DRAFT

IUCN
The World Conservation Union

Business Plan

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About this Plan

This business plan provides the basis for operationalising the IUCN Quadrennial Programme 2001 – 2004. It is not a 'blueprint' for restructuring the organisation, but rather it sets out some of the challenges that need to be addressed and highlights the current direction of change and briefly describes progress to date.

Who is this plan for?

The business plan has been written for several audiences including current partners, prospective investors, IUCN members, the Council and senior managers.

New terms

Throughout this plan we use a number of terms that have specific meaning in relation to IUCN. These terms are shown in *italics* when first used and are explained in the glossary at the back of the plan.

Further Information

If you have any questions or would like more details on any information in this plan, please contact the Programme and Policy Team in IUCN Headquarters. The team's contact details are as follows:

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Abbreviations

CBD	The Convention on Biological Diversity
CEOs	Chief Executive Officers
CITES	Convention on International Trade in Endangered Species
IUCN	The International Union for Conservation of Nature and Natural Resources, also known as The World Conservation Union
KEGO	Knowledge, Empowerment, Governance and Operations – the strategies followed in the IUCN Quadrennial Programme
KRA	Key Result Area
KSSF	Karl-Schmitz-Scholl-Fonds (German) or Karl-Schmitz-Scholl-Foundation (English)
M&E	Monitoring and Evaluation
MoU	Memorandum of Understanding
PDG	Programme Development Group
PPT	Programme and Policy team of IUCN
TRAFFIC	A joint conservation programme of WWF and IUCN that focuses on trade in wild plants and animals
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
WCMC	World Conservation Monitoring Centre
WRI	World Resources Institute
WWF	World Wide Fund for Nature

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Executive Summary

IUCN is a global Union of governments, and of governmental and non-governmental organisations that have come together to assist societies to conserve nature and ensure the equitable and ecologically sustainable use of natural resources.

In the year 2000 IUCN developed a Quadrennial Plan that described a new approach to planning and delivering the Union's Programme. An approach that is built on the belief that the Union must focus its efforts and resources on a limited number of priority '*Key Result Areas*' if it is to reach its potential. The 'Quadrennial Programme 2001 - 2004' is designed to focus the IUCN Programme on this set of priority Key Result Areas, which target 7 large areas of work within which 60 results must be achieved and maintained during the coming years.

This business plan supports the Quadrennial Programme by providing an overall strategy for attracting investment in the Union. It also portrays the operational systems for managing the Union and the financial viability of IUCN's Quadrennial Programme.

IUCN's fundraising strategy is to develop a diversified and sustainable funding base to provide the income needed to achieve IUCN's mission as a Union. The 7 Key Result Areas of the new Quadrennial Programme will provide the basis for IUCN's fundraising efforts. Overall, IUCN is targeting a total increase in income from about SFr 105 million in 2000 to slightly above SFr 142 million in 2004. This represents an average annual growth around 8 per cent.

Key elements of the fundraising strategy involve maintaining and enhancing current partnerships with a wide range of partners and establishing new partnerships, especially with the with private sector.

The business plan describes operational changes that IUCN is effecting to achieve the results highlighted in the Quadrennial Plan, it also describes the risks associated with the strategies being adopted and describes risk management measures.

1   Introduction

IUCN goes into the new millennium with renewed vigour. Its results-based Programme, which is described in the Quadrennial Plan 2001 – 2004, aims at maximising the value of IUCN as the world's umbrella organisation of environmental institutions, and as a unique Union of governmental and non-governmental members. The business plan needs to be read in conjunction with the Quadrennial Programme and complements it. It provides an overall strategy for attracting investment in the Union. The business plan also portrays the operational systems for managing the Union and the financial viability of the Quadrennial Programme.

2   A brief description of IUCN – The World Conservation Union

IUCN is a global alliance of governments, and of governmental and non-governmental organisations that have come together to assist societies to conserve nature and ensure the equitable and ecologically sustainable use of natural resources. IUCN – The International Union for Conservation of Nature and Natural Resources, known as The World Conservation Union, was established in 1948 as the first international organisation concerned with conservation around the world. Today IUCN has member organisations in some 140 countries, and its Commission network reaches into 181 countries. IUCN has a decentralised structure, with 42 offices world-wide.

As the world's international environmental 'umbrella' organisation, IUCN serves the growing family of environmental institutions as their global union for action and as a shared knowledge network.

IUCN works in partnership with multilateral and other development partners, including various United Nations agencies. In 1999 IUCN was granted observer status to the United Nations General Assembly. It takes an active role in the process of implementing the world's Multilateral Environmental Agreements.

2.1   Legal status

Statutes adopted in 1948 and revised in 1996 govern IUCN. It is constituted as a legal entity in accordance with Article 60 of the Swiss Civil Code as an international association of governmental and non-governmental members. Therefore, it may perform any lawful act in conformity with its objectives.

2.2   The Council – IUCN's 'Board of Directors'

The World Conservation Congress is the highest governing authority of IUCN. It consists of the duly accredited delegates of the members of IUCN. The Congress is convened every 3 to 4 years. Its functions are:

- To define the general policy of IUCN;
- To make recommendations to governments and to national and international organisations in any matter related to the objectives of IUCN;
- To receive and review various reports;
- To approve the audited accounts;
- To consider and approve the programme and financial plan;
- To determine the dues of the members of IUCN;
- To determine the number of Commissions and their mandates;
- To elect the President, Treasurer, Regional Councillors and Chairs of Commissions; and
- To appoint auditors; and to decide any suspension and expulsion of members of IUCN.

The IUCN Council has the responsibility for the oversight and general control of all the affairs of IUCN. The Council consists of elected representatives including the President, the Treasurer, the Chairs of the Commissions (see below), Regional Councillors, a Councillor from Switzerland where IUCN has its headquarters, and up to five additional appointed Councillors, chosen by the Council on the basis of diverse qualifications, interests and skills.

The Council includes 24 Regional Councillors (three from each Statutory Region) that are elected by IUCN Members. The Statutory Regions of IUCN are: Africa, Meso and South America, North America and the Caribbean, South and East Asia, West Asia, Oceania, East Europe/North and Central Asia, and West Europe. The Council is the representative body of the members and provides the governance system of the Union between World Conservation Congresses.

The functions of the Council include:

- Ruling on policy and determining policy guidelines;

- Adopting statements on important issues concerning the objectives of IUCN;

- Reporting and making recommendations to the members of IUCN and the World Conservation Congress on any matter relating to the activities of IUCN; and

- Approving the IUCN programme and budget and reviewing the implementation of the programme and the work of the Commissions.

The terms of office of the President, Treasurer, Regional Councillors and Chairs of IUCN's voluntary Commissions extend from the World Conservation Congress at which they are elected until the following Congress. Members of the Council cannot hold the same office consecutively for more than two terms.

The Council operates a number of committees that fulfil specific roles, for example the Business Committee oversees financial matters and the Programme Committee oversees the development and implementation of the Programme.

2.3   The Members – A Diversified Global Network of 'Shareholders'

The members of IUCN are the principal 'shareholders' of the organisation. The membership covers a range of perspectives amongst States, government agencies, research and training institutions and non-governmental organisations and is the driving force behind the Union.

In August 2000, IUCN institutional membership stood at 960, including 78 States, 112 Government Agencies, 735 Non-Governmental Organisations, and 35 Affiliates. The number of countries represented is 140.

The membership convenes at the World Conservation Congress to:

- Define the general policy of the Union;

- Approve its programme and finances; and

- Discuss means to implement IUCN's Mission.

Some members of IUCN are able to support activities of other members; others provide expertise and support to the Secretariat and the Commissions. Overall, the members benefit from the resources of the Union and its networks. All of the membership has endorsed the mission of IUCN -- **'to influence, encourage and assist societies throughout the world to conserve the integrity and diversity of nature and to ensure that any use of natural resources is equitable and ecologically sustainable'.**

The IUCN Council has prepared a draft Membership Policy for review by members at the IUCN World Conservation Congress in October 2000. The intent of this policy is to portray the desired profile for the IUCN membership and to encourage the development of a strong and unified membership. This will include:

- Building consensus on matters relating to the profile of membership, criteria for admission, and the rights, obligations and expectations of members; and

- Engaging members in the governance of IUCN, its policy setting and advocacy processes, and the development and implementation of its programme.

Figure 1   Distribution of IUCN membership

Legend

	0 members
	1-5 members
	6-10 members
	11-15 members
	16-20 members
	over 21 members

2.3.1   Size and distribution of IUCN's membership

IUCN has a world-wide spread of membership. The size of membership is not limited. The world-wide scope and complexity of IUCN's Objectives require many entities to be unified in that purpose; moreover the dynamic nature of the conservation movement requires that IUCN be able to respond positively to the potential for membership growth. The Council ensures balance between the rate of expansion of the membership, and the capacity and resources available to provide services to the members.

2.4   The IUCN Commissions – The world's largest network of environmental experts

The IUCN Commissions are networks of volunteer experts that develop and advance knowledge and experience in their particular fields. The Commissions are mandated by IUCN to analyse issues and to prepare assessments, reports, action plans and other scientific work that can advance its Mission.

Commission members comprise some of the foremost authorities in science and academia. Many hold distinguished positions in leading institutions ranging from botanical gardens to centres for applied research and government agencies. The Commissions contribute to IUCN's core business, including generating, integrating, managing and disseminating knowledge for conservation.

The Commission members, specialists in environmental science, natural resources management, policy, law, and education, contribute to setting global and national environmental standards and policies and to their implementation. These in turn influence the efforts of governments and civil society to sustain biological diversity and conserve the natural resources on which human livelihoods are based.

IUCN's Commissions serve as the principal source of guidance to the technical and policy aspects of IUCN's work. The Commissions provide specialised technical advice to IUCN members and to the Secretariat and are a major aspect of the IUCN Programme.

The World Conservation Congress establishes the Commissions and determines their mandates. The Council may propose to the World Conservation Congress the creation, abolition, or subdivision of a Commission, or

amendment to a Commission's mandate. Commission members are shareholders, providing knowledge to enrich the organisation's work and clients in receiving services and benefits from this relationship.

