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BIODIVERSITY CONSERVATION FUNDING ANALYSIS IN DEVELOPING COUNTRIES

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Abstract

International funding, bilateral or global aid, is one of several ways of financing protected areas because they are directly related to biodiversity projects. Therefore, this study presents a little systematic knowledge about the extent of international aid for projects that link biodiversity conservation. This study uses a new dataset to analyze aid globally with AidData (2000-2011) and OECD Stat Extracts (2004-2013). Results reveal important donors such as Japan and Germany, while China, Brazil and Vietnam receive the largest volume of biodiversity ODA. Furthermore, this study presents the importance of multilateral aid as Global Environmental Facility (GEF) and World Bank. Moreover, this paper compares biodiversity ODA and other development sectors (agriculture, education, health, water, fisheries and tourism) and biodiversity has a smaller amount as well as fisheries and tourism. Our results provide an important measure of international conservation funding in order to contribute with the effectiveness of biodiversity aid.

Key word: conservation finance, environmental aid, biodiversity conservation

INTRODUCTION

This paper seeks to determine the current trends of foreign aid and other global financial flows towards biodiversity conservation in developing countries. International conservation policy, including Target 20 of the Convention on Biological Diversity's (CBD) 2011–2020 strategic plan, continues to recognize the importance of funding (CBD 2011).

Two key issues we must analyze: amounts of flows of biodiversity funding, and how well they are targeted. As shown by Miller (2012), several studies have estimated the financing necessary to reach CBD and other international biodiversity goals (James et al. 1999; Parker et al. 2012). However, their estimates are likely low because they focus primarily on protected areas.

Assuming the hypothesis that funding for biodiversity conservation is directly related to the conservation of protected areas, therefore, this study will address the financing of biodiversity as a whole in developing countries. The choice of studying only financing to developing countries is explained because as shown by Parker et al (p. 35, 2012), the majority of biodiversity finance is raised through domestic government budget allocation in developed countries, almost four times larger than the Official Development Assistance (ODA).

Finally, it can be said that the study will present a breakdown of the international ODA funding in bilateral and multilateral forms.

METHODOLOGY

This paper shows a literature review and an empirical assessment of overseas development assistance (ODA) aid destined to biodiversity conservation using two database: AidData base for the 2000/11 period (most updated data available) and OECD StatExtracts (2004-2013). Furthermore, we also used a Global Environmental Facility (GEF) database in order to examine closely their funding.

The main points addressed by this report are the volume and trends of ODA resources destined to biodiversity conservation, the identification of the main donors in bilateral agreements, the main receiving countries, compare biodiversity ODA and other development sectors (agriculture, education, health, water, fisheries and tourism).

Furthermore, the results show that there is a strong historical importance of multilateral institutions in financing biodiversity ODA, especially Global Environmental Facility (GEF) and the World Bank.

Lastly, this paper compare multilateral and bilateral ODA funding in order to seek conclusions about their importance.

Methodology Limitations:

ODA statistics have many methodological problems, especially because of the conventional definitions used in their estimation. Roodman (2014) lists a series of problems related to ODA statistics, including criteria that are too easy for developed countries to achieve the established benchmark of a minimum 0.7% ratio of ODA/Gross National Income, the opacity of data on bilateral non-ODA development loans and the difficulty to measure private charity.

In the case of AidData and, it was not possible to classify the type of funding (loan or aid, for example).

It was not possible to identify the managers of these resources (public, private or NGO), and we could not analyze the share of private and NGO donors in biodiversity funding.

RESULTS

We can present the most important country as biodiversity funding donor between 2004-2013 was Japan, using OECD StatExtracts with about USD 5.2 billion, however Germany has increased considerably its importance in recent years (2012-2013). This is certainly related to the commitment by the German government to maintain an average funding of \$ 500 million per year, as can be observed in recent years (BMZ, 2014).

Furthermore, we can present the most important recipient countries where China, Brazil and Vietnam receive the largest volume of biodiversity ODA. For recipient countries, ODA biodiversity values vary considerably over time, revealing a dynamic competition between the different countries and development sectors trying to attract ODA resources. On the bottom table (countries that received less resources), there is a strong presence of countries with serious political problems and instability, many of them in civil war or other types of chronic conflicts, such as South Sudan, Montenegro, Lybia, Myanmar, East Timor and Algeria. This is a

strong indication that poor governance conditions and political instability reduce the probability of obtaining ODA resources.

The paper suggests that there are two major groups of development categories in terms of donor preferences. There is a set of issues that clearly receives more funding, identified in this report as “general development” themes, composed by water, health, education and agriculture,. In contrast, there is another set of “specific issues”, composed by tourism, biodiversity and fishing with a smaller amount. Biodiversity had USD 13 billion between 2004-2013 in OECD StatExtracts.

Multilateral funding presents itself as the largest source of biodiversity funding, mainly by GEF. However, in the 2010s, there was a sharp decline in multilateral funding, especially for GEF. There is a debate in the literature about a possible crisis in multilateralism (for example, UNESCO 2010, Holden 2012; Bhagwati, 2012; Amabalam, 2014).

CONCLUSION

The literature highlights that the interests and motivations are different between multilateral and bilateral ODA. Multilateral institutions are more sensitive to the broader aspects of development, and tend to prefer “mixed” biodiversity/development projects. On the other hand, bilateral agreements are more dependent upon geopolitical aspects and accept “strict” biodiversity projects more frequently. If bilateral agreements prevail in the future in the definition of biodiversity ODA, following the hypothesis of the multilateralism crisis, it is very likely that “case by case” negotiations will become more frequent in the future.

Finally, new sources of funding, such as payment for ecosystem services (PES) and green supply chains, are becoming increasingly important to finance biodiversity conservation in developed countries. This is an indication that conservation projects that include PES or green supply chain components may become more attractive for potential donors from developed countries.

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