

2 BIOLOGICAL DIVERSITY

Biodiversity is a source of significant economic, aesthetic, health, and cultural benefits, which form the foundation for sustainable development. Although estimates vary,¹ there is general scientific consensus that the world is becoming less biologically diverse in terms of genes, species, and ecosystems. However, the role of biological diversity in the sustainable functioning of the biosphere is not well understood. There is little understanding of the social, economic, or ecosystemic consequences of a less biologically diverse world, and scientific knowledge is limited. Scientists estimate that less than 15 percent of all species have been described.

Rapid loss of biodiversity poses a global threat to human well-being. The scale of human impacts on biological diversity is increasing exponentially, primarily because of worldwide patterns of consumption, production, and trade; agricultural, industrial, and settlements development; and population growth.

Biodiversity is not equally distributed throughout the world.² Rates of biodiversity loss vary across ecosystems, and ecosystems vary in their level of species richness. For example, tropical ecosystems are estimated to house between 50 and 90 percent of total species.³ Neither the economic nor the ecosystemic value of biodiversity resources is well understood. In particular, there is insufficient knowledge of the interdependence of species within ecosystems and the impact of the extinction of one species on others. Reducing the rate of biodiversity loss and conserving existing biodiversity as a basis of sustainable development remain major global challenges.

Adoption of the Convention on Biological Diversity (CBD) as an instrument to address biodiversity conservation and sustainable use recognizes the intrinsic value of biological diversity and its importance for the evolution and sustenance of life support systems of the biosphere. The CBD expresses the Parties' concern that biological diversity is being significantly reduced by certain human activities and notes that it is vital "to anticipate, prevent and attack the causes of significant reduction or loss of biological diversity at source."⁴ The CBD also states that "where there is a threat of significant reduction or loss of biological diversity, lack of full scientific certainty should not be used as a reason for postponing measures to avoid or minimize such a threat."⁵

The GEF operates as a mechanism for international cooperation for the purpose of providing new and additional grant and concessional funding to meet the agreed incremental costs of measures to achieve agreed global environmental benefits in biological diversity. Global environmental benefits obtained under the CBD include reduced risks of global biodiversity loss, the enhanced protection of ecosystems and the species they contain, and increased sustainability in the use of biodiversity components.

The GEF's objectives in biological diversity derive from the objectives of the CBD: "the conservation of biological diversity, the sustainable use of its components and the fair and equitable sharing of the benefits arising out of the utilization of genetic resources, including by

appropriate access to genetic resources and by appropriate transfer of relevant technologies, taking into account all rights over those resources and to technologies, and by appropriate funding."⁶ All GEF funded activities concerning biodiversity will be in full conformity with the guidance provided by the Conference of the Parties to the Convention on Biological Diversity.

CONVENTION GUIDANCE

The GEF operational strategy in biological diversity incorporates the policy guidance of the COP to the CBD. All GEF-funded activities in biodiversity will be in full conformity with the guidance provided by the COP to the CBD.

Convention context The COP designated the GEF to serve as the institutional structure to operate the financial mechanism of the CBD on an interim basis.⁷ At its first meeting, the COP provided the GEF with guidance on policy, strategy, program priorities, and eligibility criteria, included in the appendix to this chapter.⁸ ⁹This operational strategy is fully consistent with the Convention guidance.

Non-convention context Only developing-country parties are eligible to receive funding through the financial mechanism of the Convention. When the GEF provides assistance outside the financial mechanism, it will ensure that such assistance is fully consistent with the guidance provided by the COP to the CBD.

STRATEGIC CONSIDERATIONS

The main strategic considerations guiding GEF-financed activities to secure global biodiversity benefits are: (a) integration of the conservation and sustainable use of biodiversity within national and, as appropriate, subregional and regional sustainable development plans and policies; (b) helping to protect and sustainably manage ecosystems through targeted and cost-effective interventions; (c) integration of efforts to achieve global benefits in other focal areas, where feasible, and in the cross-sectoral area of land degradation, primarily desertification and deforestation; (d) development of a portfolio that encompasses representative ecosystems of global biodiversity significance; and (e) that GEF activities will be targeted and designed to help recipient countries achieve agreed biodiversity objectives in strategic and cost-effective ways.

Sustainable achievement of global biodiversity benefits will greatly depend on the extent to which GEF activities are country-driven; respond to programs of national priority and that fulfill the obligations of the Convention; and are related to appropriate national policy frameworks and plans of sectoral, economic, and social development.

