



Financial Planning for Biodiversity in Central Asia

Contents

Kazakhstan	2
Kyrgyz Republic	3
Tajikistan	8
Turkmenistan	12
Uzbekistan.....	15

Kazakhstan

Kazakhstan¹ used a number of indicators to prioritize biodiversity interventions, including vulnerability, current status, economic value and adaptability trends. The vulnerability criteria measured capacity for biodiversity, economic value, vulnerability to external impacts, degree of damage, reduction of biodiversity, protection rating, recreational potential, and ecological importance.

Kazakhstan identified the following funding measures:

- Provision for an autonomous and independent budget of the environmental fund and exemption from taxes;
- Establishing tax privileges for subjects while introducing technologies and production with little waste or without waste, and utilization of secondary resources;
- Introduction of special taxation for environmentally harmful products and environmentally dangerous technologies, and privileged loans to subjects carrying out environment protection;
- Full or partial exclusion from taxation the amount of revenues from profits reinvested to nature protection needs;
- Exemption from taxation of the enterprise revenues received from utilization of industrial and household waste;
- Privileged taxation of enterprises manufacturing nature protection equipment, materials, reagents, facilities for controlling environment, and those ones implementing construction and reconstruction of mature protection objects;
- Exclusion from taxation of revenues contributed voluntarily by legal entities and individuals to environmental funds.

¹ Kazakhstan (1999). National Strategy and Action Plan on Conservation and Sustainable Use of Biological Diversity in the Republic of Kazakhstan, Ministry of Natural Resources and Protection of Environment of the Republic of Kazakhstan, Kokshetau, 1999, 121 pp.

Kyrgyz Republic

Kyrgyz Republic's planning document² provided a review of financial mechanisms for biodiversity conservation, including:

- the government budget for environmental protection;
- the Republic Fund of Nature Protection;
- fines and incentive mechanisms;
- indirect finance by state agencies involved in the land use sectors (e.g. mining, forestry and agriculture), research institutions, and education programmes;
- internationally funded programmes;
- private resources allocated to biodiversity conservation
 - 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.)

The current expenditure per unit area of protected area is c. US\$0.4/ha, and each member of protected area staff is, on average, responsible for 1,450 ha.

3.3 Biodiversity Action Plan

The action plan outlines the practical activities to be carried out within each strategic component, in order to fulfil the objectives and the overall aim. Actions are sub-divided into a set of constituent, and inter-related, activities. A number of the listed activities will be implemented under existing plans or projects, whereas others will be designed and developed from scratch. All activities are intended to

² Kyrgyz Republic (1998). Biodiversity Strategy and Action Plan, Ministry of Environmental Plan, Bishkek, November 1998, 128 pp.

provide clear outlines for implementation, with indicative costings and time-scales, and defined outputs. Relative **priorities** for activities are indicated through the attached time-scale – high priority activities, including those on which further activities depend, are shown to start earlier in the five-year plan than other, more peripheral, activities.

The biodiversity action plan was structured to include approximate budgets, duration, outputs, related objectives, and related activities. The total budget was around \$5.66 million, estimated on the basis of activities.

Approximate budgets are provided in US dollars, and are solely indicative. This represents a rough estimate of likely costs (ranging from \$100 to \$1,000,000) to provide a rough guideline for the expected funds needed for each activity. In some cases, this budget may be associated with more than one inter-related activity.

Duration or time-scales are also indicative. These indicate when during the five years of the plan (1999-2004) each activity should take place, based upon its relative priority and the extent to which implementation of other actions are dependent upon prior completion of that activity.

Outputs are the verifiable achievements for each activity, and provide a basis for evaluation of success or completion. These outputs are proximal achievements, but completion of any activity is also expected to have impacts on wider indicators of success (see 3.4), including the general objectives of the plan.

Related objectives indicate how each activity will help to meet the overall aim of the plan, by showing which of the objectives each activity is expected to contribute towards.

Related activities indicate other closely associated activities elsewhere within the plan. In general, activities within the same action are likely to be closely associated, however this information (using individual reference numbers for activities) also allows cross-referencing to other related or similar activities throughout the whole plan.

