

Financing for Biological Diversity

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The Secretariat of the Convention on Biological Diversity is pleased to introduce the first supplement to the CBD News, dedicated to financing for biological diversity, being released to the sixth meeting of the Conference of the Parties. This supplement provides the Secretariat with another source in its efforts to implement the decisions on financial resources and mechanism adopted at the previous meetings of the Conference of the Parties, which highlighted the importance of the provision of funding information as well as sharing knowledge and experience among funding institutions.

The tenth anniversary of the Rio Conference on Environment and Development, where the Convention was opened for signature, offers an opportunity to take a look at what has been achieved and where further efforts are most needed. We can observe the following examples that provide an encouraging sign of the progress being made in the field of biodiversity finance:

- Most Parties are developing financial measures to support the implementation of the Convention;
- Considerable, though still insufficient, financial contributions have been made by developed country Parties and Governments as well as other Parties to the institutional structure operating the financial mechanism;
- The Global Environment Facility has been designated as the institutional structure operating the financial mechanism of the Convention. About 40 percent of its resources (over US\$1.3 billion as of December 2001 since its establishment) have been allocated to biodiversity projects and activities;
- Bilateral, regional and multilateral funding institutions as well as development agencies have been developing more biodiversity-friendly operational practices and policies. Some donors have established specific funding programmes to support biodiversity projects/activities;
- Major international biodiversity-advocating organizations have increasingly established modest conservation finance programmes. There are also examples of regional financial and technical cooperation programmes and initiatives, such as the European Biodiversity Resourcing Initiative.
- The United Nations Environment Programme Finance Initiatives have progressively been trying to promote the objectives of the Convention in the banking sector and insurance companies;
- Financial resources provided other than through the financial mechanism have been identified and monitored by the Convention Secretariat on an ongoing basis. Ways of accessing these resources have been promoted through the website of the Convention;

- A biodiversity marker has been developed and tried in the Creditor Reporting System of the Organization of Economic Cooperation and Development. The reporting system helps to track biodiversity projects funded by the OECD/DAC member countries;
- Sharing of biodiversity funding information, experience and knowledge has been promoted through workshops, including the Havana Workshop, and the publication of this supplement on financing for biological diversity;
- A strategic framework for financing biological diversity was developed and has been applied by the United Nations Foundation.

Despite these successes, the following gaps have been also observed:

- Funding requirements for the implementation of the Convention remain largely undefined and essential needs largely unmet;
- National reporting on financial resources and mechanism has not been standardized;
- Experience and knowledge of funding measures and instruments in support of national biodiversity activities has not been shared adequately at the international level;
- Involvement of the private sector (business and industry, foundations and other charities, etc.) has been insufficient;
- Innovative and creative financial measures and instruments have not been explored adequately.
- Guidance to the financial mechanism, which grows with each meeting of the Conference of the Parties, does not provide a clear direction for resources programming and hence is not translated into focused action. The relationship between the various guidance addressing the same thematic issues has not been clarified;
- The amount of funds that are necessary to assist developing countries in fulfilling their commitments under the Convention over each GEF replenishment cycle has not been evaluated;
- The terms “new and additional financial resources” and “incremental costs” have not been further elaborated and operationalized;
- Insufficient coordination of funding efforts between different stakeholders;
- Lack of guidelines/recommendations/reference papers from the Convention to funding institutions and development agencies in order to improve the effectiveness of their support to biodiversity.

The sixth meeting of the Conference of the Parties is expected to assess these achievements and gaps under agenda item 18.1 on financial resources and mechanism, and provide further guidance on the implementation of Articles 20 and 21. The information provided by funding institutions and development agencies through this supplement will not only serve as a record of their efforts to support the implementation of the Convention, but also prove to be useful in the work of the Conference of the Parties.

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