Where feasible and cost-effective, activities will be designed to contribute to global environmental benefits in other focal areas and in the cross-sectoral area of land degradation. For example, actions to sequester carbon and minimize land degradation may offer opportunities for biodiversity conservation, and international waters activities may offer opportunities for integrating aquatic biodiversity components.¹⁰

Land Degradation

Dryland ecosystems contain a significant endowment of plant and animal species and display high habitat diversity. These are under severe periodic droughts which affect them and their resources. Dryland species exhibit notably restrictive geographical ranges and high endemism

and have a wide range of morphological, physical, and chemical adaptations to their harsh environment. Drylands also are the center of origin of many important food crops (for example, wild wheat, lentil, barley, olive, and pistachio); are a source of important commercial and industrial products (for example, gums, resins, waxes, oils, and biocides); and provide critical habitat for wildlife and ecosystem diversity. Forests harbor biodiversity; and deforestation through agricultural expansion, urban expansion, unsustainable direct extraction, and fuelwood collection, for example, causes land degradation and biodiversity loss. The GEF will fund activities addressing land degradation issues as they relate to biodiversity issues that:

- Protect biodiversity and promote sustainable use in arid, semi-arid and mediterranean-type ecosystems.
- Prevent deforestation and promote sustainable use and sustainable management of forests or forested areas in order to conserve their biodiversity.

Portfolio Considerations

A portfolio that provides for a high level of representativeness of global ecosystems will be developed.¹¹ It is difficult to define a precise sampling technique that would provide for a globally representative biodiversity portfolio because there is uncertainty about the level of species richness and its value within ecosystems; and relationships between ecosystems are uncertain. Therefore, a portfolio will be developed from a broadly representative base of globally important ecosystems including their habitats, while recognizing the potential importance of particular species and endemism-rich ecosystems.¹²

Within representative ecosystems, particular attention will be given to the degree of threat (for example, for coastal and marine resources), level of vulnerability (for example, for arid and semi-arid areas, mountain regions, and freshwater systems), and priority status at national and regional levels.¹³¹⁴¹⁵

The GEF's biodiversity operations will be programmed in three categories: (a) operational programs for long-term protection and sustainable use of biodiversity, where the bulk of GEF funding will be concentrated; (b) enabling activities, prepared and scheduled in accordance with operational criteria; and (c) short-term response measures that offer cost-effective opportunities to conserve and sustainably manage biodiversity. All GEF-financed biodiversity activities will promote the use of local and regional expertise.

OPERATIONAL PROGRAMS

The GEF will develop operational programs based on ecosystems (including species and genes). There are compelling scientific reasons for addressing biodiversity management within the framework of ecosystems. Ecosystem management allows the integration of scientific knowledge of ecological relationships with that of sociopolitical conditions and values to achieve biodiversity protection and sustainable management. The ecosystem approach also permits the management of biodiversity by taking into account the interrelationships among its components, including species and gene pools. Protection and sustainable management of ecosystems require a long-term commitment and a range of coordinated policy program and project interventions at a national level, a regional level, or both, as well as successful integration into the wider economic, social, and cultural contexts.

Operational programs for long-term biodiversity protection and sustainable use will be initially developed for arid and semi-arid ecosystems; coastal, marine, and freshwater ecosystems; forest ecosystems; and mountain ecosystems.

These ecosystems were selected in full conformity with the COP guidance, and based on criteria of species diversity, endemism, and degree of threat. They take into account the considerations of:

- Making systematic progress in securing global biodiversity objectives on the basis of a set of representative and complementary ecosystems of global biodiversity significance.
- Providing a practical organizing framework for the design and implementation of cohesive systems of national actions involving coordination of international, intersectoral, and interagency activities to achieve agreed global biodiversity benefits.
- Providing a basis for the further development of synergistic activities that will yield strategic and programmatic impacts.
- Providing a workable basis for programmatic monitoring and evaluation of the effectiveness of GEF's biodiversity activities.

Additional operational programs could be developed for other ecosystems in conformity with the guidance of the COP to the CBD.

Arid and Semi-Arid Ecosystems

Activities in this operational program will focus on the conservation and sustainable use of endemic biodiversity in the dryland ecosystems including grasslands, primarily in Africa, and in mediterranean-type ecosystems, where biodiversity is threatened by increased pressure from more intensified land use, drought, and desertification, often leading to land degradation. GEF-financed activities will emphasize the prevention and control of land degradation through development of sustainable use methods for biodiversity conservation, including the management of freshwater systems, in countries experiencing serious land degradation.

Activities will demonstrate integrated approaches to the conservation of representative natural habitats and ecosystems through effective systems of conservation areas, including protected areas, introduction of sustainable land use systems, and strategic interventions to rehabilitate degraded areas. Special attention will be given to the demonstration and application of techniques, tools, and methods to conserve traditional crops and animal species in their original habitats.