> The six IUCN Commissions are:
>
> ➢ **The Species Survival Commission** (about 6,800 volunteers) – its mission is to conserve biological diversity by developing and executing programmes to study, save, restore and manage wisely species and their habitats.
>
> ➢ **The World Commission on Protected Areas** (about 1,300 volunteers) – its mission is to promote the establishment and effective management of a world-wide, representative network of terrestrial and marine protected areas as an integral contribution to the IUCN mission.
>
> ➢ **The Commission on Environmental Law** (about 550 volunteers) — its mission is to assist in laying the strongest possible legal foundation for the conservation of the natural environment, both internationally and nationally.
>
> ➢ **The Commission on Education and Communication** (about 600 volunteers) – its mission is to champion the strategic use of education and communication for conservation and sustainable use of biodiversity as a basis of sustainable development for the present and future generations.
>
> ➢ **The Commission on Environmental, Economic and Social Policy** (about 350 volunteers) – its mission is to act as a source of expertise on economic and social factors that affect natural resources and biological diversity; to assist in the formulation of policies for the conservation and sustainable use of natural resources and the equitable sharing of the benefits arising from their use.
>
> ➢ **The Commission on Ecosystem Management** (about 250 volunteers) – its mission is to provide expert guidance on integrated ecosystem approaches to the management of natural and modified ecosystems.

2.5 Partners

Central to IUCN's institutional identity is its ability to collaborate with its membership and with a range of partners relevant to its mission – including governments, universities, multilateral institutions, the private sector and others. IUCN's reach through collaboration is one if its major assets.

As a Union of diverse conservation interests, IUCN is a continuing experiment in partnership between government and civil society. In carrying out its mission IUCN has formed partnerships with a variety of non-governmental organisations, multilateral institutions, and environmental conventions. Over the years this has included the joint creation with WFF of TRAFFIC, a wildlife trade monitoring programme, and cooperative agreements with the Convention on International Trade in Endangered Species (CITES), the World Heritage Convention (UNESCO), the United Nations Environment Programme (UNEP), the United Nations Development Programme (UNDP), the World Bank, the Convention on Biological Diversity (CBD) and with the World Resources Institute (WRI), to name a few.

Recent examples of partnerships include:

• A Memorandum of Understanding (MoU) between the World Bank and IUCN that builds on existing collaboration and addresses both conservation cooperation as well as joint efforts in multi-stakeholder processes, capacity building, law and policy, as well as staff and training exchanges. For example, IUCN has worked with the World Bank to create the World Commission on Large Dams and more recently it has provided advice and consultation guidance to the World Bank for its Forest Policy Implementation Review and Strategy Process;

• IUCN and WWF collaborate on a wide range of issues including the development of joint policy positions and projects on biodiversity, forest conservation, wetlands and protected areas; and

• In light of the potential impacts of climate change on wetlands and water resources, IUCN is promoting greater cooperation between the Ramsar Convention and the UN Framework Convention on Climate Change (UNFCCC).

These are some illustrative examples of international partnerships. IUCN has also entered into partnerships with many governments and organisations at the regional and national level.

Adding to the strength of the existing partnership approach, IUCN is proactively expanding its network of strategic partners to broaden its multi-stakeholder approach. The new Friends-of-IUCN (chaired by IUCN's patron Her Majesty Queen Noor of Jordan) and the IUCN CEOs Forum (under the leadership of the Director-General), will be conducive to IUCN's relationships with the private sector and to building a wider consensus for societal change and action.

## 2.6 The Secretariat – Managing results from local to global level

The IUCN Secretariat consists of the staff employed by the Union under the direction of the Director General as the Chief Executive Officer. The Director General, among other things, is:

- Responsible for the implementation of the policy and the programme of IUCN as established by the World Congress and the Council;

- Responsible for the finances and accounting of IUCN; and

- Responsible for coordinating the work of the Secretariat with all other components of IUCN

The Secretariat runs the day-to-day operations of IUCN on behalf of the membership and Commissions. There are about 1,000 IUCN Secretariat staff, based in 42 offices around the world. The map below shows the distribution of IUCN offices. It is the responsibility of the Secretariat to plan, monitor and report on the conservation activities of IUCN and to ensure the quality of its products.

During the 1990s IUCN pursued a policy of regionalising its Secretariat. This policy has resulted in a vastly improved capacity of the secretariat to serve the interests of the Members. The Secretariat Regions have been developed flexibly on the basis of 'supply and demand', this is why they differ from the Statutory Regions of IUCN. In late 2000 IUCN maintained the following Secretariat Regions – Asia, Eastern Africa, Southern Africa, Central Africa, West Africa, Europe, West-Central Asia and North Africa, South America and Central America. Regional Directors head these offices. In addition, IUCN maintains offices in the USA and Canada.

Figure 2   IUCN Office Locations
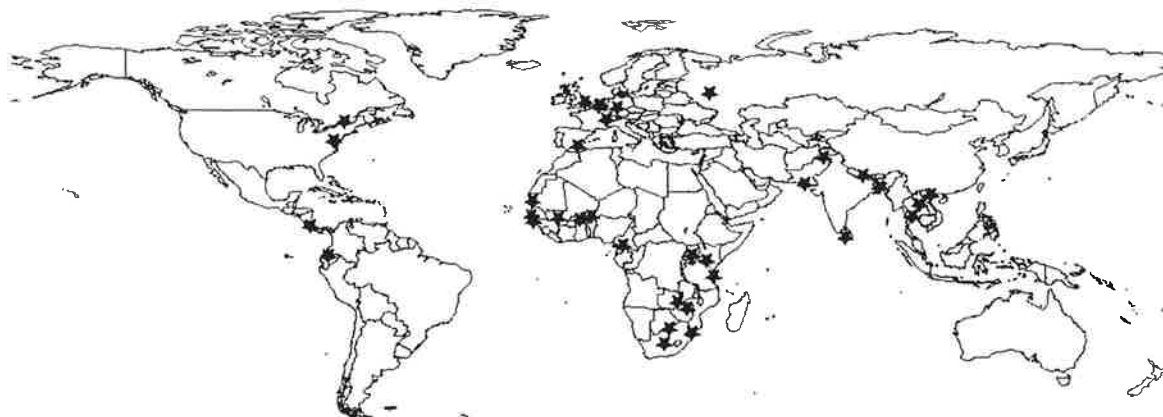
3 Environmental trends and issues that IUCN is addressing

'**A just world that values and conserves nature**' is IUCN's Vision for the 21st century. A vision that is pursued through IUCN's Mission – 'To influence, encourage and assist societies throughout the world to conserve the integrity and diversity of nature and ensure that any use of natural resources is equitable and ecologically sustainable.'

IUCN has established priorities for Programmatic actions based on the view that loss of biological diversity is one of the world's most pressing crises. The loss of biological diversity threatens the very basis of more sustainable development and quality of life.

The Challenge

The cause for IUCN's mission to conserve the integrity and diversity of nature, cultures and people has never been more pressing. Twenty to thirty per cent of all plants and vertebrates are currently under threat of extinction. The rate of forest loss amounts to 150,000 square kilometres every year, an area nearly twice the size of Austria or Panama.

The biological resources of our planet are being depleted irreversibly. Climate and average temperatures seem to be changing drastically in some locations. We are losing precious diversity of nature, languages, cultures and indigenous knowledge.

There is good news: technologies, policies and laws to manage the earth's resources more sustainably exist. The challenge before us is to foster social consensus to use them. The challenge is to energise people from all walks of life to make a difference for the better – in their daily lives, in their businesses, in their countries and with their neighbours.

The underlying causes of environmental damage are well understood. World population has tripled over the last century and the industrialised world has adopted wasteful consumption patterns.

Not only poverty, but also wealth, greed and corruption drive unsustainable mining of the environment – from the forests to the seas. Infrastructure and human settlements penetrate last frontiers. Mega-cities put excessive pressures on land and water resources.

Poverty remains our most compelling concern: as long as more than one billion people live in abject poverty, they are often forced in their daily struggle for survival to exhaust their environment well past the point where it could sustain livelihoods for successive generations.

IUCN is well positioned to address the trends and issues facing sustainable development and the conservation of natural resources through building on its current strengths and developing new 'business' in the form of products and services.

The Union's vast network of members and volunteers and its regionalised secretariat, combined with new and emerging communication technologies, offer an unprecedented opportunity for IUCN to be a major source of knowledge about biodiversity and management requirements for the conservation and sustainable development of natural resources. But, to fully realise its potential, IUCN needs to adjust the way it operates.

4   IUCN's operational systems

The 1999 External Review of IUCN pointed to certain strengths and weaknesses that the Union needs to size up to better position itself in a more competitive world (see box below). The Quadrennial Programme and this business plan respond to these issues.

SWOT findings of the 1999 External Review of IUCN	
Strengths	**Weaknesses**
Networks of experts providing access to real time information and expertise Practical expertise in field work that integrates conservation with development Analysis of ecological scientific, legal and social information and knowledge for policy recommendations Access to government and NGO decision making processes Networks for distribution of information Independence permits functions as a broker or forum	Management of knowledge and organisational learning Strategy for size of and position of regional and national offices Clarity in sustainable development /conservation policy and action in the organisation Project dependence / consultancy – compared to programmatic function Focus of the programme Competition with members rather than service function Perceived benefits of membership Voluntarism culture is limited in extent and region IUCN poorly known Costs and unwieldy governance
Opportunities (External)	**Threats (External)**
Use of IT in managing knowledge and learning Corporate sector responsibility for environment is marketable factor Tourism largest industry dependent on environmental quality Insurance industry cost increases from environmental destruction Poverty, security and environment has humanitarian orientation	Increasing number of organisations with similar mission and function Intergovernmental processes for environment take on many IUCN functions Diminishing ODA for environment/development Environment funds linked to GEF Private capital flows dwarf government investment in development

The Quadrennial Programme 2001 – 2004 represents an exciting and radical shift from a process-oriented, fragmented programme to a result-oriented, integrated one. The new Quadrennial Programme differs markedly from the previous approach in IUCN. Previously individual units in the secretariat presented a tome on their proposed activities, often a mixture of contract obligations and wish lists. The Programme did not sufficiently provide a clear concentration on the 'value added' of IUCN. Members amended this amalgamated volume by adoption or rejection or resolutions at the World Conservation Congress. The old approach to planning offered little in terms of focus and accountability and it largely failed to identify the results that could be expected. In contrast, the Quadrennial Programme 2001 – 2004 is a framework into which will be set detailed annual work programmes of each component programme (Regions, Global Thematic Programmes, Commissions and other units). The Programme Committee of the IUCN Council, in close consultation with members, Commissions and the Secretariat, will guide annual adjustments to the Programme.

