



South America: Financial Planning for Biodiversity

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Argentina

Argentina's planning document¹ contained a financing strategy for the implementation of national biodiversity strategy.

The implementation of the National Biodiversity Strategy not only requires sectoral and regional action plans, but also identify the necessary funding sources, both internal and international, to operate them. While there are currently certain public and private investments aimed at the conservation and sustainable use of biodiversity, these are insufficient to undertake the actions. Obtaining financing is of genuinely great importance to avoid creating mandates that are not supported by the corresponding forecast or budget allocation. It should be stressed that although the Biodiversity Convention itself provides that developed countries should contribute new and additional funds to cover the incremental costs of its implementation in developing countries, it is necessary and indeed possible, to realize efforts internally within the country.

Each of the different areas-national, provincial and municipal, according to their skills and capabilities, will contribute to the financing of some actions. Similarly, it is necessary to increase the funding effort made by the country's productive sector in mitigation actions and create conditions for increased voluntary private sponsorship actions for the protection of biodiversity.

Concern about increasing funding for genuine and sustained compliance with the objectives of the Convention on Biological Diversity has been generating innovative tools and mechanisms in various countries (capturing value of environmental services, joint implementation mechanisms in relation to carbon sequestration in forestry programs, national environmental funds, etc.). In this respect, Argentina must still develop these or other funding mechanisms that complement the traditional public sector investment in this area.

Funding strategy:

Objective 1: Create mechanisms to increase domestic funding available to implement actions for the implementation and monitoring of the National Biodiversity Strategy

Strategic directions:

- Promote the creation of the National Environmental Fund complementary to the current public spending on conservation and sustainable use of biodiversity;

¹ Argentina (2003). Estrategia Nacional sobre Diversidad Biológica, Secretaria de Ambiente y Desarrollo Sustentable, Resolución 91/03, Secretaria de Ambiente y Desarrollo Sustentable, 46 pp.

- Promote the inclusion of actions to adapt, in those public sector plans and programs as appropriate, the plans and programs in compliance with the Convention on Biological Diversity, providing for the supplementary budget for this purpose;
- Promote the creation of markets to capture the value of the main environmental services provided by biodiversity;
- Analyze the opportunities to increase fundraising from use rights ("user's fees") of biological diversity or its components, at gene, species and ecosystems.

Objective 2: Maximize the use of international sources of funding for implementation of the Convention on Biological Diversity

Strategic directions:

- Develop management capabilities for international cooperation in the Coordination and Monitoring Unit for the implementation of National Biodiversity Strategy, in coordination with other national agencies in the field;
- Develop materials for potential donors to disseminate the main lines of action of the National Biodiversity Strategy and how they can contribute to overall benefits under the Convention on Biological Diversity;
- Identify components, actions or projects under the National Biodiversity Strategy, which may be funded by bilateral and / or multilateral, and in particular the financial mechanism;
- Promote programs of cooperation with leading international NGOs for the implementation of components, actions or projects under the National Biodiversity Strategy

Objective 3: Create conditions to promote increased private sector funding for voluntary conservation of biological diversity and sustainable use of its components

Strategic directions:

- Establish a system of annual awards to be granted by national authorities or by an ad-hoc committee, to recognize those individuals or legal entities that have made outstanding philanthropic activities and/or sponsorship for activities of biodiversity conservation in the country.

Bolivia (Plurinational State of)

Bolivia's planning document² stated that in Latin America and the Caribbean, over 90% of biodiversity-related financing originated from multi and bilateral institutions, 70% of which are used for natural resources management and protection of protected areas, and little is invested in land acquisition, ex situ conservation and administrative support. Between 1990 and 1997, Bolivia implemented 136 projects, at around \$124.5 million. In the 1980s, Bolivia obtained from a debt for nature for management of Beni biological station. National Environment Fund (FONAMA) was established for debt buybacks at market value to generate resources that contribute to creation of protected areas and to finance the costs. The weak side of this policy was, however, its transience as the national and international financial conditions that allowed using the historical circumstances of the time and not a long-term sustainable policy.

To achieve financial sustainability of the SNAP, FONAMA established a trust fund to be invested in low-risk securities in perpetuity that could finance current expenditure of the system. Thus, it was decided that the Fund should have a core capital of about \$ 35 million, but only managed to capture an initial amount and could not operate the Fund, so that it had to resort to international cooperation to solve current expenditure and investment of SNAP.

There is a marked dependence of SNAP on external sources in the period 1990-1998, which contributed about 85% of its funding. In this period the external inputs reached approximately 23.87 million dollars, while the internal contributions did not exceed 2.41 million. To address this situation of dependence and financial unsustainability, recently established Foundation for Development of the National System of Protected Areas (FUNDESNA), as a private entity focused on securing and managing resources to fund the SNAP. Currently, FUNDESNA is in the process of establishing a trust account of \$ 8.6 million, with grant funds from the GEF/World Bank (\$ 5 million) and SNAP trust account (\$ 3.6 million donated by the Government Switzerland and the United Kingdom), and this account will be increased with other resources and trust funds of the GEF-II.

There are several economic mechanisms that can contribute to financial sustainability of biodiversity conservation activities, such as environmental services. The Noel Kempff Mercado managed to raise funds through a climate action project to capture carbon dioxide emissions (CO₂), which covers the activities of the area for five years. Later funding will be directed only to the monitoring of CO₂, led to the sale of certificates, which represents a challenge for the area. Moreover, financial strategy of SNAP believes that ecotourism in protected areas is an important means for raising funds. However, it is essential to formulate a program that integrates economic resource generation through environmental services and FUNDESNA.

² Bolivia (2001). Estrategia Nacional de Conservación y Uso Sostenible de la Biodiversidad, Ministerio de Desarrollo Sostenible y Planificación, La Paz - Bolivia, 2001, 193 pp.

