

**Seminar „Balancing the needs of conservation, poverty reduction and governance“
26 – 31 July
International Academy for Nature Conservation Isle of Vilm, Germany**

Conclusions and recommendations

Executive summary

In July 2009, over 40 experts from the fields of development cooperation and conservation came together at the International Academy for Nature Conservation Isle of Vilm to discuss ways to link biodiversity conservation, poverty reduction and governance in development cooperation. The present conclusions and recommendations draw from these discussions and are directed towards German development cooperation and policy.

Experiences in linking conservation and poverty reduction abound, although many challenges remain with regards to achieving win-win situations and/or negotiating acceptable trade-offs. However, the crucial element of governance - i.e. who decides about the management of natural resources and how – has to receive much more attention if interventions are to be more successful in the future. This entails addressing institutional settings, but also incentives and power relations at all levels. Governance settings should enable and empower all actors, especially marginalized groups, to participate fully in decisions on resource use, and the customary governance institutions of indigenous peoples and local communities should be recognized and respected. A particular challenge for development cooperation in this context is to foster functioning interfaces between customary and formal state institutions.

Development cooperation should promote transparency and accountability of relevant institutions, and explicitly address corruption as a major threat to poverty reduction and biodiversity conservation.

Moreover, the underlying causes of poverty and biodiversity loss, especially external economic drivers, need to be addressed more systematically. This is not possible at the site or project level alone, which is why development cooperation needs to be understood as part of a global structural policy and should promote policy coherence both at the international and at the national level.

A number of instruments have emerged to link conservation and poverty reduction, including benefit sharing arrangements and market-based mechanisms. More conceptual and political support as well as capacity-building is needed to apply these instruments effectively. Development cooperation should ensure that these instruments, when applied, are inclusive, contribute to poverty reduction, empower and respect the rights of indigenous peoples and local communities.

Political support for integrating conservation, poverty reduction and governance issues comes from the Convention on Biological Diversity (CBD) with its Programme of Work on Protected Areas, which calls for a fair and equitable approach to conservation where benefits are shared and all stakeholders are involved in decision making, with a particular focus on local and indigenous communities.

Definitions

Biodiversity Conservation: According to the IUCN/WWF/UNEP World Conservation Strategy Definition, conservation is “the maintenance of essential ecological processes and life-support systems, the preservation of genetic diversity, and the sustainable utilization of species and ecosystems”.¹ It is important to note that conservation goes beyond strict protection of biodiversity to include its sustainable use.

Poverty: According to the World Bank, there are three dimensions of poverty: lack of assets, powerlessness and vulnerability.² This definition is adopted here as it goes well beyond the narrow concept of lack of income.

Governance is the body of rules, enforcement mechanisms and corresponding interactive processes that coordinate and bring into line the activities of the involved persons with regard to a common outcome³. More simply put: governance is about “who decides, and how”. The concept of governance in these recommendations is understood as the governance of natural resources at all levels, and encompasses state governance as well as customary governance of local communities, and the interaction between the two.

1. Linking biodiversity conservation with poverty reduction and governance

The many links between biodiversity conservation, poverty reduction and governance are well documented. On the one hand, conservation efforts have to address poverty reduction and governance both for ethical reasons and to ensure long-term viability. On the other hand, efforts for poverty reduction should be concerned with the maintenance of biodiversity in light of its importance for human well being, especially for the poor; and questions of rights to and power over natural resources are central to achieving better governance at all levels. However in practical terms, each perspective is presented with specific challenges that must be solved in order to ensure that interventions contribute to all three goals:

1.1. Addressing poverty reduction and governance in the context of biodiversity conservation

From the perspective of conservation, maintenance of biodiversity is a goal in itself for its intrinsic value, but also for its importance in delivering the benefits which contribute to all dimensions of human wellbeing (subsistence, economic, cultural and spiritual, environmental services, political).

Conservation should address poverty both as an ethical imperative and from a practical viewpoint, as success in conservation will only be possible in the long term when it is

¹ IUCN, UNEP & WWF (1980): World Conservation Strategy, Living Resource Conservation for Sustainable Development. IUCN, Gland, Switzerland.

² World Bank (2001): World Development Report 2000/2001: Attacking Poverty. Oxford University Press, New York

³ Huppert, W., M. Svendsen & D. Vermillion (2003): Maintenance in Irrigation: Multiple actors, multiple contexts, multiple strategies. In: Irrigation and Drainage Systems, Volume 17, Numbers 1-2, May 2003, pp. 5-22

sustained by, and benefits, local people. Additionally, poor people are often forced to overuse their resources for their survival due to lack of alternatives (leading to a vicious circle of poverty and resource degradation).