3.3.13 Strategic Component M: Financial Resources

M.1 State budget financing for biodiversity conservation			
M.1.1 Review and revise the state budget for biodiversity conservation, in the context of other institutional changes.	1999-2004	1,000	Budget review
M.1.2. Develop the role of civil society and other institutions in state budgetary-planning.	1999-2004	2,000	Increased information sharing
M.1.3 Review non-environmental state budgets and examine options for cross-budget schemes to promote the conservation and sustainable use of biodiversity by other state agencies.	2000	2,000	Options for realistic costings
M.1.4 Investigate mechanisms by which realistic biodiversity costs of all harmful activities are recognized and incorporated into state budgets.	2000	1,000	Options for realistic costings
M.1.5 Review and, if appropriate, revise budgetary mechanisms to ensure that some proportion of income from fines and other disincentives is used for environmental protection.	2000	1,000	Options for appropriate funding
M.1.6 In the light of possible changes in legislation on private land-ownership, appropriate costings for land should be developed which take into account biological resources and	2000	2,000	Options for realistic costings

potential for use.			
M.2 Financing of biodiversity projects using grants and interest-free loans			
M.2.1 Develop and implement a system of small grants for specific biodiversity conservation projects.	1999-2003	(160,000)	Grants programme
M.2.2 Develop a system of interest-free loans and micro-credits.	1999-2004	1,000,000	Credits
M.2.3 Review and revise the state Environmental Fund priorities and procedures, to ensure that it gives appropriate support to biodiversity conservation.	1999-2000	25,000	Revised Fund priorities and procedures.
M.2.4 Appoint and organize a grant/credit commission to approve and disburse monies for biodiversity conservation projects.	1999-2004	10,000	Tender commissions
M.2.5 Organize a grant and credit coordinating unit.	1999-2004	20,000	Co-ordination
M.2.6 Provide regular mass media coverage on grant and microcredit opportunities.	1999-2004	5,000	Media coverage
M.3 Develop an ecological "Food for work" programme			
M.3.1 Organize a programme of public work (including planting and habitat rehabilitation) with targets and levels of food payments (including 'bonuses').	1999-2004	650,000	Programme of activities
M.3.2 Promote the concept of 'Food for work' through the mass media and through the work of local humanitarian organizations.	1999-2004	10,000	Media coverage
M.4 Financing by alternative mechanisms			
M.4.1 Conduct a series of training sessions devoted to writing business projects on biodiversity for Ministry and protected areas staff, NGOs, businessmen and others.	1999-2003	10,000	Training sessions
M.4.2 Conduct training for Ministry employees and NGOs in developing projects and grant applications suitable for international donors.	1999-2003	8,000	Training sessions
M.4.3 Provide ongoing external support in project development and leverage of funds for biodiversity.	1999-2000	5,000	Support for grant submissions
M.4.4 Ensure an ongoing review of innovative funding mechanisms for biodiversity, including inter-sectoral links and international funding opportunities.	1999	3,000	Innovative funding mechanisms

3.6.3 Financial mechanisms

The financial resources to implement the BSAP will partly be met from existing sources.

However, to implement the extensive actions planned over the next 5 years a review of current financial mechanisms will be essential, as will be the procurement of new sources of finance. These measures will provide the increased investment and resources to ensure that the BSAP moves from being a well-designed plan, to become a sustainable process.

The BSAP coordinating unit will be the focal point for the development of revised and innovative financial mechanisms, and will also be responsible for co-ordination between donors, and the development of links between donors and implementing organizations. The coordinating unit will require external support during the first year of implementation to ensure that these financial mechanisms and networks are established. There will also need to be sufficient capacity among implementing organizations, to ensure that government agencies, NGOs, local authorities, and local communities can access and use funding effectively.

A number of potential financial mechanisms for BSAP implementation are outlined below:

State budget

The overall state budget has reduced in real terms since the country became independent, and this has restricted funding available to government ministries, including that for salaries. The proposed activities within the BSAP, coupled with other institutional changes, will necessitate the review, and likely increase, of budget allocations. These will need to reflect the importance of biological resources in the light of sustainable development. The fundamental importance of biological resources for economic and social development, needs to be reflected in the way that conservation revenue is raised and distributed.

