the French Development Agency;
- Policy for environmentally sustainable development of Development Co-operation Ireland (DCI);
- Sectoral Policy Papers on biodiversity and on forests and forestry of the Directorate-General of Development Cooperation of the Netherlands;
- Guidelines for Environmental Conservation, Priority Issues in Japan's Official Development Assistance Charter, Japan's Medium-term Policy on Official Development Assistance, and Environmental Conservation Initiative for Sustainable Development (EcoISD);
- Norway's Strategy for Environment in Development Cooperation, White paper Fighting Poverty Together, strategy for environmental aspects of development assistance;
- Sweden's Millennium Development Goals report, overall policy on biodiversity;
- Switzerland's strategy and environmental programme to integrate environmental concerns into all levels of cooperation in development.

Sectoral integration:

- In the agriculture, forestry and fisheries sectors, sustainable resource management is particularly critical where it intersects with rural livelihoods and particularly fragile or special places for biodiversity;
- Biodiversity related measures play a vital role in most integrated rural development programmes;
- Biodiversity aspects are increasingly addressed in bilateral sectoral programmes (marine/coastal, agriculture, forestry, rural development etc).

73. Many bilateral donors are able to track their assistance to biodiversity, often based on the “Rio markers” in the ODA statistics, and a large number of recipient countries also have a record of external support to biodiversity by agency over time. In Cambodia, external donors make pledges at its Consultative Group Meetings. The aid of New Zealand is guided by the priorities established by the Pacific Round Table for Nature Conservation. Bilateral environmental agreements are widely used by donors to guide biodiversity cooperation. Non-governmental organisations or business from the respective donor country are often instrumental in facilitating bilateral funding agreements.

X. RESOURCES AVAILABLE THROUGH REGIONAL CHANNELS

74. Article 20, paragraph 3, provides: “The developed country Parties may also provide, and developing country Parties avail themselves of, financial resources related to the implementation of this Convention through bilateral, regional and other multilateral channels.” Regional channels traditionally refer to regional organizations and institutions, but only a limited number of regional organizations and institutions are reported as a channel of financing biodiversity, such as the European Union and regional development banks. Most regional biodiversity activities have been supported by bilateral agencies, Global Environment Facility and other multilateral institutions, foundations and international non-governmental organizations. The total financial resources realized through regional channels can be estimated.

75. European Community is perhaps the most successful regional channel for resources mobilization and disbursement. Its development and economic cooperation has two distinct aspects: consideration of the environment in overall development and cooperation activities to reduce potentially negative impacts on the environment of large-scale infrastructure projects (dams, roads, irrigation projects) which have typically been funded in the past; and spending on specific environmental projects. It is estimated that about 3% of EC cooperation is directly related to biodiversity conservation and sustainable use. Given a total annual budget for cooperation of about EUR7 billion this amounts to about 200 million EUR per annum. Of this, about 70 million EUR is “ring-fenced” for environment through the three financial instruments renewed in 2000 (Environment, Tropical Forests and LIFE Third Countries instruments) with the balance coming from the main financial instruments for development cooperation such as the European Development Fund (ACP), ALA, MEDA and TACIS budget lines. The Kyiv resolution on biodiversity signed in 2003 by European Environment Ministers at the fifth Ministerial Conference on the Environment for Europe included the clause: “By 2008, there should be substantially increased public and private financial investments in integrated biodiversity activities in Europe.”

European Community’s relevant financial instruments include:

- European Structural Funds;
- European Regional Development and Cohesion Funds;
- European Agricultural Fund for Rural Development;
- European Fund for Fisheries;
- The LIFE programme provides funding for projects including *in-situ* nature conservation in Mediterranean and Baltic countries as well as in central and east European countries which have association agreements with the Community;
- The PHARE programme aims to help central and east European countries to build closer political and economic ties with the European Union, and has particular attention to the conservation of biodiversity, mainly through *in-situ* conservation and the implementation of the birds and habitats directives;
- TACIS provides grants to support the process of transformation to market economies and democratic societies in the new independent States, which also has environmental elements;
- African, Caribbean and Pacific group - European Development Fund (ACP);
- Asia and Latin America (ALA Regulation);
- Mediterranean (MEDA Regulation);
- ISPA Programme (Instrument for Structural Policies for Pre-Accession); and
- SAPARD Programme (Special Accession Programme for Agriculture and Rural Development).

76. European Community considered development aid co-operation as an important instrument to support third countries in their efforts to achieve conservation and sustainable development of biodiversity and set out the following objectives:

- To mainstream biodiversity objectives into Community development and economic co-operation strategies and policy dialogue with developing countries and economies in transition.

Biodiversity objectives should be integrated in development projects across different sectors of the economy of the recipient countries ensuring greater coherence between Community development co-operation policy and other Community policies, such as international trade, agriculture and fisheries;

- To support sustainable use of natural resources, particularly in relation to forests, grasslands and marine/coastal ecosystems;
- To strengthen capacity of relevant agencies involved in conservation and sustainable use of biodiversity;
- To further integrate EIA practices into development and economic co-operation;
- To co-ordinate the implementation of this strategy and the Action Plans emerging from it, with third countries strategies ensuring coherence between Community support to third countries and the objectives of those countries' own biodiversity strategies;
- To ensure complementarities and co-ordination of policies and approaches in Community and Member States' aid programmes, as well as with other donors and international institutions, particularly the Global Environmental Facility, for a coherent implementation of the CBD;
- To provide sufficient funding for biodiversity on bilateral aid programmes as well as for international mechanisms (e.g. CBD);
- To promote schemes for the integration of biodiversity objectives into agriculture in accession countries.

77. The European Community has identified a number of priority actions in economic and development cooperation:

- Continue to support, and play an active role in the activities of the EC/EU Member States Biodiversity in Development Expert Group (MSEG) to harmonize policies, monitoring of impact, reporting and to improve information sharing (including a web-site);
- Incorporate biodiversity issues fully into the revised Environment Manual. Ensure that biodiversity is included in the work of the Environmental Help Desk, to support the EC with programming, identifying, formulating and monitoring the integration of biodiversity issues into development co-operation;
- Support for capacity building, in cooperation with other agencies, to integrate biodiversity into national development strategies, to draw up and implement participatory National Biodiversity Action Plans, ensuring consistency also with the NSSD processes and sectoral plans such as national forest programmes, and include effective measures to implement the Biosafety Protocol. Capacity building is also needed to enable developing countries to represent their country's position at international forums;
- The EC will support developing countries in developing clear policies needed to maintain stocks of a broad a range of domesticated plant and animal species, based on a careful assessment of the most useful/important species/populations. Wild relatives of domestic stocks should be included in these assessments;
- Ex situ gene-banks need to be supplemented with projects to ensure that users in rural areas have access to these global genetic resources, and to further develop on-farm, community-based gene-banks, as well as in situ programmes for wild populations. This must be co-ordinated with similar international initiatives;
- EC support for rural development programmes will focus on a diverse array of habitats and species, to provide both domestically produced and wild-collected products. This will include support for specific capacity building to be incorporated into regional and national policy and programming, and ensure that poverty assessments and economic analyses take full account of all these products;
- The EC will support developing countries to make full use of all six IUCN categories for conservation and sustainable use. This should focus upon the participatory review of the conflicts and opportunities, local livelihood improvements and income generation from the use of

protected areas. It includes EC funding complementary to conservation-focused GEF investments;

