

# Democratizing Conservation

*Steps towards monetizing natural equity*



Shaun Mann, January 2021

# Conservation landscapes are under-valued

Because... economic values are usually attached to land that you can build things on, grow things on, or extract from. Conservation landscapes provide a range of different (equity) values that don't yet have developed markets.

There isn't a strong enough business case for conservation to attract anything other than free or concessional capital. It's been this way for 50+ years.

**Tourism isn't enough.  
Maybe "conservation" isn't either.**

# Different “values” and “finance” are needed

**Values:** water, soil, biodiversity and carbon are all nascent “credit” or “offset” markets. The value of investments in these markets is growing; too fast for supply. Africa has an abundance of supply, but, inadequate systems to measure, report and verify this natural capital, and therefore an inadequate pipeline of projects.

**Finance:** once these values are known, they can be “bought”, “sold” and financed. Like stocks and bonds. Like stocks and bonds, value will be driven by reported and verified results. Sources of finance are diversifying, but without verified values the business case remains weak.

# How do we get on this path, faster...

## Supply

- A pipeline of projects that are structured to measure, record and verify a range of “stacked” nature values
- Work with govts to establish national natural capital accounts, especially work with targeted marine and terrestrial PAs to certify natural equity values

## Demand

- Define the universe of financiers and their needs in terms of impacts and returns – spectrum is huge from commercial > grants
- Establish a delivery/service system that matches projects with financing

# The Economic Case for Nature

**Biodiversity and ecosystem services risks are material. Low and lower-middle income countries, reliant on nature, stand to lose the most (and the COVID-19 pandemic reminds us of the systemic nature of nature-related risks)**

**Governments are key to addressing the drivers and mobilizing private sector resources. Tackling institutional and market failures open important ecological and economic opportunities.**

**> 80 percent of the world's extreme poor (about 600 million people) live in poverty-environment hotspots**

**US\$44 trillion (50%) of the world's GDP in industries that depend highly (US\$ 13 trillion) or moderately (US\$ 31 trillion) on nature (WEF)**

# Financing green and greening finance

## Financing Green:

Financing projects that contribute to the conservation, restoration, and sustainable use of biodiversity by harnessing the ecosystem