In other areas of biodiversity conservation, such as scientific research and conservation programs for wildlife and genetic resources, in which civil society has an important presence, there are several sources of funding, such as trust funds, foundations and specialized services. However, its greatest limitation is reliance on international cooperation funds in the short term and the low level of investment.

Regarding major genebanks, information on operating expenses last year shows that it reached just 120,000 dollars. To reverse this situation requires new funding policies that enable greater levels of investment and expenditure, in order to strengthen research efforts and ensure long-term conservation of wildlife and particularly genetic resources.

Attracting investment to develop the economic potential of biodiversity

Biological diversity is a source of benefits at local, regional and national levels in medium and long term, by generating employment and added value derived from their sustainable use. To consolidate and strengthen this component, it is important to develop national capacities, structuring a command economy to attract capital to the world market inserted in favorable conditions for the country, developing a sustainable and equitable redistribution in favor of low-income population and to base this development on the principles of ecological and financial sustainability for ensuring the conservation of biodiversity in the long term.

It is essential to create certain conditions for attracting investment in biodiversity products and services as:

- Development of knowledge about the potential effects of biodiversity resources.
- Empowerment of the institutional and negotiating capacity of grassroots organizations for access to the market competitively.
- Legal security through a clear and stable legal framework, regulating access to biological resources, minimizing transaction costs, defining rights and obligations of the holders and the Bolivian State and facilitating the indigenous and peasant populations who can make investments in their territories.
- Promotion and development of targeted programs of public investment in infrastructure and services aimed at minimizing production costs and environmental impacts.
- Establishment of standards and mechanisms for developing processes for monitoring and control.

Financial sustainability for model biodiversity conservation

Financial sustainability should be based on country's own resources, through increased allocation of state resources and the generation of income, gradually reducing dependence on external financing. For this purpose, mechanisms should be established for the generation of goods and services through local

communities, private operators and municipalities to obtain resources for the development of activities of protection, investigation and management of biodiversity resources.

Part of the surplus generated in activities of sustainable use of biodiversity financing activities should be targeted to preserve these resources through the establishment of a new tax regime. It is also important to strengthen trust funds operating with transparency and efficiency, ensuring stability and preventing interference with official policy. Finally, financial instruments should be developed through contributions from state, private actors and international cooperation.

The action plan presented a programme on attracting investments in products and services of biodiversity. The diagnosis shows that the main limitation to full and sustainable use of biodiversity is the lack of funding and investment. This is mainly due to the still insufficient development of domestic and international markets for products and services of biodiversity, lack of skilled human resources and lack of infrastructure and public services. Considering that the state no longer invests public funds in productive activities that can be made by private agents, it is necessary creation of a favorable climate for attracting private investment in productive activities related to biodiversity, which necessarily involves studies on flora, fauna and microorganisms.

Attracting investment for development and utilization of genetic resources of medicinal plants with concerned traditional partners requires the establishment of a specific legal framework for protecting it, which will allow access to them, made with certainty, both for investors and suppliers and holders of traditional knowledge associated with genetic resources.

It is therefore important to develop actions to enable potential investors to access information on the biodiversity resources in the country (ethno-ecotourism, integrated forest environmental services, traditional medicine, etc.), and facilitate, especially small farmers and indigenous groups, build business skills and access at competitive international markets. Also it is preponderant to guarantee perfect rights of producers and investors in biodiversity and important efforts for the development of infrastructure and public services, to avoid excessive costs due to lack of public goods and services that could neutralize the country's competitive advantages derived from quality of its biodiversity resources.

It is necessary that the State, as part of its promotional role, promote actions that encourage private investments. Efforts are also to be targeted to obtain grant funding to strengthen productive investment processes.

Target: Attracting investment to develop a sustainable economic potential of biodiversity for the benefit of local communities, regions and the country as a whole.

Results:

- Economic activities related to biodiversity have increased from 4% to 10% of national GDP, especially through ecotourism activities (70%), climate change mitigation in forestry projects

(20%), and projects to value and validate traditional uses of medicinal plants and other products and services related to biodiversity biotechnology, and other organic products (10%).

- This implies an expansion of income of around \$ 350 million today to about 1.2 billion dollars at the end of the implementation period of Strategy (ten years). Perhaps most importantly, this expansion could occur in the poorest regions, marginal and poor in the country.

Programmes:

1. Promoting biodiversity products and services

- i) Establishment of a single national network and access to basic information on biodiversity (thematic maps and granted rights, land use plans and other protected areas, communal lands and private lands) for investment in products and services.
- ii) Establishment of a marketing and promotional drive for the sustainable use of biodiversity.
- iii) Establishment of contracts and business unit (in biodiversity products and services) for the sustainable use of biodiversity, within and outside the National Protected Areas System.
- iv) Establishment of a system of promotion, control and quality certification of products of agro-biodiversity, agro-ecology, forestry, and other medicinal and biodiversity services.
- v) Design and implementation of a strategy for developing the potential of biodiversity in production chains.
- vi) Establishment of a program of training and technical assistance in projects, contracts, financing and marketing of biodiversity products and services from indigenous communities to small and medium enterprises.
- vii) Establishment of a Fund for the financing of pre-investment in the sustainable use of biodiversity.
- viii) Promotion of business conferences and meetings between local producers and investors.
- ix) Development of legal mechanisms and instruments of financial compensation for the environmental services provided by biodiversity.
- x) Develop and implement scientific programs selected for bio-prospecting, biodiversity management and traditional practices, including its transfer to the productive sector.

2. Judicial certainty in biodiversity use rights

- (i) Improvement and complementation of the institutional and legal framework for managing access rights to biodiversity resources, minimizing transaction costs and providing guarantees to knowledge providers, investors and financiers.

(ii) Establishment of legal security for access to biodiversity by users in coordination with the market.

(iii) Establishment of economic incentive policies for investment in biodiversity.

(iv) Promote the development of negotiation skills for sharing benefits arising from the use of biodiversity resources.

3. Development of infrastructure and public service

(i) Identification of areas and infrastructure, public services and budget priorities to facilitate the sustainable use of biodiversity.