The Environment Fund

The current review and strengthening of this fund provides an opportunity for the governance to become more transparent and responsive. This fund will potentially become an important internally-funded means of managing biodiversity, and related environmental issues.

Oblast budgets

Implementation of actions at a local level will make Oblast-level funds available to biodiversity conservation, and will encourage ongoing investment into the sustainable use of biological resources.

Micro-credit

As programmes of micro-credit are developed they will provide an opportunity to fund small-scale actions relating to both biodiversity conservation, and local economic activity.

Small grants

These will be needed to start off, and in some cases maintain, local initiatives and will be an important means to develop local capacity for environmental protection within communities as well as organizations.

'Food for Work' programmes

Habitat restoration projects can be included as part of employment schemes to relieve local poverty. This measure demonstrates the potential for job opportunities within the environmental field.

Disaster relief funds

Recognition of the role of natural vegetation in watershed and soil erosion management is likely to lead to greater pre-emptive and proactive responses to threats of flooding and landslides. Such mechanisms could provide support for biodiversity actions with long-term protection benefits.

Donor funded projects

Given the broad range and impact of activities listed in the BSAP - including social issues, sustainable economic activity, rural development, and direct biodiversity conservation - there are many opportunities to develop projects with varied national and international donors. An important initial stage of implementation will require capacity building within government agencies and NGOs, to

support and enable them to develop project concepts, proposals, grant applications and project management systems which are appropriate to international donors.

Potential national and international donor organizations

This list is only indicative at this stage, and is not intended to be comprehensive. It includes organizations currently operational within the Kyrgyz Republic which may be able to provide support for a wide-range of projects - of different size, cost and focus. Careful consideration is needed to identify the most appropriate source of funding for a particular project.

Counterpart Consortium	Soros Foundation
Eurasia Fund	TACIS
Fauna & Flora International	UK Know How Fund
FINNIDA	UNDP
GTZ	USAID
IUCN	World Bank

Global Environment Facility (GEF)

One of the main aims of the GEF is the management of globally-important biodiversity.

This provides an opportunity to implement projects of global as well as national importance, such as the West Tien Shan Project. A range of funding mechanisms are available within the GEF (including small and medium sized grants programmes).

Loans

Where international loans are applied for in future, it is important that the clear links between biodiversity and sustainable development in the Kyrgyz Republic are considered in the design of the loan, and are also reflected in the subsequent legal agreement.

Private Sector

As both private sector and corporate interests develop further in the Kyrgyz Republic, there is an increased potential to develop partnerships, and sponsorship, in support of improved biodiversity management.

Tajikistan

Tajikistan's planning document³ presented six basic criteria for identifying primary actions and twenty criteria for project selection for priorities of biodiversity conservation.

The document estimated that the cost of Action Plan Implementation is US\$26.6 million, including \$9.3 million for priority actions. Financing sources are: state budget, national and local ecological foundations. The support of international donors is also required.

4.1 Funding mechanism

National Biodiversity Strategy and Action Plan (NBSAP) implementation will be funded partially from the available sources. However, for the work implementation planned for the next 5 years, review of current financial mechanisms and providing of new financial sources is required. These measures will provide increase of investments and allow the NBSAP to be a self-financing process. The Governmental Working Group (Resolution of the Tajik Government no. 77-p, December 29, 2000) will develop revised and renewed financial mechanisms and National Biodiversity and Biosafety Center will be responsible for coordinating work of donors through National Focal Point on biodiversity and developing contacts between donors and participating organizations. During 2003, National Biodiversity and Biosafety Center will need help from outside to create financial mechanisms and further on from environmental budget. Also, it will coordinate activities of participating organizations on providing effective use of funds by governmental bodies, NGOs, local authorities and communities, working on biodiversity conservation. Below is a list of possibilities to provide financial mechanisms for NBSAP implementation.