Coastal, Marine, and Freshwater Ecosystems

Activities in this operational program will concentrate on the conservation and sustainable use of biodiversity in the coastal, wetland, mangrove, estuarine, marine, and freshwater ecosystems. Projects will involve integrated approaches to coastal area development and lakes and rivers management, and will strengthen the network of conservation areas, including protected areas, to conserve coastal, marine, and freshwater biodiversity. The needs of tropical island ecosystems will receive particular attention. Several activities in this program will be implemented in conjunction with the international waters focal area and will involve international cooperation at the regional level.¹⁶

Forest Ecosystems

Activities in this operational program will involve the establishment and strengthening of systems of conservation areas, including protected areas, and demonstration and development of sustainable use methods in forestry as part of integrated land management in agricultural and forest landscapes, focusing primarily on tropical and temperate forest ecosystems areas at risk. Particular attention will be given to demonstration and application of techniques to conserve wild relatives of domesticated plants and animals for the sustainable use of biodiversity, conservation of areas of importance for migratory species, strengthening of conservation area networks, and development of sustainable use methods in forestry.

Regional projects involving international cooperation will also be supported. Sizable funds from sources other than the GEF (e.g., multilateral, bilateral, and NGOs) are currently devoted to protection and management of forest ecosystems. GEF funds will complement ongoing efforts, as appropriate, and help to scale up and replicate successful initiatives focusing on global objectives, promote best practices, and help design and implement cohesive programmatic approaches.

Mountain Ecosystems

Activities in this operational program will initially address the conservation and sustainable use of biodiversity areas under increasing human pressure and imminent threat of degradation, including the Mesoamerican, Andean, East African, and Himalayan regions and the mountainous regions of the Indochina peninsula, and tropical islands. Through these activities, the GEF will seek to establish sustainable land use practices on mountain slopes in order to protect representative habitats and strengthen the network of representative conservation areas in the alpine, mountain grassland, montane forest zones, and freshwater systems. Activities that link mountain ecosystems with lowland ecosystems through corridors and those that demonstrate and apply best practices for integrated landscape management will be included. Regional activities involving cooperative management of chains of mountains, river basins, and watersheds will also receive support.

Considerations in Developing Operational Programs

Within the framework of each operational program, country-driven, site-specific activities will be developed. These will be based both on information from country-level or regionally based activities currently underway or planned, and on key strategic and policy issues involved in protecting and sustainably managing the ecosystem at the particular site. Each operational program will identify key actions to be undertaken on the basis of country-based information and dialogue. Each operational program will define how the Implementing Agencies will coordinate their efforts both in managing GEF activities and in seeking sufficient funds and opportunities to support the objectives of the operational program through their regular programs. Each operational program will provide a framework for establishing an appropriate balance among institutional strengthening (including technical assistance), investment, and targeted research. Specific activities will differ depending on the ecosystems concerned and site-specific conditions.

Each operational program will encompass, in an integrated manner, two types of measures that are central to biodiversity: (a) long-term protection and (b) sustainable use. Other considerations that will guide the development of activities in each operational program, as appropriate, are: (c) underlying causes and policies, (d) stakeholder involvement, and (e) targeted research.

Biodiversity conservation activities Initial emphasis of operational programs will be placed on *in situ* activities within and adjacent to conservation areas, including designated areas of biological importance. Representativeness and complementarity of ecosystems will be sought. These efforts will take into account national priority areas identified pursuant to Article 7 of the Convention, as well as scientific assessments completed under other international conventions or international programs on the subject.¹⁷ However, countries may seek assistance to demarcate, identify, and conserve other potentially important biodiversity reserves, including significant cultural heritage elements.

Conservation activities will be comprised of direct management interventions, planning of resource use as well as promotion of sustainable development alternatives to ensure that livelihoods can be secured in and around the protected areas. Activities will seek to incorporate protected areas into larger landscapes or seascapes. In addition, attention will be given to integrated conservation and development projects to avoid creating "magnets" for immigration in buffer zones and exacerbating threats to biodiversity in the protected areas.