IUCN's new Programme is built on the belief that the Union must focus its efforts and resources on a limited number of priority *Key Result Areas* if it is to reach its potential. The Quadrennial Programme is designed to focus the IUCN Programme on this set of priority Key Result Areas (see below), which target 7 large areas of work within which 60 results must be achieved and maintained during the coming years. Thus the Programme is made up of series of activities designed to achieve results that contribute to achieving the conservation goals of IUCN (see box below).

The allocation of funds and fundraising efforts within the organisation will be devoted to the delivery of the identified results.

IUCN's Conservation Goals
• Facing the extinction crisis • Restoring and maintaining ecosystem integrity

4.1 IUCN's Key Result Areas and associated results

Key Result Area 1: Effective management and restoration of ecosystems

1. Guidelines, tools and policies in support of effective ecosystem management and restoration

2. Assessment of the effectiveness of measures to establish, manage and restore protected areas

3. Assistance and capacity-building for better ecosystem management and restoration in and outside protected areas

4. Capacity-building to provide ecologically and socially relevant tools to minimise the impacts of invasive species

5. Support for institutional and legal frameworks for conserving biodiversity in and outside protected areas

6. Support for new institutional and legal arrangements to combat invasive species

7. Strengthening of networks, working groups, partnerships and forums in support of ecosystem management

Key Result Area 2: Agreements, processes and policies

1. Technical and legal analyses of critical issues for selected agreements

2. Tools and guidelines to assist the implementation of major agreements, processes and policies

3. Identification of synergies between key agreements, processes and policies through applied policy research and legal analysis

4. Analysis of emerging issues and trends on the international agenda

5. Enhanced regional and national legal and institutional capabilities for implementation of key agreements that affect biodiversity conservation

6. Key biodiversity-related agreements are used to promote conservation as a result of IUCN's influence

7. The World Bank, regional development banks, the European Union, multilateral agencies and bilateral development agencies promote conservation as a result of IUCN's influence

8. Synergies between key agreements, processes and policies are enhanced as a result of advocacy by IUCN

9. National plans, policies and laws that affect biodiversity conservation are influenced by IUCN

10. Commission networks, Regional and global programmes are strengthened to deliver these results

Key Result Area 3: Incentives, including finance, for conservation of biodiversity and sustainable use of natural resources

1. Applied, interdisciplinary research into perverse and positive incentives for biodiversity conservation leads to guidelines that are published and disseminated and legislative provisions enacted as appropriate

2. Applied research into new and innovative financing mechanisms and their sustainability identifies and tests methodologies and produces guidelines

3. Decision-makers including producers, consumers, local communities, and conservation managers understand, use and address positive incentive measures and legal provisions for the conservation of biodiversity and sustainable use of natural resources

4. IUCN members and partners are able to develop and implement sustainable financing strategies and mechanisms with a focus on biodiversity business

5. Substantial increases in biodiversity finance and improved sustainability of conservation financing are achieved

6. Global, regional and national policies, legislation and governing structures are capable of managing biodiversity incentives

7. Financial strategies and programmes for the global biodiversity-related Conventions are coordinated and implemented at the regional and national levels

8. Commissions, global programmes and Regional Offices are capable of providing information and guidance on incentive measures and legal provisions

9. Conservation organisations including IUCN and its members are recapitalized

Key Result Area 4: Equitable sharing of the costs and benefits

1. Establish a sound conceptual base for understanding linkages between socio-economic forces and conservation

2. Develop and promote tools and methods for reducing inequities

3. Build capacity for IUCN's global and regional programmes to understand underlying equity concepts, and use the tools and methods developed

4. Build capacity for resource managers and decision-makers to use these tools and methods

5. Strengthen equity components of global, regional and national conservation policies, agreements and frameworks

6. Increase access to socio-economic networks and institutions and link these to existing conservation networks on equity issues

Key Result Area 5: Assessment of biodiversity and of related social and economic factors

1. Develop tools, methods and indicators for biodiversity assessment

2. Assess the status and trends of key species, protected areas and ecosystems

3. Assess the impact of socio-economic factors on key ecosystems and species

4. Document conservation actions for ecosystems and species

5. Assess the biophysical and socio-economic functions, services, goods and values of key ecosystems

6. Build capacity and raise awareness to increase the impact of biodiversity assessments

7. Use biodiversity assessments for ecosystem management and policy development

8. Strengthen networks, working groups and partnerships in support of biodiversity assessment

Key Result Area 6: Information management and communication systems

1. IUCN biodiversity information systems are developed and implemented

2. Systems for integrating information are developed and implemented, both within IUCN, with BCIS partners, and with other institutions

3. Global, regional and national monitoring and assessment models and information systems are developed and implemented

4. Access to monitoring and evaluation results and to decision-support models empowers IUCN members and key partners to influence decision-making for conservation

5. Global access to IUCN information systems, expert networks and lessons learned is ensured through information, communication and education systems using traditional, multimedia and Internet approaches

6. IUCN assessments and knowledge networks are integrated into, and provide leadership for, ecosystem management, policy development and identification of emerging issues using communication, information and decision-support technologies

7. The capacity of IUCN's data, information, communication and knowledge networks is developed and enhanced both in relation to science and to environmental law

Key Result Area 7: Effective, efficient, and accountable management and leadership of the Union

1. A Programme Development System capable of providing planning support to regions, global programmes and Commissions in scoping, planning, designing and implementing a relevant, focused

and high quality Programme at regional and global level, that maximises the advantages and core competencies of IUCN

2. A Finance System capable of providing standards, risk management policies and useful, timely and accurate financial information to managers and decision-makers in a decentralised Union

3. A Donor Relations and Fund-raising System that maximises the advantage of IUCN's core competencies, key programme areas, innovation and rapid response, geographic presence and membership, in relation to the priority interests of current and potential donors

4. A Human Resources Management System that provides the optimal organisational policies and practices to enable people to perform at their highest capability

5. An Information Management System capable of providing useful, timely and cost-effective support to meet IUCN's corporate and programme information and knowledge management needs at global level, and to a limited extent, at regional level

6. An efficient publishing system capable of supporting high standards of publishing, sales and distribution of IUCN's key sources of information to key target audiences and to the public in general

7. A Communications Support System capable of providing useful and timely service and support for IUCN's corporate and programmatic communication needs at global and regional level

Governance support

8. Timely, accurate and useful support to the Governance body (and subsidiary bodies) of the Union

9. A Membership Support System that provides timely, useful and accurate support to IUCN members (as required under the IUCN Statutes and based on the membership policy) to enable members to play a vital role in achieving the Mission of IUCN

10. A Monitoring and Evaluation and Quality Assurance System at regional and global levels capable of providing performance information and support to programme managers, the Director General and The Council on the organisational and programmatic performance of IUCN

11. An Internal Audit System capable of delivering independent, systematic reviews and appraisals of all IUCN operations at global, regional, national and project level.

12. Provision of legal services to the Director General, The Council and senior management of the Union so as to ensure that the organisation develops and uses effective legal tools, strategies and services.

4.2   IUCN's Core competencies and its Programme strategy

IUCN's Quadrennial Programme has been designed to build on IUCN's core competencies, which are:

- An unique structure of governmental and non-governmental actors who work together;

- A global network of social, economic, political, legal, natural sciences and educational scholars and technicians;

- A concentration on building integrated knowledge, empowerment and governance to forward its mission;

- A capacity to bring together key stakeholders (governments, civil society and private sector) from local to global levels to facilitate informed dialogue to influence their policies and actions and promote conservation/development solutions.

IUCN will build on its core competencies to enhance its global contribution in the 21st century. It will do this through applying the following four strategies:

Knowledge –   generate, integrate, manage and disseminate knowledge for conservation;

Empowerment –   build capacity, responsibility and willingness of people and institutions to plan, manage, conserve and use nature and natural resources in a sustainable and equitable manner;

Governance –   promote systemic improvement of laws, policies, economic instruments and institutions for the conservation and sustainable and equitable use of nature and natural resources;

Operations –   put in place basic institutional systems of operational support including effective management, information, finance, human resources and communication systems.

IUCN also intends to speed-up its capacity to respond to emerging issues in a fast-changing world. Its Programme has been re-designed to help the Union to respond expeditiously to new ideas, building on its core strengths and allowing it to deal more effectively with:

- New local to global conservation issues and opportunities;
- Application of new technologies;
- Environmental emergencies and natural disasters; and
- Environmental issues relating to political conflicts and wars.

The Quadrennial Programme also provides the framework for seeking out new partners and for developing new products and services. It identifies a number of new areas of work that involve new ways of doing business. For example:

- The results described under Key Result Area 6 – *Information management and communication systems* – highlight a range of opportunities for IUCN to take advantage of communications technology to better manage and disseminate the Union's knowledge. Such as the development of the IUCN World Conservation e-Atlas and the World Conservation Digital Library; and
- Under Key Result Area 3 – *Incentives, including finance for conservation of biodiversity and sustainable use of natural resources* – IUCN will support the development and application of incentive measures that influence stakeholders to conserve biodiversity and use biological resources sustainably. Such as exploring methodologies for designing and implementing incentive measures for forest, wetland and marine conservation and designing legal frameworks for such measures. It will also expand its World Conservation Finance Initiative in association with a group of partner organisations.

5 Strengthening IUCN's capacities

The capacity of an organisation to adapt to changing circumstances determines its relevance and resilience. IUCN has demonstrated its resilience by periodically reforming itself over the past 52 years. This process of adapting the management and operational systems continues.

5.1 Governance

The Union has commenced a process of review of the effectiveness and efficiency of its governance with a view to modernising and remaining relevant and efficient. The Council operations, including the structure, and role of various committees and areas of expertise of the Council, will be reviewed.

