

Donor (Partner) Support for Conservation Finance

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How Donors Program Resources

- The programming process
 - What is the timeframe for donor budgeting?
 - Who makes programming decisions
 - How do donors negotiate with beneficiaries?
 - What documentation is needed to support new programming?
 - What is the time lag in securing donor funds?
- Donor priorities and the strategic planning process
 - Country and regional strategies
 - Thematic strategies (e.g., biodiversity, agricultural)
- Disbursement mechanisms – grants, loans, debt cancellation
- Conditionalities
 - Eligibility requirements
 - Co-financing/match requirements
 - Restrictions on expenditures
 - Special earmarks (e.g., biodiversity, GCC)

Examples: Grants (1)

- GEF – at least \$300 m to support only environmental funds in Latin America
- EU PHARE Programme support for CEE Environmental Funds
 - Lithuanian Environmental Investment Fund - 2.15 m EURO for initial capitalization
 - Latvian Environmental Investment Fund – 6 m EURO for design and operation over three-year period
 - Slovenia Environmental Development Fund – 400,000 EURO for design and initial operations

Examples: Grants (2)

- US Agency for International Development
 - During the 1990s – endowment support for biodiversity
 - Kehati (Indonesian Biodiversity Foundation)
 - \$16.5 m for endowment and \$2.5 m for operations
 - Required \$6.5 m in co-financing (\$4.7 for endowment and \$1.8 m for operations)
 - Also capitalized endowments for funds in Philippines and Mexico
 - Recent grant support mainly to assist in design and operation of funds
 - Madagascar Foundation for Protected Areas and Biodiversity
 - Philippines Water Revolving Fund

Examples: Loans and Debt Forgiveness (1)

- Loans - World Bank 30 M DM loan to Slovenia Environmental Development Fund
- Debt Swaps/Cancellation (Official Debt)
 - Polish EcoFund (sinking fund)
 - \$499 million from U.S., France, and Switzerland in 1993
 - \$72 million from Sweden, Italy, and Norway since 1997
 - Vision – Environmental projects of international importance
 - Baltic Sea water quality
 - Transboundary air pollution
 - Biodiversity of international/regional significance
 - Environmental Foundation of Jamaica (endowment)
 - \$9.2 m from interest owed on official U.S. debt
 - \$12.3 m from interest owed on PL 480 (food purchases) deb

Debt Cancellation



- Tropical Forest Conservation Act is a US government program:
 - Treasury reviews economic eligibility
 - State reviews political eligibility
 - USAID reviews forest eligibility
- To express interest, the Ministry of Finance writes the US Treasury (no obligation)
- Three types of debt treatment are available: *debt reduction, debt swap, debt buyback*

TFCA Agreements to Date

Country	Year	USG Cost	NGO Cost	Funds
		(\$ millions)		
Bangladesh	2000	6.0	—	8.5
El Salvador	2001	7.7	—	14.0
Belize	2001	5.5	1.3	9.0
Peru	2002	5.5	1.1	10.6
Philippines	2002	5.5	—	8.3
Panama I	2003	5.6	1.2	10.0
Colombia	2004	7.0	1.4	10.0
Panama II	2004	6.5	1.3	10.9
Jamaica	2004	6.5	1.3	16.0
				\$97.8