DISCUSSION PAPER

REGIONALISATION AND DECENTRALISATION REVIEW

Prepared by the IUCN Regionalisation & Decentralisation Core Team¹

NOVEMBER 2002

This paper is provided to stimulate discussion among staff with a view to reaching a well-informed Findings Paper on IUCN Regionalisation and Decentralisation Process. Comments shou

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INTRODUCTION

of restructuring the Programme and delivering support to members on a regional basis, taking account of regional, social and natural heterogeneity and targeted to members' needs on the ground. World-wide, decentralization has triggered a growth of total Secretariat staff from 40 staff in 1983 to 550 staff in 1996 to around 1000 employees today out of with 100 are based in HQ. Beginning in 1986 IUCN had its first regional office in Nairobi. Only ten years later it had 8 Regional Offices and 41 country representative and project offices. In 1996 these offices were already responsible for 60% of IUCN's annual expenditure. Today, IUCN has more than 60 offices as depicted in Figure 9 (and not 42 offices as we keep referring to).

Synthesis of the External Reviews:

Evaluating IUCN's regionalization and decentralization process is like shooting at a moving target, because there have never been a clear and accepted set of performance

planning within the Secretariat, pointing out that far too little had been done in the way of assessing needs and planning accordingly. In response to the 1999 External Review and in preparations for the Amman Congress, IUCN made a major effort in drafting a new and increasingly focused programme which is structured around seven Key Result Areas.

Regions versus the Center: As with any decentralized organization, there is a challenge defining and balancing the roles of the regions with the role of the Center, so long as there remains a "center. The 1996 Review cautioned against "*decentralizing to the point that it looses its over-all programming, coordination and policy capacities at the central level,*" and raised concerns regarding the weakening of staff capacities in the technical programmes at headquarters. These concerns were later reiterated by the 1999 external review who felt that the centre had become fragmented, and recommended that "*IUCN needs to find ways in which the headquarter09 0 Th These in .1(4.4661 0dp8TJLfdsr)-***2**(...)-6.5(str)-**.7**(r)-**2***n ongeser in 61 0dp8hi 4.46(r)-2.46u(ntr)*. *IUCoginangliavites is o(bein)* **Jult 6099 grRAVID** (traised reaordin(*thelackg ofrRegional*) Tj-0.9981 -1.167TD-0.0002Tc0 Twpolictesg a thenesed fod ri.cipoles andst anaords to ensuc

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In looking at where the donor community is going, the paper takes up four issues. The first issue is the current donor fad of poverty alleviation, and the paper suggests that IUCN should continue down its present course of engagement with the donor community to challenge the prevailing development model which is marginalizing conservation. For the regional and country offices, the logical entry points for these latter discussions would be to engage with the donor community around the emerging poverty reduction strategies at the national level. The second issue examined is the rightward shift in European governments. The paper suggests that this trend will probably make it more important to engage with our European members as aid is more likely to be tied, and it suggests that donors may shift funds towards field projects and away from policy, thus favoring field offices

SECTION 1:

HISTORICAL REVIEW OF IUCN SECRETARIAT'S REGIONALISATION AND DECENTRALISATION PROCESS

1 INTRODUCTION

In dealing with IUCN, one must always bear in mind that there never has been and undoubtedly never will be, any other human organisation even remotely resembling it. Its peculiarities, subtleties and complexities are sometimes mind-boggling. Nicholson, E.M. (1990)

It would be misleading to discuss IUCN's regionalisation and decentralisation without taking into account the organisational history and the particular way in which the field system developed. This paln key ques(r)-stE.M. (-4.186

individual experts and national organisations and pooling information. The underlying assumption was that if IUPN helped to share the world's knowledge its national members would work more effectively and nature would ultimately benefit. This first period saw the Union established with a small Secretariat in Brussels initiating the first programmes and Commissions. Holdgate notes that "...IUCN was very much a European creation dominated for the first part of its existence by Belgians, British, Dutch, French and Swiss. ... Yet from the outset the organisation was looking South. It was concerned with the need for conservation in the developing world, and with supporting new and vulnerable environmental movements that were beginning in Africa, Asia and Latin America. This trend is nicely depicted in Figure 3 below which indicates the increasing proportion of developing country representatives on the IUCN Council.

