

Biodiversity Funding at the World Bank

The World Bank Group (WBG) is one of the major funders of biodiversity and sustainable natural resources management projects. Between 1988 and 2009, the WBG approved 624 projects in more than 122 countries and in 60 multicountry efforts. These projects were funded through almost \$2 billion in loans and over \$1.4 billion in Global Environment Facility (GEF) resources. In addition, they leveraged more than \$2.9 billion in cofinancing, resulting in a total investment portfolio exceeding \$6.5 billion (see *Figure*, at right).

Bank projects directly support biodiversity conservation and sustainable use in a range of natural habitats—from coral reefs to some of the world's highest mountains, from tropical evergreen and monsoon forests to savanna grasslands and unique drylands, from marine ecosystems to freshwater rivers and lakes. About 7.4 percent of investments have supported marine and coastal ecosystems (as opposed to terrestrial ecosystems). Many are in centers of recognized global importance for biodiversity: mega-diversity hotspots, remaining wilderness areas, the Global 200 Ecoregions, and endemic and Important Bird Areas. A substantial amount of that investment has been dedicated to protected areas,

but there is an increasing focus on improving natural resource management and mainstreaming biodiversity into forestry, coastal zone management, and agriculture. Many of these habitats provide critical ecosystem services and can be an important buffer to climate change, providing low-cost options for adaptation and mitigation, especially in countries and regions where communities are most vulnerable to the impacts of climate change.

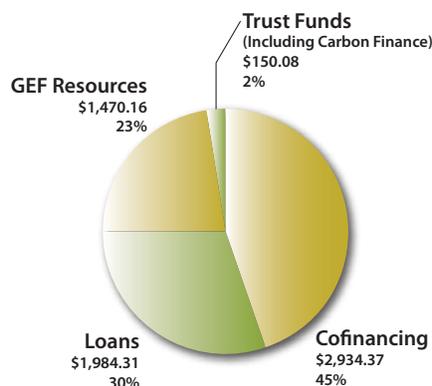
Patterns of funding for biodiversity have changed over time. In the early years of the period (1989–92), IBRD funded a few large projects—for example, Brazil's Rondo-

nia Natural Resource Management, Mato Grosso Natural Resource Management, and National Environmental projects, whose cumulative biodiversity investment totaled \$200 million. The emphasis has since shifted to lending for a larger number of smaller-sized projects or components within larger projects, with incremental costs often funded by GEF (see *Figure*, top of next page). Almost half of all Bank biodiversity projects have benefited from Bank lending, demonstrating the commitment of client countries to borrow for biodiversity.

Regional Differences

The major share (39 percent) of all funding for biodiversity projects went to Latin America and the Caribbean (LAC) (\$2.42 billion), with 6 percent to South Asia, 29 percent to Africa, 12 percent to East Asia and the Pacific, and nearly 6 percent to Eastern Europe and Central Asia. Less than 3 percent of total biodiversity funding went to the Middle East and North Africa. A further 5 percent has gone to global initiatives, such as the Critical Ecosystem Partnership Fund, coral reef research, and projects funded under the Bank-Netherlands Partnership Program.

Total biodiversity investments by funding source (FY1988–2009, millions)



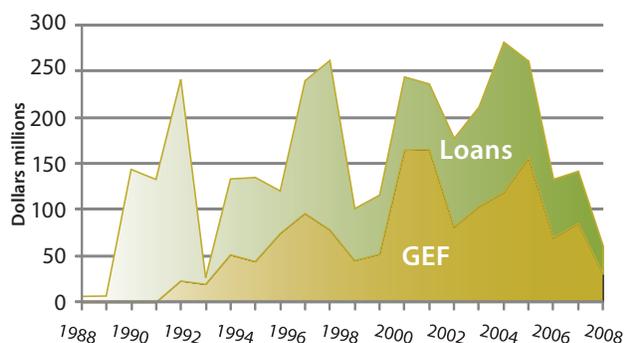


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Among the regions, LAC still has the largest share of IBRD funding allocated for biodiversity, with \$688.7 million (68 percent). The relatively poorer Sub-Saharan African countries have received the largest share of IDA funding, accounting for 54 percent (\$502.1 million) of total IDA biodiversity funds. GEF funding for biodiversity mirrors regular lending. Together the Africa and LAC regions jointly absorb over 60 percent of all biodiversity investments made through GEF, with LAC receiving the highest GEF funding overall, a reflection of the high biodiversity value of the region's ecosystems and the country capacity to prepare and implement projects.

Protected areas are the cornerstones of most national biodiversity conservation strategies. More than half of GEF investments—in a wide range of countries—have gone toward protected area projects, including support for activities in park buffer zones. In addition to strengthening management of existing protected areas, the Bank has supported the design, establishment, and operation of new conservation areas (Georgia, Indonesia, Lesotho, Micronesia, Panama) and protected area systems (Argentina, Brazil, Congo, Laos, Meso-American Corridor, Philippines, South Africa). To ensure sustainability of financing,

Annual investment of biodiversity projects approved by the WBG for GEF projects only and for loans only



the Bank has supported the establishment of numerous conservation trust funds to support park operations and provide livelihood opportunities for the communities in and around those conservation areas.

The 2010 biodiversity target of the Convention on Biological Diversity is to significantly reduce the current rate of biodiversity loss. To date, one positive trend is that protected area coverage—one of the response indicators toward the 2010 target—has doubled over the past 20 years; terrestrial protected areas now cover over 13.9 percent of the Earth's land surface. The Bank's biodiversity funding has made a substantial contribution toward this improved global indicator.

Mainstreaming Biodiversity in Production Landscape and Sectors

The Bank is increasingly seeking opportunities to link biodiversity activities to sectoral development programs, climate change, and rural development—as well as agriculture, forestry, watershed management, land management, coastal zone management, and fisheries—especially where there are opportunities to integrate GEF-funded activities within Bank sector lending. Pilot projects—such as a pilot project focusing on silvopastoral and cattle ranching in Mesoamerica—are

now being scaled up through Bank lending. To a lesser degree, biodiversity-related activities have also been incorporated in investment programs for tourism, transport, the private sector (business and private reserves), land tenure, disaster management, energy, climate, hydropower, and the oil industry. Many biodiversity projects have promoted more sustainable livelihoods and

poverty alleviation, seeking to reconcile the legitimate needs of both biodiversity and local and indigenous communities.

The scale and variety of Bank financing instruments provide multiple opportunities to integrate biodiversity concerns into development assistance and to address the root causes of biodiversity loss and climate change. The Bank's leadership and coordinating role within the donor community, which is complemented by access to trust funds and lending resources, can help to introduce biodiversity within national agendas as a critical part of sustainable development and facilitate dialogue between client countries and other stakeholders on matters such as loss of ecosystem resilience, forest law enforcement and governance, wildlife trade, and overharvesting of natural resources. The new multidonor climate investment funds provide exciting new opportunities to further benefit biodiversity while addressing the climate change agenda. Development of the new Environment Strategy in 2010 provides additional opportunities to reassess the added value of Bank engagement in biodiversity and ecosystem conservation and to explore new tools and financing mechanisms to more fully integrate biodiversity conservation in WBG operations.

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