

Long-Term Strategic Vision for Graduating Civil Society from CEPF Support in the Balkans, Mediterranean Basin Biodiversity Hotspot

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Executive Summary

Introduction (Chapter I)

1. Overall objective of the Document; The overall objective of the document is to articulate a long-term strategic vision for CEPF investment in the Balkans. The document is aimed at establishing criteria for determining when the conditions for local civil society to graduate from CEPF support are met, and setting targets that future CEPF investment phases can work toward.

2. Concept of “graduation” developed by CEPF; CEPF is not intended to have a permanent presence in each of the global biodiversity hotspots. It rather works strategically towards an end point at which local civil society may “graduate” from CEPF support with sufficient capacity, access to resources, and credibility to respond to future conservation challenges. The CEPF concept of “graduation” is a long-term process aimed towards reaching the point when civil society will be mature enough for CEPF’s assistance to be phased out. The concept of “graduation” is therefore not simply an exit strategy, but rather a concept that is broader and is aimed at getting a sense of what support is needed, and at what pace. The concept implies a model whereby CEPF activity within a particular region is implemented in several, consecutive phases.

3. Methodological tools applied in the preparation of the document and its limitations; Preparation of the document has been carried out through the use of a combination of methodological tools. Desk research was used for extensive review of the literature on the economic, social and political context of the region, as well as on its biodiversity characteristics and conservation challenges. Another key feature of the methodology was country visits in October and early November 2015. The preparation of the document was associated with two limitations: the very limited time available for the assignment; and the rather limited budget for the assignment, which allowed only short visits in each of the four countries of the region.

Socio-economic context and the status of the civil society: past development and current trends (Chapters II – IV)

4. Socio-economic and political context far from stable; Compared with other developing country regions, the Balkans is relatively well developed in economic terms of GDP per capita. Nevertheless, the region faces significant economic weaknesses, such as strong deindustrialisation, a high level of unemployment, and large external imbalances. Balkan countries perform rather well with respect to social development indicators. On the other hand, the countries are faced with the problems of unfinished transition, especially weak institutions and inefficient judiciary, and also with corruption.

5. Uncertain timeline for EU accession; The EU accession framework is, no doubt, a specific feature of this region at the global level. This framework should, in principle, be a guarantor that biodiversity conservation objectives will be high on the policy agenda of these countries both through transposition of the environmental *acquis* into the national legislation and through the pre-accession financial assistance provided for this area. However, the precise timeline for the accession process is uncertain, due to the large number of reforms that need to be implemented by each country. For the purposes of this document, it is assumed that the four countries will not join the EU before 2025, with the possible exception of Montenegro.

6. Being considered as “EU courtyard”, many bilateral donors left the region; As the region is relatively well developed in terms of per capita GDP (if compared with other developing country regions in the world) and taking into account that the region is on an EU accession path, many of the

bilateral donors have completely ceased their programmes in the region or drastically reduced their volumes. As this has not been compensated fully with larger inflows from EU pre-accession funds, the total volume of aid inflows has reduced and, within its overall structure, EU funds constitute a major share.

7. Transitional environment does not bode well for prioritization of nature conservation objectives vis-à-vis economic development objectives; Transition, very often associated with sub-optimal or even poor governance and corruption, has *de facto* placed environmental objectives as junior or subordinate to the objectives in those economic sectors that are the main economic development drivers and have very often strong negative impacts on the environment, and especially on biodiversity. Some of these sectors include energy in all countries of the region, agriculture in Bosnia & Herzegovina and Albania, and tourism in Montenegro and Albania. Although all the countries of the region are parties of the most important global biodiversity conservation conventions, their implementation has been rather weak due several factors, including insufficient political commitment, inadequate administrative and professional capacities of the institutions, and the lack of financial resources.

8. Countries of the region are extremely rich in biodiversity due partly to weak economic development in the past; All the countries of the region are at much lower level of economic development than the majority of EU member states. Rather weak economic development in the past decades is one of the primary reasons why the region is still very rich in biodiversity, both in absolute terms and *vis-a-vis* the majority of developed EU member states. Protecting biodiversity in the region, thus, makes even more sense. At the same time, growing biodiversity risks associated with fast development accompanied with major infrastructure (often co-financed by EU) are also a reality. An appropriate balance between biodiversity protection and economic development objectives is of crucial importance for a long-term, sustainable development of these countries, and a mature civil society has an important role in searching for this balance.