<u>Stage 2 (1954 – 1969)</u>: According to Martin Holdgate "...this was a period of strengthening science and influence. It overlapped the first stage, beginning in Copenhagen in 1954, with the election of the French biologist Roger Heim as President, ga

<u>Stage 4 (1978 – 1984)</u>: Holdgate terms this as the era of conservation strategies which was also marked by the inclusion of development aspects in previously purely conservation activities. This also led to a much closer cooperation with the UN agencies. He goes on in noting that "...its high point was the launch of the World Conservation Strategy (WCS) in 1980, in which IUCN jointly with WWF and UNEP for the first time spelled

operations. From the SFR 9 million in 1983, IUCN was now managing an annual budget of SFR 55 million in 1993.

3 FOCUSING ON R&D STRATEGIES AND PROCESSES

Whereas the previous section attempted to provide a brief historical overview of the external and internal forces which drove the Regionalisation and Decentralisation process over the last 50 years, this section aims at describing in more detail the R&D Strategies and Processes which were proposed over the last decade and those which were ultimately implemented. According to various interviewees the documents written in the last decade were a post-hoc rationalisation of the regionalisation and decentralisation process which in fact took place in the 1980s.

The **1994 Strategy** provides the starting point and benchmark for reviewing IUCN's R&D Process. The Strategic Plan notes that the terms regionalisation and decentralisation have tended to be used inconsistently or interchangeably in IUCN and thus proposes the following definition which still remains our benchmark for assessing the R&D process:

Decentralisation is the process of devolving responsibility and authority for implementing IUCN's programmes to the Secretariat Regional and Country offices;

Regionalisation is the process of restructuring the Programme and delivering support to members on a regional basis, taking account of regional, social and natural heterogeneity and targeted to members' needs on the ground. (which ultimately takes account of major differences that exist between regions, and thus provides flexibility to meet these needs through differing organisational structures.

The document further states that "the aim of regionalisation is to build a strong, worldwide Union. But the process must avoid fragmentation, for it is only as unified entity that IUCN can realise its potential to influence developments at global level. It than goes on to define that the regionalisation process must meet the following four needs:

1. it must make the members stronger and more effective as institutions in the front line of conservation and in ensuring that any resource use is ecologically

organisation, driven by its members as key constituents and as increasingly powerful agents in achieving its mission.

The Plan also noted that the decentralisation and regionalisation of the Secretariat was a continuing process (of change management), and was the principal means by which the Union was able to function within a regional framework. In fact it goes as far as to state the process could be transitional in that as member institutions became stronger in a specific region the role of the Secretariat would change to concentrate more on networking and communication.

In conclusion the R&D section of the Plan calls on the Council, advised by the DG and in consultation with the membership, to undertake a critical review of the national links and regional units in IUCN and make proposals for any necessary changes to the next General Assembly in 1996 in Montreal.

In June 1994 the Director General establishes a *Taskforce on Regionalisation and Decentralisation,* which issued its first report in August 1994. The report challenges the Strategic Plan by noting that the plan does not state the underlying rational for regionalisation and decentralisation – Why regionalise? Why decentralise? In fact, the taskforce notes that IUCN is already decentralised and regionalised. In 1994, IUCN had eight statutory regions and nine regional thematic programmes, four regional offices along with 15 national offices and out of the six Commissions three of them had at least some regional structure. Nonetheless, they argue that a primary rationale for a continuous R&D process is necessary for the following reason:

"... the increasing global impact of local events and processes and the unprecedented challenges human society faces in a rapidly evolving social, economic and environmental context that differs subtly from region to region and country to country. In this dynamic environment IUCN needs to reach out to and understand these changes as they happen, and to feed this information back into the design of its programme, of its structures and of its procedures. Global conservation policy in particular needs to be based upon an understanding of changes on the ground, while national actions need to be aware of supporting the role of evolving global policy".

Based on the above, the report suggests a new definition for R&D:

regionalisation is redefined as the process of structuring the work of the Union within a regional framework that takes account of regional heterogeneity and targets members' needs on the ground; and

decentralisation is redefined as the process of devolving greater responsibility for the preparation and implementation of The tension within IUCN is that HQ thinks about decentralisation (dispersing Secretariat location) while the RCOs think about devolution (dispersing authority).

> Interview Respondent, R&D review 2002.

the Programme of the Union to RCOs and, where possible, to the regional and national structures of the membership and Commissions. So defined, decentralisation consists of three separate but linked processes – the physical decentralisation of the Secretariat, the delegation of authority and the devolution of responsibility.

The report also carries out a comparative analysis of IUCN structures in relation to areas of high biodiversity richness, environmental risk and socio-political criteria including population increase, consumption patterns and international influence in specific regions. The following two world maps graphically compare IUCN's presences related to biodiversity endemism areas based on the information collected by the taskforce in 1994 with a 2002 world map of IUCN's presence related to WWF's ecoregions.