- EC support will be provided to incorporate an ecosystem approach into Economic and Development Cooperation, with particular emphasis on rural development programmes and projects, taking into account long-term and intangible ecosystem services. This includes capacity building for integrated land use planning, co-management of natural resources, and resolving conflicts between competing stakeholders;
- Capacity building of national and local institutions to carry out or evaluate Strategic Environmental Assessments of policies, and programmes Environmental Impact Assessments of projects. Ensure that biodiversity is incorporated into EIAs and SEAs and stimulate SEA's being undertaken for policies and sector programmes which might have an impact on biodiversity;
- The EC will support research efforts in developing countries, which clarify the costs and benefits of different patterns of biodiversity management for different groups of stakeholders, in particular the rural poor, and taking into account the importance of biodiversity to rural economies;
- The EC will support national capacity building in developing countries to define intellectual property rights in relation to biodiversity, and develop supportive laws for equitable benefit sharing. These must translate into practical agreements and contracts between suppliers and users;
- Support development of policy frameworks in partner countries for participatory approaches to natural resource management, and capacity building of co-operatives, user groups and other Community Based Organizations/Nongovernmental Organizations (CBO/NGO) which supply biodiversity products, to be able to negotiate with government and private enterprise for fair prices and systems for equitable sharing of benefits. This will include retraining of government staff to facilitate co-management approaches, policy reforms with respect to specific incentives, or removal of perverse incentives (e.g. subsidies) that restrict the profitability of trading in a wide range of biodiversity-based products;
- Support policy reviews and improvements to the legal framework which give more secure ownership of, and access to, land and natural resources for local people;
- The EC will promote and support approaches to add value to biodiversity by supporting national and international initiatives to:
 - o improve market access to 'minor' products, and support standardization and quality control processes;
 - o provide incentives that will make 'minor' products competitive compared with other products that are subsidized;
 - o establish mechanisms for trading in global benefits provided by tropical countries, such as carbon trading initiatives, and develop mechanisms to ensure that the benefits of this trade accrue to the local stewards of biodiverse habitats;
 - o support the development and harmonization of international standards for the regulation of trade, to reduce international barriers to trade in sustainable produced products from tropical countries;
 - o promote certification systems of sustainable forest management, agriculture, fisheries etc. and related labelling schemes that guarantee management methods promoting the conservation and sustainable use of biodiversity.
- The EC will support capacity building of university and research institutions in developing countries for biodiversity-related research and sharing of information and collections. Including capacity to gather and analyze multidisciplinary information as part of a systematic examination of the links between poverty alleviation, sustainable development and biodiversity conservation and sustainable use;

- Develop new methods for participatory data gathering and sharing, and recognize the need to integrate indigenous/local knowledge with scientific knowledge. Ensure that the results of surveys and studies are made available in an understandable way for all stakeholders;
- Support research to develop a set of practical indicators that can be used to monitor where biodiversity issues have been addressed in NIPs/CSPs, policies, programmes and projects. At a local level, this should include monitoring by local people;
- Independent reviews to assess the extent to which environmental/biodiversity issues have been taken into account in policy, programme and project design and evaluation in selected studies: continue the 5-yearly reviews of policy, programme and project documents.

78. Other regional institutions and organizations that have demonstrated great potential to channel regional resources include: the Organization of Eastern Caribbean States (OECS), the Asian Development Bank (ADB), the African Development Bank (AfDB), the Central American Bank for Economic Integration (CABEI), the European Bank for Reconstruction and Development (EBRD), the Inter-American Development Bank (IDB), the Association of South East Asian Nations (ASEAN), and the Southern African Development Community (SADC). The regional development banks have clear comparative advantages in channelling regional resources to biodiversity actions.

Policy documents:

- ADB's poverty reduction strategy (1999); Medium Term Strategy II (2006-2008); Long-term Strategic Framework (2001-2015); Environmental Policy (2002); Forestry Policy (1995); fisheries Policy (1997); energy Policy (2000); and Water Policy (2001);
- AfDB's Environment Policy (2004); Strategic Plan for the period 2003-2007;
- EBRD's Environment Policy (2003);
- IDB's Environment Strategy (2003); Environment and Safeguards Compliance Policy (2006).

General environmental interventions:

- Promoting environment and natural resource management interventions to reduce poverty directly;
- Assisting developing countries to mainstream environmental considerations in economic growth;
- Helping maintain global and regional life support systems that underpin future development prospects;
- Building partnerships to maximize the impact of lending and non-lending activities;
- Strengthening partnership with international agencies and networking to coordinate interventions in environmental sustainable development and to promote information exchange and sharing of best practices;
- Building partnerships to address regional and global environmental issues;
- Integrating environmental considerations across all operations;
- Promoting environmentally oriented investments across all sectors;
- Enhancing the regenerative and assimilative capacity of developing countries' ecological capital;
- Reversing the impoverishment process by improving access of the poor to environmental resources;
- Helping developing countries build their capacity to bring about institutional changes to achieve sustainable development;
- Strengthening environmental assessment procedures for project, sector and country strategies and developing new environmental management tools;
- Improving public consultation and information disclosure mechanisms;
- Improving monitoring and evaluation of operations with specific regard to environmental sustainability

Biodiversity interventions:

- Integrate biodiversity in investments in infrastructure, local environmental improvement and rural resources management investments;
- Develop and implement country-driven frameworks for concrete investments in biodiversity conservation, sustainable land management, and climate change mitigation and adaptation;
- Promote conservation of both terrestrial and coastal/marine ecosystems;
- Integrate biodiversity in forestry sector investments, and support sustainable forestry;
- Increase awareness, institutional and capacity building;
- Examine potential financing mechanisms for biodiversity projects;
- Provide technical assistance, including capacity building and evaluation of biodiversity impacts of oil/gas development;
- Support protected areas, biotechnology.

79. Regional resources are frequently channelled through regional and global projects, rather than through the established regional organizations. Bilateral agencies can be instrumental in fostering regional financial cooperation for biodiversity, such as the Regional Natural Heritage Programme and the Pacific Governance Support Programme of Australia, the Regional Environmental Reconstruction Program for South Eastern Europe (REReP). GEF funding through UNDP and UNEP can have a leading role in promoting regional biodiversity cooperation, for example, SADC Biodiversity Support Programme (SABSP). Foundations are also involved in regional processes. International non-governmental organizations provide technical assistance at the regional level.

80. Since most regional programmes draw upon funds from bilateral and multilateral agencies, regionally based agreements or action plans often serve as the basis for setting up common action platforms. Regional Roundtables are a useful process for facilitating regional resources.

81. There are several emerging opportunities at the regional level:

- Lebanon has submitted to the Council of Arab Ministers Responsible for Environment (CAMRE) a proposal to establish an Arab Environment Facility (AEF) to secure funds for environmental projects in the Arab region. The proposal is awaiting approval by the CAMRE.
- Saudi Arabia reported an initiative to develop a Gulf Environmental Fund that will help to finance conservation in all the Gulf States.
- The European Biodiversity Resourcing Initiative (EBRI) was initiated in 2000 within the framework of the Pan-European Biological and Landscape Diversity Strategy (PEBLDS), following the request at the Fourth Ministerial 'Environment for Europe' Conference in Aarhus for the financial sector to increase their involvement in sustainable development issues. In addition, a European Task Force on Banking, Business and Biodiversity has been established, based on a decision of the Budapest 'Biodiversity in Europe' Conference. The work of the Task Force is to advise the PEBLDS process on the issue of banking, business and biodiversity in a European context, and in particular to advance the establishment of a Biodiversity Finance Facility for biodiversity-related investments and a European Biodiversity Investment Partnership for involving the private sector in supporting such investments.

