
IUCN – The World Conservation Union

External Review

October, 2003.

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Summary

The 2003 External Review of IUCN was asked to assess the performance of the Union's Programme; the strategic relevance of IUCN in the broader sustainable development context; the progress made in strengthening governance, organisational and operational systems; and the financial viability of the organisation. This report addresses all these issues and offers an overall strategic review of the Union's performance and prospects. This summary does not offer a systematic outline of all the report's contents. Instead, it focuses on the strategic issues that we believe are most important for the Union's future.

As a strategic review, this report offers recommendations about steps IUCN should take (see Table 1 on page ix). But it does not aim to be prescriptive. It is not a blueprint. It tries to raise ideas, options and implications. It tries to stimulate debate. Indeed, the External Review process was built to be participatory and open. IUCN responded positively. We believe that the process of the last few months' enquiry and debate may have been at least as valuable as this final report.

IUCN has been an innovative and dynamic organisation through much of its 55-year history. The last two decades have seen rapid growth, substantial achievements and a series of change processes that have helped the Union to adjust to new challenges and an evolving world scene. During that period it has made major contributions to the principles and practice of sustainable development and environmental governance without forsaking its heartland concern with nature

whether it should grow, but how. Concentration on continued rapid expansion of the Secretariat would be financially risky and would increasingly contradict the character of the Union. Other, not mutually exclusive, growth strategies could be Membership-driven growth; partnership-driven growth; and multi-centre growth. The Union should be clear about how it intends to grow.

Designing appropriate governance for this uniquely complex organisation, and making it work, remain a challenge. At the heart of this challenge, and a core strength of the Union, is the democratic nature of this governance by institutions that represent its Members. The Governance Task Force appointed by Council in 2001 has made important progress. The External Review has not tried to duplicate its efforts. Instead, we offer some comments. We strongly support the message of the Task Force to Council: real reform is now essential to maintain the credibility and performance of the Union. We endorse the Recommendations of the Task Force regarding the operations of the Congress and the governance of the Commissions. We also underline its recommendations for a more clearly empowered Bureau within Council, to make governance more efficient and effective. The Task Force is working carefully to determine the best way to adjust the definition of the IUCN Regions and to systematise governance at regional level. We endorse these efforts. We believe that stronger and better formalised regional governance – balanced with the global character and responsibilities of Membership - is in the interest of the Union, and should be the subject of a full-scale trial in a selected Region. Overall, IUCN is close to resolving the governance problems identified by the ER in 1999. Council and the Congress must now act to endorse and execute the recommendations of the Task Force.

IUCN is well managed financially and has enhanced its financial stability. But it has to live with chronic instability in its funding. Partly this is because short term project finance is so great a part of the total budget. In many parts of the Secretariat, the internal, self-justifying imperatives of the 'project machine' are more compelling drivers of what is planned, budgeted and done than the Union's Programme. IUCN needs strategic clarity about its business model. Does it exist to pursue its mission through whatever project funding it can obtain, rationalising these activities through the conceptually powerful but operationally permissive framework of the Programme? Or does it use the Programme to drive and direct its funding arrangements? We believe that the latter is the only viable strategy for the future of IUCN. But it means that the Union and those who support it must agree a broader range of framework funding arrangements at country, regional and global levels. We can assure IUCN that many funding agencies are ready to do this, and that framework funding at country and regional level will not necessarily endanger such funding at global level. We can assure funding agencies of our confidence that IUCN can use framework funding responsibly and effectively. Consequently, our recommendations do not focus only on existing donors increasing their global framework funding: rather, on framework funding being more widely used at all levels of IUCN operations.

For many years IUCN has depended heavily on development funding agencies. It is important to widen its funding base. Many Ministries such as Finance, Environment, Natural Resources, Agriculture and Infrastructure share some of IUCN's concerns and would be prepared to support its work. It is an important task for the Council and the Director General – but also for the current donor agencies – to engage such Ministries and their institutions as partners for the Union.

IUCN has made strong progress since the 1999 External Review. It makes a globally respected contribution to international environmental governance and the promotion of sustainable development. The first of the three most urgent issues identified by the 1999 review, the Programme, has been transformed from a weakness to a strength. The second, knowledge management, is being addressed, but remains a work in progress. Thirdly, The Union has tackled its governance issues seriously. Now is the time for it to address two further, fundamental strategic issues: its character as a regionally structured, global membership organisation; and ways to d

Table 1. Summary list of recommendations

IUCN

Recommendation no.		Page no.
	specifies an evolutionary process during which country presence and Membership are developed by the Secretariat and the National Committee gradually takes a st	

1. Introduction

1.1. The purpose and character of the External Review

During the 1990s, IUCN and its core donors commissioned four External Reviews of its condition and prospects. Four years after the 1999 External Review (ER), they have commissioned another. These exercises are

the progress of the ER, the team leader was invited to brief meetings of the Council and of key donors about our activities.

As required by the TOR (Annex 1), we undertook this review by combining “a series of semi-structured interviews and dialogues with key IUCN stakeholders”; the review of relevant documentation; and consultation with two panels already established by IUCN. One of these panels comprises organisational assessment specialists who have reviewed a number of the Union’s regional and country offices in recent years. Another comprises senior advisers on environment and development who convened to help guide the Secretariat in its preparations for the World Summit on Sustainable Development (WSSD). Both were considered to have accumulated knowledge and ideas that the ER should take into account. The TOR also required us to draft a detailed statement of proposed methodology, including an evaluation matrix of questions, instruments and sources, and submit it to the Steering Committee. This statement was submitted in early May and approved by the Steering Committee. In preparing the matrix, we built on a draft that was given to us by the Steering Committee. This draft matrix served effectively as supplementary terms of reference. From the matrix, we developed a set of issue guides, which comprised lists of issues around which interviews could be structured.