Figure 1: IUCN's presence compared to areas of biodiversity endemism in 1994



Figure 2: IUCN's presence compared to areas of biodiversity endemism in 2002

As described in this section, IUCN has grown as a function of historical ties and the thrust of aid programmes. Its defining moments have also been the development of overarching strategies, such as the *World Conservation Strategies* in 1980 followed by *Caring for the Earth* and the Global Biodiversity Strategy as the first blueprint for integrated global action to save the world's plant and animal life.

IUCN today has matured into a truly global – globally present – institution. With presence in 181 countries, IUCN's network reaches almost all points of the globe, promoting conservation of the integrity of ecosystems and biological diversity, and the sustainable use of natural resources. With more than 950 member organizations worldwide, IUCN is in a privileged position to learn about problems and issues in real time, as they emerge. Worldwide, decentralization has triggered a growth of total Secretariat staff from 40 staff in 1983 to 550 staff in 1996 to around 1000 employees today out of with 100 are based in HQ. Beginning in 1986 IUCN had its first regional office in Nairobi. Only ten years later it had 8 Regional Offices and 41 country representative and project offices. In 1996 these offices were already responsible for 60% of IUCN's annual expenditure. Figures 5, 6 and 7 provide an overview of IUCN's expenditures by region.

There has also been substantial growth in financial terms - our annual total expenditures increased from some SFR 9 million in 1983 to SFr 56m in 1995 and to SFr 91m in 1999. A 22% growth in our project portfolio during 1999 could be perceived as a financial vote of "customer confidence". Our financial troubles are thus not associated with the overall size of our operations, but with the funding structure: core funds to support our network – the true "value added" of IUCN as an institution – have been most difficult to obtain. Consequently, a fast growing project portfolio was the way to keep the institution alive, but also, on the down side, the way to dilute its focus and, in some cases, quality. In addition, this large decentralised structure is supported by a very low level of reserves amounting to SFr 6.4m or a mere 6% of total expenditures, estimated at SFr 100m in

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SECTION II

SYNTHESIS OF PERFORMANCE ISSUES RELATED TO REGIONALIZATION AND DECENTRALIZATION

To get a sense of how well IUCN has operated in a regionalized and decentralized fashion over the past decades and how accurate the initial assumptions of R&D were in practice, the Review Team looked at five sources of performance oriented documentation:

- 1. Three major External Reviews of IUCN²
- 2. Five Strategic Reviews of Regional Offices and one Review of a Country Office, 2001³
- 3. The Compass Study, 1998
- 4. The Report of the Bangkok meeting of Regional Directors, April 2002

Of particular interest is references to performance issues that relate to the initial assumptions of R&D as outlined in the reconstructed R&D model in Section 1, and to issues and problems encountered in operating in a regionalized and decentralized fashion.

The following syntheses focuses in particular on those issues and problems that seem to reoccur or have not been adequately addressed to support effective regionalization and decentralization. For the full list of issues covered in the reviews, please refer to the Review reports listed in the references.

Reading across each performance area, the synthesis (Annex 1) indicates that there are common issues that have reoccurred in Reviews and studies. In some cases it appears that the nature of these issues change over time as R&D develops in IUCN. In other cases the synthesis indicates that some issues have either not been adequately addressed or addressed at all, and have reappeared again in recent reviews and in the Bangkok Regional Directors meeting.

The major performance issues fall into the following categories:

- 1. Progress made in Regionalizing and Decentralizing
- 2. Programme Development and Implementation
- 3. Membership Development and Services
- 4. Financial Viability and Security
- 5. Operational Systems and Capacities
- 6. Management, Leadership and Vision
- 7. Policy Development
- 8. Quality Control, Monitoring, Evaluation and Learning
- 9. Commissions
- 10. Governance

² The External Reviews of the IUCN Programme - 1991-1993 and 1994-1996, Leif Chirstoffersen, Team Leader, and 1996-1999, Gabor Bruzt, Team Leader.

³ Strategic Reviews of - the IUCN Canada Office, the IUCN European Office, the IUCN CISOffice, the IUCN South America Office, the IUCN West Africa Office and the IUCN Pakistan Country Office.

5 PROGRESS IN REGIONALIZING AND DECENTRALIZING

While the reviews recognised progress in the physical establishment of offices at regional and country levels and the shift to programmatic thinking, they continued to stress the need for a strategy for regionalization and decentralisation, and raised considerable concern regarding the apparent ad-hoc approach and lack of a clear understanding of the objectives or milestones to be met.