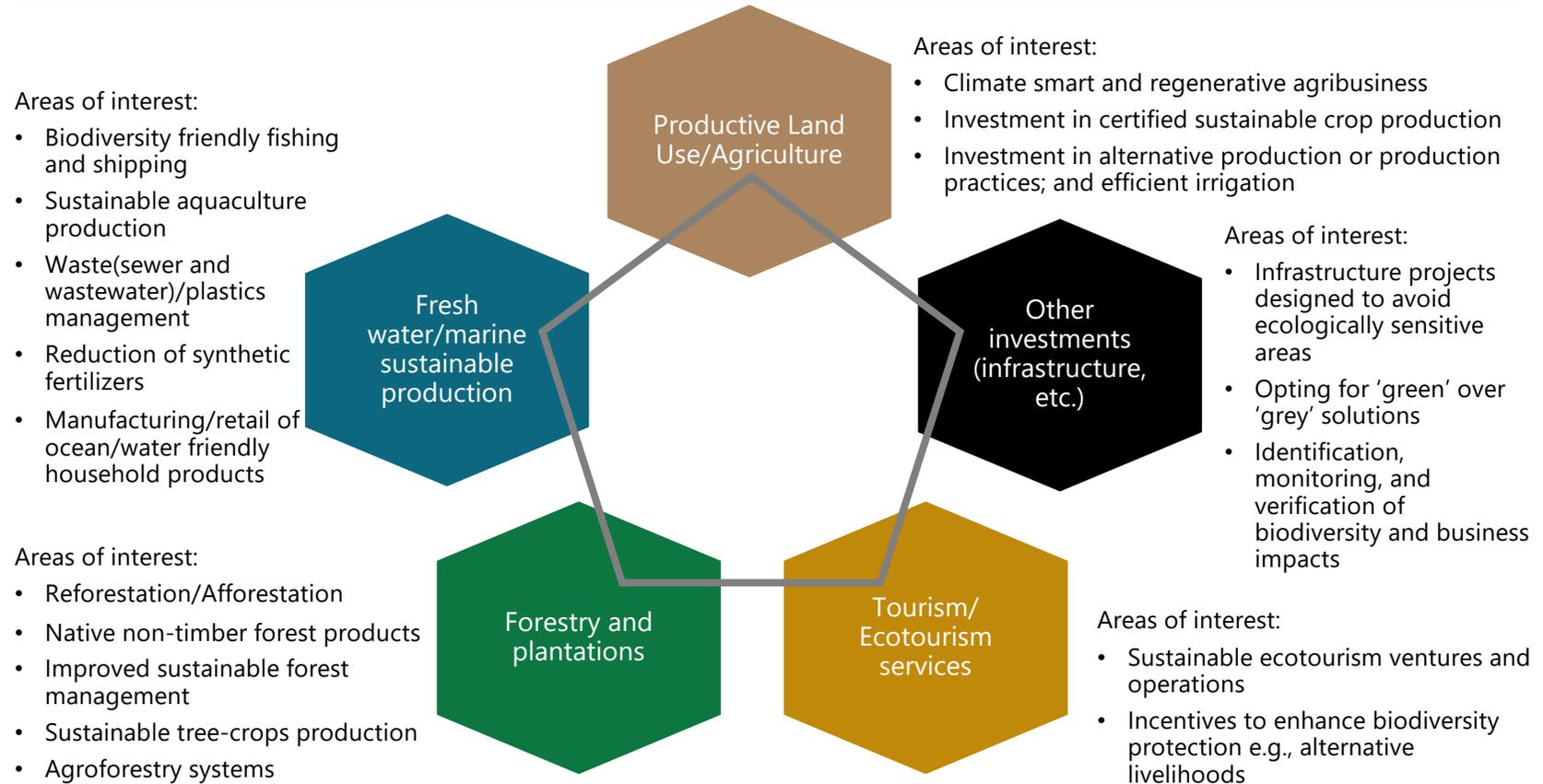
 Risk mitigation / Impact	<b>Net Biodiversity Gain/ Co-benefits</b>	Conservation project without cash flow and requiring grant funding or public support, Development project with biodiversity component	Conservation project using program-related investment or blended finance	Project where ecosystem services are monetized, or co-benefits are created through business activities
	<b>No Net Biodiversity Loss</b>	Development project not affecting biodiversity or with proper safeguards	Development project using program-related investment or blended finance with proper safeguards	Project with biodiversity offset or sustainable management
	<b>Biodiversity Loss</b>	Development project without proper safeguards	Development project using program-related investment or blended finance without proper safeguards	Traditional investment without proper safeguards
		<b>Negative Public/Philanthropic</b>	<b>Below Market Rate Concessional</b>	<b>Market Rate Commercial</b>
		 Risk-Adjusted Return		

## Greening Finance:

Directing financial flows away from projects with negative impact on biodiversity and ecosystems.

# Private investment in complementary sectors can close the gap

A landscape investment approach enables effective allocation and management of land by owners and custodians for sustainable social, economic, and environmental objectives



# Biodiversity Investment Platform

## The Concept

- To drive a new financing model for biodiversity in Africa.
- The investment platform will facilitate multiple sources of capital into a more resilient biodiversity economy at scale – in a landscape approach.
- The injection of capital will be primarily channeled into profitable and biodiversity-compatible enterprises with impact.