Compared to many other large international organisations, IUCN has opportunities to be efficient and agile because if its blend of non-governmental and public sector features. However, to deliver an effective Programme, the Council must play an active role in promoting the conservation agenda of the Union, in its communications and fundraising efforts and in driving the performance of the Union. In this regard IUCN promotes:

- A stronger interactive relationship between Regional Offices, regional councilors and members;
- Improved reporting by the Council back to the members; and
- Representation of the Organization by Councilors, as appropriate.

The Programme Committee of the Council needs to play a substantial role in setting annual priorities within the Programme. Using the Quadrennial Programme 2001 – 2004 as a basis, the Programme Committee will consider Programme-related resolutions that are adopted at the World Conservation Congress and set programme priorities for the coming years. Each year, the Programme Committee will work with the members, Secretariat and Commissions to consider necessary adjustments within the mandate given by the Congress.

5.2 Membership recruitment and regional balance

IUCN is embarking on an active process of member recruitment as it seeks to ensure that IUCN membership is strong in all Regions. Special efforts are being made to maximise the number of State Members and

government agency members in the Union given their significance in the social, economic and political order within societies, and their responsibilities for managing the policy-making processes.

5.3   Commissions

The 1999 External Review of IUCN recognised that 'the future of IUCN depends on its ability to continue the development and effective use of these unique voluntary networks', namely the six IUCN Commissions. The voluntarism of Commission members remains a key asset of the Union. But, as noted in the recent review of Commissions, the scope is increasingly constrained by modern institutional and economic realities. To nurture and use the potential of its Commissions to the Union's best advantage, IUCN needs clearer policy and resources systems regarding its relations with and among the Commissions. Therefore, Species Survival Commission (SSC) is undertaking a review of voluntarism in the SSC, including identification of capacity problems, issues of motivation/demotivation and compensation. The report will define the nature of the issue(s) associated with voluntarism, gathering information and opinions from SSC members in reaction to problem(s), and develop potential solutions.

5.4   Changes to the Secretariat

The functions and management system of the Secretariat that supports the Director General has been re-aligned to ensure that the Programme is implemented effectively and efficiently, within IUCN's decentralised structure. For the purposes of day-to-day management, senior managers work on a team basis that is currently grouped as shown in Figure 3.

The Management Group includes Headquarters and Regional Managers as well as the Managers of the USA and Canada Offices and other key staff. They advise the Director General on policies and strategies for the secretariat as well as allocations of core funds to essential functions and ensure regular communication between senior staff within a regionalised network. Simplicity, flexibility, and a lean and flat structure are among the basic characteristics of this system. The objective is to empower managers and staff to be entrepreneurial and accountable based on a shared vision, a clear Programme mandate, much informal communication, as well as regular structured management team meetings.

On the Programme side, staff form temporary teams to achieve interdisciplinary tasks and results targeted under the Programme. In future, Portfolio Management of the hundreds of projects IUCN carries out in association with outside agencies and partners will be more tightly managed, together with the already strengthened Monitoring and Evaluation function. The Policy functions will also be strengthened and more closely integrated with the evolution of the Programme.

Administration of the Secretariat has been reformed in terms of human resources, internal audit and finance functions, and basic administrative tasks at headquarters are mirrored at Regional Offices, facilitating communication between corresponding central and regional level functions.

The Management Group proactively works on ensuring links between the task teams and other components of IUCN. The management system relies on effective delegation of authority and responsibility and promotes entrepreneurship.

The brief bio-datas in appendix 2 demonstrate the wide range of senior expertise within IUCN.

The world-wide Management Group meets three to four times each year and maintains regular contact between meetings. The sequencing and agenda of Management Group meetings is, among others, harmonised with budget cycle requirements as well as with the meeting cycle of the Council.

Three strategic teams – the Programme Development Group, Business Development and Outreach and Services – are being developed to integrate operational oversight of key aspects of IUCN's Business and to support the Management Group. Each of these three teams will share some members to ensure cross-fertilisation of ideas and complementary work programmes. The function of these three groups is described below.

Figure 3   The IUCN Secretariat World-wide Structure

Programme Development	Business Development and Outreach	Services
• Programme Coordination • Biodiversity Policy • Species Survival • Sustainable Use • Protected Areas & Natural Heritage • Wetlands & Water • Forest Conservation • Marine • Social Policy • Economics • Communication & Environmental Education • Climate Change	• Communications • Publications • Donor & Multilateral Relations • Governance • Membership & Conference Unit	• General Counsel • Internal Audit • Finance • Human Resources • Information Management • Administrative Services

5.4.1   Managing and Implementing the Programme and Policy Agenda

A Programme Development Group has recently been established to manage the IUCN Programme system. The system provides:

• A means for setting priorities within and between Key Result Areas and for allocating core income to support the core functions needed to implement the Programme;

• A system for ensuring that concepts for new activities (including projects) focus primarily on the Programme priorities and new areas of work;

• An agreed approach and a core set of methods and tools for planning, policy making, monitoring and evaluation, and reporting;

- An explicit planning cycle that includes a calendar of key planning, budgeting and reporting events;
- A simple, reliable, effective and cost-efficient programme and portfolio information management system;
- Clear links between the programme and the budget;
- A policy development and support system;
- A capacity building and training strategy to ensure skills and practice improves; and
- A system for determining the human and financial resources needed to carry out programme and policy functions of the Union at all levels (regional and global programmes and Commissions).

The Programme Development Group comprises the Regional Programme Coordinators, the Coordinators of the Global Thematic Programmes, the Commission focal points and the Programme and Policy team that is based in IUCN headquarters. The Group also draws in representatives from Business Development and Outreach and Services teams (described below) thus ensuring that these other aspects of the secretariat are well linked with the Programme. Each Region has its own Programme Development Group, or equivalent, that performs the function listed above at the regional level.

5.4.1.1 Strengthening Regional and Global Thematic Programmes

For the Programme Development System to function effectively, IUCN will need to further invest in developing the programming and human resource capacity of its regional offices. Core functions such as the offices of the Regional Directors and the Programme Coordinators will need greater, more reliable support with core funds. Accordingly, the next four years will be a period of consolidation of existing regional programmes and limited expansion into new geographic areas is expected. This will be accomplished by raising new funds and where possible redirecting income from other areas within the Union.

Nevertheless, we will, to the extent possible seek to further strengthen Regional programmes in countries of high significance, where IUCN presence is comparatively thin and inadequate so far – China, India and Indonesia are of particular concern. We are happy to report that, over the past year, we have made some initial progress in two other large countries, where IUCN has been comparatively underrepresented — Brazil and Russia.

During 2001 there will be further stocktaking of the structure and function of the Global Thematic Programmes with a view to improving their relevance, effectiveness and efficiency, particularly in relation to providing support to IUCN Members, partners, Commissions and Regional Programmes.

5.4.1.2 How the Programme will work

The Quadrennial Programme is implemented by harnessing and integrating the various *Component Programmes* to deliver results. The Component Programmes are the programmes of the different units of IUCN i.e. the Regional Programmes, the Commissions and the Global Thematic Programmes and the Service units at headquarters and elsewhere. From 2001, the focus of IUCN's Programme will be on delivering results by working in teams of Component Programmes. The new approach will improve the coherence of the programme, linking and weaving it together across all parts of the Union.

Improving the linkages and coherence between the Component Programmes requires long-term strategic change in the programme planning, monitoring and evaluation and reporting functions within IUCN. Many of these changes are already underway and more are planned for 2001 and beyond. The Programme Development Group will ensure that all Component Programmes are developed according to standards of relevance, coherence, logic, feasibility and alignment with IUCN's overall priorities.

At Global level the Programme Development Group will provide the mechanism for converting the priorities set by the members into appropriate secretariat operations needed to deliver the priority results. It will recommend to the Management Group the allocation of core funds needed to support the functions to deliver the Programme. The Programme Development Group will also provide a means for managing innovation and for developing new products and services. A similar process functions at regional level.

An important element of the Programme involves managing the project portfolio to address priority results. Financial forecasting and tracking of concepts and projects and other forms of income are based around a four level system, known as the *OABC list.*

O – Ideas or concepts, including innovative ideas that may be outside the scope of the current priorities of the Programme, that have been reviewed by the Programme Development Group.

A – Proposals that have been developed but not yet submitted to a donor.

B – Fully developed proposals that have been submitted to one or more donors.

C – Activities for which funding has been secured and are under implementation.

In early 2000 the OABC list amounted to a total of SFr 60.5 million of C list projects, SFr 239.9 million of A and B list projects and SFr 218.6 million of O list projects. Not all OAB project proposals materialise as funded projects. For example, in late 1999 the A and B portfolio stood at SFr 70 million, this is expected to materialise as SFr 20 million of C list projects during the year 2000.

Managing the project portfolio is essential to delivering the results-based Programme. The Programme Development Group, under the direction of the Director General and the guidance of the Programme Committee of the Council, will ensure that project concepts (O – list) reflect the priorities of the Programme. This will be achieved at both regional and global levels by pro-actively encouraging Component Programmes to work together to develop concepts that address high priorities and by providing a quality control mechanism for project development. Only those project concepts that have been approved by the Programme Development Group (at either regional or global level) will be allowed to proceed to project development stage and to ultimately seek funding. This process is intended to improve the focus and quality of IUCN's project portfolio and to provide the Business Development and Outreach Team with clear guidance on programme priorities for fundraising or the development of business and service lines.

5.4.1.3   Organisational Performance

Three past External Reviews of IUCN have strongly recommended that IUCN improve its capacity to learn from experience, its accountability to stakeholders and donors, and its capacity to monitor and evaluate the work of the Union at all levels. IUCN recognises that good organisational performance involves more than delivery of good projects and programmes. Organisational performance depends on a balance of in three main areas:

- The ability of IUCN to respond to external environments including the needs of stakeholders, donors, partners; relevance to socio-economic, cultural, political factors external to IUCN;

- The ability of IUCN to develop and maintain organisational capacity, including strategic leadership, human resources, financial management and viability, programme management and delivery, infrastructure and inter-institutional linkages; and

- The ability of IUCN to develop and maintain organisational motivation, including keeping the vision and mission - clear focus and belief in the role and purpose of IUCN; support for an open, learning-oriented, forward-looking work culture; support for the values and beliefs of IUCN; and incentives – internal support for the values of the organisation, support for good performance, and for an equitable work environment.