Activities within the framework of operational programs to secure long-term biodiversity protection will include:

1. Demarcating, gazetting, strengthening, and expanding of protected areas
2. Establishing long-term funding mechanisms for long-term biodiversity protection, including trust funds, to ensure provision for recurrent costs
3. Developing integrated conservation and development projects around protected areas
4. Creating participatory schemes for natural resource management, including that of buffer zones, by local communities, indigenous groups, and other sectors of society, consistent with biodiversity conservation and sustainable use
5. Developing demonstration projects linked to alternative livelihoods for local and indigenous communities
6. Applying technology (such as geographical information systems) for biological inventorying, rapid assessment, impact measurement, and gap analysis in integrated planning and management of designated conservation areas, including protected areas
7. Support training for staff in government agencies responsible for protected area management

Sustainable use of biodiversity The success of biodiversity conservation efforts will depend on how well the overall landscape is managed. It is simply not possible to conserve all species in a region by using conservation areas alone. Biodiversity conservation and sustainable use must also be achieved outside the designated conservation areas, including protected areas, and must be integrated into the management of the natural and modified surrounding areas. A range of uses is possible -- from full protection on strict reserves through various forms of multiple use, with conservation easements, to full-scale use such as intensive agriculture, forestry, livestock production, and urban development. Restoration and rehabilitation of unique habitats under

threat in areas of high diversity or endemism will also contribute to conservation and sustainable use. Activities that involve biodiversity management within the productive sectors of an economy are likely to lead to long-term sustainability because they will help address the underlying causes of biodiversity loss. Several sectors, such as forestry, agriculture, fisheries, and tourism draw upon biodiversity assets.

Incremental costs of activities for conservation and sustainable use of biological resources will be developed within national policy and regulatory frameworks and within the context of the operational programs. They will include:

1. Integration of biodiversity conservation and sustainable use objectives into land use and resource use management plans
2. Establishment of regulatory frameworks and incentive systems to minimize the harmful impact of economic activities on natural resource use
3. Facilitation of access to, transfer of, and cooperation for joint development of technology for sustainable management and use of biodiversity resources
4. Promotion of sustainable production and use of natural products, such as nontimber forest products, wild relatives of domesticated species, and agrobiodiversity-related products, including the development and implementation of sustainable harvesting and marketing regimes
5. Development of environmentally sustainable nature-based tourism
6. Participatory schemes for sustainable natural resource management, including that of buffer zones, by local communities, indigenous groups, and other sectors of society
7. Integrated pilot projects to provide alternative livelihoods to communities, consistent with biodiversity conservation and sustainable use

Sustainable use of biological resources is a prerequisite for their long-term conservation. However, in most cases, it is not possible to accurately predict the impacts on ecosystems, habitats, species, or gene pools of innovative approaches to conservation and sustainable use of biodiversity. In addition, the risks of introducing perverse incentives that lead to overharvesting and destruction of natural resources are significant. Activities that involve harvesting of wild resources (for example, wildlife, nontimber forest products) pose special risks. It is, therefore, a priority to develop sustainable use methods that do not degrade biodiversity in agriculture, forestry, and fisheries. Therefore, sustainable use activities will require close monitoring of: species selection; information on current occurrence, density, and other demographic parameters of biological resources, including yield studies and regeneration surveys; and actual impacts of harvesting, so that harvesting levels and methods can be adjusted as needed.

Underlying causes and policies Biodiversity loss occurs through direct and indirect causes. These causes are typically multiple and synergistic. They involve complex interactions of demographic, social, ecological, economic, and cultural factors.¹⁸ The levels of causality may include proximate causes (where human action, such as land clearing, directly induces biodiversity loss), intermediate causes (such as inappropriate economic policies and legal ownership and tenure circumstances), and ultimate causes (such as population growth, poverty,

low standards of living, lack of social development which increases pressure on natural resources, and overconsumption of resources).¹⁹

Addressing all underlying causes of biodiversity loss is beyond the GEF's mandate and ability.²⁰ Yet recipient countries must ascertain the range and importance of causal factors and their role in biodiversity loss and its amelioration. For example, appropriate adjustments in economic and social development policies may offer cost-effective, long-term solutions to biodiversity protection problems.²¹ Although the GEF will concentrate its efforts on addressing the proximate and intermediate causes of biodiversity loss, it will, through the Implementing Agencies' regular country assistance and awareness-building programs, facilitate efforts to address the ultimate causes of biodiversity loss.

Within the context of operational programs, GEF-financed activities will include:

1. Identification and analysis of major causes (proximate, intermediate, and ultimate) of biodiversity loss, activities to build awareness of these causes, and assessment of feasible actions to address them.
2. Application of analytical tools for decisionmaking (for example, valuation, indicators, impact assessment); promotion of partnerships to address the underlying causes; dissemination and systematic sharing of information, including on best practices; and incorporation of biodiversity concerns in the mainstream activities of Implementing Agencies.
3. Incremental investments and technical assistance to help implement remedial measures, such as capacity building, including human resource development, shifts in economic and social policy, and introduction and strengthening of legal, institutional, and regulatory systems; and to promote the integration of biodiversity conservation in agriculture, forestry, fisheries, wildlife and water management, tourism, and other relevant sectors.
4. Introduction of innovative measures, including economic incentives, for the conservation and sustainable use of biodiversity.²²