The 1991 External Review highlighted the need for a more systematic approach to regionalization and decentralization, and this was reiterated again by the Buenos Aires assembly in 1994 which also warned against fragmentation and emphasised the need for IUCN to grow as a unified entity in order to fully realise its potential. The Compass Study and the 1999 Review highlighted the urgent need to redefine the role of the centre in supporting a regionalized and decentralized Union.

Key issues raised in the reviews included:

- Ø Need for a strategic approach, particularly in planning to identify the needs of target sectors and the most appropriate and cost effective means of meeting those needs (Compass Report; 1991 & 1999 External Reviews; Bangkok Meeting)
- Lack of clarity in rational, mandate and purpose of the different components of the Secretariat (Compass Report; 1996 & 1999 External Reviews; Strategic Reviews; Bangkok Meeting)
- Ø The importance of a strong centre to support tasks undertaken in the regions, link experiences across and carry them forward into the global arena, as well as to ensure overall quality control (Compass Report; 1996 & 1999 External Reviews)
- Ø The need to strengthen linkages between the different components of the Secretariat through better communication and coordination (1996 & 1999 External Reviews; Strategic Reviews).

5.1 Current status of Measures taken

A regular cycle of strategic reviews (regional and global) has been established to focus on the mandate and scope, as well as the performance and financial viability of selected offices. The R&D review currently underway is expected to articulate and clarify the current rationale and strarfhb8003r0

- Ø The need to strengthen the capacity for capturing lessons learnt through experiences gained in the field and by others through more effective interaction between different components of the Secretariat and other institutions (1993 & 1996 External Reviews; Bangkok Meeting)
- Ø The need to ensure close collaboration between global programmes and the region, and to develop programmes in response to needs of regions, members and other partners (1993, 1996 & 1999 External Reviews; Strategic Reviews)
- Ø The need to maintain a balance between global perspectives and local priorities (Compass Report; 1993 External Review)
- Ø Inadequate capacity in economic and social analysis, and gender programming (1993 External Review)
- Ø The importance of scientific expertise to give authority to policy positions and ensure technical quality of programme delivery (1993 & 1999 External Reviews)
- Ø The need to demonstrate the linkages between conservation and development at the field (1993 & 1999 External Reviews)
- Ø The need to ensure that budgetary allocations are made on a basis of programmatic priorities (1999 External Review)
- Ø The need to measure success on more than just budgetary performance, and take into account the effective spreading and application of lessons learnt (1999 External Review)

6.1 Current status of Measures taken

The current Intersessional Programme framework has addressed issues of coherence and

1996 External Reviews).

- Ø In relation to the latter, the 1996 review also warned against raising the expectations of its membership to unrealistic levels, which was reiterated by the Compass Report and Strategic Reviews, that also pointed out that members should only receive support for activities that fall within the scope of IUCN's agreed mission and programme.
- Ø The lack of adequate core funding and investment to enable the provision of membership services and the building of the IUCN constituency (1999 External Review)
- Ø The dangers of competing with the membership for donor funding (1999 External Review).

8 FINANCIAL VIABILITY AND SECURITY

In 1993, the External Review expressed concerns for IUCN's financial base, given the growing interest in global environment issues and the increasing competition from other environmental institutions at the time, and recommended exploring the possibilities for increased programmatic funding through stronger field presence. In 1996 and 1999, the External Reviews shared this view and the 1999 review reported given that increasingly donors were also regionalizing, it would be of interest to both to establish more direct links between the donors and the regional programmes.

The reviews also pointed out needs for

- Ø Effective funding strategies that rely less on project support and increase the availability of programmatic funding (1993, 1996 & 1999 External Reviews; Strategic Reviews)
- Ø Improving cost control systems to ensure that management and administrative operations are cost effective (1996 & 1999 External Reviews)

8.1 Current status of Measures taken

From 2000 onwards, funding (core and project) has stabilised and some donor diversification has been achieved. Additionally, the following measures are being taken:

- Ø Risk management and reserve policies have been established.
- Ø Liquidity situation is being monitored closely, including projects cash flow deficits,
- Ø Project fund raising is monitored closely for actual versus planned, size, maturity, location.
- Ø Cost recovery policy is under review.
- ø Fundraising guidelines have been issued.

9 OPERATIONAL SYSTEMS AND CAPACITIES

The majority of operational issues identified over time are concerned with issues related to human resource management.