(ii) Design of a policy of financing infrastructure and public services linking tax policy with public investment policy in sustainable projects of biodiversity.

(iii) Establish a fund for implementation of infrastructure and public services for the sustainable use of biodiversity, consisting of contributions from municipalities, prefectures, dependent on central government funds (DUF), poverty alleviation programs and concessional external financing.

The action plan contained a programme on financial sustainability for biodiversity conservation, including:

- Establishment of a financial management system to ensure sustainability and transparent management of funds.
- Creating incentives at national and local level to finance biodiversity conservation, scientific research and technology transfer.
- Strengthening the trust funds for biodiversity conservation, ensuring transparency and efficiency in its management.
- Establishment of a tax system that ensures the flow from biodiversity productive activities and projects to finance conservation activities and its equitable redistribution.
- Research on the economic valuation of biodiversity and implementation of cost-benefit analysis, to guide the allocation of resources to areas of greatest impact and serve as inputs for the negotiation of investment projects.

2. Financial mechanisms

The costs for implementing the Strategy during the first stage will remain under the current funding mechanisms, i.e. external resources, whose management has been initiated. The sources of financing and investment will be implemented in an orderly and integrated set of programs and projects related to biodiversity management, considering the defined strategy.

However, the design and gradual implementation of a new sustainable financial model for the conservation of biodiversity are expected, through various measures such as establishing a new legal and fiscal regime to ensure that the surplus generated by the use of biodiversity products and services are reinvested in maintenance, conservation and preservation measures for natural heritage, as well as research or promotion of sustainable use.

Chile

Chile's planning document³ indicated:

8. To consolidate the FUNDING mechanisms required for adequate conservation of the biodiversity, including:

- a) Define the requirements needed to create a biodiversity conservation fund.
- b) Establish tax benefits and other incentives for donations towards biodiversity conservation.
- c) Create the necessary conditions for incorporating into official protected areas those tracts of land resulting from the compensation mechanism of the present Environmental Impact Assessment System, as a way of increasing the National System of Protected Wilderness Areas.
- d) Study and promote the adoption of new mechanisms for funding conservation, such as payment for environmental services and biodiversity and the implementation of tradable permit schemes.
- e) Encourage the creation of public-private agreements and international cooperation pacts for funding biodiversity conservation.
- f) Extend tax benefits to include donations for the purpose of biodiversity conservation and for contributions and donations to the Environmental Protection Fund.

³ Chile (2003). National Biodiversity Strategy of the Republic of Chile, Comisión nacional de medio ambiente (CONAMA), 9 December 2003, 19 pp.

Colombia

Colombia's first policy document⁴ contained a section on funding. The implementation will make use of the financing under the Development Plan. In addition, it may use resources from international cooperation, private sector, and those channeled through ECOFONDO to support NGO projects.

The revised policy document⁵ offered a section on availability and allocation criteria of financial resources, for the period 2006-2010.

The factor analysis showed that the state did not provide sufficient financial resources for the management of public institutions directly related to environmental policy and management of biodiversity. The financial resources, allocated by the State, are concentrated mainly to strengthen and develop economic and sectoral policies that promote activities such as mining, energy development, agriculture, infrastructure, among others, allowing the strengthening of these sectors, often at the expense of the ecological basis of the territories. However, the lack of financial resources for the conservation of biodiversity and ecosystem services can be aggravated by poor prioritization and allocation of resources relating to investment, which increases the feeling of the actors involved in environmental management, that resources are too scarce to produce a significant positive effect. Additionally, this financial allocation does not take into account the value that society could derive from biodiversity in establishing priorities, which favors the sectors that make use of biodiversity, not considering its strategic value, not integrating into resource planning, production, management and allocation.

In numerical terms, the main contribution to the financing of environmental management has been from the various national government sources-national, regional and local environmental authorities and local authorities, representing just over 90% of spending in the last decade the country in this field. Operational spending and investment in environmental official entities for the period 2002 - 2008p reported that spending on environmental protection (GPA) by the government sector, amounted to 3.394 million pesos in 2000, to 6.436 million in the 2007, representing 0.33% of GDP in 2000 to 0.42% in 2007. On the other hand, total expenditure (current and investment) in Government sector environmental protection increased from 695,237,000 pesos in 2000 to 1,791,183 million in 2007. However, the Colombian public environmental investment remains below international standards, for example in Brazil and Mexico environmental investment represents 1% of GDP. However, with the new resource allocation of National Royalties Fund (10%) to finance projects for Science, Technology and Innovation, the country's investment in these areas could rise and be very close to 1% of GDP.

⁴ Colombia (1996). Política nacional de biodiversidad, 41 pp.

⁵ Colombia (2012). Política nacional para la gestión integral de la biodiversidad y sus servicios eco-sistémicos, ministerio de ambiente y desarrollo sostenible, 133 pp.

Environmental investment in Colombia in the period 2006 - 2010 was 12% of the resources allocated by the General Budget of the Nation (PGN) to the sector of Environment, Housing and Territorial Development, Environment and Sustainable Development today. Total environmental investments for the period totaled 579.786 million pesos, from an investment of 76,512,000 in 2006 to 146,244,000 in 2010. In this sense, the effort of environmental protection is increasingly assumed by regional and local bodies, which implies various imbalances in their response capabilities in the context of decentralization and autonomy, but strong budget constraints in all levels of government and complex dynamics of reconstitution of territoriality and regional development in the country.

The budget allocated by the Nation to research institutes affiliated and linked to MADS between 2006 and 2010 was 112.387 million pesos (from 14,945,000 in 2006 to 29,248 in 2010), giving a total investment of management Institutes in the four years from 246.453 million pesos (MAVDT 2010c). In the case of the National Parks Unit (UAESPNN), the total budget for four years represented an increase of 50% from 20,015,000 to 46,821,000, while the investment budget was tripled from 9,425,000 to 30,278,000 (MAVDT 2010c). Regarding the Regional Autonomous Corporations (CARs) for the period 2007-2010, the resources were made by 3.9 billion pesos. 78% of these funds (\$ 3.1 billion) was allocated for investment programs, with emphasis on programs to prevent and control environmental degradation, strengthening SINA for environmental governance and environmental planning in land management.