Schedule of ER activities, 2003 (see also Annex 3)	
April	Interviews and first team meeting, Gland
May	Visit to Eastern Africa Regional Office (EARO), to Tanzania and to Uganda Country Office Interviews, Gland s of IUCN organisational assessment panel) d El Salvador. Second team meeting, Costa Rica
June	Team leader briefing to Council Visit to Asia Regional Office (ARO) Team leader briefing to IUCN donor meeting

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evaluation matrix. Some were with individuals. In other cases, we held group interviews with, for example, Members and teams of programme and project staff. Most meetings were held in English. In Meso America, one team member held some interviews in Spanish. A professional interpreter provided simultaneous translation for group meetings held in Costa Rica. Team members with Spanish and French language skills reviewed documentation in those languages. In a number of cases we followed up on original discussions by making further enquiries by e-mail or telephone.

We also collected data by

at the same time, a large part of the world's population continues to suffer absolute poverty. It is increasingly recognised that poverty and environmental degradation are causally related, although analysis also shows that poor societies generally have a lower aggregate environmental impact than richer ones. There is growing global emphasis on reducing poverty, for example in the Millennium Development Goals and the increasing focus of development agencies on strategies for poverty reduction;

Like the budget, the number of staff employed by the **Secretariat** has remained fairly constant (992 in 1999, 1,037 in 2002). Following the rapid regionalisation and decentralisation of the mid 1990s, some 85% of these staff work in the 12 Regional and outposted offices, in the 19 sub-regional and country offices and in numerous project offices (Chapter 4). A key event of 2001 was the arrival of a new Director General, whose predecessor resigned after two years in the position. The structure of the Secretariat has been revised in various ways over recent years, to reflect the requirements of the current Programme, to enhance reporting and other operational arrangements and to reflect new emphases in the ways the Union wants to work. Notable changes at headquarters have included the creation of a Corporate Strategy group to handle such issues as Member and donor relations and communications; the decision to hire senior advisers on social policy, gender and economics to work across the whole Programme, while the social and natural sciences are increasingly integrated in thematic programmes within the Ecosystems and Livelihoods Group; and the creation of a Policy and Global Change Group to spearhead the Union's growing commitment to international environmental governance. In the regions, some country offices have been downsized because of reduced project revenue, and the Asia Regional Office has moved ahead with a deconcentrated structure and streamlined reporting arrangements that place all the Secretariat's thematic expertise in one Ecosystems and Livelihoods group led by one co-ordinator in Colombo and one in Bangkok. Meanwhile, a

trust the partly 'governmental' character of IUCN, questioning whether it should commit itself to processes convened by IUCN (as in the Nile Basin Discourse). Some governments are asking for State Members to have a clearer identity, rights and role in the governance of the Union.

2.3.3. Institutional position

There are at least two dimensions to institutional positioning. The simpler one concerns IUCN's place within the global community of environmental agencies. That place is clear. The Union's profile generally corresponds to its programmatic emphasis on knowledge, empowerment and governance (KEG). It is thus seen by ER interviewees at global level as locating itself primarily at the policy end of the policy-practice spectrum, and as emphasising (though certainly not monopolising) science and knowledge as a basis for its activities. It is therefore not thought to duplicate the work of what are seen as the more practice-oriented conservation agencies, like the Worldwide Fund for Nature or Conservation International. Nor is any other agency seen as attempting the convening role of IUCN. Inter-agency relations have been clarified and enhanced by more structured and frequent consultations between chief executives of the senior world environmentally

Ultimately, in an intensive period that few of them would probably care to repeat, a global team generated the current Intersessional Programme (2001-2004) in time for it to be approved by the World Conservation Congress at Amman in October, 2000.

The present ER has again been asked to comment on the adequacy of the current programming system and of its execution. Meanwhile, work has already started on the 2005-2008 Programme, and we have been able to see the first draft that has been sent from headquarters to the regions for consideration. While we make t Intersessional Pro9790008 Tr 0 10.98 176t8Programme i on eta gt

the annual budget planning of each component programme to the overarching Programme plan. It thus created the opportunity (not yet fully taken up) to track the budget at activity (or project), annual component result, component Intersessional result, overall result and KRA levels. This created the potential to set priorities and direct these through strategic budget allocations. Every result could also be coded by biome, allowing for a further level of thematic analysis. Many of the results highlighted the fact that change could be brought about at global, regional, national or local level.

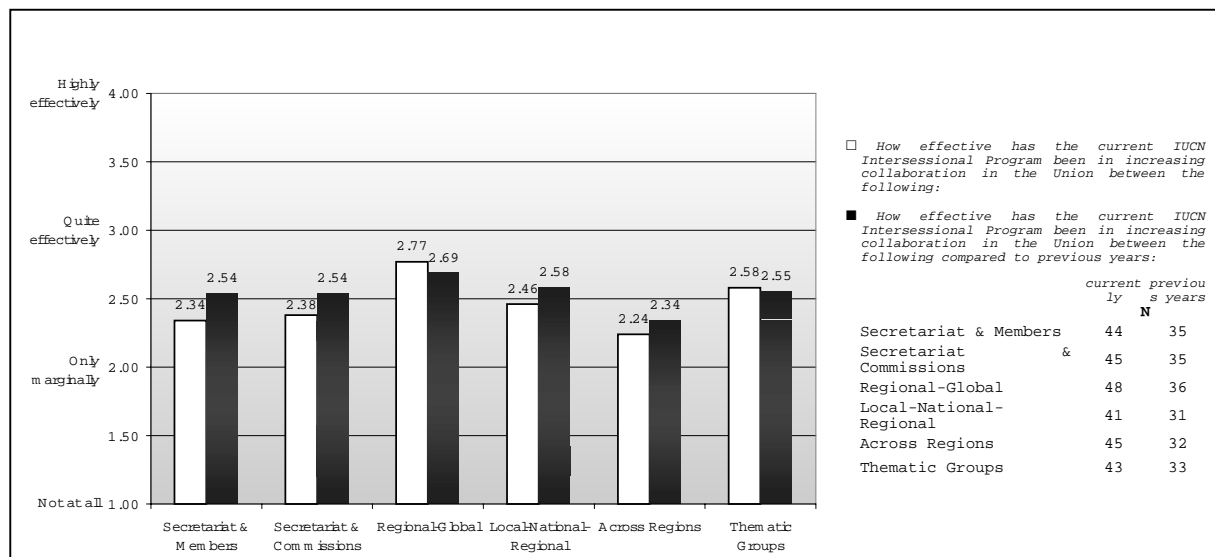
The component programmes could now be harmonised, with linkages traced and aggregated into a 'bigger picture'. For the first time in several decades IUCN had, in theory, a way to understand what changes it wanted to bring about and how, and what was taking place at national, regional and global levels. The Programme Framework provided a tool to monitor what was done and the budget process could be used strategically to shift the balance of work between KRAs. While there is still scope for improvement, the development of a systematic, institutionalised monitoring, reporting and evaluation system has also provided IUCN with a valuable tool to identify programming weaknesses. This aspect is explored in greater depth in section 3.4.