## Actions underway

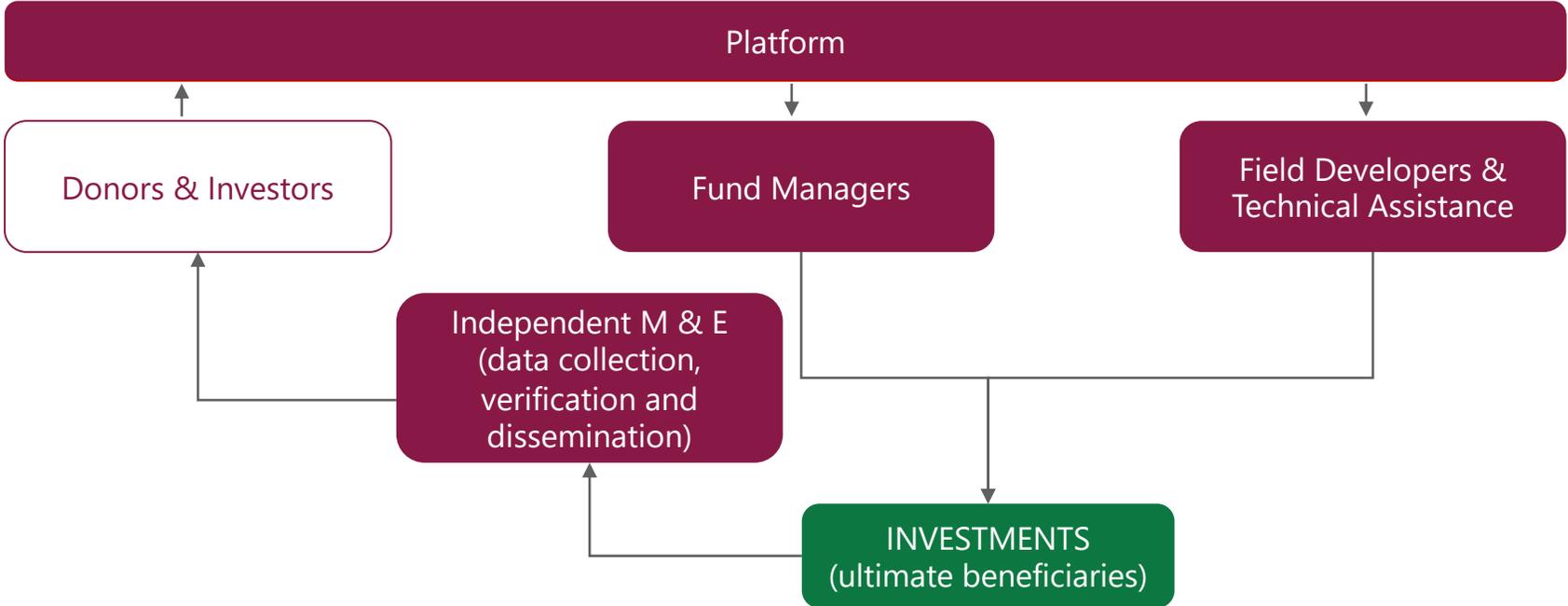
- COVID-19 relief facility launched by March 2021
- Investment platform design work ongoing, June 2021 launch

## Pilot

- The initial focus is a pilot in Tanzania, Uganda, Zambia and Mozambique.



# Biodiversity Investment Platform structure



Platform entity – the public interface to showcase ventures and manage a network of investors, donors and lenders