Other sources of funding for environmental issues are, the National Endowment Fund (FNR) and the Environmental Compensation Fund (FCA). In the first case, the resources allocated to the environment sector have increased significantly since 2006, from 246 million to \$ 103.513 million pesos in 2010. However, the majority of resources were focused on coastal protection (6 projects, 47.639 million, corresponding to 46% of the resources of FNR) and reforestation (52 projects, corresponding to 33,297,000 32.2%). Topics such as strategic ecosystems, land use and desertification received only 9.9, 5.8 and 0.8% respectively of resources (MAVDT 2010c). The FCA, as a system of redistribution that has strengthened financing of the 15 corporations with fewer resources, was between 2006 and 2010 with a budget appropriation of \$ 139.712 million, of which \$ 31,264 million (24%) was allocated to operating expenses and \$ 108,737 million to fund 383 projects of 18 Corporations (228 Sustainable Development and 155 Regional Autonomous).

For municipalities, the main resources managed with environmental spending purposes were: 3% of gross sales of hydroelectric generation, 1.5% of gross sales of thermoelectric generation and 1% current revenues of municipalities for purchase and improvement of land to protect watersheds that supply municipal water systems (Art. 111 Law 99/93, as amended by Article 210 of Law 1450 of 2011). Regarding the latter, Rudas (2010) reports that investment by 447 municipalities and seven departments, for which information is available in its 15 years of implementation of the standard, was worth about \$ 159 billion (in current pesos), in contrast to the mandate of law requiring that these same local authorities, for this purpose had invested more than \$ 1.27 billion. That is, 0.12% of total revenues of local authorities with data available were invested in land acquisition providers, up from 1% set by law. The transfers of the electricity sector, in the period 2005 - 2009, amounted to \$ 382,433.4 million, while

for the same period the revenue receipts paid by the remuneration rate and the rate of water use was \$ 245,567.1 and \$ 60,851.8 million.

In Colombia, one of the most important resources to support conservation management of biodiversity is international cooperation. In this sense, The Netherlands, Germany, European Union (through NGOs), United States (NGOs), Finland (via CAN), appear as the country's most important partners in this area in recent years. In this sense, by April, 2011, the country had 26 ongoing environmental projects in 24 departments, amounting to 54,647,526 million USD, corresponding to 7.36 of total cooperation (Social Action 2011). Regarding these aspects of cooperation, Sectoral Focus Programme 2007 - 2010, of Embassy of the Netherlands, was highlighted in recent years for the strengthening of SINA (cooperation of \$ 43.2 billion), on important issues such as environmental planning in land management, the integrated management of water resources, the knowledge, conservation and use of biodiversity, promoting sustainable and competitive processes, and prevention and control of environmental degradation.

Furthermore, the Global Environmental Facility (GEF) cofinanced in Colombia, from 2002 to date, a total of 29 projects with a total contribution of \$ 100,245.929. The biodiversity focal area has been represented with 19 projects, which received a total contribution by the Facility of \$ 77,339,029 dollars, allowing the management of national counterparts in the order of \$ 123,872,642 million USD.

Ecuador

Ecuador's planning document⁶ indicated:

Funding

The implementation of the National Biodiversity Strategy involves a range of monetary and nonmonetary costs, including direct costs and indirect costs.

Direct costs include costs relating to government, private sector and NGO personnel, research, infrastructure and other resources needed to implement the components of the NBS.

The indirect costs or opportunity costs are in terms of diminished or eliminated activities and investments to be made for the conservation of biodiversity. These indirect costs shall be borne by producers and consumers primarily. For example, the true opportunity cost of agricultural production should be suspended in areas that necessarily must be protected, or the costs associated with investing in technologies and production methods that are sustainable.

With regard to direct costs for the financing of plans and projects arising from the National Biodiversity Strategy, the following sources and mechanisms will be established:

1. Government funding and contributions and loans from international cooperation, as the main sources of funding for biodiversity conservation in Ecuador.
2. Strengthening the operation of research centres and specialized working groups, through a transparent financial mechanism through which companies interested in using living modified organisms or access to genetic resources contribute to and sustain the operations of investigation centres.
3. Prioritizing the economic valuation of goods and services generated by protected areas, and making transparent the cost of fees for access and use thereof (e.g., licensing, visitor entrance fees, rights of use of designs and images, patents of operation).
4. Diversifying the revenue base of the National Protected Areas System from promoting the use of sustainable resource areas (e.g., nature tourism), the provision of environmental services and commercial sponsorship. Ensuring the revenues generated by protected areas to be invested in the conservation of sites and in the community development inside and adjacent to protected areas.

⁶ Ecuador (2001). Política y estrategia nacional de biodiversidad del Ecuador 2001-2010, Ministerio del ambiente, Quito, 2001, 93 pp.

5. Analysing the real potential of implementing alternative financing strategies such as debt for nature swap, global environmental services, collection of donations, domestic and international investment in the private sector, among others.