Weaknesses remain in the current Programme. One of the more serious ones is its broad definition of thematic activities, which has prevented it from being an effective tool to direct and focus activities. Scrutiny of its projects shows that IUCN continues to spread itself thinly across many activities with limited resources. Furthermore, the Programme has remained a conceptual rationale and framework for what the Union does, rather than becoming the leading, dynamic driver for its choices and activities (section 3.6.1). But there are currently two important limits on how specific and directive an IUCN Programme can be. First, it is drawn up without full knowledge of the resources that will be available for its execution. Secondly, it must represent the priorities and intentions of a very wide constituency – not only the Membership, which must endorse it at the World Conservation Congress, but also the diverse technical, social and political interests represented in the Commissions and the Secretariat.

Nor has the Programme, for all its strengths, been linked to a convincing and appropriate business plan for its execution. The Secretariat has continued to operate largely according to a market-driven business model (section 3.6.1) and, despite donor interest at all levels, has only partially exploited the opportunities that the new framework and strategy provided for a more programmatic approach to its choice of work. Such an approach would enable the Union to apply the full conceptual power of its KEG strategy to the direction of its activities.

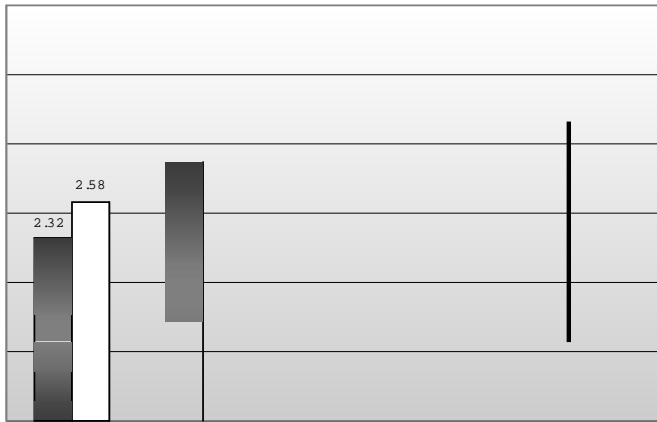
Interview information and responses to the questionnaire survey (questions 1 and 2, Annex 2) indicate that the current P

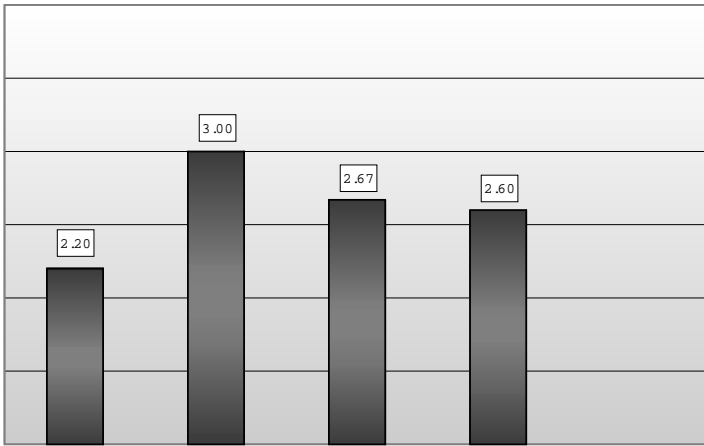
Figure 2. Enhancing synergies and comparative advantages



Survey questions 4-9a, b (Annex 2).

Respondents as a whole felt that their work had performed reasonably well in becoming more innovative and responsive to em





tackled, there will continue to be dangerous gaps in the institutional and operational logic of IUCN, and the organisation's financial viability in the medium to long term will be far from certain.

3.6. Key programme challenges

3.6.1. What drives the Programme?

One question in our evaluation matrix asked *to what extent does IUCN make use of its extensive knowledge base to direct its operations and Programme strategically, and how responsive is it in this respect?* While we try to answer this question here, we go beyond it to consider the more fundamental question of whether programmatic considerations are really what drives the choice of activities that the Union undertakes.

IUCN acknowledged from the outset that the 2001-2004 Programme would be imperfect in its allocation of effort among KRAs or in its achievement of the intended strategic sequence from knowledge through empowerment to governance. It is not easy to track performance in this regard. Although PIMS and the Knowledge Network can produce many tabulations of how each activity across the Union matches up with KRAs, KEGO, biomes etc., the degree of likely miscoding at present makes reliance on those data risky. However, it is well known – and acceptable – that the distribution of effort and expenditure across the KRAs is uneven, with KRAs 1 and 2 receiving the bulk of the resources and KRAs 4, 5 and 6 much less. Furthermore, some results within the KRAs are the object of little activity, and some of none at all. This experience has been taken to heart in the current preparation of the 2005-2008 Programme (section 3.5), for which it is proposed to cut the number of results by more than half.