Performance indicators appropriate for IUCN are being developed in each of these areas to guide the development, management and evaluation of the work of the Union. IUCN has reinforced the authorities and accountabilities of its managers for performance and has put in place a skills development and capacity building initiative to help managers improve the performance (relevance, effectiveness and efficiency) of the work of the Union.

5.4.2   Business Development and Outreach

IUCN depends for its very existence and for re-building its eroded reserves on raising and earning funds. Presently, IUCN funding comes in small part from membership fees. More important is the support provided by a long-standing core group of donors who have loyally supported IUCN and its cause over the years, under a series of framework agreements. Most revenue is generated in the form of remuneration received for carrying out specific projects in co-operation with donor or partner agencies, or under the sponsorship of foundations.

IUCN must build a more solid, broader financial base. To do so, it seeks to find additional, new sponsors, and to develop novel revenue earning lines of business. IUCN's immediate ability to raise funds depends in large part on the satisfaction and support of its membership, on the quality and communicability of its Programme, and on a constructive dialogue with Donors. Expanding the funding base requires enlarging the public

knowledge about IUCN and achieving greater name recognition among new constituencies – a wider audience, who might be willing and able to fund IUCN. IUCN is looking especially to large new private sector foundations, which have sprung up in different parts of the world – most prominently in the USA.

IUCN needs to search for funding that mirror the needs of most of its member organisations. Overall, too little money is made available for the defence of Earth. Instead of competing for funds among ourselves, we advocate as a Union to compete more pointedly for the funding going to other sectors, e.g. infrastructure, energy and defence. And, we should also jointly seek new ways for raising revenues with the enlightened public.

IUCN has therefore, under its World Conservation Finance Initiative, begun to forge a multi-stakeholder coalition in search of longer-term sustained conservation finance. This Initiative addresses the key challenge we must meet to prevent backsliding of conservation achievements – the lack of long term assured flows of environmental funding. While project funds for the *creation* of conservation programmes have become increasingly available (e.g. through the Global Environment Facility (GEF)), we still lack reliable instruments to *sustain* those conservation efforts in perpetuity, once the initial injection of external funding ceases.

The Secretariat is in the process of constituting an integrated Business Development and Outreach team. A number of functions relevant to business development and outreach, which were in the past dealt with by separate units, will be integrated under a Business Development and Outreach Manager - a position to be filled shortly. The Business Development and Outreach Team integrates the functions of Membership Services, Governance, Relations with Donor and Partner Organisations, Communications and Speech Writing, Publications, and Fundraising, in close interaction with Programme, Finance, and Information Technology staff.

Specifically, the team will:

- Provide a Donor Relations and Fund-raising System that maximises the advantage of IUCN's core competencies, key programme areas, innovation and rapid response, geographic presence and membership, in relation to the priority interests of current and potential donors;

- Promote public recognition of IUCN;

- Support IUCN's corporate and programmatic communication needs;

- Provide marketing tools for use by Programme staff, Regional Directors, and the Director General;

- Link the Programme with current and potential investors and support Members with marketing and fundraising related information and training;

- Maintain strategic partnerships with the private sector, service the special IUCN forums, such as the Friends of IUCN, the IUCN CEOs Forum, the Bellagio/IUCN environmental Journalism Forum; the Youth Forum; the Reuters-IUCN Prize for Environmental Journalism; the Earth Forum; and the Ombudsman Centre for Environment and Development;

- Review and approve specific strategies for each type of fundraising (bilateral, multilateral, foundations, private sector, innovative funding, endowments, individual giving);

- Coordinate IUCN relations with the United Nations System;

- Monitor the implementation of inter-institutional agreements and assist with improved IUCN reporting to donors;

- Provide timely, accurate and useful support to the Governance system of the Union;

- Ensure the Membership Support System provides timely, useful and accurate support to IUCN members to enable members to play a vital role in achieving the Mission of IUCN;

- Help realise IUCN's potential as the world's knowledge network for the environment;

- Modernise the publications strategy, integrating on-line and CDRom options;

- Operate an efficient publishing system capable of supporting high standards of publishing, sales and distribution of IUCN's key sources of information to key target audiences and to the public in general; and

- Disseminate learning gained from fundraising efforts throughout the Union.

5.4.3 Services

The Headquarters-based Services Team covers the following service and support functions: Office Administration, Finances, Human Resources, and Information Management. These functions are staffed centrally as well as to various degrees in all out-posted locations; in a few cases, some services are purchased from a host organisation (WCMC in Cambridge, UK and KSSF in Bonn, Germany).

The key objectives of the Services units are:

- To provide appropriate and timely information to key users and decision makers: the Director General, managers, the Council, Donors, external partners and clients, etc

- To operate the necessary internal systems that support the organisation: regulations, policies and rules, processes information systems and infrastructure relating to the Office Administration, Finances, Human Resources and Information Management functions.

- To develop, maintain and adapt the internal systems to the evolving needs of the organisation, balancing the need for control with the needs for greater decentralisation, flexibility and efficiency

- To assist internal clients, users, managers in using the systems and information produced by the operations units – training regional finance officers in the use of the finance systems; training regional HRD officers in standards; training staff in monitoring and evaluation standards and practices, project management and communication.

- To support the managers of the decentralised units by ensuring the adequate staffing and training of staff of the decentralised Services.

The fundamental strategies for Information and Knowledge Management include:

- Global connectivity and remote access of information systems;

- Development and integration of financial, human resources, programme planning, monitoring and evaluation systems into an effective global corporate management support system;

- Development and implementation of an internet based knowledge network, integrating science information and corporate decision support systems.

A function within Services that needs strengthening at headquarters is the capacity of the Central Finance Division to manage treasury-cash flow. This improvement is needed to ensure the adequate management of liquidity, foreign exchange exposure and banking relations. Progress has been made over the last year in overall financial management, and by putting in place a clear system of 'delegation of authority'.

The Human Resources Division will provide leadership and advice throughout the IUCN Secretariat in all areas of human resources management including organisational development, recruitment and selection, position classification, compensation and benefits management, performance evaluation, career planning, personnel development and training. The Human Resource Division will overhaul performance evaluation and incentive systems, and focus on the proper articulation of conditions of services in decentralised locations and contracting standards.

Services performance will be assessed largely in the overall context of implementing the Quadrennial Programme. Close collaboration with the Programme Coordination and Management functions is therefore a key performance objective for Services both centrally and in decentralised locations. For example, they will work in close collaboration with the Programme Development Group and the Business Development and Outreach Team to define and implement a capacity building programme, aiming at maximising staff competence. Also an improved induction programme will be developed for newly recruited staff throughout the Union.

6   Income Generation

As pointed out above in the Section on Business Development and Outreach, the Programme has become a fundamental expression of the IUCN mandate. It has developed thanks to the ability of the Secretariat to attract donor funds. The Programme represents more than 90 per cent of the financial resources received by

the Secretariat in 1999 and has been the driving force behind the increase in income from SFr 40.5 million in 1995 to SFr 92.2 million in 1999.

IUCN's success in attracting donor funding is particularly striking as it has occurred during a period that saw a decline in Official Development Assistance (ODA), yet IUCN's funding comes mostly from ODA. The success also contrasts with the moderate growth in membership dues (from SFr 7 million in 1995 to SFr 8.5 million in 1999).

6.1 The current funding situation

Historically, IUCN's income has been classified into three categories:

- **Unrestricted income** – membership fees, income earned from sales and fees, and voluntary contributions provided with no conditions. Unrestricted income can be used by IUCN for any purpose that is allowed for within the Union's statutes, regulations and rules. The Council approves its allocation.

- **Framework agreements** – income that is provided by donors to support the IUCN Programme. This income may be general programme support or it may be subject to restrictions in terms of the type of thematic programme or its geographic application. The proposed allocation must respect donor restrictions and is also subject to approval by the Council. Framework agreements can include two categories of funds: general programme, which funds the core of the Programme, and programme restricted funds which are allocated to specific parts of the core Programme.

- **Project agreements** – income that is provided for pre-defined activities under a project agreement with a donor.

The following table indicates the volume and distribution of income from 1997 to 2000.

Table 1   Income by category from 1997 to 2000 (Swiss Francs million)

	Unrestricted		Frameworks		Projects		Total
	SFr	%	SFr	%	SFr	%	SFr
1997	11.3	15.0	14.1	18.9	49.7	66.1	**75.1**
1998	13.6	16.3	16.4	19.6	53.5	64.1	**83.5**
1999	13.8	15.0	17.4	18.9	61.0	66.0	**92.2**
2000 (forecast)	11.8	11.5	18.5	18.0	74.6	71.0	**104.9**
Average Annual Growth	1%		9.4%		14%		**11.8%**

As indicated in Table 1 above, IUCN has experienced an annual increase in total income of about 12 per cent over the past few years. While such a steady increase reflects investor confidence in the Union, most of the increase has been achieved through an expanding portfolio of projects. There has been more limited change in the level of income from Unrestricted and Framework sources.

One of the major consequences of the skewed growth of income is that the Union has expanded in size without a complementary increase in the availability of funds needed to support the core functions of IUCN (as described in the Key Result Area 7 in the Quadrennial Programme). Indeed, since 1997 core income (defined as unrestricted plus framework agreement income) has declined from 34 per cent to 29 per cent of total income. The overall level of core funds is insufficient to cover the essential operating costs of the Secretariat at regional and global level. Given this, the Union has two options, increase the level of core funds or decrease expenditure on core activities. If expenditure on core activities is decreased, the Union will be unable to manage the current Programme and project portfolio. Thus, increasing the level of core support is a Union-wide priority over the next four years to enable the Union to deliver the Programme.

6.2 Funding the 2001-2004 Programme

A key challenge for IUCN is to capture and channel private and public investment funds for conservation. Since the Rio Earth Summit in 1992, flows of Official Development Assistance (ODA) from OECD countries have fallen from 0.33 per cent of their total GDP in 1992 to 0.22 per in 1997, representing a fall from US$63.5 billion in 1992 to US$52.2 billion in 1997. In contrast, private capital flows rose spectacularly from US$43.9 billion in 1990 to almost US$300 billion in 1997.

A shift in the nature and use of ODA has clear consequences for conservation activities as IUCN depends on grants from governments and private philanthropic organisations for more than 70 per cent of its income. Thus, the Union needs to diversify its funding base.