Stakeholder involvement and social issues Issues of poverty, social development, sustainable livelihoods, and access to common property resources are closely linked to biodiversity conservation and sustainable use. Participation of affected stakeholders, including indigenous peoples, is of central importance, especially in the case of communities that reside inside protected areas and their immediate surroundings.²³ Effective involvement of local people in GEF's biodiversity activities must be based on knowledge of their social, cultural, and economic context and their impacts on biological resources. Important factors in designing strategies for effective participation of stakeholders in global biodiversity objectives include access to land and other resources; governance systems relating to conflict management; distribution of benefits and accountability for conserving key resources; and demographic composition, gender roles, and social organization processes that influence human and environmental interactions.

GEF activities will incorporate the lessons from implementing participatory approaches into community-based management of biodiversity projects. These include integrated conservation and development projects in which social needs are integrated into project design; comanagement of resources, through contracts or negotiations with governments that define

each stakeholder's responsibilities in managing the resource; and devolution of management to local groups and nongovernmental organizations (NGOs). Local, national, and international NGOs have played important roles by providing needed expertise in facilitating stakeholder participation and conducting scientific and technical studies, inventories, social assessments, and community-based outreach.

Targeted research The GEF will fund targeted research, including information collection, analysis, and dissemination, only in the context of the operational programs. Targeted research will be guided by the following considerations:

1. Because biodiversity is highly site-specific, baseline research, inventorying, and monitoring will be supported in recipient countries to help develop site-specific activities within the framework of operational programs.
2. The GEF could play a facilitating or complementary role in cofunding strategically significant efforts in applied biodiversity research to help develop activities in recipient countries to achieve Convention objectives with special emphasis on conservation and sustainable use methods.
3. Support is needed in many recipient countries in the application of analytical tools and methodologies, including the use of modern information technologies, to monitor biodiversity and to plan for its conservation and sustainable use.²⁴

Potential areas for targeted research in biodiversity could include, for example, implementation of rapid (ecological/biological) assessment methods; technology applications for sustainable resource use in agriculture, forestry, and fisheries; incorporation of social dimensions in the management of conservation areas, including protected areas; and assistance to existing biodiversity research and monitoring institutions.²⁵ GEF funds will not be used to finance basic research or to create new research institutions. The GEF also will not fund the recurrent costs of research.

ENABLING ACTIVITIES

The concept of "enabling activities" has not been formally adopted by the COP of the CBD, although many enabling activities, as described generically in the first chapter, are of direct relevance to biodiversity and are recognized as priority activities by the CBD.²⁶

Enabling activities in biodiversity prepare the foundation for design and implementation of effective response measures required to achieve Convention objectives.²⁷ They will assist recipient countries to develop national strategies, plans, or programs referred to in Article 6 of the CBD, and to identify components of biodiversity together with processes and activities likely to have significant adverse impacts on conservation and sustainable use of biodiversity pursuant to Article 7 of the CBD. They will normally involve the review and assessment of information and will assist a recipient country to gain a better understanding of the nature and scope of its biodiversity assets and issues as well as a clearer sense of the options for the sustainable management and conservation of biodiversity.²⁸ Enabling activities include supporting country-driven activities that take stock of, or inventory existing biodiversity by relying on national programs and studies, without new primary research. The activities also include identifying options and establishing priorities to conserve and sustainably use biodiversity; preparing and developing biodiversity planning exercises, such as national strategies, action

plans, and sectoral plans; and disseminating of information through national communications to the CBD.²⁹

Many countries already have a significant quantity of useful information and a number of assessments of biodiversity which can be utilized in planning. In addition, there exists a variety of approaches and practices for planning biodiversity conservation and sustainable use. It is essential to promote synergy and coordination among such initiatives within the recipient countries and among donors. When enabling activities are aimed at providing countries with the basic information on which to act, they will normally be regarded as incremental and will be funded on the basis of full cost reimbursement. Support to further develop in-country and sectoral plans, programs, and activities in light of global objectives will be based on incremental cost financing.

As a follow-up to enabling activities, some Parties may require further capacity building to implement agreed activities, to establish or strengthen institutional and legal frameworks, or to undertake action-oriented research to conserve biodiversity. Capacity building for such follow-up will be undertaken within the context of operational programs.

Operational criteria will be developed:

- To set out the scope, sequence, depth, and typical cost norms for various components of enabling activities in biodiversity.
- To outline recommended processes to prepare, discuss, and implement enabling activities within a recipient country.³⁰
- To delineate the requirements for provision of GEF support, its complementarity to existing and ongoing support, and its focus on the task of preparing particular plans or communications in relation to the Convention.