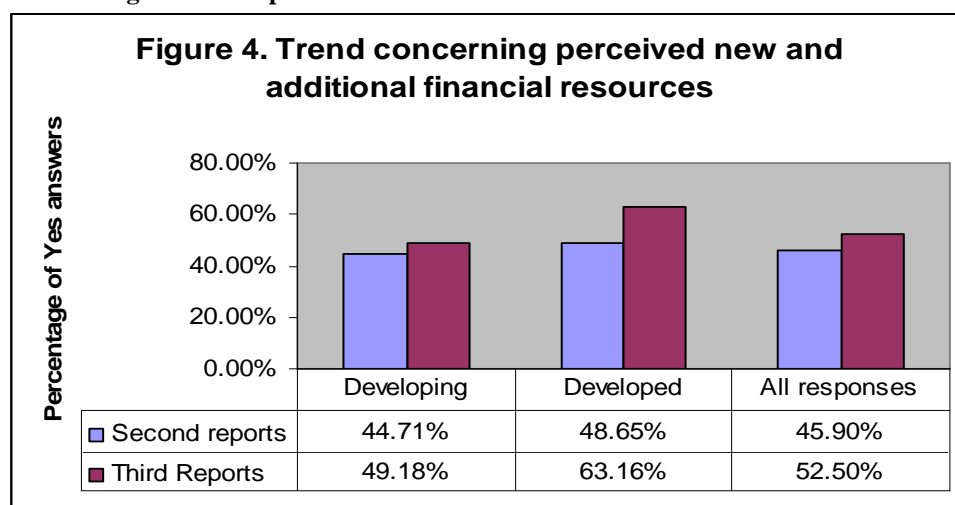
XI. RESOURCES AVAILABLE THROUGH GLOBAL ENVIRONMENT FACILITY

82. Article 20, paragraph 2, states that "The developed country Parties shall provide new and additional financial resources to enable developing country Parties to meet the agreed full incremental costs to them of implementing measures which fulfil the obligations of this Convention and to benefit from its provisions and which costs are agreed between a developing country Party and the institutional structure referred to in Article 21, in accordance with policy, strategy, programme priorities and eligibility criteria and an indicative list of incremental costs established by the Conference of the Parties. Other Parties, including countries undergoing the process of transition to a market economy, may

voluntarily assume the obligations of the developed country Parties. For the purpose of this Article, the Conference of the Parties, shall at its first meeting establish a list of developed country Parties and other Parties which voluntarily assume the obligations of the developed country Parties. The Conference of the Parties shall periodically review and if necessary amend the list. Contributions from other countries and sources on a voluntary basis would also be encouraged. The implementation of these commitments shall take into account the need for adequacy, predictability and timely flow of funds and the importance of burden-sharing among the contributing Parties included in the list.”

83. As shown in Figure 9, the divergence over the new and additional nature of the financial resources of the financial mechanism remains over the period from the second reporting around 2002 to the third reporting around 2006, but the overall opinion in this connection appears to be convergent to the point that the financial mechanism is providing new and additional financial resources. The percentage of confirming new and additional nature of GEF’s financial resources have slightly increased in both the developing and developed worlds.

Figure 9 Perceptions of new and additional nature of GEF resources



84. Allocations to biodiversity from the Global Environment Facility have increased steadily over the past decade, and the rates of increase seem to have stabilized in the recent years. As shown in tables 4 and 5, the average annual allocations from the GEF have increased from US\$110 million in the early 1990s to US\$220 million in its third replenishment period from 2002-2006. Meantime, co-financing to GEF biodiversity projects has also increased tremendously, making a total of GEF-associated biodiversity finances at nearly US\$8.5 billion over the past 16 years. GEF allocations to other biodiversity-related focal areas, including international waters, land degradation and multi-focal area, have also seen a significant increase in the recent years.

Table 4 GEF grants in natural resource cluster (US\$ million)

GEF Phase	Biodiversity	International waters	Land degradation	Multi-focal area	Total
Pilot phase (1990-1993)	331.72	125.46	0	15.70	472.88
GEF-1 (-1998)	459.75	120.89	0	50.59	631.23
GEF-2 (- 2002)	746.44	301.31	1.47	148.09	1197.31
GEF-3 (- 2006)	880.94	343.90	219.27	412.18	1856.29
Total	2418.85	891.56	220.74	626.56	4157.71

Table 5 Co-financing amounts for GEF projects in natural resource cluster (US\$ million)

GEF Phase	Biodiversity	International waters	Land degradation	Multi-focal area	Total
Pilot phase (1990-1993)	189.05	144.26	0	4.35	337.66
GEF-1 (-1998)	966.03	217.40	0	55.21	1238.64
GEF-2 (- 2002)	1,852.22	568.67	0	345.29	2,766.18
GEF-3 (- 2006)	2,996.94	2,448.74	977.43	894.52	7,317.63
Total	6,004.24	3,379.07	977.43	1299.37	11,660.11

85. Before its fourth replenishment period, the GEF biodiversity operations had been guided by the GEF Operational Strategy, Operational Criteria for Enabling Activities and the following Operational Programs:

- Arid and Semi-Arid Zone Ecosystems
- Coastal, Marine, and Freshwater Ecosystems
- Forest Ecosystems
- Mountain Ecosystems
- Integrated Ecosystem Management
- Conservation and Sustainable Use of Biological Diversity Important to Agriculture
- Operational Program on Sustainable Land Management

86. GEF-4 (2007-2010) has re-organized its approach to programming for biodiversity. The four strategic long-term objectives are:

- To catalyze sustainability of protected area systems;
- To mainstream biodiversity in production landscapes/seascapes and sectors;
- To safeguard biodiversity;
- To build capacity on access and benefit sharing.

In relation to these long-term objectives, eight strategic programs have been developed for GEF-4:

- Sustainable financing of protected area systems at the national level;
- Increasing representation of effectively managed marine protected areas in protected area systems;
- Strengthening terrestrial protected area networks
- Strengthening the policy and regulatory framework for mainstreaming biodiversity;
- Fostering markets for biodiversity goods and services;
- Building capacity for the implementation of the Cartagena Protocol on Biosafety;
- Prevention, control and management of invasive alien species;
- Building capacity on access and benefit sharing.

XII. RESOURCES AVAILABLE THROUGH OTHER MULTILATERAL CHANNELS

87. Article 20, paragraph 3, provides: “The developed country Parties may also provide, and developing country Parties avail themselves of, financial resources related to the implementation of this Convention through bilateral, regional and other multilateral channels.” The multilateral channels other than the Global Environment Facility generally refer to the United Nations organizations and the Bretton Woods Institutions, including Food and Agriculture Organization of the United Nations (FAO), International Fund for Agriculture and Development (IFAD), United Nations Development Programme (UNDP), United Nations Environment Programme (UNEP), United Nations Industrial Development Organisation (UNIDO), and World Bank, as well as Consultative Group on International Agricultural

Research (CGIAR), International Centre for Integrated Mountain Development (ICIMOD), International Monetary Fund, International Tropical Timber Organization (ITTO), UNCCD Secretariat/Global Mechanism, United Nations Educational, Scientific and Cultural Organization (UNESCO/MAB).