Responses to question 15 in our survey (Annex 2) do indicate that in at least ten component programmes there has been a definite shift from activities focusing on Knowledge to those emphasising Empowerment and Governance. But to help understand the role of Programme design in this trend, and to gain a fuller picture of what drives the selection of activities within the Programme, we turn again to the survey and to interview information. Drawing on the survey, Figure 6 above shows that a variety of sources of information are used in component programme planning. In their *planning* activities, programme co-ordinators clearly take cognisance of the rich base of information available to IUCN both internally and through its external networks and partnerships. But the eventual *choice of activities* for component programmes is determined by a range of factors, as Figure 9 shows.

Figure 9. Main factors influencing the selection of activities



The most important influences across all the component programmes were found to be the desire to be relevant and the availability of donor funding. Of the eight factors posed in the questionnaire, the Programme framework and Members' priorities were reported to be the least influential, although the variance is modest and even these factors were on average said to be reasonably influential. The availability of funding for IUCN activities remains a primary driver for their selection and inclusion in the Programme. This was confirmed in nearly all interviews with programme co-ordinators. In practice, much component programme planning is motivated primarily by the need to raise funds to keep the IUCN 'machine' in operation, and only secondarily by the imperative of executing the Programme. Analysis of the geographical distribution of the Union's expenditures also suggests that the Programme is driven more by the availability of funding than by the strategic direction of the strategic plan. The strategic plan for 2003-2006 (IUCN 2003) has a total budget of 115.3906 million USD. The total income for 2003-2006 is 646.04 million USD. The total expenditure for 2003-2006 is 530.65 million USD. The total surplus for 2003-2006 is 115.3906 million USD.

If IUCN and its funding partners achieve the recommended resourcing strategy for the Union, the Programme will be driven by its own strategic priorities, and no longer by the need to keep the wheels of the 'project machine' turning.

3.6.2. Who executes the Programme?

IUCN's Regulations state that

IUCN shall pursue its objectives through an integrated programme of activities, formulated, coordinated and implemented by the members and components [the World Conservation Congress, the Council, National and Regional Committees and Regional Fora of Members, the Commissions and the Secretariat] of IUCN. The Programme shall be adopted by the World Congress and be reviewed annually by the Council.

[IUCN Regulation 2.]

In practice, Members' involvement in Programme execution is partial. The Secretariat (led by the Director General, who is responsible for implementation of the Programme) encourages Members to participate in projects where they have the capacity to do so. Although their efforts to involve Members in the Programme have been intensifying, regional and country offices of IUCN pursue this principle with differing degrees of enthusiasm, often citing Members' lack of capacity and the operational difficulties of involving them in projects that typically have strict performance criteria and tight deadlines. For example, there is Member involvement in all but one of the projects of the Eastern Africa programme, but there is no doubt that that programme is largely driven and delivered by the Secretariat.

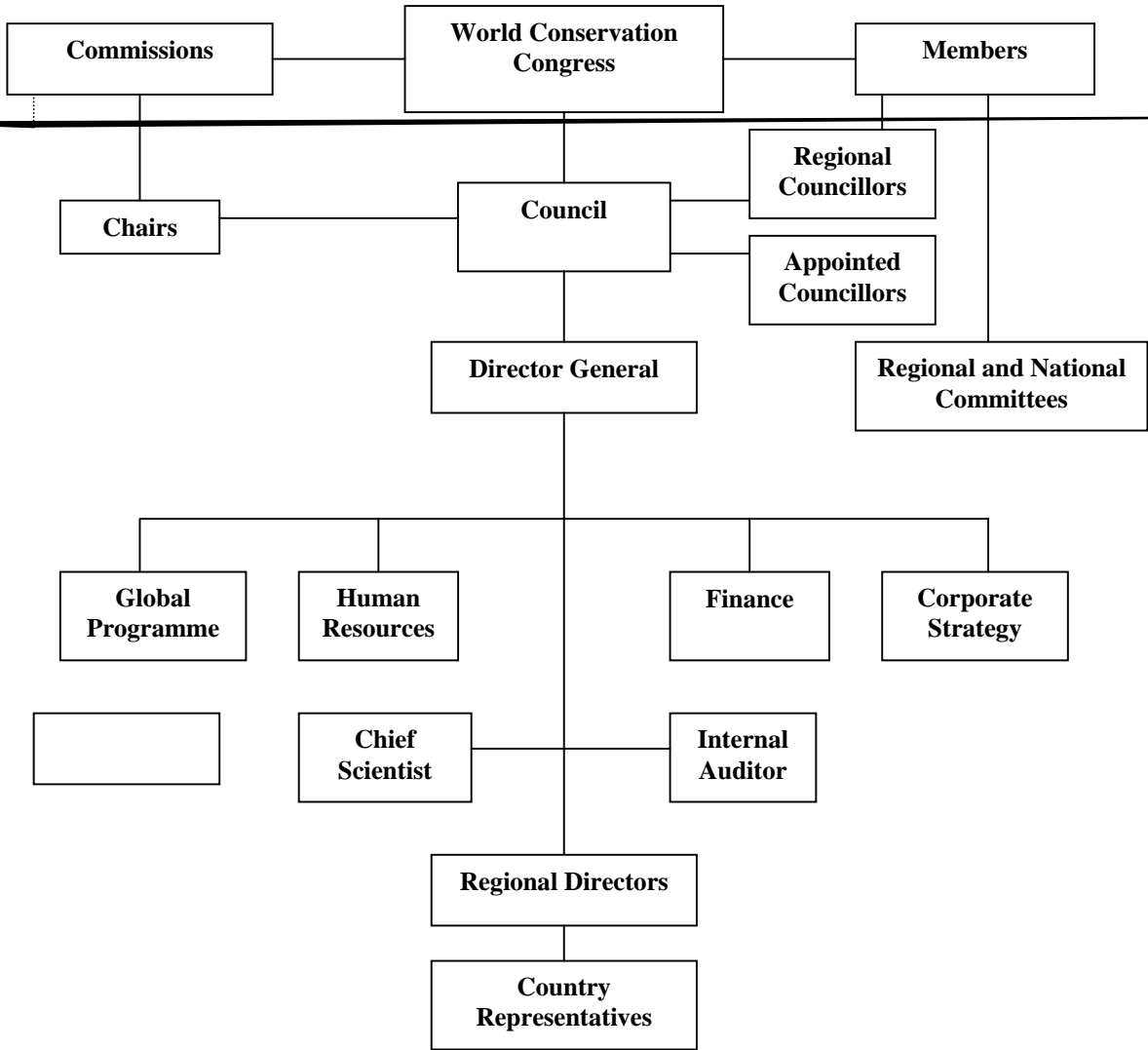
Figure 10. Commissions' and Members' contributions to component programmes