SHORT-TERM RESPONSE MEASURES

Proposed activities that are not an integral part of an operational program but are still cost-effective, or that enable the GEF to respond to an urgent need, or seize a promising country-driven opportunity in a timely manner are also eligible for support. It would be unwise to reject such activities merely because they are not part of an agreed operational program if their costs are relatively low, the outcomes relatively certain, and their urgency or priority unchallenged.

The operational criteria to guide consideration of proposed activities under short-term response measures include:

- *Likelihood of success.* Projects should demonstrate that they are well-designed and feasible. Supporting assessments of technical quality and relevance, as well as conducive country policy and program frameworks will be required, and STAP advice will be sought. Impact indicators will be developed for the monitoring and evaluation of short-term measures.
- *Cost effectiveness.* Few useful quantifiable norms of cost-effectiveness exist for biodiversity activities; in their absence, information will be provided to assess the nature and significance of the costs involved in relation to the expected biodiversity benefits.

- *Degree of threat, vulnerability or urgency.* Some interventions may be considered extremely urgent on the basis of known imminent threats to a species or ecosystem (for example, tropical forests, coastal and marine biodiversity) or degree of vulnerability (for example arid, semi-arid, and mountainous regions).³¹³²
- *Opportunism.* A GEF intervention may be considered opportune in the face of a fortuitous combination of factors -- for example, emergence of a conducive national policy environment for international collaboration to address an urgent or emergent problem at the national or regional level.
- *Demonstration value.* Innovative approaches (for example, innovative use of economic incentives) to implementing biodiversity activities may need to be tested.³³

Short-term response measures, like activities developed within the framework of operational programs, will be country-driven and consistent with national plans and strategies, may involve establishment of systems to provide for recurrent costs, and will be supported by measures to ensure the sustainability of biodiversity benefits.

Eligible activities under short-term response measures could include, for example, those with a focus on threatened or endangered species or ecosystems, actions to reduce immediate threats to migratory species, and programs to facilitate implementation of unforeseen opportunities for national action and international cooperation to reduce specific risks of biodiversity loss. Over time, some short-term response measures may also help the development of new operational programs.

CONCLUSION

The operational strategy for biodiversity sets forth an approach for implementing the GEF's mandate in biodiversity, in full conformity with the guidance provided by the COP of the CBD. It provides a framework for the development and implementation of GEF-financed activities to allow recipient countries to address the complex global challenge of biodiversity conservation and sustainable use. It also provides a framework for systematic monitoring and evaluation of the effectiveness of GEF-financed activities.

APPENDIX

POLICY, STRATEGY, PROGRAMME PRIORITIES and Eligibility Criteria for access to and utilization of financial resources of the Convention on Biological Diversity

I. Policy and Strategy

Financial resources should be allocated to projects that fulfill the eligibility criteria and are endorsed and promoted by the Parties concerned. Projects should contribute to the extent possible to build cooperation at the sub-regional, regional and international levels in the implementation of the Convention. Projects should promote utilization of local and regional expertise. The institutional structure should over time assist all eligible countries to fulfil their obligations under the Convention. Policy and strategy may be revised, as necessary, by the Conference of the Parties.

II. Eligibility Criteria

Only developing countries that are Parties to the Convention are eligible to receive funding upon entry into force of the Convention for them. In accordance with the provisions of the Convention, projects that seek to meet the objectives of conservation of biological diversity and sustainable use of its components are eligible for financial support from the institutional structure.

III. Programme Priorities

1. The conservation of biological diversity and sustainable use of its components is one of the key elements in achieving sustainable development and therefore contribute to combating poverty.

2. All the actions contemplated in the Convention will have to be carried out at the national and international level, as appropriate. However, for the purposes of giving direction to the interim structure operating the financial mechanism, a list of programme priorities is given in paragraph 4 below. The list may be revised by the Conference of the Parties, as necessary.

3. Programme priorities should promote utilization of regional and local expertise and be flexible to accommodate national priorities and regional needs within the aims of the Convention.