With this background, IUCN's fundraising strategy is to develop a diversified and sustainable funding base to provide the income needed to achieve IUCN's mission as a Union.

The 7 Key Result Areas of the new Quadrennial Programme will provide the basis for IUCN's fundraising efforts. Donors and investors will have the option of providing funds for all, some or only one of the 7 Key Result Areas. In addition, within the framework provided by the Quadrennial Programme, donors and investors can opt to provide funds for particular geographic or thematic issues. All new project funding will be focused on the delivery of the results within the Key Result Areas.

Where donors and investors wish to selectively support a Key Result Area, or a regional or thematic subset, IUCN will apply a fixed percentage contribution to supporting Key Result Area 7. The aim of this change is to ensure that IUCN's operating costs are shared equitably and not simply apportioned to donors and partners that provide core support. This standard rule will apply to all new IUCN agreements. Current rules will continue to apply to existing contracts.

This approach will ensure an equitable distribution of support to the Union's core functions.

Table 2 indicates the fundraising targets by category of income for the period 2001 - 2004. IUCN is targeting a total increase in income from about SFr 105 million in 2000 to slightly above SFr 142 million in 2004. This represents an average annual growth around 8 per cent, significantly below the 20 per cent average growth of the period 1995 to 2000 and below with the 12 per cent rate experienced in from 1997 to 2000. The targets also reflect the discipline of moderating the growth of the project portfolio to keep them in line with core funds.

Table 2   Income Targets for the period 2001-2004 (Swiss Francs million)

Categories\Year	2000	2001	2002	2003	2004
Core funds	30.3	35.5	39.3	42.0	44.9
Restricted Support	74.6	77.0	85.2	91.0	97.4
Total	104.9	112.5	124.5	133.0	142.3
Annual Growth		7.2%	10.7%	6.8%	7.0%

6.2.1   Expanding the core funding base

To achieve the 8 per cent growth in core funds will require a major commitment of resources to the Business Development and Outreach team and increased support to Regional offices. The strategy will be achieved by increasing income form traditional sources and by diversifying sources of core income. More specifically the strategy will target the following:

- Expanding the membership and increasing membership dues;

- Improving sales of goods and services;

- Expanding the level of untied voluntary contributions from all sources, including companies, foundations and individuals;

- Building an endowment fund;

- Diversifying and expanding the Framework agreements;

- Developing fundraising from the private sector; and

- Developing individual giving.

Table 3 below provides the income targets for Core Funds for the period 2001-2004.

Table 3   Targets for increasing core funds 2000 - 2004 (Swiss Francs million)

	2000	2001	2002	2003	2004
Membership Dues	8.7	9.1	9.5	9.9	10.4
Sales income	0.4	0.4	0.5	0.5	0.6
Return from Endowment Fund	0	0	0	1.0	2.0
Traditional Global Frameworks	18.5	19.5	19.5	19.5	19.5
New Global Frameworks	0	0.5	1.5	2.0	2.5
Regional and Country Frameworks	0	1.0	2.0	2.0	3.0
Traditional Private sector Contributions	2.6	3.0	3.3	3.6	3.9
New Private Sector contributions	0	1.0	1.5	2.0	2.5
Individual giving	0.1	0.5	0.7	0.7	0.7
Other general support		0.5	0.8	0.8	0.8
Total	**30.3**	**35.5**	**39.3**	**42**	**44.9**
Annual Growth		17%	11%	7%	7%

More specifically, for each of the above-mentioned categories, the income targets are based on the assumptions described below.

6.2.1.1   Membership income

Membership dues can grow on the basis of two independent variables: a) an annual growth rate decided by the IUCN Congress, and b) the composition and size of the membership.

Membership dues are expected to increase by 3 per cent per annum for the period 2002 - 2004. This increase will be backed up by an active membership recruitment strategy that will seek to maximise the number of State Members and government agency Members. Together, an increase in membership dues and an increased number of members should result in an increase in membership dues of about 4.5 per cent.

6.2.1.2   Sales of goods and services

Earned income can grow through increased sales of products and services and through an increase in interests or vested capital. Sales are likely to increase slowly. The new Programme has identified potential opportunities for IUCN to develop markets for a range of goods and services. However, for financial targeting purposes it has been assumed that the potential markets for goods and services will yield only a moderate increase in income in the period 2001 - 2004.

6.2.1.3   Building an Endowment Fund

Any sound enterprise with long-term commitments to a staff of about 1,000 world-wide should have a reserve of at least a size equivalent to 6-12 months average expenditure. IUCN does not have such reserves and needs to build them.

IUCN must close the gap that has existed throughout the institution's history, between, on the one hand, a pattern of growing longer-term obligations, and, on the other hand, great financial uncertainty beyond the very short-term. The current situation leads to annually recurring struggles to secure continuity and fresh finances.

The endowment fund will serve a number of functions including providing a buffer against liquidity shortages, providing a reserve that can be drawn down upon temporarily for special circumstances and providing a source of income for core activities.

As an endowment fund cannot be financed from within current operating income, IUCN is embarking on a special fundraising campaign, to build an endowment fund of significant size, over and above raising funds for general programme support. It is anticipated that growth of the fund will take place over several years. The

endowment fund will be built by an ongoing campaign, targeting existing and new donors. While it is assumed that contributions will be received from both public and private sector donors, it is particularly with private philanthropically-minded individuals, foundations and corporations that IUCN will work most actively.

A realistic interim target for the endowment fund, by the end of 2002, is the equivalent of six months' operating expenditure, i.e. SFr 50 million. An average annual return of 5 per cent is assumed, and until 2003, the return from the endowment fund will be reinvested in the fund. From 2003, a portion of the return from the endowment fund will be used to fund core activities.

The planning and execution of a successful fundraising campaign to build the endowment fund will be integrated most carefully with IUCN's other fundraising activities, under the umbrella of the Business Development and Outreach Team.

6.2.1.4   Framework agreements

Framework agreements with governmental bilateral assistance agencies were first introduced in the early 1990s with a view to supporting a programmatic approach and to mobilising the core competencies of IUCN. They have been instrumental in strengthening IUCN's Programme, allowing for innovation and catalysing the work of IUCN's scientific, technical and policy networks. They have also provided the necessary financial support for designing and marketing project proposals and thus have been the impetus for an expanded project portfolio over the past few years.

IUCN will seek to diversify and expand the Framework Agreements by:

- Building financial viability at the regional and country level, IUCN will seek to continue to strengthen links with bilateral aid agencies, environmental and other governmental agencies through the **negotiation of regional and country framework agreements.** Existing regional and country framework agreements have helped IUCN to build strong programmatic partnerships with bilateral agencies often focused on transboundary environmental action;

- **Re-negotiating current global framework agreements** with bilateral agencies that IUCN has traditionally worked with; and

- **Negotiating new global framework agreements** with additional bilateral agencies multilateral institutions.

Framework funds will be applied to delivering the 7 Key Result Areas identified in the Quadrennial Programme. This approach is in line with the preference indicated by a number of existing bilateral donor agencies to reduce the conditions attached to framework agreements by linking the agreements to the Programme's Key Result Areas. IUCN welcomes this approach as it will further improve burden sharing, assist IUCN to achieve priority results and reduce the need for expensive and time consuming tailor-made reporting from the Secretariat.

IUCN hopes that the strategy for increasing the level and diversity of framework agreements will result in a more balanced framework portfolio with a more equitable sharing of the financial burden between key donors. However, for this strategy to succeed a weakness with the current Framework Agreements needs to be removed. Several donors consider that if they provide Framework Agreement funds then they should not allow full cost-recovery from any subsequent projects negotiated with IUCN. In such cases framework funds are subsidising project implementation and thus core funds are being diverted to non-core activities. IUCN will actively discourage subsidisation of projects from Framework Agreements by requiring projects to cover all reasonable project specific costs of IUCN. This approach will be supported by a targeted communication strategy aimed at convincing donors of the need to allow reasonable cost recovery from projects in addition to Framework funds.

6.2.1.5   Working with the private sector

To achieve the fundraising targets, IUCN recognises it needs to pursue opportunities for raising funds from the private sector by:

- Building partnerships with major business leaders and multinational corporations;

- Increasing and diversifying income from private philanthropists; and

- Exploring new funding mechanisms such as investment funds or licensing.

IUCN will seek to establish corporate partnerships, geared to mutually beneficial programme sponsorship and joint marketing innovation, recognising that many products and services need to be more environmentally friendly. Partnerships will be based on specific conservation issues, commonality of environment-related interests, and have a fundraising component. These initiatives will generate new revenues for the IUCN Programme and raise awareness of conservation issues. In addition, IUCN will work more extensively with trusts and foundations, and individual benefactors, to fund vital the Programme's Key Result Areas and build the endowment fund.

6.2.1.6   Individual Giving

IUCN has always been an institutional, and not an individual, membership organisation. Historically there has therefore been a lack of cost-effective potential for IUCN to acquire individual benefactors contributing large numbers of small-scale gifts, allied to membership, as is the case with most direct marketing approaches employed in the not-for-profit sector.

However, IUCN has barely tapped the potential that exists for a fundraising programme designed to attract higher value individual gifts, which voluntary organisations traditionally build 'on top of' a direct marketing approach.

It is intended to make a thorough examination of individual giving, and to prepare strategies to embark on such an approach. IUCN will research and identify its optimum role, market niche and other opportunities in order to increase income from individual donors, in the context of the business plan.

6.2.2   Expanding Restricted Project or Results-area specific Support

While the allocation of core funds will be directed towards achieving the priority results of the Quadrennial Programme, IUCN will also focus its efforts on fundraising for those Key Result Areas that are currently under-funded, for example Key Result 3 (*Incentives, including finance for conservation of biodiversity and sustainable use of natural resources*), Key Result 4 (*Equitable Sharing of the costs and benefits*), Key Result 5 (*Assessment of biodiversity and of related social and economic factors*) and Key Result 6 (*Information management and communications systems*).

Moreover, IUCN will endeavour to manage its project portfolio to ensure that new projects focus on delivering the priority results of the Quadrennial Programme. This will require careful management of the 'O − list' project concepts and an emphasis on Restricted Support that matches with Programme priorities. Such Restricted Support should include full recovery of IUCN's costs incurred in delivering the agreed results.

