

## Identifying and Mobilizing Resources for Biodiversity Conservation

*This information paper summarizes a report of the same title which can be downloaded [here](#). The report is a 'work in progress' and is provided to inform discussions at the CBD COP11. As some sections and estimates are either missing or will be revised, no citation should be made without authorization from the authors. The final version of the report will be published by IUCN at the end of 2012.*

In October 2010, at the 10th Conference of the Parties to the Convention on Biological Diversity (CBD COP 10), held in Aichi-Nagoya, Japan, 183 governments agreed to adopt an ambitious new Strategic Plan for biodiversity conservation, covering the period 2011-2020. However, the question of how the various actions identified in the new CBD Strategic Plan will be financed remains unresolved.

How much effort does the world devote to conserving biodiversity? The immediate answer from most conservationists is 'not enough'. A more precise answer is difficult to find, for several reasons. How much should be invested and on what are even more challenging questions.

This report offers a preliminary and inevitably partial response, in the form of:

- A proposed framework to assess resource mobilization for biodiversity conservation, including direct and indirect support from public and private sources, at national and international levels; and
- Examples of how this framework can be 'populated' by compiling available data from a range of sources to estimate the resources devoted to biodiversity conservation.

Our key findings may be summarized as follows:

- At an international level, bilateral 'biodiversity-related aid' (using the OECD definition) increased from around \$ 3 billion in 2005 to almost \$ 4.6 billion in 2009. The top three donors of biodiversity-related aid among all members of the OECD Development Assistance Committee were Japan, the EU and the USA.
- Funding for biodiversity-related activities reported by the World Bank Group (WBG) totalled almost \$ 6 billion over the period from 1988 to 2008. Annual funding over the same period averaged \$ 239 million, excluding projects implemented on behalf of the Global Environment Facility (GEF). Co-financing accounted for 43% of reported WBG biodiversity expenditure over the period. Latin America and the Caribbean regions ranked first in percentage share of WBG funding for biodiversity, while the Middle East and North Africa regions received the lowest shares. This pattern is consistent with the allocation of total WBG funding for all programmes.

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- Grants from the GEF for biodiversity-related projects averaged \$ 200 million per year over the period 1994 to 2010. The bulk of GEF funds for biodiversity have been devoted to the establishment and management of protected areas. The GEF has also supported the design and implementation of Payments for Environmental Services (PES) with grants totaling \$ 70 million in 14 projects where PES is central to the project's design, and leveraged an additional \$ 395 million in co-financing.
- A potential new source of international funding for the conservation of forests (and thus forest biodiversity) derives from efforts to reduce deforestation and forest degradation, and encourage forest conservation and sustainable management in the developing world, as a means to reduce emissions of greenhouse gases (also known as REDD+). One major initiative, managed by the UN under the title 'UNREDD', has a budget of almost \$ 80 million for the period 2009-2011, of which some 40 percent has been allocated to agreed activities. The Government of Norway has been the single largest donor to the UNREDD programme since 2008.
- At a regional level, the European Union (EU) is a major source of biodiversity funding, both within and between member states. EU biodiversity policy is based on the Birds and Habitats Directives, which provide the legal basis for the EU-wide 'Natura 2000' network of protected areas. While precise current expenditure on the management of Natura 2000 sites is uncertain, it is estimated to be of an order of EUR 550 to 1,150 million per year, or about 3 percent of the total EU budget.
- Efforts to conserve and restore biodiversity and ecosystem services are increasingly integrated into the EU's Common Agricultural Policy (CAP). For example, about EUR 20.3 billion from the European Agricultural Fund for Rural Development (EAFRD) has been allocated to agri-environment measures over the period 2007-2013, providing substantial support for Natura 2000 sites and biodiversity more generally.
- The EU's Cohesion Policy represents the largest single source of funds for environmental projects in Europe (EC 2010). In the Cohesion Policy budget for 2007-13, EUR 44 billion is allocated for direct environmental investments in 'biodiversity friendly' infrastructure. Over the same period, another EUR 3.9 billion is allocated to support biodiversity and nature protection directly, e.g. through the establishment of Natura 2000 protected areas.
- The EU also provides significant funding for research on biodiversity. Under the Environment Research theme in the 7th Framework Programme, for example, the EC contribution for 8 biodiversity related research projects amounts to EUR 23 million, or about 7 percent of total expenditure on environmental research (EC 2009).
- Non-governmental organizations (NGOs) also devote significant sums to biodiversity conservation and related activities. Although comprehensive data on NGO spending is not available, the accounts of some large organizations give an indication of the amounts involved. For example WWF spent EUR 494 million across its network in 2010, Fauna and Flora International spent GBP 12 million in 2009, and Birdlife International GBP 10 million in 2009. Note that some of the funds expended by these and other NGOs derive from government agencies and thus may also be included in figures for public spending on biodiversity.
- Private commercial spending on products and services also mobilize substantial resources, although indirectly, for biodiversity benefits. For example, it is estimated that the global