4. The programme priorities are as follows:

- a) Projects and programmes that have national priority status and that fulfil the obligations of the Convention;
- b) Development of integrated national strategies, plans or programmes for the conservation of biological diversity and sustainable use of its components in accordance with Article 6 of the Convention;
- c) Strengthening conservation, management and sustainable use of ecosystems and habitats identified by national governments in accordance with Article 7 of the Convention;
- d) Identification and monitoring of wild and domesticated biodiversity components, in particular those under threat, and implementation of measures of their conservation and sustainable use;
- e) Capacity-building, including human resource development and institutional development and/or strengthening, to facilitate the preparation and/or implementation of national strategies, plans for priority programmes and activities for conservation of biological diversity and sustainable use of its components;

- f) In accordance with Article 16 of the Convention, and to meet the objectives of conservation of biological diversity and sustainable use of its components, projects which promote access to, transfer of and cooperation for joint development of technology;
- g) Projects that promote the sustainability of project benefits; that offer a potential contribution to experience in the conservation of biological diversity and sustainable use of its components which may have application elsewhere; and that encourage scientific excellence;
- h) Activities that provide access to other international, national and/or private sector funds and scientific and technical cooperation;
- i) Innovative measures, including in the field of economic incentives, aiming at conservation of biological diversity and/or sustainable use of its components, including those which assist developing countries to address situations where opportunity costs are incurred by local communities and to identify ways and means by which these can be compensated, in accordance with Article 11 of the Convention;
- j) Projects that strengthen the involvement of local and indigenous people in the conservation of biological diversity and sustainable use of its components;
- k) Projects that promote the conservation and sustainable use of biological diversity of coastal and marine resources under threat. Also, projects which promote the conservation of biological diversity and sustainable use of its components in other environmentally vulnerable areas such as arid and semi-arid and mountainous areas;
- l) Projects that promote the conservation and/or sustainable use of endemic species;
- m) Projects aimed at the conservation of biological diversity and sustainable use of its components which integrate social dimensions including those related to poverty.

Note: This annex reproduces verbatim Document UNDP/CBD/COP/1/17, annex I, pages 33 - 34.

NOTES

¹ See World Resources Institute, World Conservation Union, and United Nations Environment Programme, especially chapter 2, A 1992 report by the United Nations Environment Programme, *“Global Biodiversity Strategy: Guidelines for Action to Save, Study, and use Earth’s Biotic Wealth Sustainably and Equitably.”*

² World Conservation Monitoring Centre (WCMC), *Global Biodiversity 1992*; Chapman and Hall, UK.

³ *Global Biodiversity Strategy* chapter 2.

⁴ Preamble to the Convention on Biological Diversity, 1994.

⁵ Preamble to the Convention on Biological Diversity, 1994.

⁶ Convention on Biological Diversity, Article 1.

⁷ Decision I/2, "Financial Resource and Mechanism," Report of the First Meeting of the Conference of the Parties to the Convention on Biological Diversity, UNEP/CBD/COP/1/17, February 28, 1995.

⁸ The first meeting of the Conference of the Parties was held in Nassau, Bahamas, November 28-December 9, 1994.

⁹ "Policy, Strategy, Programme Priorities and Eligibility Criteria for Access to and Utilization of Financial Resources of the Convention on Biological Diversity" (UNEP/CBD/COP/1/17; Annex 1, pp. 33-34), referred to hereafter as "Criteria." The full text is included as an appendix to this chapter.

¹⁰ Biodiversity concerns cut across the GEF focal areas and cross-sectoral issues:

- (a) Climate change examples include programs that increase reforestation with indigenous plant species for carbon sequestration in ecologically important areas.
- (b) International waters examples include actions seeking prevention of ecological degradation of critical water habitats (wetlands, estuaries, lakes); programs to prevent the introduction of exotic species; and projects that address over exploitation of key marine environments such as coral reefs or of specific species through unsustainable harvesting practices.
- (c) Ozone depletion examples include the impacts of methyl bromide-based fungicides (ozone-depleting substances) and their impact on biodiversity.
- (d) Land degradation examples include prevention of land degradation and the link with deforestation and unsustainable agricultural practices.

¹¹ At its first meeting, the Conference of the Parties identified as a program priority "strengthening conservation, management and sustainable use of ecosystems and habitats identified by national Governments, in accordance with article 7 of the Convention." Article 7 of the Convention provides that a contracting party is to identify components of biological diversity important for its conservation and sustainable use having regard to the indicative list of categories set down in Annex I.

The criteria set down in Annex I of the Convention are:

1. Ecosystems and habitats: containing high diversity, large numbers of endemic or threatened species, or wilderness; required by migratory species; of social, economic, cultural or scientific importance; or, which are representative, unique or associated with key evolutionary or other biological processes;
2. Species and communities which are: threatened; wild relatives of domesticated or cultivated species; of medicinal, agricultural or other economic value; or social, scientific or cultural importance; or importance for research into the conservation and sustainable use of biological diversity, such as indicator species; and
3. Described genomes and genes of social, scientific or economic importance.

¹² There has been considerable academic debate on methodologies to determine relative priorities in global biodiversity, and no consensus has yet been reached. Further efforts will be required in this field, and STAP could be requested to play a role on advising the GEF Secretariat on the scope of priority-setting methods and approaches.