The State Budget is quite limited and cannot cover all planned expenses for implementing activities on biodiversity conservation and organizing work on its sustainable use. In spite of this, the state budget provides funds for maintaining reserves (zapovedniks and zakazniks), national parks, ecological departments, institutes of the Academy of Science (Institute of Botany, Institute of Zoology, Institute of Plant Physiology and Genetics, Pamir Botanical Institute); training specialists; providing forest conservation services, and a number of other sectors working on biodiversity conservation and restoration. Considering the importance of bioresources and their role in combating poverty, the NBSAP implementation considers increasing budgetary assistance to National Biodiversity And Biosafety Center (NBBC). The basic value of bioresources for the economic and social development should be confirmed by distributing profit for biodiversity conservation and associated activities.

Republican Funds for Nature Protection. Using funds for particular purpose will improve the fund management. Later on, it can become important sources of funding of managing biodiversity and

³ Tajikistan (2003). National Strategy and Action Plan on Conservation and Sustainable Use of Biodiversity, Dushanbe, 2003, 199 pp.

relevant actions, which are funded from internal sources (particularly penalties) and from use of biodiversity for commercial purposes.

Local Budgets. Implementing work at the local level will allow using local funds for nature protection to preserve biodiversity and promoting investments to bioresources management as well as establishing fares for biodiversity use.

Microcredits. Developing programs on microcredits, farmers in particular, will create additional possibility to fund mini-scale activities concerning both biodiversity conservation and economy.

Small Grants are particularly effective at the initial stage, including support for local initiatives; also, they can promote work on environmental protection both within communities and organizations.

FOOD FOR WORK programs. As a part of employment plan aimed at poverty alleviation at the local level, conservation of species habitats could be emphasized. This measure shows the capacity of employment in the sphere of environmental protection.

Funds, formed to liquidate the consequences of natural disasters. Methods of planting and slope fortification with trees and bushes are considered one of the most effective means of the regulation of natural phenomena. At the same time, they are elements for restoring ecosystems and flora and fauna habitats.

Projects funded by donors. Considering a wide range of effective activities within NBSAP, including economic and social issues, problems of rural areas development and biodiversity conservation in general, there are many possibilities for close cooperation with various local and foreign donors during project implementation period. Important initial phase will require creating conditions within governmental bodies and NGOs to promote development of project concepts, proposals, applications for grants, and the project management according to the foreign donors' requirements.

The Global Environmental Facility. One of the main goals of the Facility is to manage biodiversity issues of global importance. This makes it possible to implement major projects. For this purpose, there is a series of financial mechanisms (including small and medium grant programs).

4.2 Funding action plan

To maintain the general state level of the environment, the expenses for nature protection should make up 6-7% of the GDP (gross domestic product), while to conserve the state of natural resources, they should be increased to 10% for areas with the disturbed environmental balance. According to the UN standards for developing countries, the capital investments in environment protection should be 0.8% of the GDP.

In 2000, the funds spent for environmental measures made 0.07% of the GDP. In the previous 5-year period (1995-2000), the annual average expenses were 0.034% of the GDP.

The total amount of expenses needed for the 10-year period of the Biodiversity Action Plan implementation is estimated at 67.8 million somoni (US\$26.6 million; prices of 2002), with annual expenses being over 5 million somoni. The state budget share will be 35%.

Funds from environmental foundations will make 10%. Some funds (20%) will be provided by other nature managers and economic institutions (landusers, forestry, NGOs, etc.) while implementing programs on sustainable development of particular economic branches supported by international investments and grants. The support of international financial structures and foreign donors (nearly 30-35%) will also be required.

The preliminary estimates show high efficiency of environmental measures. The time of justifying funds provided for environment protection will be less than the standard deadline fixed for branches of economy. This will provide the economic efficiency of environmental activities and promote the poverty alleviation. The environmental costs could be minimized through update production technologies, sustainable management of natural resources, and development of economic incentives. The primary actions designed to overcome the negative tendencies in biodiversity require about 35% of the total funds.

The process of the Action Plan implementation suggests increasing the role of internal financing sources in biodiversity conservation, including those envisaged by the Law on Nature Protection but not completely used:

- Republican and local budgets;
- Specialized funds for environmental protection;
- Private funds of nature users;
- Contributions and donations made by private persons and organizations;
- Other financing sources not forbidden by the RT legislation;
- Compensatory payments (penalties) for non-sanctioned and inefficient management and the environment pollution causing its destruction.

The greatest part of the expenses is spent on mountain reforestation, making about 40% of the total funds.