- market for organic food and drinks was worth \$ 55 billion in 2009. Countries with the largest markets for organic food and drinks are the US, Germany, and France; the highest per capita consumption is in Denmark, Switzerland and Austria. The challenge in this and other cases, where biodiversity benefits are one of many attributes of marketed goods and services, is to determine what portion of the gross market value of a product or sector can be considered a form of resource mobilization for biodiversity. In the case of organic agriculture, for instance, one would need to identify the net biodiversity benefits of organic agriculture, relative to conventional farming, as well as the share of consumer spending on organic foods that represents their willingness-to-pay for the (perceived) biodiversity benefits of organic production.
- In addition to direct and indirect spending on biodiversity conservation by public agencies, NGOs, the report also consider newer sources of private commercial transfers such as compensatory mitigation and payments for environmental services.
  - The global market size of endangered species mitigation is \$1.8-\$2.9 billion per annum, and possibly much more, as about 80% of existing programs are not transparent enough to estimate their market size. The conservation benefit of biodiversity offsets is notable - at least 86,000 hectares of land are placed under some sort of conservation management or permanent legal protection each year. In US alone, around 283,280 cumulative hectares have been restored or protected through US programs.
  - Research suggests that biodiversity offsets and related initiatives account for a significant and growing share of funding for ecosystem restoration and conservation. Unlike biodiversity-friendly goods and services, where the benefits to biodiversity are often unclear, spending on biodiversity offsets are largely used to purchase, restore and conserve biologically diverse ecosystems.
  - Payments for Environmental Services (PES) are another form of market or 'market-like' expenditure, where the benefits to biodiversity can be more easily discerned. Most PES schemes rely on public funding and do not target biodiversity directly but do support the conservation and/or restoration of ecosystems. In 2008, for example, the total value of transactions under programmes involving Payments for Watershed Protection (PWS) or Water Quality Trading (WQT) amounted to over \$ 9 billion and protected some 289 million hectares. Payments for forest carbon credits have generated \$ 150 million over the past 20 years.
  - At a national level, the most detailed information found on biodiversity spending was for the UK and USA. In the UK, national government expenditure on domestic biodiversity conservation was about GBP 560 million in the fiscal year 2009/10, while government expenditure in the same year on global (overseas) biodiversity totalled GBP 51 million. Reported spending on the environment by UK private industry was about GBP 3.9 billion in 2009, of which 4 percent (GBP 108 million) were spent on 'nature protection', i.e. the protection of species, landscapes and habitats, rehabilitation of damaged landscapes and reforestation.
  - In the USA, federal funding for biodiversity-related activities amounted to some \$ 16 billion in FY2008, of which \$ 6 billion is for land acquisition for conservation and recreation and almost \$ 10 billion covers the operating costs of federal agencies responsible for biodiversity. For comparison, private spending by visitors to national parks amounted to \$ 11.9 billion in 2009. The US government also supports international conservation efforts, amounting to almost \$ 300 million in 2009, two-thirds of it spent by USAID.
  - In the USA, as in many other countries, a large share of biodiversity spending takes place at sub-national levels, i.e. by state, provincial and local governments. Based on data published by the US Census Bureau for the

financial year 2007-08, total expenditure by state governments on 'parks and recreation' was around \$ 5.5 billion. An important source of state funding is user fees, including park entrance fees, camp guard fees, charges for lodging and park passes. At the local level, US data shows that local government spending on parks and recreation increased over the period 1992-2006 and accounted for about 2 percent of total local government expenditure.

- The report does not evaluate the human, institutional or even financial resources required to implement the CBD Strategic Plan. It does not identify priorities for investment, potential reallocation of investment from within the resources currently allocated to biodiversity conservation, nor does it give a sense of the return on investment in biodiversity conservation.

IUCN cautions that a lack of precise data on global financial requirements to implement the Strategic Plan should not slow plans for national implementation. Although the analysis presented here is obviously preliminary and incomplete, there is evidence to suggest that significant resources for biodiversity can be and are being mobilized at international, national (domestic) and sub-national levels. In particular, the report highlights that there is considerable scope, on the one hand, for limiting biodiversity-damaging activities, through instruments such as taxes and quotas. On the other hand, newer mechanisms such as compensatory mitigation and payments for

environmental services may mobilize new resources for biodiversity finance, and help ensure that existing resources are used effectively to safeguard more biodiversity at any given cost.

As for actual resources mobilized, the report shows that international funding for biodiversity through official channels (bilateral and multilateral) is probably around \$ 5 billion per year. Information on public spending on biodiversity conservation at regional and national levels is much less accessible but evidence gathered for this report suggests that it amounts to several tens of billions per year (in US dollars equivalent). More consistent reporting on the sources and uses of funds at state, provincial and local levels would not only provide a fuller picture of the efforts devoted to biodiversity conservation but may also help to identify and mobilize potential new and additional resources.

Finally, the analysis also suggests that significant resources for biodiversity conservation can be and are being mobilized by private firms and consumers. Private support for biodiversity conservation may be compulsory, through compliance with environmental regulations, or voluntary. While it is not easy to determine the specific contributions to biodiversity conservation in the activities of private firms and consumer spending, the available data suggest that this source is probably comparable in magnitude to public spending on biodiversity. It should not be overlooked.