Table 2. The Membership of IUCN

IUCN statutory region	Countries represented		Members	
	No.	%	No.	%
Africa	36	26	148	15
Meso and South America	18	13	156	16
North America and the Caribbean	8	6	113	12
South and East Asia	17	12	115	12

Figure 11. The organisation of the Union



in determining the roles and relationships of Members, the Commissions and the Secretariat in the design and implementation of the Programme;

in managing the growth of the Union, and particularly in finding the appropriate balance between the global and regional structures of the Secretariat.

In trying to master the complexity of the Union and deal (or sometimes not deal) with its strategic challenges, Directors General have applied a range of organisational and managerial concepts. The dominant approach, however, has been the

4.3. Integration and co-ordination

The complexity of IUCN's mission and structure, and the dynamic way in which it has to adopt new concepts and approaches to conservation, demand well developed mechanisms for integration and co-ordination. These processes take place at the individual and organisational levels (for example between groups and units) as well as at the institutional levels (for example in various forms of partnership and collaboration). The laudable intention to "deliver the biodiversity concept at the interface of the economy and environment (e.g. agriculture, mining, forestry and tourism)" that was expressed in the Secretariat's commentary on the 2002 Budget represents conceptual, thematic and organisational challenges to integration and co-ordination mechanisms – within the Union, and with outside institutions. Among the many integration challenges facing IUCN, we will focus on the integration of socio-economic and political competences in the planning and implementation of the Programme; the need for organisational and disciplinary integration in the context of the ecosystem and livelihood approach; and on interdependencies between organisational units with crucial Programme implementation functions.

The integration of socio-economic competence and knowledge in the Union has been an important item on the management agenda for almost a decade (section 3.6.3). The Secretariat has applied various models at regional and global levels, with varying success. The latest arrangement is the appointment of Senior Advisers for Social Policy, Gender and Economics in the Global Programme Directorate. In the regional offices, different solutions have been applied, ranging from specialist staff

level, these shortcomings have been a recurring theme brought up by managers throughout the Secretariat. Taking into consideration the importance of the functions of the Corporate Strategy Group,

We strongly recommend a review of the structure, management and leadership of this part of the HQ organisation.

Interaction between regions is an important part of the Secretariat's organisational and managerial learning process. **We recognise** the value of the Regional Directors' meeting that was held in Bangkok for this purpose, and **recommend** that such meetings be held regularly in future – although meetings of them

beyond that point. There is no doubt that the resultant structure and organisation have made IUCN clearly visible at many points on the globe, have made the Secretariat more accessible to Members, and have successfully implemented many small and large projects around the world. The Union has substantial human resources and valuable networks at local, national and regional levels. At the same time, as the first radically improved Programme evolves into the second and as the strategy of IUCN is more strictly applied, the regions face a transformation of their basic business model and ideas. For some regions, this will be a major challenge to their professional staff and their mode of operations.

Against this background, we recommend that the further deepening of R&D in the Union – whatever form the process may take – should focus on three areas: strategies for developing and transforming the regions and IUCN’s country level presence to comply with the Union’s mission; possible governance structures and relations at regional and national levels; and financial models for funding the regional role in the design and execution of the IUCN Programme.

4.5. The role and position of key functions at headquarters

The driving force for many of the organisational dynamics that we have described above is the evolution in the composition and content of the IUCN Programme. The role and position of various key supporting functions, such as Finance, Human Resources, Communications, Membership Services and Conservation Finance, are driven by the overall strategies of the Union. It is not possible for us to undertake a detailed ~~assessment~~ of the role and position and co

Programme and its implementation arrangements require review of qualifications and recruitment policies; a thorough performance management system; and facilities for the professional development of existing staff, including management skills.

The **gender** balance at senior management level in the Secretariat remains wholly inappropriate. There are two women in the top 19 posts (Director General, Chief Financial Officer, Chief Scientist, Internal Auditor, Directors: Human Resources, Global Programme and Corporate Strategy, Directors of regional and outposted offices). The balance is somewhat better at the next lower level of management.

We recommend that the Director General seriously consider how to achieve a more appropriate gender balance in the top management of the Secretariat.

Communication is probably one of the most important functions of IUCN, as a complex, global organisation dedicated to the generation, manage

Membership driven growth: this strategy would be part of a phased approach to the introduction of the Programme in a given country or region. It would begin with an exploratory Secretariat presence and a drive to build Membership; followed by a stronger Secretariat presence implementing a more extensive set of Programme activities and promoting growth in Member capacity; followed by gradual reduction in Secretariat responsibilities and expansion in Members' role in Programme execution, as the Secretariat presence is reduced;

partnership driven growth: with this strategy, IUCN would seek professional partnerships with national, regional and global organisations for the execution of the Programme, carefully balancing the possible fields outside the Union's thematic heartland with the core competencies and advantages of the Union and particularly its Secretariat (section 7.2). The Secretariat would adjust its functions, organization and staffing levels accordingly;

multi-centre growth would also be a possibility (see also the 2002-2003 Strategic Plan, p. 10.02ablearo602a473.043e143



growth v

the integration and systematisation of the Union's delivery system, from programming through execution to monitoring and evaluation;

the enormous growth in the scale of the Union's work, with its operational and managerial complexity and the strategic and economic risks that it carries;

new financial relations with some of IUCN's main donors, which have gradually evolved from project-by-project funding to confidence based unrestricted framework agreements.