88. The World Bank is a leading multilateral financial institution that invests in biodiversity. Its three primary business segments are (a) strategic policy advice and coordination services at the country and global levels, including in the provision of global public goods; (b) financial services; and (c) knowledge services, deployed through research activities and mobilization of expert services. Its 2001 Environment Strategy emphasizes three objectives: (i) improving the quality of life; (ii) improving the quality of growth; and (iii) protecting the quality of the regional and global commons. The guiding principles for its work on key environmental issues are:

- Focus on the positive linkages between poverty reduction and environmental protection;
- Focus first on local environmental benefits, and build on the overlaps with regional and global benefits;
- Address the vulnerability and adaptation needs of developing countries;
- Facilitate transfer of financial resources to client countries to help them meet the costs of generating global and environmental benefits not matched by national benefits;
- Stimulating markets for environmental public goods.

89. As the private sector arm of the World Bank Group, the International Finance Corporation (IFC) is a leader in the development of innovative financial products to promote private sector investment. In 2003, IFC's social and environmental standards were adopted as the basis for the Equator Principles, a framework for commercial financial institutions now estimated to cover more than 80 percent of global project lending.

90. The United Nations programmes and specialized agencies offer specialized services in particular areas of their expertise. FAO's mission is to help build a food-secure world for present and future generations. IFAD's overarching goal is to empower the rural poor in developing countries to achieve higher incomes and improved food security. As the UN's global development network, UNDP advocates for change and connect countries to knowledge, experience and resources to help people build a better life. UNEP's mission is to provide leadership and encourage partnership in caring for the environment by inspiring, informing, and enabling nations and peoples to improve their quality of life without compromising that of future generations. UNIDO's overall mandate is the promotion and acceleration of industrial development in the developing countries and the promotion of industrial development and co-operation on global, regional and national, as well as on sectoral levels.

Policy instruments:

- FAO's Strategic Framework (1999);
- IFAD's Strategic Framework for 2007-2010;
- UNDP's Multi-year Funding Framework (2004-2007);
- UNDP's Strategic Plan for 2008-2011;
- UNIDO Strategic Long-Term Vision.

Key focus areas:

- Mainstreaming biodiversity into national and global policy frameworks, institutions, production sectors, and markets;
- Promoting environmentally sustainable industrial development strategies and policies;
- Transfer and promotion of technologies and know-how to enhance the efficient use and management by industry of energy, natural resources, and materials to produce less pollution and waste;
- Integrated ecosystem management and community-based natural resource management;

- Sustainable mountain development and conservation;
- Agro-biodiversity, integrated production systems – sustainable intensification, diversification and biodiversity, using markets to promote the sustainable utilization of crop genetic resources;
- Agro-forestry and conservation of forest biodiversity;
- Aquatic biodiversity/alien species;
- Developing capacity and increasing the financial sustainability of protected area systems;
- Sustainable management of buffer zones (adjacent to national parks);
- Conservation and sustainable use of biodiversity incorporated in the productive landscape;
- Conservation and sustainable use of plant, animal, forest and fish genetic resources;
- Developing national biosafety frameworks;
- Economics of natural resources and environmental sustainability;
- Voluntary environmental certification, payments for environmental services, and other innovative financial mechanisms;
- Developing the capacity of local government, community and indigenous groups to conserve and sustainably use biodiversity;
- Promotion of local best practices and traditional know-how;
- Generating, disseminating and adopting best practices in biodiversity.

91. Access to multilateral channels can be improved in several ways:

- Developing countries and multilateral institutions need to work together to attract donor support through new initiatives, such as the Equator Initiative, China's biodiversity partnership framework, the WEHAB initiative, European Biodiversity Resource Initiative;
- Participation in international agreements and programmes offers an opportunity to access to multilateral channels, for instance, various cooperation agreements, Man and Biosphere Programme, CITES, World Heritage Convention, transboundary agreements and action plans, etc.;
- Regional meetings and donor conferences, such as the Consulting Ecological Council in Kazakhstan, can facilitate planning, financing and implementing biodiversity measures;
- Policy dialogues can influence the prioritization at donor agencies;
- In-country coordination is crucial, in particular, between Ministry of Nature Protection, Ministry of Finance, Planning and Economy;
- Monitoring is necessary for establishing the information base for negotiating with donor institutions;
- Development of aid programmes by recipient countries can also facilitate negotiation for funding.

XIII. RESOURCES FROM IMPROVED UTILIZATION OF FUNDS

92. In a sample of 113 third national reports, 31 countries (27%) indicated that they had monitoring systems in place, and 32 additional countries (28%) that they were in the process of establishing procedures for monitoring financial support. In all, over 70 percent of countries still do not have a process to monitor financial support in their countries.

93. Financial support to biodiversity may be monitored in a centralized manner or in a decentralized manner. The basic assumption is that each institution keeps track of its own financial records. The support agencies and private sector institutions possess their respective activity reports and financial reports. Annual reports on their activity are a special tool for monitoring the expenditure. In Germany, the publication "Nature Data" (Daten zur Natur) issued every two years by the Federal Agency for Nature Conservation also reports on the financing of nature conservation. The "Nature Conservation Assistance Database" (Förderdatenbank Naturschutz) (www.naturschutzfoerderung.de) provides information about a large number of governmental assistance programmes and private funding sources.

- The national focal point for the Convention or the biodiversity office collects financial data from various sources, including external donors and the private sector, as part of its function to monitor the implementation of the Convention.
- In countries where all funds are channelled through the ministry of finance or planning, monitoring and evaluation is often associated with these ministries, such as aid management and coordination;
- Inspection institutes such as national assembly and auditing authorities have access to all financial records, and thus are positioned to provide relevant financial data;
- National statistical office may possess financial data used for biodiversity conservation;
- National biodiversity coordination structure or steering committee provides a convenient platform to monitor any financial assistance domestically or from donor countries;
- On donor side, government allocations are increasingly monitored using OECD DAC policy markers.

94. In a sample of 91 third national reports, over half (53%) have not reviewed national budgets and monetary policies with respect to biological diversity requirements. Although 26% of reporting countries have such a review under way, only one 21% of all reporting countries have undertaken a budgetary and financial review.

95. Review of national budgets and monetary policies, including the effectiveness of official development assistance allocated to biodiversity, provide an opportunity for considering financial support to biodiversity in a holistic manner and integrating biodiversity in all possible manners. Some countries have already conducted annual reviews of budgets or a review within the medium term estimates framework, but no countries have reviewed the effectiveness of official development assistance allocated to biodiversity at the national level. A number of countries have an institutionalized structure to conduct such review on a regular basis.

- In Cambodia, the Council for the Development of Cambodia was established to create and maintain an institutional framework to ensure that ODA and domestic resources were used efficiently and channelled to priority sectors. The donors meet in 18 working groups in advance of the quarterly review meetings to monitor the performance of the government implementation of its declared policies and programs of reform as well as to build consensus on key issues in each working group sector.
- In Canada, the National Round Table on the Environment and the Economy (NRTEE) is committed to improving the quality of economic and environmental policy development by providing decision makers with the information they need to make reasoned choices on a sustainable future for Canada. In 2002, the NRTEE released a report entitled *Toward a Canadian Agenda for Ecological Fiscal Reform: First Steps*, in order to expand the understanding of how government taxation and expenditures can be redirected to create an integrated set of incentives to support the shift to sustainable development. International experience was examined and three case studies undertaken to illustrate and explore specific challenges for the application of ecological fiscal reform.
- In Lebanon, review of national budgets and monetary policies is being undertaken on annual basis. According to last review done in this regard, the Government is shifting its policy for the elaboration of the national budget from budget based on needs to a budget based on programmes.
- In Samoa, the exercise termed “performance budgeting” during which Ministries and the Government review the national budget is done annually during the period of March - May. An important aspect is an assessment of the value and effectiveness of development assistance to the country’s economy and the public sector’s services. As national budgets mainly provide for development and maintenance of human resources and institutions, the increase in human and institutional resource allocations committed annually to biodiversity work was a natural consequence of these annual reviews.

