



An introduction to biodiversity finance

The take-home message:

Biodiversity strategies need financial strategies.



Economics Unit
economics.iucn.org

Biodiversity finance is a global priority.

*From the preamble of
the Convention on Biological Diversity:*

Acknowledging that **substantial investments are required to conserve biological diversity** & that there is the expectation of a broad range of environmental, economic & social benefits from those investments . . .

Money, money money,
it's a rich man's world!

Globalisation is a fact.

The large banks are now global banks.

The large companies are now global companies.

Global finance is largely private finance.

Most north to south flows are private.

Debt & equity deals swamp grant deals.

There are many ways to raise funds.

- **Theft**
 - illegal trade, organised crime, corruption ...
- **Taxes**
 - direct taxes, indirect taxes ...
- **Grants**
 - government subsidies, foundation support ...
- **Markets**
 - loans, equity, retained earnings ...

Biodiversity conservation relies on grant finance.

- Governments have the primary responsibility for conservation.
- NGOs also play a key role.
- Biodiversity actions of governments & NGOs tend to be financed by grants: subsidies, donors, members . . .

How can we broaden the financial base for biodiversity?

Think of biodiversity as a business!

Think of

a mountain as a business,

a forest as a business,

a reef as a business,

a protected area as a business . . .

Think of your biodiversity resource as a business.

- What does it cost to run your business?
- What are the benefits of your business?

- Who are your customers?
- What do they want?

- How do you get them to pay?
- Can you earn enough to cover costs?

Who are the customers of your biodiversity resource business?

- Think of neighbours as customers.
- Think of commercial customers.
- Think of bio-regional customers.
- Think of global customers.

***What do your customers want
& how can you get them to pay?***

What are the potential sources of biodiversity finance?

- **Global level sources**
 - grants, markets
- **National level sources**
 - taxes, grants, markets
- **Local/site level sources**
 - taxes, grants, markets

Biodiversity finance at the global level

- grants, e.g.
 - Global Environment Facility
 - Swiss Agency for Development Cooperation
 - Critical Ecosystems Partnership Fund
- markets , e.g.
 - The Terra Capital Fund
 - The Eco Enterprises Fund
 - The Kijani Bio Fund

Biodiversity finance at the national level

- **taxes**
 - green taxes, earmarked fuel taxes
- **grants**
 - state subsidies to parks, science ...
 - WWF CH, TNC, Packard . . .
- **markets**
 - Dutch green funds
 - ethical equity funds

Biodiversity finance at **the local level**

- **taxes**
 - ecological sales taxes
- **grants**
 - provincial subsidies to parks
 - friends of the local watershed/forest
- **markets**
 - park entrance fees
 - hunting fees

Global policies on biodiversity finance

- **Convention on Biological Diversity** - *yes*
 - Articles 20 & 21
 - Article 8m on protected areas
- World Heritage Convention - *sort of*
- Rio conventions on climate change & desertification - *in principle, yes*
- Conventions on wetlands, endangered species & migratory species - *not really*

What does the CBD say on biodiversity finance?

- new domestic finances & incentives by the Parties to the CBD
- new & additional financial flows from developed to developing countries
- new investments from existing financial institutions
- the **GEF** -- incremental financing for global benefits

Finance in biodiversity strategies & action plans

- **National BSAPs**
 - financial strategy for the NBSAP
 - harmonising policies & practices
 - promoting new finance
- **Corporate BSAPs**
 - biodiversity management systems
 - biodiversity due diligence

What can IUCN do about biodiversity finance?

Sustainable finance for IUCN (*operations*)

Global biodiversity finance information (*knowledge*)

Strategies & synergies at the international,
national, corporate & local/site levels (*governance*)

Innovative finance mechanisms, e.g. investing in
biodiversity business (*empowerment*)