Despite these changes, the governance system of the Union and its main institutional components - the

mechanism of the Union (or the weakness thereof) will become a major factor holding IUCN back from realising its potential as the world's premier conservation organisation.

IUCN Governance Task Force, 2003: 9.

Against this background we urge the Council, the President and the Director General to take their full responsibility to exercise the necessary leadership before and during the 2004 World Conservation Congress to ensure adoption of the main reform proposals of the GTF.

The GTF has identified four main areas for governance reform: the World Conservation Congress, the Council, regional governance and the Commissions. In general, **we concur** with this selection.

5.3. The World Conservation Congress

The GTF makes several proposals for improving the functioning of the WCC. It suggests that the WCC be held every four years (a confirmation of current practice); that each WCC should focus on a major theme; that the WCC should have differentiated sessions on formal business and on the Programme and budget framework; that there be a more streamlined resolution process; and that motions to the WCC be handled more systematically. The Council has approved all these proposals in principle.

The External Review supports these recommendations. However, the four year interval between Congresses should be re-examined in the light of stronger governance functions at the regional level of the Union (section 5.5).

5.4. The Council

The GTF has made a number of very valuable proposals about improvements to the functioning

trial should combine membership inputs and a professional consultancy for design of the most suitable system.

Current arrangements for Member involvement in the Programme in Meso America are not universally endorsed in IUCN. We suggest this region as a possible site for the recommended trial not because we endorse the current situation, but because Member relations have been an active issue there; because Members are relatively

the form, internal organisation and procedures of Commissions, as set out in the Regulations of the Union, do not necessarily reflect modern methods for the management of voluntary networks. After adjustments and development, the organisational principles may fit some of the Commissions, but remain a strong misfit for others; ~~by~~

- x the role, functions and duties of the Chair of a Commission are extremely demanding of capacity and resources. The Commissions' heavy dependence on these individuals is the weakest point of the management of these voluntary networks;
- x despite the ambition "to further the objectives of IUCN and its integrated programme" there are often difficulties in integrating the work of voluntary networks with the delivery systems of the Programme.

These m

Members, partners and donors. In its two most recent meetings, the Council has taken decisions in principle on a number of improvements to the governance system. The next meeting of the Council in December 2003 will be critical for the progress of the governance reforms. As we look forward to effective results in this regard,

we commend the work of the Council and its Governance Task Force;

we endorse the proposals made to the Council by the Governance Task Force. We recommend that the GTF and the Council consider the comments and suggestions made above on governance issues; of the Council

6.2. The financial situation

Between 1996 and 1999 (the period assessed by the previous ER), the total turnover of the Secretariat increased on average by 12,5 % per year. The subsequent period, 1999-2002, shows a significantly different situation. Turnover has increased during this period by a very modest 1% annually. This minimal growth is a significant deviation from earlier projections. The main reason for this deviation lies in the reduced ability of the regions to acquire project finance for their activities. The state of the 'project market' has generally worsened during the last three years. Expectations are that the demand – or supply of project funds - from donor agencies will fall still further.

The total revenue of IUCN does not necessarily have to be linked to Programme performance (section 3.6.2). The last three years of

revenue projections, IUCN has established a system of classifying projects into 'A', 'B' and 'C' risk categories.

Table 6 above shows the allocation of core funds (unrestricted and framework) to the regional level of the Secretariat. As can be seen, roughly a quarter of these core funds are allocated to the regions. The regions, in turn, compensate headquarters for services rendered to them by paying a 'tax' corresponding to about 20% of this transferred amount of core funds. The net allocation to the regions thus amounts to about 20% of total core funds. However, these allocations only represent 10-15% of regions' total expenditure. In other words, the regional activities of the Union are highly dependent on project by project funding. This is much less true of global activities. About 50% of global thematic programme work is financed from core funds.

6.4. The business model

IUCN's activities are organised according to the business unit principle. Each business unit, or cost centre, accounts for its total incomes and expenditures. In 2002, IUCN had 33 functioning cost centres, of which 13 incurred operating losses. Of the total operating loss, 72% was incurred by seven regional offices, and 28% by various global programmes. What does this mean? For so many important cost centres to incur losses – including all but one of the large regional offices – suggests a less than optimal situation. To help understand and explain the cost centre business model – basically the whole regionalised organisation of the Union – we will use two scenarios.

In **scenario 1**, IUCN regional and country offices are market-oriented project execution units. The success formula for such a unit is:

the best possible fit between the unit and its markets in terms of professional competence and capacity – to use the slogan of IUCN in southern Africa, IUCN is “the development partner of choice”;

the most efficient management of resources, particularly project resources and support services.

In this scenario, the main source of income at regional level is overheads and staff fees charged to projects. It is at this level that most of the donor project agreements are made with IUCN for country specific or regional projects. This gives regional offices autonomy as cost centres 'selling' services, much like commercial companies.

Given the operating losses quoted above, the first question to be asked is whether the management fees and IUCN staff time charged to projects really cover the actual costs incurred? Such management fees vary from 4 to 14 per cent, and average around 9-10%. The lower range of these fees is clearly unsatisfactory and probably contributes to the losses quoted above. Another reason for these losses is that charges for staff time in the projects tend to be undervalued. The low level of cost coverage indicates rather weak negotiations and market position.