Conservation also often imposes restrictions to the use of natural resources, which affects in particular local communities who are directly dependent on them for their livelihoods. At the very least, conservation should adopt a “do no harm” approach, but it can often significantly contribute to reducing poverty. However, since many benefits of conservation have no direct market value, and since conservation costs and benefits are unevenly distributed in society, the opportunity costs of conservation often outweigh tangible benefits.

Governance schemes which include the participation of local communities increase the sense of ownership and responsibility for the natural resources available and are therefore of high relevance for biodiversity conservation.

Challenges:

- Develop a clear vision and goals for the intervention (development and governance for conservation)
- Ensure that basic needs of local people are met without compromising conservation objectives
- Optimize benefits from conservation for local people in order to enhance support and create stronger alliances for conservation
- Explore and implement financing for long-term conservation incentives
- Understand how governance structures (including incentives, power relations, dependencies etc) work for or against conservation
- Support a broad range of governance types for protected areas, including Indigenous and Community Conserved Areas (ICCAs). ICCAs are an interesting approach where conservation, human development and empowerment can come together. Careful analysis of such existing approaches can yield interesting lessons for conservation practice elsewhere.

1.2. Addressing biodiversity conservation in the context of poverty reduction

Losses in biodiversity and changes in ecosystem services have caused a decline in human well-being, above all for many poor people in rural areas who depend directly on ecosystems and their services for survival. Natural resources can be considered as the “wealth of the poor” and conservation of these resources contributes directly to poverty reduction.

Beyond sustaining livelihoods at the subsistence level, biodiversity can also contribute to generating income and economic opportunities for local communities. This can be achieved through sharing of benefits from conservation, creating or improving markets for biological resources, and compensation schemes such as payments for ecosystem services.

Economic development strategies that do not take into account impacts on natural resources can have negative effects on the livelihoods of the poorest. Development cooperation should therefore mainstream biodiversity conservation into its programmes and seek acceptable trade-offs between economic development, local livelihoods and biodiversity conservation.

Challenges:

- Reduce pressure on natural resources so that they are sustained and deliver vital services for people
- Enhance the economic potential of biodiversity for local people
- Ensure that benefits from conservation are shared equitably
- Assess the social impact of conservation
- Compensate the opportunity costs of conservation
- Promote the application of Strategic Environmental Assessment (SEA) to assess the conservation impacts and the related poverty impacts of development strategies and programmes.

1.3. Addressing biodiversity conservation in the context of governance

Governance issues such as land tenure, rights to resources, appropriate levels of decision-making, transparency and accountability of institutions etc. should be at the heart of interventions seeking to conserve biodiversity and reduce poverty. The access to and benefits from the use of biological resources are often unevenly distributed in society, contributing to dependencies and disempowering groups to sustainably manage resources. The poorest groups are the ones most dependent on natural resources but with the least power in decision-making. Establishing effective and equitable governance over natural resources can be a significant contribution to the empowerment of the weakest members of society.

Good governance implies effective institutions and the responsible use of political power and management of public resources. It is important to note that the institutions and power relations governing biodiversity (and natural resources in general) at the local level go well beyond the formal institutions of the state. They include customary, traditional institutions of local communities as well as informal power relations between actors.

Challenges:

- Establish governance structures that help to enable and empower all groups to participate fully in decisions on resource use
- Devolve decision-making over natural resources to the lowest appropriate level
- Ensure transparency and accountability of institutions governing natural resources
- Respect and recognize customary governance of indigenous peoples and local communities and create functioning interfaces between customary and formal state institutions

2. Balancing the needs

The recognition of the links between conservation and poverty reduction has led to a number of integrated approaches, including Integrated Conservation and Development Projects (ICDPs), Community-Based Natural Resource Management (CBNRM) etc. While success was achieved in some places, overall their implementation up to now has not been satisfying. However, a number of lessons can be drawn from these approaches:

2.1. *Win-win situations and trade-offs*

Win-win situations with regards to conservation, poverty reduction and governance do exist, but are not always possible. Integrated approaches should aim to achieve the best possible outcome, not necessarily a perfect outcome for each of the three objectives. Trade-offs are therefore necessary – but it is also true that integrated approaches will in most cases lead to better outcomes than methods that address conservation, poverty reduction or governance in isolation.