The greatest part of the activity funding structure is occupied by area planning and biodiversity conservation programs – 50.2%; research and monitoring – 27.2%, informational and educational measures, environmental education of population – 12.3%, and improvement of policy, legislation, and intellectual base – 7.5%. These activities provide creation of a national ecological network, implementation of comprehensive research and monitoring, and biodiversity inventory.

The following activities require particularly great expenses:

- improving the legislative and institutional base;
- introducing new technologies and improving management;
- organizing expeditions and providing update high-precision devices and equipment for laboratory analyses, expertise, and other investigations, as well as computers.

Economic mechanisms and means for Action Plan implementation

Economic mechanisms should promote economic activities to create conditions stimulating sustainable management of natural resources, particularly biodiversity conservation. The key elements of economic mechanism on biodiversity conservation are:

- a) using taxation on favorable terms for measures on biodiversity conservation (exemption from land tax on private areas, provided for creating forest shelter-belts, reduction of income tax in case of waste utilization, reduction of taxes for credits aimed at environmental activities, etc.);
- b) introducing special taxes (duties) on processes that affect biodiversity (taxation of investments on roads construction, electricity transmission lines, etc. in state protected areas);
- c) introducing mechanism of compulsory insurance of technologies that affect the environment;
- d) using favorable terms of crediting for measures on biodiversity conservation (through bank percentage guaranteed by the Ecological Facility);
- e) providing quota for by-products gathered within natural ecosystems, at least 5% of the maximum cost of related products received in cultivated areas;
- f) using the received funds for biodiversity conservation and sustainable management;
- g) introducing payment for entering (visiting, crossing) protected areas and parking in specially organized sites, etc.

International support

Measures on biodiversity conservation are subdivided into five categories, according to the decision-making level: global, interregional, regional, national, and local. Implementing measures of particular category requires participation of parties concerned at particular level. Mountain systems and protected areas are objects of global interest and management. International support is needed to create national environmental network, conserve endangered species, develop new schemes of nature management in protected areas, work out new tools of economic management, organize specialized monitoring, make biodiversity inventory, organize informational and educational work, improve a legislative and institutional capacities, introduce economic mechanisms of conserving environment, and develop new technologies. Work on creation of biosphere reserves in Tajikistan and including these in continuous green corridors requires international cooperation and support.

Turkmenistan

Turkmenistan⁴ provided the following:

3.3.13 Strategic Component M: Financing

M.1 State budget financing of nature protection

M.1.1 Review state budget for environment protection in the context of other institutional changes

M.1.2 Provide citizens and other institutions with access to information on budget planning for environmental protection

M.1.3 Develop mechanisms for including into the state budget the actual costs of biodiversity support and compensation of all activities causing damage to it

M.2 Sources from international donors

M.2.1 Develop a system of small grants for biodiversity projects

M.2.2 Provide financial support for carrying out assessment of sustainable use of biodiversity

M.2.3 Implement a fund-raising strategy directed to the fulfilment of the BSAP

M.2.4 Provide training in project design and developing grant proposals acceptable by international donors

M.2.5 Prepare and develop biodiversity projects to be submitted to international donors by the staff of ministries, PAs and NGOs

M.3 Alternative financing sources

M.3.1 Provide permanent consideration to new mechanisms for biodiversity financing, including inter-sectoral relations and possibilities of international financing

M.3.2 Attract the resources of the state livestock company “Turkmenmallary” to create new artificial pastures to relieve the pressure on natural ecosystems

M.3.3 Establish hunting farms as a way of attracting the commercial sector to biodiversity conservation

⁴ Turkmenistan (2002). Biodiversity Strategy and Action Plan for Turkmenistan, Ministry of Nature Protection, Ashgabat 2002

M.3.4 Encourage the involvement of the private sector in biodiversity conservation through developing provisions on preferential taxation and investments for enterprises with ecologically pure and non-wasteful production

M.3.5 Develop procedures for inclusion of nature protection expenses into the ministerial and governmental budgets

3.6.3 Financial Mechanisms

BSAP implementation will be partly financed from existing resources. However to implement the wide range of activities, it is necessary to review current funding mechanisms and ensure new sources of funding. The BSAP Co-ordination Unit will be central to the development of new funding mechanisms and bear responsibility for the co-ordination of donors' activities and development of the relations between donors and implementing organisations.