96. Several countries have commissioned special studies on financial support to biodiversity. In Slovenia, several non-governmental organizations have reviewed national budgets and monetary policies with particular attention paid to the share of positive incentives versus perverse incentives. The United Kingdom is currently undertaking a review of funding sources for the UK biodiversity action plan. Tanzania conducted public expenditure review on environment, and made proposals for substantially increasing budget allocations for environmental matters. In the Czech Republic, the Ministry of the Environment carried out a Project called “Analysis of Public Subsidies, which have Adverse Impact on Environment, and Subsidies which are not in Accord with Principles of Sustainable Development”. A major review of the EC Biodiversity Strategy and its thematic Action Plans (on natural resources, agriculture, fisheries and overseas development) in 2003 took place with the involvement of various stakeholders, culminating in the conference ‘Biodiversity and the EU - sustaining life, sustaining livelihoods’ in Malahide, Ireland, in May 2004. The ‘Malahide Message’ contained a number of proposed financial targets for the EC to meet by 2010. Though non-binding, these have been endorsed by the European Council.

97. Not all subject areas under the Convention have received equal attention from developed countries. Table 6 contains response by 14 developed countries on their support to select areas of the Convention. Conservation, both in-situ and ex-situ, enjoys universal support from all responding developed countries, which is followed by agricultural biodiversity and the programme of work on protected areas. On the contrary, preparation of reports, coordination mechanism of the Global Taxonomy Initiative, development of national indicators, and implementation of the Global Strategy for Plant Conservation are among the least favourites of donor support.

Table 6 Revealed preference of developed countries

Areas supported financially	Number of reporting developed countries (of 14)
Undertaking national or regional assessments within the framework of MEA (decision VI/8)	7
In-situ conservation (decision V/16)	14
Enhance national capacity to establish and maintain the mechanisms to protect traditional knowledge (decision VI/10)	9
Ex-situ conservation (decision V/26)	14
Implementation of the Global Strategy for Plant Conservation (decision VI/9)	5
Implementation of the Bonn Guidelines (decision VI/24)	8
Implementation of programme of work on agricultural biodiversity (decision V/5)	12
Preparation of first report on the State of World’s Animal Genetic Resources (decision VI/17)	3
Support to work of existing regional coordination mechanisms and development of regional and sub regional networks or processes (decision VI/27)	11
Development of partnerships and other means to provide the necessary support for the implementation of the programme of work on dry and subhumid lands biological diversity (decision VII/2)	10
Financial support for the operations of the Coordination Mechanism of the Global Taxonomy Initiative (decision VII/9)	4
Support to the implementation of the Action Plan on Capacity Building as contained in the annex to decision VII/19 (decision VII/19)	10
Support to the implementation of the programme of work on mountain biological diversity (decision VII/27)	6
Support to the implementation of the programme of work on protected areas (decision VII/28)	12
Support to the development of national indicators (decision VII/30)	4

98. To the extent that developing countries are the driving forces behind funding application, their preference for submitting project proposals can have an impact on resource utilization. Table 7

summarizes the information concerning applications made by developing countries to various sources of funding. In-situ conservation, inland water biological diversity, preparation of national biodiversity strategies and action plans, and agricultural biodiversity have attracted the largest number of application for funding. The smallest number of application for funding falls in the area of the Global Taxonomy Initiative, implementation of the Addis Ababa Principles and Guidelines for the Sustainable Use of Biodiversity, and development of national strategies or action plans to deal with alien species. In the areas of preparation of national biodiversity strategies and action plans, national capacity self-assessment for implementation of Convention, preparation of national reports, and implementation of the Cartagena Protocol on Biosafety, applications for funding have been largely made to the Global Environment Facility. But sources of funding other than GEF and bilateral channels have seen more applications in dealing with alien species, ex-situ conservation, education and public awareness, inland water biodiversity, and agricultural biodiversity.

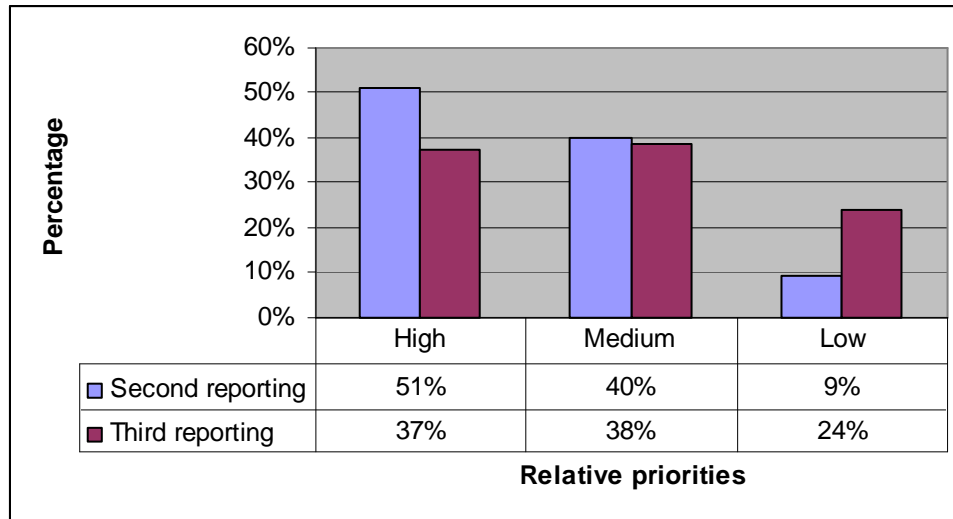
Table 7 Revealed preference of developing countries

Areas	Applied for funds from			
	GEF	Bi-lateral	Other	Total
a) Preparation of national biodiversity strategies or action plans	69	5	10	84
b) National capacity self-assessment for implementation of Convention (decision VI/27)	63	6	7	76
c) Priority actions to implement the Global Taxonomy Initiative (decision V/9)	12	6	9	27
d) In-situ conservation (decision V/16)	47	39	41	127
e) Development of national strategies or action plans to deal with alien species (decision VI/23)	12	9	14	35
f) Ex-situ conservation, establishment and maintenance of Ex-situ conservation facilities (decision V/26)	11	30	32	73
g) Projects that promote measures for implementing Article 13 (Education and Public Awareness) (decision VI/19)	22	25	30	77
h) Preparation of national reports (decisions III/9, V/19 and VI/25)	62		13	75
i) Projects for conservation and sustainable use of inland water biological diversity (decision IV/4)	26	27	32	85
j) Activities for conservation and sustainable use of agricultural biological diversity (decision V/5)	28	23	29	80
k) Implementation of the Cartagena Protocol on Biosafety (decision VI/26)	60	8	10	78
l) Implementation of the Global Taxonomy Initiative	9	6	9	24
m) Implementation of the Addis Ababa Principles and Guidelines for the Sustainable Use of Biodiversity	11	6	10	27