In order to negotiate acceptable trade-offs, it is necessary to:

- Involve all concerned parties in fair and transparent negotiations of desired outcomes
- Pay attention to power imbalances and aim to level the playing field by supporting less powerful groups to participate meaningfully
- Clarify at the outset the limits of synergies and the possible trade-offs, as well as non-negotiable issues
- Communicate possible synergies and trade-offs in a transparent way to all parties involved to lead to informed decisions
- Look for compensation mechanisms where trade-offs are necessary
- Be aware that opportunity costs could vary and increase over time. Paying for the full income foregone might not always be feasible and should be complemented by other instruments (contracts, awareness raising, non-material benefit sharing, etc.)
- Move from site-based approaches to the landscape level to achieve a better balance between conservation and development

2.2. *External drivers of poverty and biodiversity loss*

Both conservation measures and efforts to reduce poverty usually fail to address underlying causes and external drivers of poverty and biodiversity loss. Especially external economic drivers that threaten biodiversity and exacerbate poverty are getting too little attention in development policy and cooperation. The Millennium Ecosystem Assessment lists economic drivers as one of the five main indirect drivers of ecosystem change. Economic drivers affecting poverty and biodiversity loss are frequently not site-specific but sometimes originate in remote locations – often outside of the country where an intervention is planned. There is

therefore a limit to what site-level interventions can achieve, and action needs to occur at different levels and locations.

These external economic drivers (such as harmful trade policies, including perverse subsidies for agriculture, fisheries or biofuels; or powerful economic interests from various industrial sectors, such as logging, paper or extractive industries) can jeopardize the positive impacts of both poverty reduction and biodiversity conservation efforts. While the world's attention is focusing on Climate Change as the major external threat to livelihoods and conservation, these economic forces can be just as powerful and disruptive.

German development cooperation therefore has both the responsibility and the opportunity to address these drivers:

- At the political level by influencing international frameworks and promoting policy coherence at EU level and between sectors in Germany (thereby implementing development policy as global structural policy)
- At the project level by enhancing resilience of local actors against external drivers (how this can be done needs to be further explored), promoting cross-sectoral collaboration and supporting partner countries in enforcing legislation
- Address issues of equity and consumption (such as the ecological footprint) related to economic development on a global scale, particularly in countries with emerging economies.

2.3. *Governance is key*

While many interventions have sought to address the link between conservation and poverty reduction, too little attention is often still paid to the governance aspect. However, governance issues are often the missing link and are crucial for the success of conservation and development projects. The question of who makes decisions about resource use and how is central to balancing the needs of conservation and poverty reduction.

Unequal power relations, formal or informal, and corruption at all levels are major threats to project impacts but are often not explicitly analyzed nor addressed in project design.

Governance is a crucial factor to break the vicious cycle linking poverty, excessive wealth and environmental degradation.

Challenges:

- Look for and support functioning governance systems at various levels and create links between them
- Specifically reintegrate the cooperation with governance institutions of indigenous peoples and local communities into German development cooperation – as opposed to only collaborating with formal institutions such as councils and municipalities
- Find and support working mechanisms at the interface between customary and formal public institutions

- Build strategic alliances and diversify partners, including from civil society and the private sector
- Analyze and address incentives and power relations leading to misuse or overexploitation of natural resources
- Integrate corruption and accountability issues into project design and implementation and support project staff on how to deal with these issues (this needs to be explored in greater depth)
- Embed site-based projects into national and regional level planning instead of operating in isolation

3. Implications for project implementation

3.1. Instruments for valuing biodiversity and sharing benefits

Several instruments have been developed to generate benefits from conservation and share these equitably in order to achieve the best possible outcomes for conservation, poverty reduction and governance. These instruments include benefit-sharing arrangements and compensation payments, market-based mechanisms such as value chains, payment for ecosystem services including Reducing Emissions from Deforestation and Forest Degradation (REDD), and Access and Benefit Sharing from the utilization of genetic resources (ABS).

Some of these instruments are still not well known and limited experience is available in their implementation. The necessary capacity to apply them effectively is often lacking. These instruments present a real potential for application across sectors and are also very valuable for the design of cross-sectoral approaches.

Challenges:

- German development cooperation should provide more conceptual and political support to cross-sectoral approaches for balancing poverty reduction, conservation and governance objectives (e.g. land-use planning involving the forestry sector, etc)
- More testing and sharing of lessons learned of instruments that value biodiversity and share benefits is needed.
- Particular attention should be paid to how benefits are shared and how equity issues are addressed
- Instruments should be integrated early on into the processes of partner organizations, including the private sector, accompanied with capacity building in order to sustain their use after the end of the intervention
- Instruments should be site-specific, but also consider national/regional planning and policy contexts, as well as the wider landscape

- Instruments can be differentiated into short-term, high-risk instruments and long-term, low-risk instruments. Different types of instruments can be used in parallel or in phases. Attention should be paid to the risk of market-based instruments to become perverse incentives, in which case their use should be revised
- Conservation efforts by indigenous peoples and local communities, based on their own aspirations, should be supported wherever possible. German development cooperation can play a role in developing the capacity of community institutions and enterprises, and linking these to external service providers when this is requested by the community.