9. Legacies from the past have shaped the structure of civil society to focus strongly on political issues, and much less on environmental issues; The region has the unfavorable legacy of the pre-transition socialist system and of the hostilities of the 1990s. Both have influenced negatively the development of civil society in the region. Within civil society as a whole, there has been strong development of organizations addressing political issues, such as civil rights and democracy, while environment, and specifically biodiversity conservation, has attracted less interest from civil society groups.

10. Biodiversity conservation-focused civil society is still far from being mature; The segment of civil society in the region that is focused on biodiversity conservation is, by and large, weak, with very limited influence on policy making. Civil society typically consists of one or two relatively strong organizations on one hand, and a large number of small ones on the other. With some notable exceptions, civil society in this area is typically weak in terms of professionalism and highly dependent on foreign donors. Domestic funding, both public and private is almost non-existent. There is typically a deep lack of confidence between official institutions and civil society organizations.

Graduation vision for the region (Chapters V and VI)

11. Initiation of the phasing out of CEPF assistance to the region would be premature at this point; As biodiversity conservation-focused civil society in the Balkan countries is in still rather early stages of its institutional and professional development, the conclusion of the project team is that it would be

premature for CEPF to start phasing out its support to civil society organizations in the region. The team is of the opinion that it would not be appropriate to start the phasing-out process for CEPF assistance before its clients in the region – biodiversity conservation civil society organizations – are sufficiently phased-in or mature for their tasks in professional, institutional and financial aspects of their activities. In order to avoid the repetition of the same conclusion in a few years' time, say in 2020, there is a need for a strengthening process that would be more focused than in the past on capacity building, and on monitoring and reporting of the progress achieved.

12. A two-phase approach for CEPF graduation vision in the region over the next decade is proposed; The project team proposes a two-phase graduation approach for the strategic vision of CEPF activities in the region. In the first phase – called the *strengthening phase* – covering the medium-term period between 2016 and 2020, CEPF should continue with an active program aimed at strengthening biodiversity conservation via civil society in the region. In the second phase – called *towards the phasing out phase* – CEPF should continue with its active program in the region with the phasing out process to be initiated once the civil society reaches a sufficient level of maturity. Actual results to be achieved in the two phases will be measured by benchmarking against the methodological framework developed by CEPF, which consists of five “graduation conditions”, i.e., (i) conservation priorities and best practices, (ii) civil society capacity, (iii) sustainable financing, (iv) enabling policy and institutional environment, and (v) responsiveness to emerging issues.

Phase 1: The *strengthening phase* (2016-2020)

13. Sixteen graduation criteria and targets have been selected for measuring strengthening of civil society; Based on extensive consultation with civil society organizations in the region, 16 “graduation criteria” were selected as a tool for monitoring progress towards the point where civil society organizations in the region will be able to run effectively conservation programs on a self-sustaining basis, and to respond effectively to the present as well as future biodiversity threats. Of these 16 criteria, at least 3 were selected under each of the 5 CEPF “graduation conditions”. For each of the selected graduation criteria, one specific, measurable, achievable, relevant and time-bound target – the “2020 target” – has been set. The 2020 targets have been set in way that all are achievable by 2020, if key assumptions under which the strategy has been drafted hold.

14. Indicative funding needs have been calculated for activities required to reach each 2020 target; For activities needed to meet each individual 2020 target, indicative funding needs were calculated at the workshops with civil society organizations. Two general and closely interlinked qualifications should be made with respect to these calculations. First, the data were gathered under high time pressure and are based on limited funds available for the missions, and second, data are based on inputs provided by civil society organizations without thorough consultations made in this respect with other stakeholders, primarily with government institutions and donors.

15. There is a strong concentration of funding needs as well as of prospective funding sources; Almost two-thirds of the total funding needs for the conservation-focused civil society in the region over the next medium-term period is aimed at reaching the 2020 targets in the following three areas: (i) identification of key biodiversity areas, (ii) comprehensive global threat assessment, and (iii) articulation and introduction of conservation plans. With respect to prospective funding sources, by far the largest proportion of all funding needs, around 60 percent, is expected to come from two main sources only – CEPF and EU, mainly through the Instrument for Pre-accession Assistance (IPA).