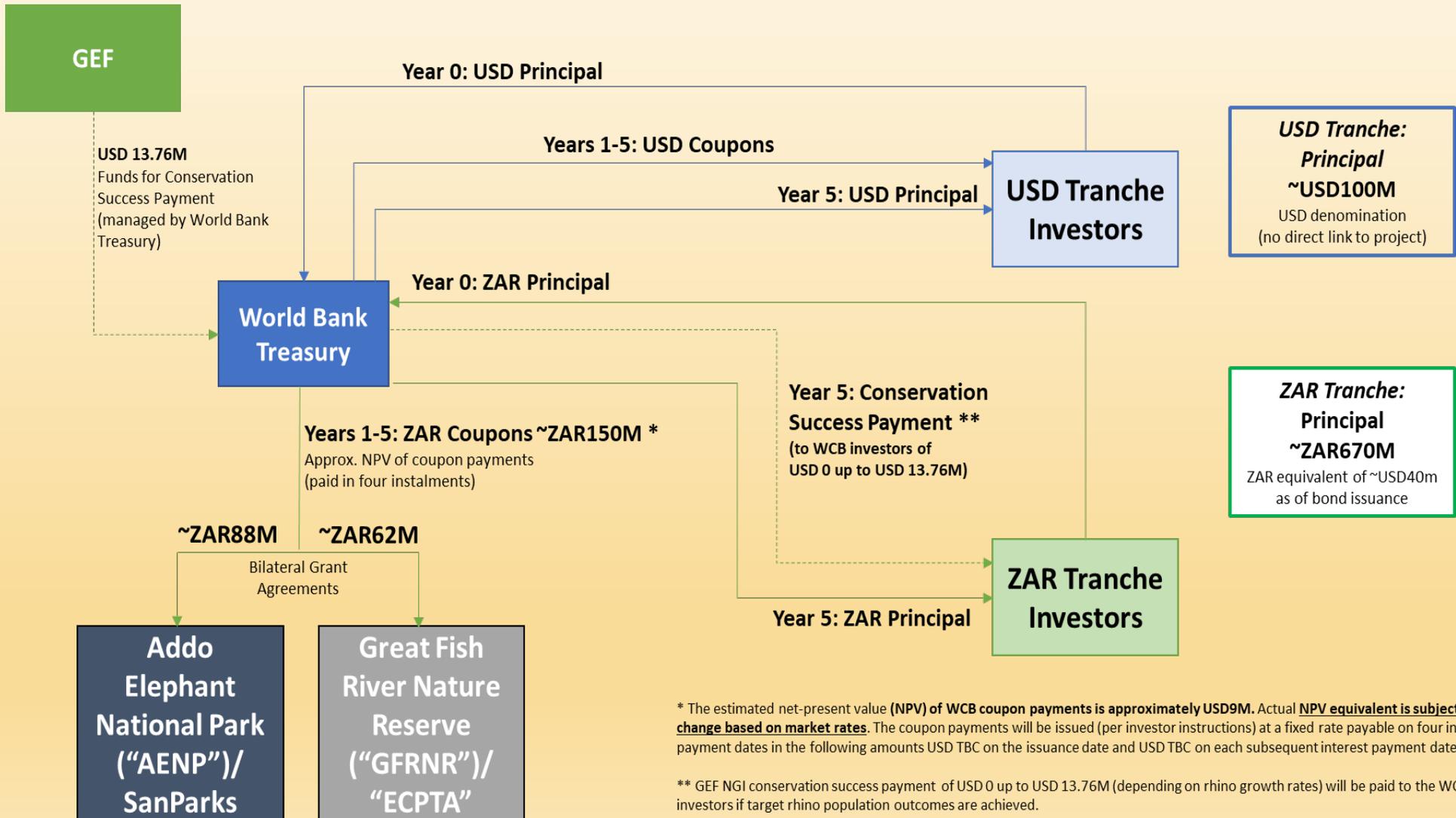
Technical assistance – an expert unit to manage TA at a landscape level; including enterprise support and feasibility studies

Field Developer – Landscape level coordination bodies to raise awareness, develop pipeline and provide M&E services

Fund Managers – raise investment and secure funding partners; facilitation and execution of deals

IFC has sponsored initial work on this initiative, and now seek funding partners and collaborators

# Wildlife Conservation Bond



# Why “democratize” conservation?

Can we get to a place where nature pays for education and healthcare poverty-environment landscapes? And where the companies “paying” for this nature are that countries richest top 50?

**Why not?**