3.2. *Addressing governance issues in interventions*

As mentioned before, the governance dimension is often not addressed in a systematic way in interventions seeking to link conservation and poverty reduction.

Correcting this has several implications for project implementation:

- Interventions for conservation and poverty reduction should seek to address the incentives leading to misuse or overexploitation of natural resources. GTZ has developed an analytical framework to understand how the characteristics of resources, of actors and institutions create incentives for resource use. This framework should be used in the conception and evaluation of biodiversity-related projects, and the capacity of practitioners to address incentives should be developed⁴
- Power relations between actors play an important role at all levels, be it between interest groups at the national level or within communities at the local level. These power relations are often informal and subject to change. They need to be assessed continuously and taken into account throughout design and implementation of interventions
- When applying instruments for valuing biodiversity and sharing benefits, careful consideration has to be given to these power relations. The instruments should be sensitive, and adapted where necessary, to the conditions and needs of less powerful groups in society
- In particular, where local communities and indigenous peoples are concerned, instruments, approaches and financing mechanisms should be tailored to benefit and empower these groups. For example, modern management and accounting mechanisms should, wherever possible, be linked to traditional governance structures and accountability systems to ensure their acceptance and long-term viability
- In general, interventions have to be aware of the consequences that some instruments can have on governance and power-relations. For example, the “top down” creation of new governance structures for benefit sharing arrangements can lead to the breakdown of customary governance and ultimately to disempowerment of local communities or certain groups within the community. Financial mechanisms

⁴ Fischer, A., L. Petersen & W. Huppert (2004): Natural Resources and Governance: Incentives for Sustainable Resource Use. Manual. GTZ, Eschborn.

always bear the risk of elite-capture, be it at the national, regional or community level. These risks should be carefully assessed

- In some settings, devolution of significant rights to communities could also lead to the loss of high biodiversity areas. Devolution hence needs to be balanced with other means of protecting critical sites.
- When local institutions fail in conserving biodiversity due to corruption or conflict, legal instruments and or external agencies have a responsibility to intervene.
- Especially in countries with political instability, building strong alliances with a diversity of partners on all levels is crucial for long-term conservation success.

3.3. *Indicators*

Cross-sectoral approaches require the use of a wide range of indicators to measure and demonstrate the positive and negative impacts of interventions on conservation, poverty reduction and governance. The CBD Programme of Work on Protected Areas (PoWPA) requires parties “to assess the economic and socio-cultural costs, benefits and impacts arising from the establishment and maintenance of Protected Areas...” (Activity 2.1.1). Due to the importance of external drivers of poverty and biodiversity loss, it is challenging to develop evaluation designs that measure the specific impact of the intervention. Especially achievements regarding better governance are difficult to measure.

Challenges:

- The indicators used (both ecological and social) should balance specificity and cost-effectiveness. Proxies should be used where specific baseline data is not available, but it has to be made sure that these actually reflect what needs to be measured (for example measuring changes in forest cover alone is not enough to measure impacts on biodiversity)
- Evaluation designs should try to attribute impacts to the intervention and address the effect of external factors
- Governance indicators should be specific enough to reflect real achievements (as opposed for example to indicators reflecting “token” participation of local communities in decision-making processes)
- Governance indicators should not be overambitious, especially regarding timeframes, as governance changes are long-term processes
- Indicators should, wherever possible, be developed in a participatory way, taking into account the expectations of the stakeholders involved
- The choice of methods and indicators should be carefully adapted to the type of impacts to be measured and the local situation (for example, whether social indicators should be measured at the community, household or individual level)
- When developing indicators, it should also be kept in mind for whom they are intended and what level of detail is really needed

4. Outlook

The linkages between conservation, poverty reduction and governance will become even more crucial in the future, as global climate change increases pressure both on ecosystems and the livelihoods of the poor. The margins for win-win scenarios and acceptable trade-offs will narrow through this additional pressure. At the same time, the current international efforts to combat climate change offer new opportunities to share benefits from conservation through mechanisms such as REDD. However, it is crucial at this point in time to ensure that these instruments, beyond reducing carbon emissions, are designed and implemented in such a way as to contribute to biodiversity conservation and poverty reduction. Among other issues, it is crucial to take into account the governance aspect in the elaboration of these instruments. As with other market-based instruments, rules and institutions need to be set up so that local communities and indigenous peoples are empowered and obtain a fair share of the benefits, instead of losing control over their natural resources as these obtain market value.