The establishment of financial mechanisms and the BSAP Co-ordination Unit will require external assistance during the first year. The implementing organisations will have to ensure that governmental organisations, NGOs, local authorities and communities, can access and use funds effectively.

A number of financial mechanisms to implement the BSAP are given below:

State Budget

The suggested activities within the framework of the BSAP, together with other structural changes, will require a review of State budget allocations and moreover an increase to adequately reflect the significance of biodiversity and sustainable development. The fundamental importance of natural resources in economic and social development should be reflected in revenue distribution for the purposes of biodiversity conservation.

Velayat (Provincial) Budgets. The implementation of activities at the local level will make funds available at the velayat level for the purpose of biodiversity conservation and will encourage ongoing investment into the sustainable use of natural resources.

Nature Protection Fund

A review and strengthening of this Fund will help to make its management more efficient and responsible. In future this Fund may become an important internally-funded means for supporting biodiversity management and related issues.

Micro-credit

The development of micro-credit programmes will provide funds for small-scale operations both in the sphere of biodiversity conservation and local economic activity.

Small Grants

Small grants will be required in the initial stages of many activities and in some cases they will be necessary to maintain initiatives in the provinces. They will be an important means for the development of local capacity relating to environmental protection in the provinces both within communities and organizations..

Donor-funded Projects

Taking into account the broad scope of the BSAP, which includes activities to address social issues, sustainable economic activity, rural development and biodiversity conservation, there are many possibilities for close co-operation with various national and international donors during the development of projects. A very important initial stage of BSAP implementation will require capacity building within government agencies and NGOs to assist them in the development of project concepts, proposals, grant applications and project management systems in accordance with the requirements of international donors.

Potential National and International Donor Organizations:

GEF	WWF
UNDP	Counterpart Consortium
UNEP	FFI
World Bank	Foreign embassies' small grants programmes
USAID	GTZ
TACIS	

Global Environment Facility

One of the main objectives of the GEF is the management of areas of globally-important biodiversity. This provides an opportunity to implement projects of global as well as national importance. A range of funding mechanisms are available within the GEF (including small and medium-sized grants programmes).

Loans

While preparing an application for international loans it is important that clear links between biodiversity conservation and the sustainable development of Turkmenistan are considered in the design of the loan, and that these are reflected in proper legal agreements.

Uzbekistan

Uzbekistan⁵ provided the following:

5. Biodiversity International Affairs and Aid Coordination

Overall Objective: To establish an organizational structure for processing and managing matters concerned with international and regional biodiversity legislation and agreements (conventions on Biodiversity, Ramsar, CITES, et al) and identification, realization and coordination of donor support to implementation of the Uzbekistan Biodiversity Action Plan.

Establishment of International Biodiversity Affairs Unit

APCG to organise the establishment of International Biodiversity Affairs and allocation of appropriate staff and office space.

5.2. International Legislation and Agreements (Conventions)

* IBA Unit:

- to gather all relevant information on international legislation and agreements
- assess current international legislation effecting Uzbekistan, agreements to which is member and agreements that Uzbekistan should be members of.
- make a report of the implications and obligations of international legislation and agreements which Uzbekistan is a member of and international agreements that Uzbekistan could benefit from joining.
- prepare a **proposed plan of action on the above and submit to NCB.**

5.3. Donor Support and Coordination for Biodiversity Strategy and Action Plan

* The Unit will:

- identify current donors to biodiversity conservation and related sectors in Uzbekistan and Central Asia
- other potential donors for support to the Biodiversity Strategy and Action Plan.
- initiate contact and dialogue with potential donors and identify interest/definite support for different sectors of the Action Plan

⁵ Uzbekistan (1997). Conservation National Strategy And Action Plan, Tashkent, 131 pp.

- facilitate contact between national institutions organizations and potential or actual donors during finalization of agreements, project proposals; etc.
- prepare records and co-ordinate all donor support in the biodiversity sector and produce periodic reports to NCB. Aid-Coordination Unit in Cabinet of Ministers, Ministry of Foreign Affairs and the donor community.