It is important to note that shifting the emphasis of the project portfolio to deliver priority results can only be achieved over a number of years as new projects come online and existing commitments (C projects) are implemented. A more rapid shift in the emphasis of the project portfolio could be achieved by allocating core funding to the development of priority projects. However, strategically expanding the Restricted Support to IUCN will depend on the Union's ability to increase core funding. Controlling the expansion of Restricted Support that is an essential step towards managing the current skewed distribution of income described above.

IUCN anticipates its project-based income can increase by 8 per cent per annum from about SFr 77 million in 2001 to about SFr 97.4 million in 2004. Table 4 provides an indication of the distribution of project income (Restricted Support) across the 7 Key Result Areas based on an 8 per cent annual increase. The forecast will be further refined as the new financial and programme-planning systems are put in place in late 2000 and early 2001.

A portfolio manager has been recruited to oversee the development of the project portfolio at the global level and to assist the Regional offices to strategically develop their project portfolios (OABC list) to deliver the seven Key Result Areas. The portfolio manager will work in close partnership with the Business Development and Outreach team to ensure that project-related fundraising and communication efforts focus on strategic priorities.

Table 4 Distribution of Restricted Support per Key Results Areas (Swiss Francs millions)

Key Result Area	2001	2002	2003	2004	Total	%
1: Effective management & restoration of ecosystems	30	31	34	35	**130**	37
2: Agreements, processes & policies	14	16	17	18	**65**	19
3: Incentives, including finance	5	6	7	8	**26**	7
4: Equitable sharing of the costs & benefits	6	7	7	7	**27**	8
5: Assessment of biodiversity & of related social & economic factors	8	9	9	11	**37**	10
6: Information management & communication systems	7	9	10	10	**36**	11
7: Effective management and leadership of the Union	7	7	7	8	**29**	8
Total	**77**	**85**	**91**	**97**	**350**	**100**

The growth of the project portfolio is indicated in Table 5. This table provides approximate figures for the development of project concepts (O – list projects) for the period 2001 – 2004. An increase in investment in several of the Key Result Areas is in line with the current Programme priorities.

Table 5 Approximate value of O – list projects 2001 – 2004 (Swiss Francs millions)

Key Result Area	2001	2002	2003	2004	Total	%
1: Effective management & restoration of ecosystems	16.4	13.4	15.6	18	63.4	27
2: Agreements, processes & policies	9.8	13.5	14.7	13.6	51.6	22
3: Incentives, including finance	4	4.7	6.3	6	21	9
4: Equitable sharing of the costs & benefits	3.5	5	5.2	5.1	18.8	8
5: Assessment of biodiversity & of related social & economic factors	6.2	8	9.7	10	33.9	15
6: Information management & communication systems	2.2	4.8	6.3	7.3	20.6	9
7: Effective management and leadership of the Union	5.5	5.1	6.2	6.9	23.7	10
Total	**47.6**	**54.5**	**64**	**66.9**	**233**	**100**

6.3 Expenditure Plan

Delivery of the Key Result Areas will require the collaboration of the entire IUCN secretariat. IUCN recognises that it will need to invest in a variety of functions within the secretariat if it is to deliver the day-to-day operations of IUCN on behalf of the Membership and Commissions. At the same time, IUCN is aware of the need to ensure that its operating costs are reasonable if the Union is to remain financially viable. Accordingly, financial planning is based on the concept of individual 'cost centres'. Cost centres are grouped according to the following functions, in line with the management systems described in section 5:

- Governance and Executive;
- Programme;
- Business Development and Outreach; and
- Services.

An indicative expenditure plan for 2001-2004 using the above-listed functions is given below in Table 6. A more detailed plan of expenditure, that identifies each cost centre, will be developed in 2001. This 2001 plan will be part of a strategic planning exercise that will establish priorities for expanding, maintaining or reducing individual cost centres and overall functions based on their importance in contributing to the delivery of the Programme in an effective and efficient manner.

The preliminary Expenditure Plan indicates IUCN's intention to increase investment in 'Programme Management', 'Business Development and Outreach', and 'Regional activities'.

Appendix 3 provides both the historical background for expenditure and the presentation of the 2000 budget according to the new organisational structure.

Table 6 - Expenditure Plan 2000-2004 (Swiss Francs millions)

Category	2000	2001	2002	2003	2004
Governance and Executive	2.6	2.6 (+0%)	2.7 (+5%)	2.8 (+4%)	2.9 (+4%)
Programme:	87.7	96.6 (+12.5%)	107.8 (+11%)	115.3 (+7%)	123.7 (+7%)
-Management	2.5	3.3 (+32%)	3.7 (+11%)	3.9 (+6%)	4.1 (+5%)
-Global activities	21.4*	22.7 (+6%)	23.8 (+5%)	25.0 (+5%)	26.2 (+5%)
-Regional activities	62.6	69.3 (+14%)	78.9 (+14%)	84.9 (+8%)	91.8 (+8%)
-Commissions	1.2	1.3 (+10%)	1.4 (+5%)	1.5 (+5%)	1.6 (+5%)
Business Development and Outreach	7.3*	8.3 (+14%)	8.6 (+4%)	9.2 (+7%)	9.8 (+7%)
Support services	5.2	5.8 (+12%)	6.3 (+8%)	6.7 (+6%)	7.0 (+5%)
Provisions	3.5	3.9	4.3	4.5	4.7
Adjustments (overheads)	-4.2	-4.7	-5.2	-5.5	-5.8
Total	102.0	112.5 (+12.5%)	124.5 (+11%)	133.0 (+7%)	142.3 (+7%)

*   The estimated expenditure for the USA and Canada Offices has been allocated equally by between 'Global activities' and 'Business Development and Outreach'. Grants to partner organisations (TRAFFIC, WCMC, etc.) are included under 'Global Activities' expenditure.

7   Risk Analysis

7.1   Portfolio management

IUCN's Quadrennial Programme is based on a number of assumptions that expose the Union to varying degrees of risk. For example, some of the key assumptions in the Quadrennial Programme are:

- IUCN's financial situation will continue to improve and the increased funds can be applied to the delivery of results;

- Core funding can be expanded;

- New goods and services can be developed and new clients attracted;

- IUCN is capable of developing management structures and approaches that enable delivery of the Programme results in a coherent, effective and cost efficient manner.

These risks will be addressed by the new management systems, and through the more focused, coherent Programme. Another risk that will be managed by the Programme relates to the fact that as IUCN operates in many remote locations, the organisation and its staff are at risk from both natural disasters and civil disturbances. Policies have been put in place to mitigate the impact of natural disasters and civil disturbances on IUCN operations.

7.2   Financial Risk

Like any organisation, IUCN faces a number of financial risks that can jeopardise its future. Internally, these risks largely relate to the nature and amount of funds that are available for the operations of the Union. The Governance prescribed by the Statutes is costly. Externally, IUCN is dependent on a limited number of donors for a large proportion of its core income. This situation subjects IUCN to changes in donor policies and cash flow crises that donors face from time to time.

The Quadrennial Programme requires an increased financial investment if the planned results are to materialise. However, it is not only the absolute amount of funds that matters to the financial health of IUCN, but also the number of sources, the degree of flexibility that IUCN has to apply these funds to key areas, the flow of funds and their security over time.

To help address these risks, the accounting system and chart of accounts have recently been re-engineered and greatly improved reporting capacity. This will help overcome many of the shortcomings with the analysis and reporting of financial information. Changes were not only necessary to address past shortcomings of the financial system but also to enable adaptation of the system to the IUCN Programme. By 2001, IUCN's budgeting, financial forecasting and expenditure tracking will be linked to the Programme Results.

Further changes to the financial management system will be introduced in 2001 to enable more accurate and simpler linking of project activities to specific results within the IUCN Quadrennial Programme. These improvements will require the purchase of financial allocation software to upgrade the current accounting system. The new system will be operational in 2001.

A financial portfolio that has heavy restrictions on how funds can be used, or is dominated by short term agreements that provide infrequent and small amounts of funds seriously reduces the flexibility of IUCN to invest in new areas of work without exposing the Union to high risk. Such situations also increase IUCN's costs as the Union is unable to take advantage of economies of scale offered by long-term, flexible agreements.

Other financial risks include a) the degree of exposure to liquidity difficulties caused by delays in payments from partner agencies and members and b) foreign exchange losses. The former problem derives from three sources:

- Delays in payment of Framework Agreements. IUCN seeks to address this problem through a proactive negotiation of the payment schedules of framework agreements and by not allowing expenditure on framework-funded activities until funds have been received;

- Delays in payments of dues by Members, particularly State Members. Addressing this problem has proven to be time consuming and complex. The IUCN Council and the Director General are pursuing options to reduce the rate of late payment; and

- Incurring project expenditures before donor payments are received. This problem has been addressed by requiring all anticipated project expenditures to be covered from project income received. There is, however, a backlog of projects for which such conditions cannot be met without a re-negotiation of the contract, thus the risk remains real for at least the next three years.

Cash flow problems have been a feature of IUCN for the past three years. The situation has improved in the year 2000 and a newly developed approach to managing financial resources has significantly reduced the Union's vulnerability to serious cash flow shortages.

Provision for financial risks is made from unrestricted income, which includes the net balance of IUCN's operations and two reserves funds, amounting to approximately SFr 10 million. Such small reserves leave IUCN somewhat vulnerable to the above risks.

IUCN is developing a number of financial policies that will further reduce its financial risk. For example, limiting the number of bank accounts used by the organisation and obtaining short-term credit lines. IUCN will

continue to upgrade its human resources in the finance arena as funds are made available. A particular effort will be directed at improving the skills and capacity of Finance staff in Regional Offices and Headquarters.

7.3 Foreign exchange risk

Most sources of funds provided to IUCN are in foreign currency (i.e. other than Swiss Francs) and thus present a foreign exchange risk. IUCN does not use hedging techniques against currency fluctuations as it lacks treasury management skills in the Central Finance Division, and because the timing of donor payments is difficult to predict. Exposure to foreign exchange risks is managed by monitoring the value of payments received against the currency of the budgets, and adjusting as much as possible when losses are incurred.

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8   Appendix 1 : Glossary

The **Overall Programme** refers to combined results, activities and functions of the Commissions and the entire Secretariat of IUCN, i.e. the regional programmes, the commission programmes, the thematic global programmes, the programmatic actions of other IUCN units and the support to membership.