XIV. NATIONAL FUNDING TARGETS AND PRIORITY SETTING

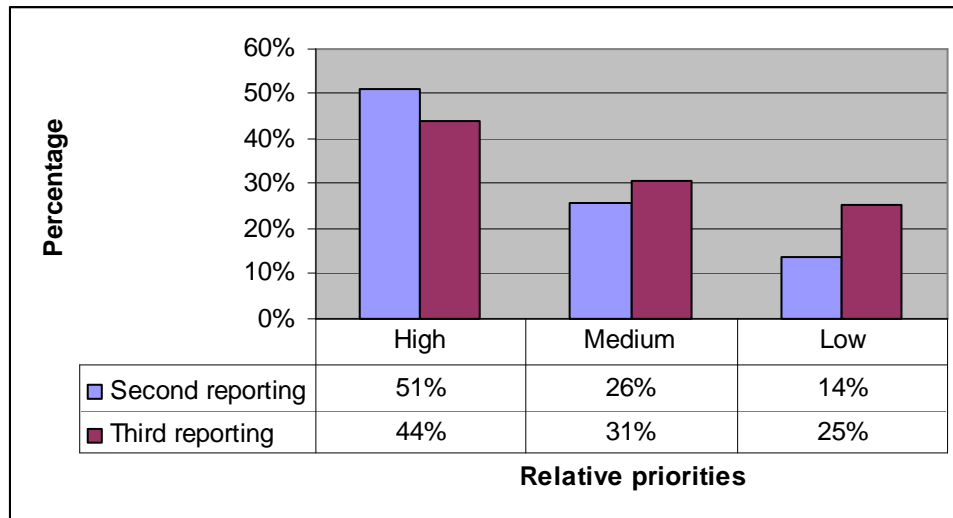
99. In a sample of 108 second reports and 91 third reports, the share of reporting countries giving high priority to the implementation of Article 20 has dropped from 51% at the time of second reporting to 37% at the time of third reporting. On the contrary, the percentage of reporting countries according low priority to Article 20 has increased significantly from 9% to 24%. Figure 10 provides relative priority attached to implementation of Article 20 that has been decreasing over the four years from the second reporting to the third reporting.

Figure 10. Relative priority attached to implementation of Article 20



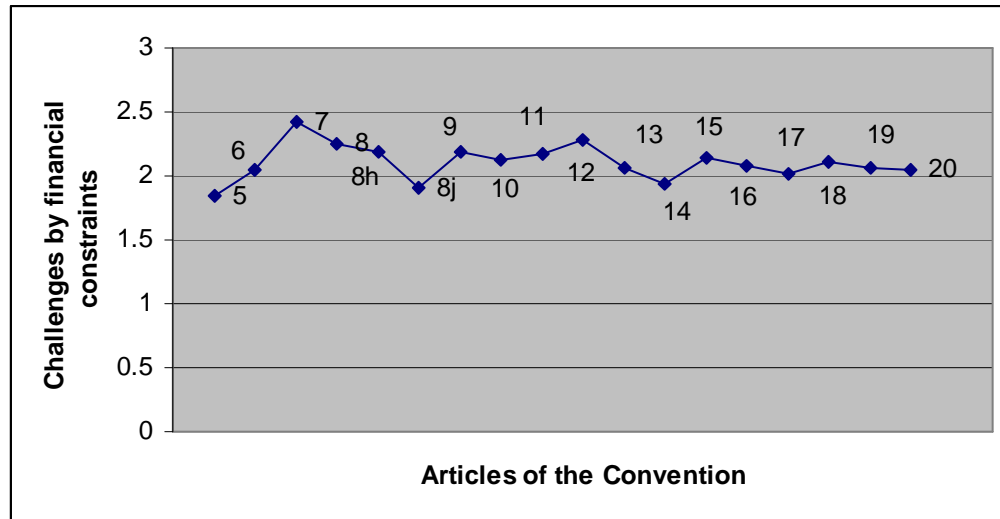
100. In a sample of 98 second reports and 92 third reports, the percentage of reporting countries according high priority to the implementation of Article 21 has decreased from 51% for the second reporting to 44% to the third reporting. Instead, both the shares of reporting countries giving medium and low priority to Article 21 have increased considerably, in particular a quarter of reporting countries attach low priority to the article on financial mechanism now. Figure 11 provides relative priority attached to implementation of Article 21 that has been decreasing over the four years from the second reporting to the third reporting.

Figure 11. Relative priority attached to implementation of Article 21



101. In a sample of 94 third reports, countries indicated high, medium and low financial challenges to various articles of the Convention. As shown in Figure 12, on average, Articles 5, 8(j) and 14 appear to face less financial challenges than other articles. The provisions of the Convention that are considered to have highest financial challenges are Articles 7, 12, 8, 9 and 8(h).

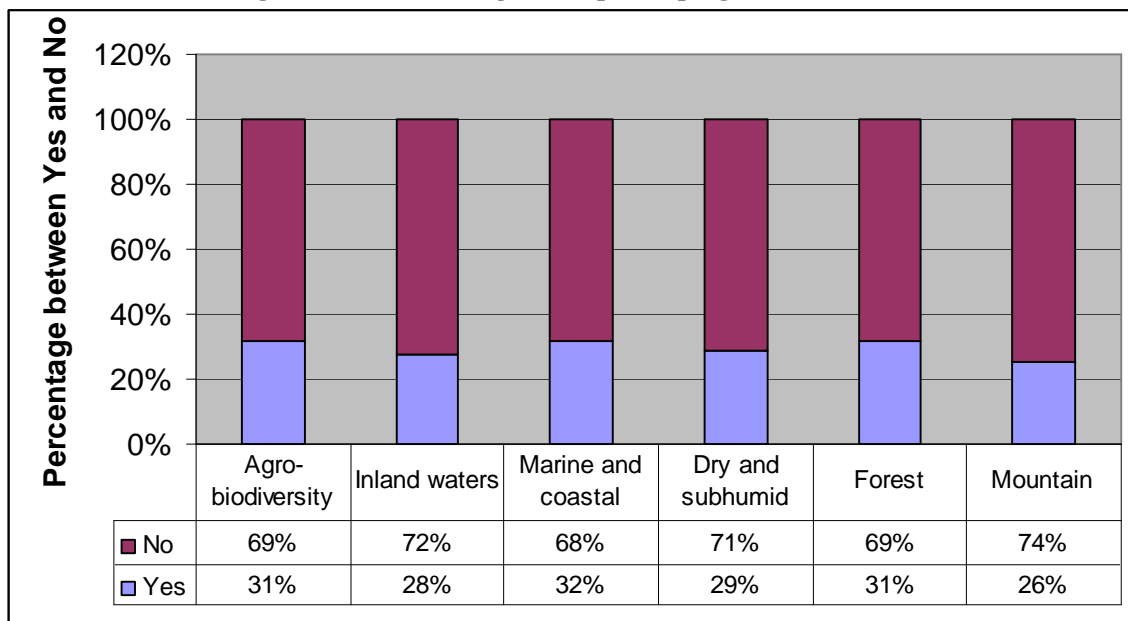
Figure 12. Financial challenges to implementation of Articles of the Convention



102. In a sample of 78 third reports, countries provided the status of national funding targets corresponding to the global target for financial capacity. More than half reporting countries (54%) have not established national targets for funding. Nearly one fifth reporting countries (17%) have chosen the global target as their national funding target, and a number of reporting countries have established one or more specific national targets (29%).