Other sections also discussed financing, such as:

- Develop mechanisms for long-term financing. It should be noted that the restoration processes are long term and it is necessary to provide administrative and financial stability to these projects, and in particular monitoring and maintenance measures (such as thinning of plantations, damage control and monitoring).
- Form local structures to coordinate with user groups and relevant government agencies to participate and contribute in the planning and implementation of the restoration process. Seek support from international cooperation and specialized international organizations (IUCN, WWF, Conservation International, and the Nature Conservancy, among others) for the partial financing of pilot projects, and encourage contributions from local user groups benefiting from restoration.
- Explore and evaluate mechanisms for financing long-term process of restoration of degraded ecosystems. Develop legal rules that make restoration mandatory for those who alter or degrade components of the country's biodiversity, and produce information materials and training for citizenship.
- Also investigate private investment incentives, possibly related to the sale of environmental services of restored ecosystems and nondestructive productive activities.
- Finally, explore the possibility that the National Environmental Fund (FAN) develop a product of long-term financial support to cover the recurrent costs of ecosystem restoration.
- Identify the following sources of funding:
 1. Attracting international financial resources to unmet regions, ecosystems, species, key sectors or groups: debt-for-nature, lump sum payment for environmental goods and services (e.g., carbon sequestration, royalties for the use of genes) and collecting donations.
 2. Inter-sectoral transfers of tax revenues obtained from environmental goods and services (e.g., electricity generation in hydropower plants, payment of damages and environmental risks) to finance public sector work in specific regions, ecosystems, sectors.
 3. Domestic and international private sector investment in business related to the use of biodiversity and conservation of prioritized areas, ecosystems and species. For example, cost sharing, tax deduction, sponsorship and advertising, voluntary donations.
 4. Private investment of the productive sector in the management of resources and technological development to achieve sustainability of productive activities.

Guyana

Guyana⁷ provided that

Programme Area 1: Mobilization of Financial and Technical Resources

INTRODUCTION

The ability to mobilize financial and technical resources quickly and sustainably is absolutely vital to the successful implementation of the Guyana Action Plan. Hence, this Programme Area is extremely critical and will be given highest priority in the early stages of Phase I of the Plan. Existing strategies for obtaining financial and technical resources will be consolidated. In addition, a spectrum of new approaches will be developed. These will be generally based on the principle that those who benefit from biodiversity deserve to have the opportunity to protect their future by investing in its management.

1. PROJECT: *Ensuring short and long term financing and sustainability of the Biodiversity Action Plan*

OBJECTIVES:

- I. To develop the human capacity to ensure the short- and long-term financing and sustainability of the Biodiversity Action Plan
- II. To design and implement a spectrum of sustainable financing mechanisms for Plan implementation

ACTIVITIES:

- I. Create and fill a position of Fund Raising Specialist at the EPA. The responsibilities of this position are to identify and obtain financial and technical support for projects under the Biodiversity Action Plan.
- II. Develop the following categories of initiatives (by the Fund Raising Specialist):
 - Mobilization of financial resources from the regional and international donor community: Public; Private
 - Mobilization of financial resources from national sources: Public; Private Community
 - Mobilization of financial resources from the sustainable use of biodiversity and other new and innovative funding mechanisms (including creating a Biodiversity Trust Fund)
 - Mobilize technical assistance from regional and international sources

⁷ Guyana (1999). National Biodiversity Action Plan – a Programme for action by stakeholders towards the conservation and sustainable use of biodiversity, Environmental Protection Agency, 30 November 1999, 134 pp.

III. Up-grade skills of the Fund Raising Specialist through participation in key fora and/or training workshops (e.g. CDB, IADB and/or GEF project development workshops; the Financial Innovations workshops of the Global Biodiversity Forum)

IV. Coordinate the management of projects by the Biodiversity Project Coordinator, once funds have been accessed by the Fund Raising Specialist.

V. Design and utilize methodologies and indicators for monitoring and evaluating project progress.

2. PROJECT: ***Mobilization of financial resources from the regional and international donor community***

OBJECTIVES

I. To develop a visionary and clear “negotiating platform” for encouraging donor investment in the management of Guyana’s biodiversity

II. To use the above as a basis for developing a spectrum of creative and innovative project documents for the priority elements of the Plan

III. To use the project documents to mobilize financial and technical resources

ACTIVITIES

I. Develop a visionary and clear “negotiating platform” for negotiation in the regional and international arenas by the Fund Raising Specialist

II. Review of regional and international funding context by Fund Raising Specialist

III. Identify multilateral, bilateral, regional and private donor agencies to be targeted

IV. Convene meetings with financial and technical assistance agencies to match their interests with project priorities such as a:

- Roundtable with Guyana based representatives

- Follow up meetings with individual agencies

- Roundtable at Global Biodiversity Forum with internationally based representatives

- Roundtable at COP 5 (2000) with internationally based representatives

V. Follow up communication/meetings with agencies

- Prepare project proposals

- Access and administer funds

- Strengthen ability of members of the NBAC, agencies and groupings involved in biodiversity management and regional and local groupings (including public, private and community) to seek their own funding on their own for biodiversity management activities. This will include convening a series of proposal preparation and fundraising workshops (Note: CF Institutional Strengthening)

3. PROJECT: ***Mobilization of financial resources from national inputs***

OBJECTIVES:

- I. To obtain necessary financial support for biodiversity initiatives
- II. To encourage local investment in biodiversity conservation as a complementing measure to foreign donor support

ACTIVITIES:

- I. Review of opportunities by Fund Raising Specialist. Areas to be examined include:
 - Community inputs: in-kind contributions (knowledge, information, labour)
 - Private sector: funds and in-kind contributions (eg sponsorship of activities, green investment funds, “adopt-a-beach/forest/species” schemes; lottery proceeds)
 - Non-governmental: funds and in-kind contributions
 - Governmental: increased government budgets
- II. Build on activity in Project 1 on strengthening ability of various groupings to access funds
- III. Develop demonstration projects to test selected priorities
- IV. Accessing and administering funds
- V. Expenditure reduction through reduction of duplication of effort, streamlining activities, and strategic actions to ensure maximum mileage from minimum investment by the Biodiversity Projects Coordinator
- VI. Design and utilize methodologies and indicators for monitoring and evaluating impacts

4. PROJECT: ***Mobilization of financial resources from the sustainable use of biodiversity and other new and innovative mechanisms***

OBJECTIVES:

- I. To develop mechanisms to return profits from the sustainable use of biodiversity to the management of biodiversity i.e. bridge the gap between the private benefits and the costs of conservation

II. To develop other new and innovative mechanisms for financing biodiversity management

III. To create a Biodiversity Trust Fund

ACTIVITIES:

I. Review opportunities and methodologies by Fund Raising Specialist. Major sources of information will include compilations and analysis of experience by IUCN, WRI (on new and innovative mechanisms), and GEF (on conservation funds)

II. Select priorities in the light of Guyana's specific cultural and social context.

III. Develop demonstration projects to test selected priorities

IV. Design and utilize methodologies and indicators for monitoring and evaluating impacts

5. PROJECT: ***Mobilization of technical resources from regional and international sources***

7.2 MOBILIZATION OF FINANCIAL AND TECHNICAL ASSISTANCE

A priority step in the support strategy is the creation and filling of a specialist position of Biodiversity Fund Raising Specialist at the EPA (see Project Profile 1 of Programme Area I on Mobilization of Financial and Technical Resources previously). The responsibilities of this post are to identify sources of financing, "market" the Plan, liaise with donors, and coordinate funding and other support for projects.

This will possibly be a long term position.

The Fund Raising Specialist will develop and manage the projects listed in Phase I, Programme Area 1 on Mobilization of Financial and Technical Resources. The Fund Raising Specialist will develop comprehensive strategies for accessing resources from a diversity of target organizations and activities as indicated in the Programme Area 1 project profiles. Outlines of key areas are summarized below.

7.2.1 Incorporating the Donor Community

Work will include the:

- 1) Review of funding opportunities by the Fund Raising Specialist. This will include identification of donor agencies to be targeted. Potential donors are listed in Appendix 4.
- 2) Convening of a donors' meeting to match donor interests with project priorities.
- 3) Convening meetings with individual donors.
- 4) Preparation of project proposals.
- 5) Accessing and administering project funds.

7.2.2 Involving National Sources

Major activities include the:

1) Review of opportunities by the Fund Raising Specialist

2) Areas to be examined include:

Community Inputs : in-kind contributions (knowledge, information, labour)

Private Sector : funds and in-kind contributions

Non-governmental : funds and in-kind contributions Governmental : increased government budget

3) Accessing and administering funds

7.2.3 From the Sustainable Use of Biodiversity

1) Review of opportunities by the Fund Raising Specialist. Work here will focus on returning profits from the use of biodiversity to the management of biodiversity. Approaches and activities for priority action can be selected from the following list:

2) Areas to be examined include:

- Charges for ecological services
- Special taxes
- Bioprospecting fees
- Fees from academic research
- Restructuring existing wildlife use, e.g. developing new markets for wildlife products based on non-destructive use (use of extractives, bird watching, trophy spotting), alternatives to wild harvest (e.g. farming of species in demand)
- *In situ* conservation e.g. significant dedication of user fees in protected areas to *in situ* conservation
- *Ex situ* conservation e.g. Entry fees at zoos, commerce in genetic material, participation in proceeds from patenting of inventions
- Eco-tourism
- Penalties e.g. polluter pays penalties, performance bonds, non-compliance fees
- Debt for Nature Swaps

- Carbon sequestration
 - Service fees, e.g. full cost pricing of water services
- 3) Accessing and administering funds.

7.2.4 Technical Resources from Regional and International Sources

Action includes the:

- 1) Review of technical assistance opportunities by the EPA Fund Raising Specialist. This will include identification of technical assistance agencies to be targeted. In addition to some of the agencies listed under funding opportunities in Appendix 4, potential sources of technical assistance are given in Appendix 5
- 2) Accessing and using technical resources.

7.3 ENSURING LONG TERM FINANCING AND SUSTAINABILITY

The ability to mobilize financial and technical resources on a sustainable basis will be critical to the successful implementation of the Guyana Action Plan and the longer term objective of realising and maintaining responsible management of biodiversity. This section highlights some of the key philosophies and approaches which will be used to ensure the long term financing and sustainability of Guyana's Biodiversity Action Plan.

THE CORE PRINCIPLES

These are:

- 1) For diverse reasons, Guyana has a number of unique "selling points." In addition, the international climate created as a result of the CBD and other key international agreements, generates opportunities for Guyana.
- 2) Those who benefit from biodiversity deserve to have the opportunity to protect their future by investing in its management
- 3) Diversity is strength i.e. the funding base must come from diverse sources

THE CORE PROPOSALS

These are the:

- 1) Hiring of the Fund Raising Specialist at the EPA
- 2) The convening of donors meetings with financial and technical assistance agencies

- 3) Capitalizing on opportunities presented by agencies and processes aimed at “enabling” Plan implementation
- 4) Strengthening capacity of biodiversity agencies to raise their own funds. Conditions will be created whereby the local community and the private and NGO sector can manage certain resources and can seek funding on their own.
- 5) Creating a Biodiversity Trust Fund into which monies derived from the sustainable use of biodiversity (as well as other funds) will be invested.

Hence, a number of Innovative Funding Mechanisms backed by compatible national policies will be developed. It is proposed that efforts will be placed at the:

1. Community level to provide economic incentives for conservation.
2. Regional and sectoral levels to provide support for action at local levels and the allow for national policy to be implemented regionally and in the areas of the appropriate sectors.
3. National level to ensure that government policies are compatible with such incentives.
4. International level to ensure that wealthy nations benefiting from the biodiversity and its conservation have the opportunity to invest its sound management.

Opportunities also created by the evolving international environment catalyzed by the CBD and other agreements will be maximized. For example, the following “windows” will be used:

Other Initiatives

- Other international conventions related to biodiversity (e.g. the Convention on International Trade in Endangered Species, the World Heritage Convention)
- Mechanisms for the implementation of the Small Island Developing States/Programme of Action which includes biodiversity
- The Framework Convention on Climate Change including the Kyoto Protocol under the Convention

Two phases for five years with a total of 32 projects and other activities have been proposed in the Action Plan. Projects and other actions are linked as clusters under programme areas.

TOTAL BUDGET FOR PLAN:

PHASE I 2,579,335.

PHASE II 391,660.