Specific issues raised by the reviews included:

- Ø The inadequate standardisation of employment contracts and equal pay standards (1999 External Review; Bangkok Meeting)
- Ø The balance of representation of nationalities of staff both at headquarters and within the regional offices (1993 & 1999 External Reviews)
- Ø Inadequate gender balance at middle and higher levels (1993 & 1999 External Reviews)
- Ø The need to strengthen human resource capacities to enable stronger and clearer setting of standards and processes. (Compass Report, 1998)

9.1 Current status of Measures taken

Current actions being taken by the Human Resources Unit of HQ include -

The IUCN Secretariat Staff Rules are being revised by the HQ Human Resources Unit, in consultation with the regions.

A clear set of human resources policies to be adhered to globally will be presented to Council in 2003

Accompanying the policies will be procedural guidelines, to be adapted by each of the regional offices to suit local requirements.

The performance appraisal process within the Secretariat has been refined and appraisals are now carried out on a quarterly basis, using separate forms for managers and for staff.

10 MANAGEMENT, LEADERSHIP AND VISION

Management issues became prominent in Reviews in 1996-1999 - the need for vision, leadership and business planning, and for improved management mechanisms to support regional programmes. The Compass Report reported the increased role played by Regional Directors in strategic management as a positive development, but pointed out the need for a clear understanding of the implications on Regional Directors time, which needs to be divided between global and regional responsibilities. Inadequate management capacity was also highlighted in both the 1999 Review and reinforced by the Strategic Reviews and the Bangkok meeting.

10.1 Current Status of Measures taken

Upon his arrival in 2001, Achim Steiner, IUCN's current Director General, darified the senior management structure (Executive Management Group and broader management group), the lines of reporting, and the delegation of authority. An updated strategic vision for IUCN for the next Intersessional period is being developed following the WSSD. Issues and concerns remain regarding the lack of capacity and skills in performance management across the Secretariat.

11 POLICY DEVELOPMENT

Concerns regarding the role of the Commissions were raised as far back as 1991, when the External Review emphasised the need to ensure high international quality of the work carried out by the Commissions and their involvement in the process of R&D. The 1996 External Review reiterated the need for the enhancement of opportunities for funding of the work of the Commissions through close collaboration with regional programmes, as well as headquarters. Later, the 1999 External Review emphasized the special role of the Commissions as one of the three pillars that gives IUCN its distinctive character as a science based institution.

Other issues raised by the Reviews include the following;

- Ø A high level of ignorance within the Secretariat regarding the Commissions and the need for improved interaction and use (Compass Report; 1996 & 1999 External Reviews)
- Ø The implications of the voluntary nature of the Commissions, in terms of limitations in time and resources, given that programmes require systematic and timely inputs of scientific knowledge and skill (Compass Report; 1999 External Review)
- Ø The need to adopt an interdisciplinary approach to the delivery of Commissions knowledge to IUCN programmes and projects (1999 External Review)
- Ø The need to inform donors of the Commissions to broaden opportunities for use as

Performance area / issue	1. Review 1991-1993	2. Review 1994-1996	3. Review 1996-1999	4. Strategic Reviews 2001	5. Compass Study 1998	6. Bangkok Regional Director meeting 2002	Current Status of Taken
5. Management			 Need for vision, leadership, managing growth, business planning., Inadequate management. Mechanisms to support regional programmes. Lack of management capacity in some regions. Restructure and limit the number of budgetary units. 	 Weak leadership and vision Lack of clear mandate, purpose and rationale of some regional offices Inadequate management skills and systems 	Ø	 Ø Ensure coherence of the parts of the Union (Sect, Commissions, regions, members) Ø Concern about efficiency of management services Ø Address corporate image – market core competencies, value added. 	 New DG has p management st place Lines of report Delegation of a clarified and cu further discussi A revised strate IUCN being pr WSSD.
6. Financial viability and security	 Strengthen weak financial basis – expand funding basis, find corporate support, move away from project funding. 	 Continuing insecure financial structure Lack of funding strategy Review the costs of management, governance and HQ location and the effectiveness of cost recovery for technical and policy work. 	 Funding mechanisms for regions to be reviewed, Project cost recovery is high risk Caution against establishing profit oriented consultancies as a solution to financial short falls. 	funding sources.	l Ø	 Ø Budgetary recognition of core costs of regional and country offices Ø Review fund raising strategies, systems, opportunities, mechanisms 	 Risk managemer reserve policies Liquidity situati monitored dos projects cash fli Project fund ra monitored dos versus planned, maturity, location Cost recovery preview Fundraising gui issued

ø Some donor div

Performance area / issue	1. Review 1991-1993	2. Review 1994-1996	3. Review 1996-1999	4. Strategic Reviews 2001	5. Compass Study 1998
10. Governance		I	I	I	I