103. In a sample of 54 third reports, countries indicated whether they have set national funding for thematic programmes of work. The sample and the percentage of positive responses are generally low, and still as shown in Figure 13, marine and coastal, agricultural biodiversity and forest work programs have seen more funding targets than mountain, inland water and dry and sub-humid land work programs.

Figure 13. National targets for specific programmes of work



104. In a sample of 74 third reports, countries provided response to whether the global or national target has been incorporated into relevant plans, programmes and strategies. More than half the reporting

countries (56%) have undertaken efforts to integrate funding targets into sectoral strategies, plans and programmes (30%) or national biodiversity strategies and action plans (26%).

105. There is a wide range of funding indicators being used to measure the progress in meeting funding targets.

- National budget allocated for implementing the Convention;
- External resources received for implementing the Convention;
- Number of projects and programmes financed in the field of environment;
- Protected area plans formulated;
- Rural communities involved in planning the development of protected areas;
- Financial resources mobilized;
- Increased revenues for rural households;
- All financial mechanisms in place (national conservation funds; public spending; payment for environmental service system);
- Number of trained personnel over a given period;
- Quantity of use made of technologies;
- Number of improvements obtained from resources transferred;
- Number of activities financed in resource conservation;
- Impacts of assistance received;
- Financial resources requested and percentage received that is amount applied for versus amount received;
- Total funding of bioregional programmes;
- Annual budgets of departments with biodiversity management mandates and total biodiversity management budget;
- Biodiversity research funding allocations;
- Indicator for alignment of biodiversity research funding with biodiversity research priorities.

XV. RESOURCE MOBILIZATION UNDER BIODIVERSITY-RELATED CONVENTIONS

106. In decision VIII/13, the Conference of the Parties decides to conduct an in-depth review of the availability of financial resources, including through the financial mechanism, at its ninth meeting. This review should explore options on how the synergy among the financial mechanisms of the three Rio conventions can be promoted, taking fully into account the respective guidance and priorities of their respective conferences of the parties, each Convention's scope and mandate, while ensuring the integrity of resources available to each convention through its respective financial mechanism.

107. The United Nations Framework Convention on Climate Change (UNFCCC) and the Convention on Biological Diversity were negotiated in parallel and open for signature at the Earth Summit in Rio Janeiro, Brazil in 1992. There are great similarities between the financial provisions of the two conventions. In particular the two conventions share the Global Environment Facility to operate their financial mechanism. There are a number of recent financial innovations under the UNFCCC:

- Special Climate Change Fund (SCCF) established to finance activities, programmes and measures, in the following areas: adaptation; transfer of technologies; energy, transport, industry, agriculture, forestry and waste management; activities to assist developing country Parties in diversifying their economies;
- Least Developed Countries Fund (LDCF) established to support a work programme for the least developed countries, including, *inter alia*, national adaptation programmes of action;
- Adaptation Fund established to finance concrete adaptation projects and programmes in developing country Parties that are Parties to the Protocol. The adaptation fund will be financed from the share of proceeds on the clean development mechanism project activities and other sources of funding;

- Clean Development Mechanism established to assist Parties not included in Annex I in achieving sustainable development and in contributing to the ultimate objective of the Convention, and to assist Parties included in Annex I in achieving compliance with their quantified emission limitation and reduction commitments under Article 3 of the Kyoto Protocol. Parties not included in Annex I will benefit from project activities resulting in certified emission reductions;
- Joint Implementation allows any Party included in Annex I to transfer to, or acquire from, any other such Party emission reduction units resulting from projects aimed at reducing anthropogenic emissions by sources or enhancing anthropogenic removals by sinks of greenhouse gases in any sector of the economy;
- Emission trade in which the Parties included in Annex B of the Kyoto Protocol may participate for the purposes of fulfilling their commitments under Article 3.

108. The innovative element in the United Nations Convention to Combat Desertification in Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa (UNCCD) is the provision on a Global Mechanism. Collaborative institutional arrangements in support of the Global Mechanism have involved the World Bank, United Nations Development Programme and International Fund for Agricultural Development and many other financial institutions and development agencies.

The Global Mechanism has the following functions:

- Collecting and disseminating information;
- Analyzing and advising on request;
- Promoting actions leading to cooperation and coordination;
- Mobilizing and channelling financial resources;
- Reporting to the Conference of the Parties

The core elements for a consolidated strategy and enhanced approach of the Global Mechanism include:

- Strengthening the national action programme process;
- Revisiting mainstreaming;
- Supporting domestic approaches to sustainable land management financing in dry lands;
- Coordinated support by Facilitation Committee members⁴ and bilateral organizations;
- Partnerships of the future

109. The Convention on Wetlands of International Importance especially as Waterfowl Habitat (Ramsar Convention) does not have clear financial provisions, but several small funds have been established under the Convention:

- Ramsar Small Grants Fund for Wetland Conservation and Wise Use (SGF), administered by its Secretariat under the supervision of the Standing Committee, includes such revenues as may be allocated in the budget approved by the Contracting Parties, and any additional revenues received as voluntary contributions. The Fund provides assistance to developing countries for activities in furtherance of the purposes of the Convention;
- Wetlands for the Future (WFF), an initiative between the Secretariat of the Convention on Wetlands (Ramsar, Iran, 1971), the United States State Department, and the United States Fish and Wildlife Service, benefits Latin American and Caribbean institutions and individuals through capacity building and training in the conservation and wise use of wetlands;
- Swiss Grant Fund for Africa, administered by the Ramsar Secretariat with generous contribution offered by the Federal Government of Switzerland, supports wetland conservation and wise use and the implementation of the Convention in Africa.

110. The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) seeks to facilitate financial assistance by the convention Secretariat. Its Conference of the Parties has recently adopted a procedure for approval of externally funded projects:

- The Secretariat reviews species-related projects that are proposed by Parties seeking funding and those developed as a result of recommendations made in the review of significant trade, and approve and prioritize projects to be implemented. The Secretariat solicits funding or obtains funding freely offered;
- The Secretariat maintains the list of approved projects and the list of approved donors that may be proposed by any Party or organization and are subject to no objection by relevant Parties and the Secretariat;
- The priority areas for the development of projects by the Parties and the Secretariat are:
 - i) Compilation of relevant scientific information on species that are or may be threatened by trade;
 - ii) Development of protection, conservation or management schemes for species currently threatened by, or actually suffering from over-exploitation, so that they can be restored to a level consistent with their role in the ecosystems in which they occur;
 - iii) Provision of scientific and legal advice to the Parties for better implementation of the Convention;
 - iv) Provision of assistance in the development of legal, trade and economic policies to the Parties for better implementation of the Convention;
 - v) Development and delivery of training packages for implementation and enforcement of the Convention; and
 - vi) Provision of assistance to developing countries for their full participation in the Convention.