TOTAL BUDGET (US\$) 2,970,995.

Guyana further planned⁸ that:

There was general consensus among stakeholders at the workshop that many of the Priority Programme Areas were cross-cutting the thematic areas. With guidance provided by the stakeholders, and the concurrence and approval of the EPA, the following Programme Areas were identified for the development of project concepts and log frames.

Cross-Cutting Programme Areas

1. Consolidation of the Policy, Legal and Administrative Framework.
2. Institutional Strengthening/Human Resources Capacity Building.
3. Mainstreaming Biodiversity.
4. Integrated Land Use Planning.
5. Awareness and Education.
6. Research and Data Collection, Information Sharing and Management.
7. *In situ* and *Ex situ* Conservation of Biodiversity.
8. Monitoring.

Other Programme Areas

9. Promoting Sustainable Initiatives in the Agriculture Sector.
10. Promoting Sustainable Initiatives in the Forestry Sector.
11. Habitat Destruction and Associated Impacts on Coastal Resources.
12. Promoting Sustainable Initiatives in the Marine and Inland Water Resources Sector.

For each of the 12 Programme Areas, one project concept and log frame was prepared. The identification of the individual projects was based on recommended actions from the situation analysis findings and workshop working groups. For the cross-cutting programme areas, the projects identified are generally of a broad scope to cover all four thematic areas.

These 12 projects form the basis of NBAP II over the period 2007-2011 and their implementation will facilitate meeting UNCBD objectives as well as meeting the Work Programme requirements for these four thematic areas.

⁸ Guyana (2007). National Biodiversity Action Plan II (2007-2011): a Continued Programme for Action by Stakeholders towards the Conservation and Sustainable Use of Biodiversity, Environmental Protection Agency, May 2007, 205 pp.

It decided to develop financing strategy, if financing is not available, and proactively lobby funding from donors.

Paraguay

Paraguay's planning document⁹ presented the cost of five year actions at US\$34.575 million, based on activities. Financially, the NBSAP emphasizes the priority of the improvement of the national budget to meet the needs of the environmental sector so decisively so as to strengthen the management of natural resources. The implementation of the NBSAP requires the development and exploration of new financing mechanisms both internal and external. In this sense, the valuable support of international cooperation and coordination should be cultivated more intensively. The national CBD office is recommended to embark on identifying sources of financing the activities of the NBSAP in the short, medium and long term, and developing annual implementation plans that may also serve to attract such funds.

⁹ Paraguay (2007). Estrategia nacional y plan de acción para la conservación de la biodiversidad del Paraguay: 2004-2009, Asunción, Paraguay, Noviembre 2007, 110 pp.

Peru

Peru¹⁰ indicated that

2.11.3 Creating a space for analysis and research on relevant topics such as:

- i. Analysis of potential markets.
- ii. Overview of the different sectors.
- iii. Legal issues in trade and Biological Diversity.
- iv. Intellectual property rights and traditional knowledge.
- v. Mechanisms for fair and equitable sharing of benefits arising from the use of Biological Diversity.
- vi. Monitoring and sustainability indicators.
- vii. Innovative mechanisms of financing for bio-and bio-

Strategy 6.6

6.6.1 Evaluate the financial and economic resources available and the political decision to start implementing the National Strategy on Biological Diversity. The studies should focus not only public investment but also private ones.

6.6.2 Assess the potential for private sector involvement in risky investments in "eco-business" clean technologies with economic efficiency and other advantages.

6.6.3 Develop and explore new initiatives linked to business and environmental services.

6.6.4 To strengthen the home front, existing environmental funds and include the "green funds" counterpart in the Ministry of Economy and Finance. The State should decide to place trust funds and seek international cooperation to increase them. With adequate funding will be available sustained funding for programs and actions to be implemented.

6.6.5 Improve the ability to access international funds available for conservation and use of biological diversity, especially those of the Global Environment Facility-GEF.

6.6.6 Create and develop a proposal for incentives based on criteria regional, national, economic and social. Play an important role the Ministry of Economy and Finance, in close coordination with sectoral organizations and the National Biodiversity Commission. In this regard, it is important to:

¹⁰ Peru (2001). Estrategia nacional sobre diversidad biológica, 2001, 140 pp.

- a) Define incentives for declaring and maintaining SINANPE. Such incentives should encourage the conservation of natural ecosystems and discourage its transformation.
- b) Define the incentives to declare and maintain Private Conservation Areas and conservation concessions, afforestation and reforestation.
- c) Reform forest sustainable use, according to Forestry and Wildlife Act and Regulations, through countervailing incentives and disincentives for the conservation and sustainable use of forest biodiversity.
- d) Get soft loans to improve the sustainability and profitability of the use of biological diversity. These credits could benefit production systems of associated small and medium production, experimental activities, research, production and marketing of biodiversity, implementation of clean production technologies, reforestation programs or others.
- e) Minimize duties and taxes for scientific research.

7.1.8 Securing funding for the phases of analysis and preparation of teams for international events attending and monitoring results.

Suriname

Suriname's planning document¹¹ referred to financing in a broad sense.

¹¹ Suriname (2006). National Biodiversity Strategy, Ministry of Labour, Technological Development and Environment, March 2006, 41 pp.

Uruguay

Uruguay's planning document¹² considered financing in under several themes, including:

- Definition of mechanisms for incorporating private area system, maintaining the same ownership and use regulations stipulating a return of tax treatment and a specific funding.
- Creation of a specific fund for financing the system and allowing self-financing.
- Promote an agreement and the financial mechanism for the exchange of researchers between countries of the region, which has two objectives: to promote the participation of teachers from other countries in graduate activities and facilitate the exchange student.
- Establish a national scholarship fund to facilitate the realization of the graduate.
- Identify technical and financial resources needed to organize a "National Clearinghouse on biodiversity"

¹² Uruguay (1999). Propuesta de estrategia nacional para la conservación y uso sostenible de la diversidad biológica del Uruguay, 1999, 112 pp.