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SECTION 3

THE CHANGING EXTERNAL ENVIRONMENT:

The purpose of this section of the discussion paper is to look at how the external environment in

A. The Impacts of Globalization

The expansion and intensification of globalization has emerged as a dominant feature of the post-Cold War world.⁴ However, globalization is not delivering the goods in terms of sustainable development or poverty alleviation. In its present form, globalization is an efficient and effective system for wealth creation, but it also carries with it the unintended consequences of wealth concentration, social dislocation, cultural homogenization and environmental degradation. The effects of globalization will vary from country to country and even within countries, depending on the extent to which particular countries are "plugged in" to the global economy. Three issues related to globalization are examined here: the potential impacts of the evolving trade liberalization agenda, conservation opportunities arising from foreign direct investment, and the potential impact of capital market volatility on conservation in emerging markets.

1. The Trade Agenda

The trade agenda as spelled out in Doha will focus largely on the service sectors as well as subsidies, making agriculture a particularly hot topic. This is also supposed to be the "development round" focusing on raising the concerns of developing countries around issues of market access. The countervaling issues of labor and environmental standards, which in WTO parlance are understood to mean northern non-tariff barriers, will likely loom in the background making for contentions and drawn out negotiations. The trade and finance regimes are not interested in taking into account environmental issues, and the one place where all of the sectoral issues of trade liberalization, development, the environment, human health, human rights and global finance are supposed to come together - WSSD - proved to be a disappointment in this regard. The irony is that trade liberalization should not be an end in itself, but rather a means to an end. Presumably, the goal is sustainable development, and trade liberalization should be judged by the extent to which it contributes to that goal. However, the political world is likely to continue to view environment as marginal to the larger economic agenda around which powerful domestic special interests coalesce. The conservation community will continue to fight an uphill battle to get the trade regimes to take account of environmental concerns, and the fight will largely be on their turf. Johannesburg sent very telling signal of the direction of things to come regarding the potential consistency and coherence between the sustainable development and economic liberalization agendas.

2. Foreign Direct Investment

Two of the distinguishing features of the globalizing world are the speed at which both money and ideas can circulate around the world. Foreign direct investment (FDI) flows to developing countries are over \$250 billion per year, or five times greater than ODA flows. Most of these flows go to a handful the economies of the major emerging markets: the top 12 countries in the early and mid 1990s, which collectively accounted for ³/₄ of FDI inflows, were China, Mexico, Brazil, Malaysia, Indonesia, Thailand, Argentina, India, Russia, Turkey, Chile and Hungary.⁵ Several of these are also mega-diverse countries, which should immediately put them on IUCN's

⁴ Globalization has been conveniently, if not precisely, described as "the inexorable integration of markets, nation-states and technology to a degree never witnessed before – in a way that is enabling individuals, corporations and nation-states to reach around the world farther, faster, deeper and cheeper than ever before, and in a way that is also producing a powerful backlash from those brutalized or left behind by this new system." Thomas L. Friedman. *The Lexus and the Olive Tree.* (New York: Farrar, Straus, Giroux, 1999), p. 7.

⁵ Hilary F. French. *Investing in the Future: Harnessing Private Capital Flows for Environmentally Sustainable Development.* Worldwatch Institute, 1998.

radar screen. However, IUCN also needs to be concerned about the other ¼ of the FDI flows which are outside these 12 countries. Most of the FDI flows to emerging markets is in the manufacturing and services sectors, whereas a proportionally higher percentage of FDI flows to least developed countries is in primary resource extraction – sectors with a much more immediate impact on biodiversity.

These impacts of investment flows to developing countries are not new in terms of the conservation and development interface. What is new is the second element of globalization – the increased speed with which information can be transmitted around the world. One tangible result of this development has been the empowerment of local communities in their struggles against industrial-scale natural resource exploitation. That conflict is as old as industrialization, but local communities are increasingly recognized as legitimate and empowered stakeholders who cannot be as easily ignored by political or corporate elites as they once were. In a world that combines global corporate branding, the internet and shareholder demands for corporate accountability and sensitivities to corporate behavior (at least in most industrialized countries) global corporations tread on communities at their peril.⁶ The conflicts between the resource extraction industries and local communities will thus likely intensify, not because there will be more potential conflicts, but because communities are becoming empowered to be a party to the conflict.

Implications for IUCN: This creates an opportunity for IUCN to fill an emerging role as a mediator and honest broker between the primary resource extraction industries, local communities and conservation interests in FDI recipient countries and conservation interests in FDI recipient countries and conservation interests in FDI recipient countries are a served.