¹³ Criteria, 4 (k).

¹⁴ Criteria, 4 (k).

¹⁵ Criteria, paragraphs 3 and 4(a).

¹⁶ The recent (1995) Great Barrier Reef Marine Park Authority/World Bank/IUCN volumes of *A Global Representative System of Marine Protected Areas* will provide significant input to this operational program.

¹⁷ Although there is no universally agreed classification for establishing the global importance of protected areas, a number of reference materials identify such sites. Efforts could be focused on sites listed in one or more of the following: Directory of Wetlands of International Importance (RAMSAR); World Heritage Sites (as included in the World Heritage Convention); Biosphere Reserves (UNESCO) of international importance and as also recorded by the World Conservation Monitoring Centre (WCMC), *Global Biodiversity*, 1992; *Bird Areas of International Importance* (Bird-Life International); *Centers of plant diversity*, IUCN, 1987, IUCN Threatened Plants Unit, Kew, U.K.; and *Global Biodiversity*, pp. 66-67; and Regions of Diversity of Crop Plants (WCMC, pp. 338-42). These efforts, while useful in their own right, point out the need to strengthen an overall system for classifying and assessing the global significance of biodiversity sites.

¹⁸ See, for example, *Economics and the Conservation of Global Biological Diversity*: Katrina Brown, David Pearce, Charles Perrings, and Timothy Swanson. Working Paper Number 2 Global Environment Facility. Chapter 3, *The Economic Causes of Biodiversity Erosion* provides a succinct summary of the key variables affecting biodiversity loss. See also figure 5.1, which provides a schematic summary of factors affecting global biological diversity.

¹⁹ R. Cervigni, *Incremental Cost of Biodiversity Conservation*, CSERGE, 1994. The UN Commission on Sustainable Development is investigating the issue of consumption and production patterns.

²⁰ For example, it is unlikely that the GEF will fund population programs, direct antipoverty interventions, or potable water schemes, even if these were identified as causal factors affecting the deterioration of biodiversity. Such programs would normally be of high national priority and be an integral part of national economic and social development plans and policies.

²¹ The removal or reduction of economic distortions that are generally beneficial to the economy of a country in question may simultaneously benefit the environment and biodiversity. Case study work at the country level would be able to assess the likely impact of removing economic distortions. Numerous publications testify to this, but see especially D.W. Pearce and J. Warford, *World Without End: Environment, Economics and Sustainable Development*, (New York: Oxford University Press, 1993).

²² "Criteria", paragraph 4(i).

²³ Article 8(j): "Subject to its national legislation, respect, preserve and maintain knowledge, innovations and practices of indigenous and local communities embodying traditional lifestyles relevant for the conservation and sustainable use of biological diversity and promote their wider application with the approval and involvement of the holders of such knowledge, innovations and practices and encourage the equitable sharing of the benefits arising from the utilization of such knowledge, innovations and practices;"

²⁴ This is suggested as an enabling activity by the Inter-Agency Task Force on Biodiversity.

²⁵ The UNEP, in consultation with STAP, is preparing a draft paper on targeted research relating to GEF activities.

²⁶ See the Convention on Biological Diversity: Preamble; Articles 6, 7(b), 12, and 18(2); and CBD guidance (footnote 7): 4(c), (h), and (j).

²⁷ *Final Report of the Meeting of the Task Force on GEF Enabling Activities under the CBD*, April 5-6, 1995, Nairobi. The task force identified a fourth category of activity: "enabling activities for general use rather than country-specific (for example, development of guidelines for biodiversity planning.)" However, such activities also relate to targeted research and, as such, will be reviewed in that context.

²⁸ The GEF Secretariat has established an Inter-Agency Task Force on Biodiversity. It reviews all biodiversity project and activity proposals and undertakes ad hoc review work. The task force was convened in April 1995, to specifically review enabling activities in biodiversity. The CBD Secretariat was invited to chair the meeting, which was hosted by the UNEP on April 5-6, 1995. It reviewed (a) the definition and scope of enabling activities in biodiversity; (b) systems needed to ensure programmatic cohesion and cost effectiveness; and (c) preliminary assessments of norms and standards to be applied in programming resources.

²⁹ Convention on Biological Diversity, Article 26.

³⁰ The GEF will encourage countries to disseminate findings widely within the country and to encourage discussion and debate among all major stakeholders. GEF consultation and participation guidelines (once approved by the Council) will provide a framework for such activities.

³¹ "Criteria", paragraph 4(k).

³² "Criteria", paragraph 4(k).

³³ "Criteria", paragraph 4(i).