Venezuela

Venezuela's first planning document¹³ contained two sections on financing.

The first section was to promote funding for the National Biodiversity Strategy. The National Strategy implementation requires not only the development of sectoral and regional action plans but also the identification of national and international funding sources to put them into operation. The need to find funding to comply with the Convention on Biological Diversity has resulted in creating innovative tools and mechanisms in various countries, such as capturing the value of ecosystem services provided by biodiversity, implementation of bonds on carbon sinks, national environmental funds, among others. In this field, Venezuela should develop mechanisms to complement the traditional public sector investment in this area. Therefore, it is necessary to establish the short and medium term policy for obtaining funding through national and international bodies, in order to create financial funds (for donations to protected areas), which will allow the development of lines drawn in the Strategy, so as for this funding to carry out programs or activities identified for each of these strategic proposals.

Strategic line: Secure funding for the National Biodiversity Strategy. Specific objective: securing funding for the National Strategy on Biodiversity in the short and medium term. Actions: creation of national funds to finance the National Biodiversity Strategy and Action Plan; development of fundraising mechanisms with multilateral, regional and national banks for development of the National Strategy; support for governmental and nongovernmental organizations in finding funding for projects related to the National Biodiversity Strategy.

4.1.5. Financial viability

The implementation of the strategy requires not only sectoral and regional action plans, but also identifying the necessary funding sources, internal and external, to put them into operation. In this field, Venezuela should develop funding mechanisms that complement the traditional public sector investment in this area. In this sense, the country must maximize short-term use of international sources of funding for the implementation of the Convention on Biological Diversity, as well as generate mechanisms to increase domestic funding available to carry out actions to implement and monitor the National Strategy, and on the other hand, it is necessary to create conditions to promote increased private sector voluntary funding for the conservation of biological diversity and the sustainable use of its components. Below are the actions to take to achieve the aforementioned financing.

Actions to promote international sources

International technical and financial cooperation is an expression of global solidarity that requires proper treatment of environmental problems and is the contribution that the country expects from the

¹³ Venezuela (2001). Estrategia nacional sobre diversidad biológica y su plan de acción, Caracas, Junio 2001, 135 pp.

international community to meet the goals and objectives it has set in the Strategy. The government, particularly the Ministry of Environment and Natural Resources considered it appropriate to systematize the contribution of international cooperation to the National Biodiversity Strategy through the programs contained in it. These programs synthesize the priorities, policies and actions proposed by this Strategy. It is important to emphasize the development model proposed by the National Biodiversity Strategy, by considering progressively the environmental costs and benefits of productive activities and promoting the sustainable use and economic benefits of the country's natural capital, will tend to gradually reduce the financial dependence of the action taken. Under this assumption, international cooperation assumes a nature of complementarity of national efforts, and it is necessary to emphasize that the principle of long-term national ownership of the actions taken here entails the help of the international community. Therefore, the country should promote international cooperation through:

- Build capacity to manage international cooperation in the National Biodiversity Office that lead to the implementation of the National Strategy in coordination with other relevant national authorities in the field;
- Identify the components, actions and projects under the strategy, possible financing by bilateral and multilateral agencies, and in particular by the Global Environment Facility (GEF), the financial mechanism of the Convention;
- Develop materials for potential donors to disseminate the main lines of action of the strategy and how they can contribute to generating global benefits under the Convention.

Actions to promote domestic sources

- Creation of financial funds (for donations, in protected areas and national parks, among others) as complementary principal instruments for current public spending on conservation and sustainable use; inclusion of actions to adapt public sectoral plans and programs that correspond to the performance of the National Biodiversity Strategy, providing the supplementary budget for this purpose;
- Creation of markets to capture the value of key environmental services provided by biodiversity. Possible internal resources to co-finance the National Strategy can come, among others, of the following entities: CONICIT and Ministry of Science and Technology; government banks;
- Funds for tourism development, agriculture, among others; NGO; private sector, others. In addition, the Ministry of Environment, through the National Biodiversity Office, must form funding alliances between national and international organizations for medium and large projects, such as: forge agreements and strategic alliances with government banks, funds for tourism development, agriculture, CONICIT and the Ministry of Science and Technology, the private sector and others so that funds from these institutions become national counterpart for external grants/loans;

- Identify and realize large projects of the Global Environment Facility (total projects at \$20 -30 million, \$ 10 -15 million in donations); identify and assist in obtaining medium-size grants of the Global Environment Facility (\$ 750,000 c/u).

Venezuela's second planning document¹⁴ mentioned financing in several occasions:

- Prioritize funding for training, research and innovation for the conservation of biodiversity. Specific actions: make a list of funding priorities from research priorities (Indicator: update on research and innovation priorities. Tasks: define the criteria for identifying funding priorities from research priorities; identify funding priorities and develop annotated list; publish and disseminate the report; periodically update the report)
- Ensure financial resources needed to monitor the National Strategy for the Conservation of Biodiversity. Specific actions: create national projects for strengthening financial capacities to promote implementation and monitoring of the ENCDB (Indicator: national projects for strengthening financial capacity in execution. Tasks: identify the requirements of strengthening financial capacity for implementation of action plans of ENCDB at national and local levels; establish funding priorities; identify sources of funding; attract national and international funds, in accordance with the principles of sovereignty and eco-socialist ethics.
- Create national projects for strengthening fiscal capacities to promote implementation and monitoring of the ENCDB. Indicator: national projects for strengthening fiscal capacity running. Tasks: conduct a national assessment of the fiscal capabilities to implement the ENCDB; prioritize the needs of fiscal capacity building; advance in fiscal capacity building for the implementation of the ENCDB; follow up on fiscal capacity building for ENCDB.

¹⁴ Venezuela (2010). Estrategia Nacional para la Conservación de la Diversidad Biológica 2010-2020 y su Plan de Acción Nacional, Ministerio del Poder Popular para el Ambiente, Agosto 2010, 128 pp.