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What does all of this mean for IUCN in the long term? A convenient way to approach that is to look at the four future scenarios developed by UNEP in their Global Environmental Outlook 3 Report.⁹

The development and environmental implications of the four scenarios are starkly different, especially as the forecast period moves outward from today. Many of the adverse impacts to be felt over the next 30 years are already built into the system as a result of past decisions. Summarizing some of the variable considered in the GEO-3 report presents a very worrying picture for the core business of IUCN, especially if one assumes that the most likely pathway for the world is some combination of the Markets First and Security First Scenarios. Under both of these scenarios, uncontrolled exploitation of natural resources is projected to increase, especially outside North America and Europe, together with the expansion of associated infrastructure development. The rapid loss of natural habitats will have severe impacts on biodiversity and indigenous peoples, in addition to the worsening impacts of largely unmitigated dimate change. Coastal ecosystems in particular a singled out for increased degradation from overexploitation, pollution and infrastructure development.

The impacts on people are hardly encouraging either. The number of peopl

marginalized. Assuming that the donor dollars continue to flow, there will be plenty of project

A. The Poverty Alleviation Focus

The donor agenda has shifted over the last few

pockets to pay for poverty reduction. The sad truth was that their answer was: we already gave at Monterrey. With the exception of financial commitments from the Europeans for sanitation and renewable energy, there was little new on the table. The poverty alleviation focus will remain, and many of the donors may latch on to this as a way of further concentrating their aid portfolios along social and economic development lines to the exclusion of environmental and natural resources interventions. Ultimately, this is a short sighted and self-defeating strategy.

Implications for IUCN: In order to respond to these concerns, IUCN can 1.) make a tactical choice to re-package our project portfolio to present projects as having significant poverty alleviation benefits and/ or governance benefits (another increasingly popular theme in the donor community) or 2.) take a strategic decision to re-orient the Programme and actually shift the focus away from our traditional conservation heartland type projects, or 3.) take a strategic decision to engage with the donor community and challenge the prevailing development model. These are not necessarily mutually exclusive options, and the first is already happening. The logical entry points for these latter discussions would be to engage with the donor community around the emerging poverty reduction strategies at the national level. At both the policy level and the field operations level, IUCN will likely need to devote far greater time and attention to these processes.¹³ Of course, IUCN could also take a tactical decision to sit tight and wait it out, in anticipation of the next trend in donor priorities. Through the 31-C Fund, IUCN has already initiated several new initiatives such as on conservation and sustainable livelihoods which will address some of the issues outlined above.

B. The Rightward Shift in European Governments

A second issue to examine is the shifting short term political landscape in Europe. Since the majority of our project and framework funding comes from European governments, the rise of right of center governments in Europe is also a cause for concern in terms of its impact on IUCN's funding base. The Danes not withstanding, it is unlikely that the total pot of development assistance from the Europeans will decline over the next few years, given the fact that the EU's commitments in Monterrey were for an increase in *aggregate* EU funding.¹⁴ But how that aid is delivered and what it is spent on will likely shift in the new political landscape. Three potential changes concern further tying aid, favoring field project over policy work, and focusing on poverty to the exclusion of environment

Implications for IUCN:

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The EU pledged at Monterrey that its aid to least developed countries would become increasingly untied. Nevertheless, it is likely that aid to other countries will be increasingly tied. This presents a challenge for IUCN. While we are well positioned in theory to work with our European members to jointly deliver projects, we do not have a very good track record in this regard.

There will probably be more of an emphasis on concrete project implementation where

time attracting framework agreement and core funds, as well as funds for policy work and networking.

The focus on poverty alleviation projects as well as infrastructure projects, to the exclusion of environmental projects, will likely intensify. This could have a negative impact on the overall IUCN portfolio.

C. The Apparent Donor Shift to a Sectoral Approach

A third issue for consideration is that fact that a number of our European donors are indicating that they are shifting over to a sectoral approach to aid delivery, as opposed to the traditional project by project approach.

countries where government agencies have adequate capacity and a favorable civil society climate to implement conservation projects on their own. In those cases, IUCN's secretariat presence will have to shift to being a facilitator, convenor and provider of quality technical and policy advice. In those countries where government capacity and civil society are still weak, IUCN can function more effectively as a project implementor, in addition to these other roles.

17 IUCN'S NICHE

WHAT MAKES US SO SPECIAL?

Discussion Question #3: How is IUCN's niche evolving and how can IUCN adapt to ensure complementarity with our members rather than competition?