16. With a 40 percent share, CEPF is expected to maintain its key position in financing conservation-focused civil society organizations in the region; CEPF is expected to participate with as much as 40 percent of the total funding for the activities planned for the four Balkan countries over the 2016-2020 period. With a total nominal amount of donations equivalent to EUR 4 million EUR, the fund would be by far the single most important foreign donor of conservation-focused civil society organizations in the region. Even though this amount may be assessed to be biased upward – the amount was generated by civil society organizations as the main recipients of CEPF funding – it nevertheless points to the lack of other funding sources. If CEPF donations to the region in the forthcoming period would actually be at an average annual level of around EUR 1 million, this would mean that CEPF's investment would remain at a level similar to the one in the previous medium-term period.

17. With a 20 percent share, the EU is expected to be the second most important donor to conservation-focused civil society in the period 2016-2020; As EU candidate countries, all the four countries of the region are eligible for EU IPA-II funding under the 2014-2020 medium-term financial perspective. Taking into account that environmental *acquis* in the area of biodiversity conservation, including introduction of the Natura 2000, is very demanding both in operational and financial terms, it is realistic to expect that EU funds will remain by one of the most important sources of grant funds that will be channeled into environment (as well as for grant assistance in general). Though only a part of these funds will be for biodiversity purposes (how big this part will be depends on the level of priority governments will assign to this segment of the environment), and only a fraction of this part will go for civil society within this area, the EU is still expected to be an important funding source for them both through environmental projects having a special civil society component and through general grant schemes aimed specifically at supporting civil society organizations. The EU is expected to participate with around 20 percent of the total funding for the activities planned under this long-term vision for the four Balkan countries in the 2016-2020 period.

Phase 2: The towards the phasing out phase (2021-2025)

18. Conditions for when phasing out of conservation focused civil society from CEPF assistance may be initiated have been identified; By meeting the 2020 targets articulated for the 2016-2020 period, the conservation-focused civil society in each of the countries of the region will be strengthened and therefore closer to the point when its phasing out from the CEPF financing may be initiated. Nevertheless, even in case that all the 2020 targets are actually met by that year in each of the four countries, civil society in the region would, in general terms, still not meet the conditions under which CEPF can start withdrawing for the region with the confidence that effective biodiversity conservation programs will continue in a self-sustaining manner. For determining when the phasing-out process in an individual country may be initiated, two pragmatic criteria were articulated. The first one was formulation of graduation targets. Once an individual graduation target is achieved, this would at the same time be considered as a trigger for starting the phasing-out process with respect to that very target. The second criterion was setting a threshold of graduation targets that need to be met in order that the phasing-out process is initiated. Out of the 16 graduation targets set in each of the four Balkan countries, 12 targets (or 75 percent), including at least one from each of the five CEPF graduation conditions, should be met before the phasing-out process may be initiated.

19. Phasing out from CEPF assistance may be expected to start by 2025 for all the Balkan countries with the exception of Bosnia and Herzegovina; None of the four Balkan countries is expected to meet the threshold for initiating the phasing-out process by 2020. However, based on the criteria set above, conservation-focused civil society in three out of four Balkan countries – Albania, Macedonia and

Montenegro – is expected to become sufficiently mature to start its phasing out from CEPF assistance by the year 2025. By that year, 12 or 13 graduation targets (with at least one under each CEPF graduation condition) are expected to be met in these countries. With only 11 out of 16 graduation targets expected to be reached by 2025, Bosnia and Hercegovina is the only one of the four countries that is today expected to remain just below the phasing-out threshold at that time.

20. The beginning of the region's phasing out from CEPF assistance will be strongly influenced by the dynamics of the EU accession process; An important element which will strongly influence actual timing for the beginning of the region's phasing out from CEPF financial assistance is the dynamics of the EU accession process for the countries. Intensification of this process associated with faster harmonization of the environmental *acquis* and its implementation, as well as with the prospect of replacing limited IPA funds with much larger volumes of cohesion funds, would be a strong argument in favor of a CEPF decision to accelerate the timeline for phasing out its assistance to the region, and *vice versa*.