The second question to ask about this scenario concerns the operating efficiency of the business unit. The main cost of these units is personnel. ~~At the regional office in our sample, there are 50 staff.~~ Of these, 13 (26%) undertake direct programme and project functions, while the remaining 37 (74%) are administrative and support staff. The programme a

In **scenario 2**, regional and country offices are the locally representative bodies

Figure 12. Two scenarios for IUCN's business model at regional and country levels

	Small, short-term agreements	Large, long-term agreements
Programme driven	10-20%	10-20%
Market driven	40-60%	10-20%

costs and 2.2 months of personnel costs. This is still far from enough to give the organisation reasonable assurance of sustainability.

IUCN remains heavily dependent on reliable and predictable donor funding for its operations. The seven financial partners that support IUCN through framework agreements and project tied aid remain the principal sources of this funding.

But sustainability is also a function of resource utilisation. Although the available information is limited, **observations of the Secretariat's cost structure at headquarters, regional and country levels suggest that there is scope to increase Programme resources by reviewing the efficiency and budgets of administrative and support functions.** We understand that such a review has been requested by the Council and will be undertaken by the Finance Division in the near future.

IUCN is a global, multilateral organisation producing a 'public good' that cannot generate sufficient income in a market. Within the framework of its mission it cannot become a 'commercially viable entity'. It will need to implement its global agenda with *public funds* from its main financial partners. But even as an institution relying on public funds, it needs to consider some issues that may improve operational efficiency, reduce the transaction costs of its operations and generate more resources for its Programme.

For the next few years, two main issues will influence the financial sustainability of the Union. The first is the change in its portfolio at regional and country level that we discussed in section 6.4 above. The second is the broadening of its financial support base towards the business sector and to more government institutions than just the development agencies.

Framework funding is now established as a major instrument for support to the Union through agreements between donors and the headquarters of the Secretariat. An increase in such framework funding is the first priority in order to support the transition that we recommended above. We have discussed corresponding arrangements for regional and country levels with IUCN and with some donor organisations. From some donors' point of view, such agreements would ease th

7. Positioning IUCN

7.1. Introduction

...assess the strategic relevance of IUCN in the broader sustainable development context. In particular... assess the extent to which IUCN is able to position itself to effectively address emerging issues on the international environment-development agenda; and the extent to which IUCN adds value in terms of t

It is hard for IUCN to avoid the charge of mission creep unless it has a more clearly stated rationale for its thematic positioning and coverage. The foundations

IUCN plays a crucial role in these environmental governance processes. But despite the time and energy that the international community continues to devote to them, there is a widespread despondency, especially in the South, about what they can really achieve. Many observers perceive the world's increasingly dominant hyperpower to be either reluctant or directly hostile with regard to the international environmental governance initiatives introduced in these forums. However, these processes are often the only chance that the weaker countries of the world have to promote their views.

We recommend that IUCN maintain its commitment to facilitating and enhancing global multilateral processes of environmental governance. IUCN and funding agencies should negotiate the provision of resources to make this possible.

A major achievement for IUCN during the current quadrennium was its presence and performance at the WSD e3Tj09 pru Tm(hos)Tj0.001 T1.Tm(r809 Tm(WSD e3 dtw.3998 628.040 57374 628.0408 10.98 0 0 10.92i6As10.

We recommend that IUCN negotiate with European governments to secure the resources for a long-term strategy of developing a convincing presence in Bruss

processes for which it is important to have policy positions and for which Members are requesting advisory services but for which there are no corresponding thematic programmes or Commissions and for which it is impractical to develop more than a limited capacity in the Secretariat.

We have made a number of expensive recommendations with regard to IUCN's role in international environmental governance. We are unable to estimate the cost of these recommendations, and reluctant to put them in order of priority. The recommended resources for CBD and GBF work would build on recent and current activities and achievements. Not to provide them would be to sanction a slide backwards in a core area of the Union's commitment. Not to fund an effective advocacy presence in New York and Brussels is to sanction critical shortcomings in th4.28320yc41n 10810.98 0 0.B66 78313Bn 0 0 10.98 121.3446 6620ycl 10.98

their links with the corporate world. It is imperative that, at the next WCC, IUCN finally approve a clear strategy that is integrated with its 2005-2008 Programme. We do not believe that Membership is a workable way for the Union to engage with the business community. Partnerships are the strategy to pursue. To this end,

we recommend that:

Council give an unambiguous response no later than December 2003 to the Secretariat's proposals on the Union's relations with the private sector;

these proposals include specification of future terms of reference for a Business and Biodiversity Unit within the Secretariat, focusing on partnerships with the private sector for execution of elements of the Programme;

the Secretariat budget for 2004 include an allocation for the operation of the Business and Biodiversity Unit, drawing if necessary on core funds;

the current Private Sector Engagement Project interact intensively with the preparation of the next Intersessional Programme over the rest of 2003, so that the new Programme specifies how the private sector can contribute to its execution.

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7.5. Vertical positioning

Section 2.3.4 outlined the enormous vertical range of IUCN's work around the world, from remote rural nature reserves and resource user groups to global MEA gatherings. The Secretariat and some Commissions, sometimes collaborating with Members, continue to operate many field projects to generate knowledge and empower resource users and conservators. IUCN cannot lose touch with field work. It is essential for a credible policy-practice linkage, and scientific and social quality in the field is a crucial part of the Union's comparative advantage. But IUCN should follow two principles in this regard:

other things being equal, Members (and, where relevant, Commissions) should take the lead in field level work. The Secretariat should only have the lead implementation role where these other parts of the Union clearly lack capacity or are inappropriate for other reasons. Normally, the Secretariat's role should be one of co-ordination and support. This includes active participation in the design of field activities;

a key part of the co-ordination and support role just proposed for the Secretariat should be the transmission of knowledge from field project experience to other parts and vertical levels of the Union (except where it is appropriate for Commissions to play the lead role in this regard). This is a particularly crucial role when, as often happens, external contract staff are hired to execute field projects.