IUCN is a competent conservation project implementor, but we are not the best in the business globally. We stack up favorably in some regions and less so in others. Secretariat operations are also constrained by our ability to raise project restricted funds from the bilateral donors, which means that we will tend to work in developing and least developed countries, as opposed to

the sustainable development agenda. IUCN is perhaps uniquely positioned to build alliances

ANNEX 1: SYNTHESIS OF PERFORMANCE ISSUES FROM 1991-2002

<u>The External Reviews of 1991 – 2000</u>

1. The issues and recommendations raised in the External Review of 1991 included¹⁶ the need to

– (pg 23)

- š Find effective operational approaches to linking nature and conservations objectives with development aspirations.
- š Improve IUCN's capacity for economic and social analysis, including gender.
- š Improve project planning and programming approaches (pg 4) formulate better project identification and project evaluation procedures
- š Strengthen the membership base
- š Revitalize the commissions and expand other scientific networks
- š Formulate clear policy of regionalization of IUCN offices address 'ad hoc' nature of opening offices, guard against fragmentation, move to bilateral regional arrangements, move to programme funding and programme activities.
- š Overcome image problems move away from an Anglophone, northern HQ, recruit staff from more of the regional cultures of IUCN
- Strengthen IUCN's weak financial basis expand core and unrestricted funding base and move away from relying on project support., and find corporgc6Pn9 TD9ra1r(6–1(aspirTJ17.1sfD-0.0007w)2(a.00029raT9O)5.1(v))Ca3(p Tc0 Tw()-5.5nc)5.Tjai

š The need to clarify the interests of members – funding, involvement in programme, etc. and to ensure that the expectations of members are not set at unrealistic levels.

3. The 1999 Review again reviewed progress in addressing many of these issues. They noted that some, but not sufficient, progress had been made in addressing most of the issues listed above, and that continuing issues of concern were – northern bias and gender imbalance among middle and senior level staff at HQ, and a failure to improve the major weaknesses in IUCN's financial situation. (page 11)

The 1999 Review raised major concerns including -

- š the inadequate focus and framework of the overall IUCN Programme focus (pg 15), failure to adequately address lack of capacity for economic and social analysis in the Programme (pg 20)
- š management the need for vision, leadership, handling growth, effective business planning and quality assurance, and equal opportunity policies. (pg 37)
- š regionalization and decentralization again the need for the centre to redefine itself to support regionalization and decentralization, the fragmentation of the Secretariat at the centre, poor coordination and links between global programming and regional programmes, the need to redefine power relationships between the regions and the centre, uneven regional performance, inadequate management arrangements to support the Union's regional programmes, lack of mentoring and development of management capacity in the majority of IUCN regions where that capacity is lacking. (pg 23-24)
- š governance the need to strengthen regional governance bodies (pg 29)
- š the Commissions the need to strengthen regional membership and focus of the Commissions.
- š Maximizing knowledge and learning improving mentoring, accessing and building knowledge, monitoring and evaluation, learning lessons at all levels of the Union.
- š Membership concerns about the profile of the membership, and the need to review the structure and funding of membership services.

4. The Compass Study found -

- š there was no clear strategy for regionalization setting out roles, responsibilities and accountabilities for all parts of the Union (pg 8)
- š there was considerable variation in operational practices region to region (pg 9)
- š fragmentation of programmes, processes and behaviours as a result of regionalization (pg 16)
- š insufficient organization investment at the centre in communications and fundraising (pg 16)
- š reporting formats and monitoring cycles do not meet operational needs, not strategic or cumulative. (pg 16)
- š possible conflict of interest of regional members who play mixed roles of adviser, joint implementor (in some cases) and governor. (pg 23)
- š recommendations included criteria for establishing a region, specifying the stages of development and the resources required, defining the role of senior management in completing regionalization, setting a milestone plan for completing regionalization. (pg 10)

5. The Strategic Reviews of 2001

The Strategic Reviews focused on the specific performance and operation of individual offices

and as such did not look at overall institution wide issues pertaining to R&D, however looking across the findings of the Strategic Reviews many of the overall assertions of the broader Reviews are validated by findings such as -

- š Lack of clear mandate, purpose and rationale of some regional offices
- š Lack of clarity between and among some regional offices with overlapping statutory boundaries, and weak inter office coordination
- š Weak leadership and vision
- š Inadequate management skills and systems
- Poor or weak integration with global programmes and Commissions
 Weak policy development skills and capacities, and little assistance from HQ on thi with

Management concerns included concern about efficiency of management services
 Operational issues included the need for improved HR functions and systems as a priority - clear HR procedures and office operations, a commitment to invest in

ANNEX 2