XVI. INTERNATIONAL CONSIDERATION OF INNOVATIVE FINANCING

111. There has been considerable progress made in the discussion of new and innovative ways to increase the sources of international development finance in the recent years. The G-8 Gleneagles Communiqué in 2005 called for consideration by a working group of the means for carrying out innovative financing mechanisms that can help to deliver and bring forward the financing needed to achieve the Millennium Development Goals. At the request of the General Assembly, the World Institute for Development Economics Research of the United Nations University undertook a major study on new sources of development finance. The Development Committee of the World Bank and the International Monetary Fund considered several reports on innovative sources of finance. At the 2005 World Summit, Heads of State and Government recognized the value of developing innovative financing for development. An international conference on innovative sources of financing, under the auspices of the French Government, was held in Paris on 28 February and 1 March 2006. The conference considered concrete proposals for pilot projects geared to generating additional, and ensuring a more effective deployment of, resources for development, particularly for nutrition and health. More recently, a meeting of the Technical Group on Innovative Financing Mechanisms was held in Santiago and the Government of Norway hosted the second meeting of the 46 countries that are part of the Leading Group on Solidarity Levies to Fund Development. The international follow-up conference on financing for development, to be held in Doha in the second half of 2008, will provide an opportunity to further examine the innovative measures of financing:

- Solidarity contribution on air travel tickets;
- International Finance Facility;
- Advanced market commitments;
- Remittances;
- Special drawing rights for development;
- Global lottery and global premium bond;
- Global environmental taxes;

- Tobin tax;
- Voluntary contributions

112. An air ticket solidarity levy was launched in Paris on 1 March 2006. It is said to be relatively straightforward to implement, with limited collection costs and no effect on competition. The solidarity contribution is to be introduced by establishing or raising existing airport taxes and charges since collection costs are minimal, and national tax sovereignty is not affected. The contribution is expected to have little impact on utilization and revenues in the air transportation industry. Chile implemented a \$2 surcharge on international air departures in January 2006. France introduced a contribution on air tickets from July 2006 that is expected to generate revenue of up to €200 million per year. To date, 25 Member States, a majority of which are developing countries, have committed themselves to introducing the levy or, in a few cases, to providing a voluntary contribution. It has been agreed to use the proceeds to focus on scaling up access to treatments against HIV/AIDS, tuberculosis and malaria. The pooled proceeds will go to the International Drug Purchase Facility, a funding mechanism launched in New York on 19 September 2006 and hosted by the World Health Organization (WHO), which aims to lower the price of quality drugs and diagnostics and increase the pace at which they are made available.

113. International Finance Facility, proposed by the United Kingdom Government, seeks to securitize the recent promises on increased official development assistance in order to generate a substantial immediate increase in development spending, timed to achieve the Millennium Development Goals by 2015. Provided that the donor commitments are achieved, the disbursement of funds from the international finance facility would increase from US\$ 10 billion in the first year to US\$ 50 billion in five years, remaining constant at that level for five years before declining to zero over the final five years. A pilot scheme, the International Finance Facility for Immunization (IFFIm) was launched in London on 7 November 2006, with the first successful pricing of its bonds on capital markets. By investing resources up front and resorting to the bond market, this programme increases current aid flows to ensure reliable and predictable funding flows, up to and including 2015. Funds will be used for health and immunization programmes through the Global Alliance for Vaccines and Immunization.

114. Advanced market commitments, originally proposed by Italy, aim to encourage the development of new vaccines. An advanced market commitments pilot programme was launched in Rome on 9 February 2007. The programme combines market-based financing tools with public intervention to provide long-term funding for the development of future vaccines against pneumococcal disease.

115. International migrant remittances represent a large and stable source of external finance for developing countries. Recorded flows of remittances to developing countries, not counting flows through informal channels, reached an estimated \$126 billion in 2004, from \$116 billion in 2003. The surge in recorded remittance flows since 2001 has made them the second largest source of external financing in developing countries, after foreign direct investment. Remittances tend to be more evenly distributed than private capital flows – remittances as a share of GDP are larger in poor countries than in middle-income countries. The global consideration of remittances can be given to four areas: (i) improving data; (ii) reducing costs and strengthening financial infrastructure; (iii) understanding the development impact of remittances; and (iv) enhancing the integrity and efficiency of money transfer systems.

116. Proposals to use special drawing rights (SDRs) of the International Monetary Fund to provide additional financing for development have a long history. The original purpose of SDRs was to increase international liquidity, but attention has focused more recently on their potential role in providing funds for development finance. Proponents have argued that new SDRs should be created and that the developed countries should reallocate their share of the SDR issue to the funding of global public goods and to supplementing aid flows to individual developing countries. An allocation of US\$ 25 to 30 billion in SDRs would represent a sizeable sum in relation to the funding needs for the Millennium Development

Goals. Its contribution would, however, depend on whether it is repeated at regular intervals. There is also an issue related to interest payments on the total allocation. If the obligation to pay interest is transferred to the recipient country or to a global public goods agency, then the financing amounts to a low-interest loan. If, however, the donor countries bear the interest cost, then it would be equivalent to ODA. The proposal will be hardly accepted by a qualified majority of the IMF membership required under the existing IMF Articles of Agreement.

117. The idea of a global lottery to raise money for development has received attention given the common use of lotteries by national and local governments to raise funds for public sector projects. World sales of gaming products are large: some US\$ 120 billion per year. The proposal is for national versions of the global lottery game, with part of the net proceeds being transferred into a global lottery fund to be run by the United Nations or another agency. The net yield could be around US\$6 billion a year. The World Food Programme presented a proposal for a “humanitarian lottery to free children from hunger”. A related but different idea is a global premium bond - a loan instrument where the interest takes the form of a lottery prize, the capital being repayable on request. Premium bondholders never lose their investment but the return depends on their luck. The premium bond likely more appeals to the middle-income and upper-income groups participating, whereas they do not take part in the national lottery.

118. The taxation of environmental externalities can not only generate revenues but also help to reduce environmental damage. A global tax on carbon use at a rate equivalent to a tax on gasoline of 4.8 cents per United States gallon (approximately €0.01 per litre) levied only on high-income countries could indeed raise some US\$ 60 billion a year. Such a rate of global tax would represent a very small addition to those applied by many national governments, and is an order of magnitude smaller than the increases considered in proposals to halt global warming. The European Union recently discussed the proposal for an international airline fuel tax. Such a tax could rise in the order of \$9 billion annually, if levied globally at a rate of \$0.20 per gallon. Another possibility is a tax on arms sales, which – with trade in the same order of magnitudes as expenditure on aviation fuel – could also raise significant sums.

119. A currency transactions tax, first advanced by James Tobin to combat financial volatility, has been proposed as a source of revenue for development. Some proponents have considered taxes as high as 0.25 per cent on a transaction to discourage excess currency speculation. In contrast, a rate of 0.01 or 0.02 per cent could be adopted for revenue-raising purposes. Such a global tax could, it has been estimated, raise annual revenue of around US\$ 17 billion (tax of 1 basis point) or US\$ 30 billion (0.02 per cent). Introduction of a currency transactions tax requires wide agreement, if not universal agreement. There are still uncertainties concerning its impact on the global financial markets.

120. Charitable giving in rich countries is very substantial: in the United States of America, more than 1.5 per cent of national income. The amount raised by UNICEF national committees ranges from 9 United States cents per capita in New Zealand to nearly US\$ 4 per capita in Luxembourg. A great deal of philanthropic activity in rich countries is aimed at domestic concerns, although there are differences across countries, with Germany being a country where a larger fraction goes to fund overseas development. There are a number of charitable foundations with development interests, such as the Ford Foundation, the Rockefeller Foundation, and, more recently, the United Nations Foundation and the Gates Foundation. Possible policy directions are: more generous tax incentives for donors; measures to encourage payroll giving; the establishment of global funds to focus the attention of large private donors; new forms of corporate giving; Internet giving; and donor education programmes.