IUCN has a patchwork of country offices across the world representing a very varied history of developing its presence and Programme since the 1980s. There has been no coherent strategy in the development of country presence: rather, offices have been established (or not) according to local circumstances. Developing a country office can be a painfully slow process: it has taken a decade in Tanzania. Closing one can be politically damaging, as the Meso American experience and more r

the Secretariat will be responsible for strategic management of the Programme, rather than directly executing all of it. It will serve as a co-ordinating, facilitating strand in the helix, compensating for weaknesses in capacity and competence in the other strands and striving to redress those weaknesses;

as Chief Executive of IUCN, the Director General will be an *ex officio* member of the Executive Board, will provide operational leadership to the Union as a whole and be responsible for execution of the Programme by Members, the Commissions and the Secretariat;

at least 40% of the top management of the Union will be women;

IUCN will be managed by a Strategic Management Team of seven people drawn from headquarters and the regions, under the leadership of the Director General. This team will meet regularly to assist the Director General in all strategic management assessments and decisions. Twice a year, a broader Senior Management Group will meet, at locations that rotate around the world;

IUCN's headquarters at Gland will have a limited number of permanent staff and a stream of visitors on long- and short-term assignments. Two major blocks of global Secretariat functions operate from locations in Asia, Southern Africa or Central America.

the National and Regional Committees will be active and integral parts of the Union's governance system. They will have particular responsibility for endorsement of the Programme at their respective levels and for guiding the Secretariat in its strategic management of Programme implementation;

the global governance of the Union will take place at three levels: a streamlined World Conservation Congress will decide on long-term policy issues and development strategies; the Council will provide interim policy directions for the regional governance bodies, the Commissions and the Executive Board; and the Executive Board will undertake strategic leadership and management of the Programme and business of IUCN;

the bulk of the IUCN Programme will be budgeted and assured through long-term funding agreements at global, regional and country levels. 25% of the capacity of the Secretariat will be reserved for innovations, pilot approaches and exploratory work on the basis of project-by-project agreements with donors and partners;

IUCN's leading financial partners will comprise various Ministries and agencies of 15 governments (including China, India and Brazil); five major NGOs; and three private foundations. The European Union will be providing full financial support to execution of the Programme in Europe, including its newer members in the east;

through donations by Member governments and private institutions and individuals, the Union will have at least three dedicated endowment funds on a scale of about CHF 100 million each.

Objectives of the 2003 External Review

It is agreed that the Review should contribute to a greater understanding of the relevance and impact of IUCN's programmatic work, with particular reference to its work on biodiversity, and the appropriateness of the change-management initiatives undertaken to date.

Accordingly, the main objectives for the Review are:

1. To assess the relevance, effectiveness and efficiency of the IUCN Intersessional Programme strategy.

In particular to assess whether the strategy and programme framework that bring together the components of the IUCN Intersessional Programme are adequate to effectively address the key challenges of conservation of biodiversity and the improvement of livelihoods. An important aspect of this is to assess the extent to which IUCN's work is responsive to the goals and objectives of the Convention on Biological Diversity.

2. To assess the strategic relevance of IUCN in the broader sustainable development context.

In particular to assess the extent to which IUCN is able to position itself to effectively address emerging issues on the international environment – development agenda; and the extent to which IUCN adds value in terms of the poverty-environment nexus and the advancement of international environmental governance.

3. To assess progress made in strengthening governance, organizational and operational systems, including the programming system.

In particular to assess whether the governance reforms that are underway are adequate, and that the new management structures and operational systems are well balanced to ensure effective management of a decentralized and regionalized Union. This includes the recent Regionalisation and Decentralization Review, and the IUCN Council Governance Task Force.

4. To assess the financial viability of the organization.

In particular the extent to which the management of the Secretariat's finances contribute to financial viability. This includes the management of revenue and capital generation, cost controls and risk management.

Approach and Methodology

The methodology for the Review will include a combination of -

1. Semi-structured interviews and dialogues with key IUCN stakeholders – members, partners, staff members, other major conservation organizations, representatives of other actors in sustainable development that are currently not part of the conventional IUCN constituency, such as the corporate sector, finance, etc.
 2. The use of existing documentation relevant to the key areas of Review, such as the Action Plan from the 1999 External Review, the results of the Amman Congress and -Evaluation, the preliminary results of the Governance Task Force, synthesis reports of performance issues from the Strategic Reviews and organizational reviews undertaken by IUCN since the 1999 Review.
 3. The use of a panel of organizational specialists with experience in reviewing IUCN's work and operations at regional level.
 4. The use of a panel of globally recognized experts in environment and development with high level experience in major global events such as the WSSD, Monterey Summit and other events.
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Fourth quarter

8b. In the context of your program, how effectively has the Intersessional Program helped to increase this type of collaboration *compared to previous years*?

Don't know		Not at all	Only marginally	Quite effectively	Highly effectively
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12b. How effectively has the current Intersessional Program done this compared to earlier IUCN Programs?

Don't know	Not at all	Only marginally	Quite effectively	Highly effectively

12c. If the current Intersessional Program has encouraged and supported innovation and responsiveness, please indicate the reason(s) for this.

12d. What are the constraints that retard movement towards innovation and responsiveness to emerging conservation issues in your program?

FINANCING

13a. How effective has the current Intersessional Program been as communication tool in your fundraising efforts?

Don't know	Not at all	Marginally effective	Quite effective	Highly effective

23. How effective have these elements been in helping to improve your programme management and delivery during the Intersessional Programme period 2000-2004?

M&E Elements	Not applicable		Not at all	Marginally effective	Quite effective	Highly effective
1. The IUCN Evaluation Policy and standards (approved by Council Oct 2001)						
2. The IUCN Guide for Programme Managers in Managing Evaluations						
3. M&E resource materials on PM&E (regional or global)						
4. Situation Analysis materials						

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