The **Component Programmes** are the programmes of the different units of IUCN i.e. the regional programmes, the commission programmes and the thematic global programmes and the support units at headquarters and elsewhere.

In the past the global thematic programmes have been referred to as the 'global programme'. To avoid confusion with the new Programme structure these are called the **Global Thematic Programmes.**

The **OABC list** is the basis of planning and tracking financial aspects of IUCN's project portfolio.

The **World Conservation Congress** – Described in the Statutes as the World Congress – formerly known as the General Assembly

9   Appendix 2 : Senior Management biographies

Dr. Maritta R. von Bieberstein Koch-Weser before taking up her position as Director General of IUCN in March 1999, Dr. Koch-Weser worked at the World Bank, which she had joined in 1980. In her most recent assignment at the World Bank she was Director for Environmentally & Socially Sustainable Development for the Latin America and Caribbean Region.

Her field experience in international development and environment spans the regions of Latin America & the Caribbean, West & East Africa, South Asia, East Asia & Pacific, Eastern Europe & the Former Soviet Union. Dr. Koch-Weser is an anthropologist by training and holds a Ph.D. from the Universities of Bonn and Cologne, where she studied Social Sciences and Latin American History.

Dr Yemi Katerere joined IUCN in 1995 as Regional Director Southern Africa. Dr Katerere has a PhD in Forest Resources from the University of Idaho. He previously held senior positions in the Zimbabwe Forestry Commission and was Director of Environment and Community Activities of the Environment Development Activities, Zimbabwe.

Professor Eldad Tukahirwa, Regional Director for Eastern Africa, holds a PhD in Ecological Entomology from Cambridge University. Dr Tukahirwa has extensive research experience in Eastern Africa and before joining IUCN was the Director of the Institute of Environment and Natural Resources of Makerere University in Uganda.

Mrs Aban Marker-Kabraji was appointed Regional Director for Asia in July 1999. Prior to her recent appointment she was Country Representative of IUCN Pakistan (1988- 1999). Mrs Marker_Kabraji has extensive experience in managing conservation projects in Pakistan. She was Principal Investigator, 'Marine Turtle Conservation Project', a conservation project run under joint collaboration between Sindh Wildlife Management Board (SWMB) and World Wildlife Fund/International Union for Conservation of Nature and Natural Resources (WWF/IUCN) and WWF Pakistan (1980-1985). From 1985 – 1987 she was IUCN Pakistan Projects Representative responsible for overseeing all jointly run IUCN/WWFP projects. Mrs Marker-Kabraji graduated in 1975 from University of London with B.Sc. Honours in Biology.

Dr Ibrahim Thiaw, Regional Director West Africa has a degree in Water and Forestry from the Ecole Nationale Forestière d'Ingénieurs in Morocco. He was previously the Africa Regional Officer in the Regional Affairs Division in IUCN Headquarters.

Dr Enrique Lahmann is Regional Director for Mesoamerica and holds a PhD in Biological Oceanography. He was previously the Wetlands Programme Coordinator for IUCN in Central America. Dr Lahman has extensive experience in conservation throughout Latin America.

Dr Roberta Messias Franco is Regional Director for South America and holds a PhD in Applied Geography from Strasbourg University, France. Prior to joining IUCN he worked as Municipal Deputy Secretary for the Environment in Belo Horizonte, (prior to this worked as Deputy Director of the Regional Administration for Latin America and the Caribbean of the United Nations Programme for the Environment (PNUMA, Mexico)

Ms Elizabeth Hopkins holds a Masters Degree in European Studies. She is currently Regional Director for IUCN in Europe. She previously held positions in the European Programme and has a variety of experience in Europe and South America.

Mr. Malcolm C. Mercer is Director of the Canada. Immediately prior to taking up his current position in 1997, Mr. Mercer spent a number of years in a combination of international consulting (in Asia and Africa) and university teaching and programme and course development. He is widely published, primarily in the field of fisheries and marine sciences. Mr. Mercer is a marine ecologist by training with undergraduate education at Memorial University of Newfoundland and graduate studies at Memorial and Harvard University.

Mr Scott Hajost is Executive Director of IUCN's US Office. Mr Hajost is an environmental lawyer who has extensive experience with the USA Government and with the Environmental Defence Fund in Washington DC.

Mr Jeffrey A. McNeely is IUCN's Chief Scientist and has been at IUCN since 1980. He was named Chief Conservation Officer in 1988, a position which was converted to Chief Biodiversity Officer in 1992; he was appointed Chief Scientist in 1996, responsible for overseeing all of IUCN's scientific work. Mr McNeely has designed numerous programmes, advised governments and conservation organisations on conservation policy and practice, and produced a variety of technical and popular publications.

Ms Véronique Lavorel is the Chief Financial Officer of IUCN joined IUCN in August 1999, after 3 years in charge of the Financial and Administrative Services of UNDP and 15 years of financial management responsibilities at the World Bank. She was trained in France as an Agronomist (INA-PG) and as an Economist (ENSAE), before starting her career in Madagascar on a technical assistance assignment in the Ministry of Agriculture.

Dr Simon Stuart joined IUCN in 1986 and has been head of the Programme of the Species Survival Commission (a global network of 7,000 experts on species conservation) since 1991. As a graduate in Applied Biology from Cambridge University Simon went on to complete his PhD on forest bird communities in eastern Tanzania. Before joining IUCN, he worked for BirdLife International at their headquarters in Cambridge, UK, where his projects included compiling the World Checklist of Threatened Birds, and several other bird publications.

Mr Ed Wilson Programme and Policy Coordinator and holds a Masters in Development Economics. Prior to joining IUCN, he worked with WWF-International for 15 years, this included two representational positions in Africa.

10 Appendix 3: Financial Data

This appendix provides background information on past expenditure and provides details of the preliminary allocation of the project portfolio (OABC list) per Key Result Areas.

10.1 Past Expenditure

IUCN's budget has traditionally been designed around the following organisational functions:

- **Governance** – the Council and the Headquarters-based Membership Unit.
- **Executive** – the office of the Director General, including the Internal Auditor.
- **Programme** – the Overall Programme of IUCN including all Regional Programmes, Commissions and Global Thematic Programmes.
- **Services** – Communications, Information Management, Publications, Donor Relations, Fundraising, Finance, Human Resources and Headquarters Administration.

IUCN's conventional financial system has been based on the presentation of budget and expenditure reports by functions as shown in Table 7. The conventional approach to reporting finances has a number of shortcomings, for example, it inflates the cost of representational offices by including some programme costs, and it understates governance and representational costs of Regional Offices by combining these costs within Programme. Furthermore, the conventional system is unable to provide financial reports of expenditure on the Programme's results and Key Result Areas.

From 2001, this situation will be rectified by reporting the programmatic activities of the USA and Canada office within the 'Programme' section of financial reports.

The Union's historical budgets are shown in Table 7.

Table 7   Historical Expenditures (Swiss Francs million)

Category	1996	1997	1998	1999	2000
Governance	1.4	1.1	1.5	1.3	1.7
Executive	2.0	1.2	1.3	1.4	1.6
Programme:	53.2	64.5	69.9	75.8	83.2
• Programme Management	*3.0*	*4.9*	*2.9*	*3.0*	*2.5*
• Global Thematic	*13.1*	*12.9*	*16.2*	*16.9*	*18.7*
• Regional Programme	*36.4*	*45.7*	*49.9*	*54.9*	*60.8*
• Commissions	*0.7*	*1.0*	*1.0*	*1.1*	*1.2*
USA & Canada	1.4	3.8	4.0	4.1	4.5
Services and Outreach	7.4	8.0	8.5	8.2	9.3
Provisions	2.4	1.5	2.0	3.2	3.1
Adjustments (overheads)	-5.4	-5.0	-4.3	-4.2	-4.2
Total	**63.2**	**76**	**77.3**	**90.6**	**100.0**

Table 8 describes the sources of funding by management category. The funding base is a key factor in the development of the organisation. The rapid growth of the Union's project portfolio over the past few years contrasts sharply with the minimal growth in unrestricted income and framework agreements. One of the major consequences of the skewed growth of income is that the organisation has had to stretch its core resources to accommodate the growth of the project portfolio. This creates risk, as certain core functions are not sufficiently covered.

Table 8   Sources of funding per management unit – 2000 budget (Swiss Francs million)

Category	Total	Core funding: Total	Core funding: Unrestricted	Core funding: Frameworks	Projects
Governance	1.7	1.5	1.5	0	0.2
Executive	1.6	1.6	1.6	0	0
Programme	83.2	14.9	0.8	14.1	69.2
• *Prog. Management*	*2.5*	*2.3*	*0*	*2.3*	*0.2*
• *Global Thematic*	*18.7*	*7.1*	*0.1*	*7.0*	*12.5*
• *Regional*	*60.8*	*4.3*	*0.7*	*3.6*	*56.5*
• *Commissions*	*1.2*	*1.2*	*0*	*1.2*	*0*
USA & Canada	4.5	1.3	1.0	0.3	3.1
Services and Outreach	9.3	4.3	4.0	0.3	2.8
Provisions	3.1	2.0	1.9	0.1	1.1
Overhead recovery	-4.2				-4.2
Total	**100.0**	**25.6**	**10.8**	**14.8**	**73.2**

10.2 Matching the budget to the new management structure

Table 9 8indicates the changes in management structure in relation to the presentation of the budget. The main changes are:

- Grouping the budgets of Membership Unit, Communications, Publications and Fundraising under a Business Development and Outreach Team
- Splitting the budgets of USA and Canada Offices between their programme activities and their Business Development and Outreach activities

Table 9   Matching the budget to the new management structure

Units or Group of Units	Former Presentation	New Presentation
The Council	Governance	Governance
Membership Unit	Governance	Business Development and Outreach
DG and Internal Audit	Executive	Executive
US and Canada Offices	Representation Offices	Programme activities under Global Programmes Non programme activities under Business Development and Outreach
Communications, Publications and Fundraising	Operational Services	Business Development and Outreach
Finance, Human Resources and Information Management	Operational Services	Services
Other Global Programmes, Regional Programmes and Programme Management	Programme	Programme