

Innovative Finance

The Sustainable Landscape Finance Coalition



SUSTAINABLE
LANDSCAPE
FINANCE
COALITION

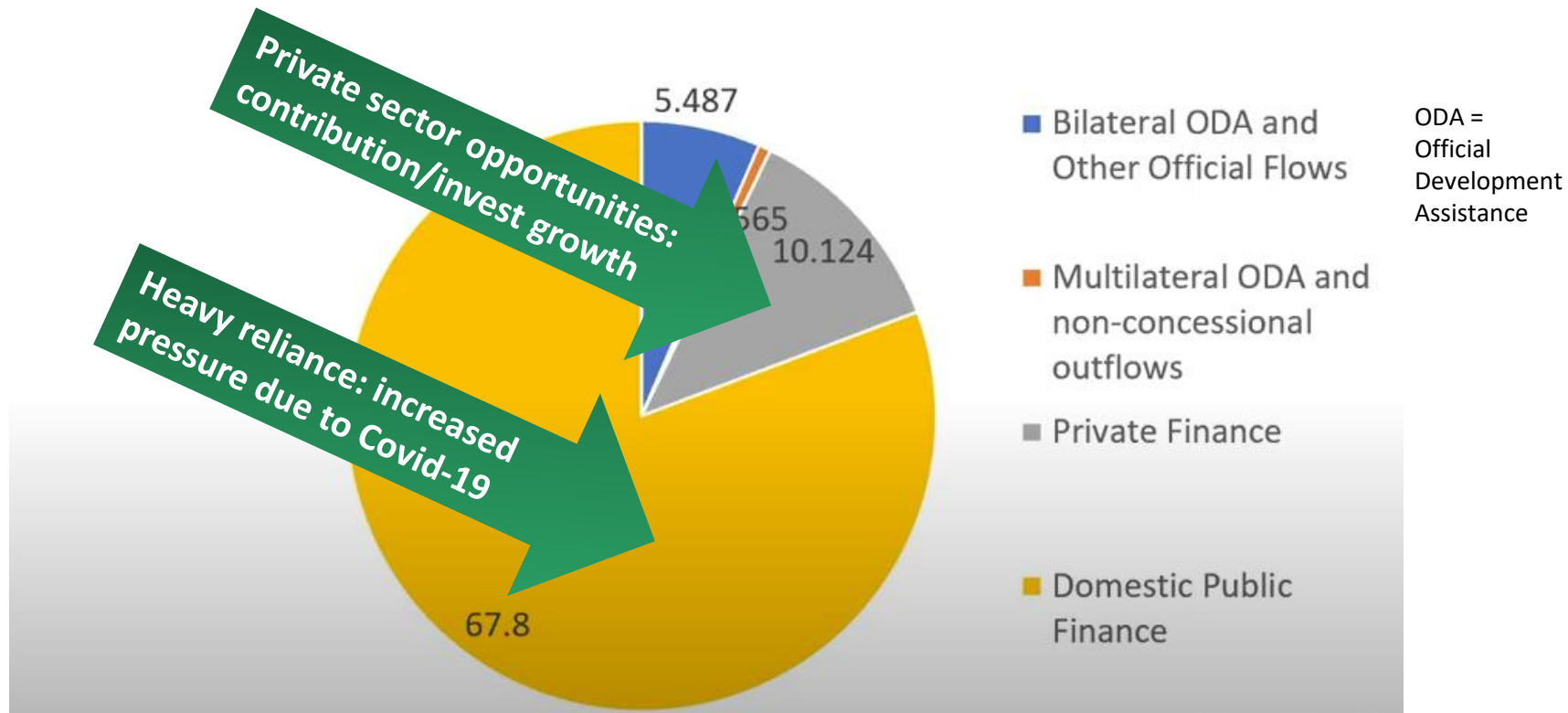
WILDERNESS
FOUNDATION
AFRICA

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Annual Biodiversity Finance

(BN USD) – OECD 2020



Setting the Scene: Global Biodiversity Finance Gap

BIODIVERSITY ASSET VALUE VERSUS ANNUAL FINANCE NEEDS



What biodiversity gives us

Impacts of Covid-19

Existing revenue streams impacted, particularly tourism and associated activities as well as ancillary services.



Currently

US\$ 24 trillion

Conservative Estimate of Economic Value of Renewable Natural Assets

US\$ 52 billion

Current Annual Global Biodiversity Funding

The Need: Summary of what is needed

- One of the critical shortcomings of addressing the environmental crisis and its associated social impacts is the current **global underspend on environmental efforts**.
- **Protected and conserved areas** as cornerstones in a landscape **offer cross-cutting conservation solutions** that foster countless environmental benefits as well as sustainable social and economic opportunities.
- Protected and conserved areas and their buffers, as in TFCAs, **require tailor-made finance solutions** if they are to reach their **full potential** as environmental and economic assets.
- **Innovation** that builds in **new finance sources** that are **self-sustaining** and assist in building **resilient economic models** is key.

Terminology: Financing and Resourcing

Protected area [TFCA] financial sustainability: the ability to secure stable and sufficient long-term financial resources, and to allocate them in a timely manner and appropriate form, to cover the full costs of protected areas [TFCAs] (direct and indirect) and to ensure that PAs [TFCAs] are managed effectively and efficiently.

Source: CBD

FINANCING: ability to secure stable and sufficient long-term finances

RESOURCING: allocate them in a timely manner and appropriate form

WHY: cover the full costs = direct and indirect

ULTIMATE AIM: managed effectively and efficiently

Financing is finding *or developing* new sources or streams of money that have not been accessed before

Innovative Financing is developing a finance solution that is new or non-traditional

Resourcing is utilizing your existing financial resources optimally

[Financial Efficiency]

Innovative Finance

1. Develop **NEW finance innovations** to create additional finance for landscape conservation and associated socio-econ efforts

- Fiscal Solutions
- SPV Financial Sustainability
- Carbon Payments
- Debt Instruments
- Policy Advice

2. Create an **enabling environment** for finance innovation for landscapes through the Sustainable Landscape Finance Coalition, in partnership with WWF-SA

- Coalition: Council and Innovation Hub
- Finance Strategies
- Capacity Building and Knowledge Sharing

3. Deliver niche **conservation finance services** across landscapes to ensure that stakeholders gain access to financial solutions

- Environmental Tax Services
- Fiscal Benefits

Tax Services: R1.4 billion into South Africa's protected area network by 2026 through WFA's Environmental Tax Services



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**The Sustainable Landscape Finance Coalition
is a catalytic and innovative driving force
for the creation of finance solutions
for effective and enduring conservation in
South Africa and across SADC.**



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Steering Committee

Council

The Innovation Hub

Finance Solution Incubators

Incubator
Carbon
Payments

Incubator
BIODIVERSITY ECONOMY
Bankable
Projects

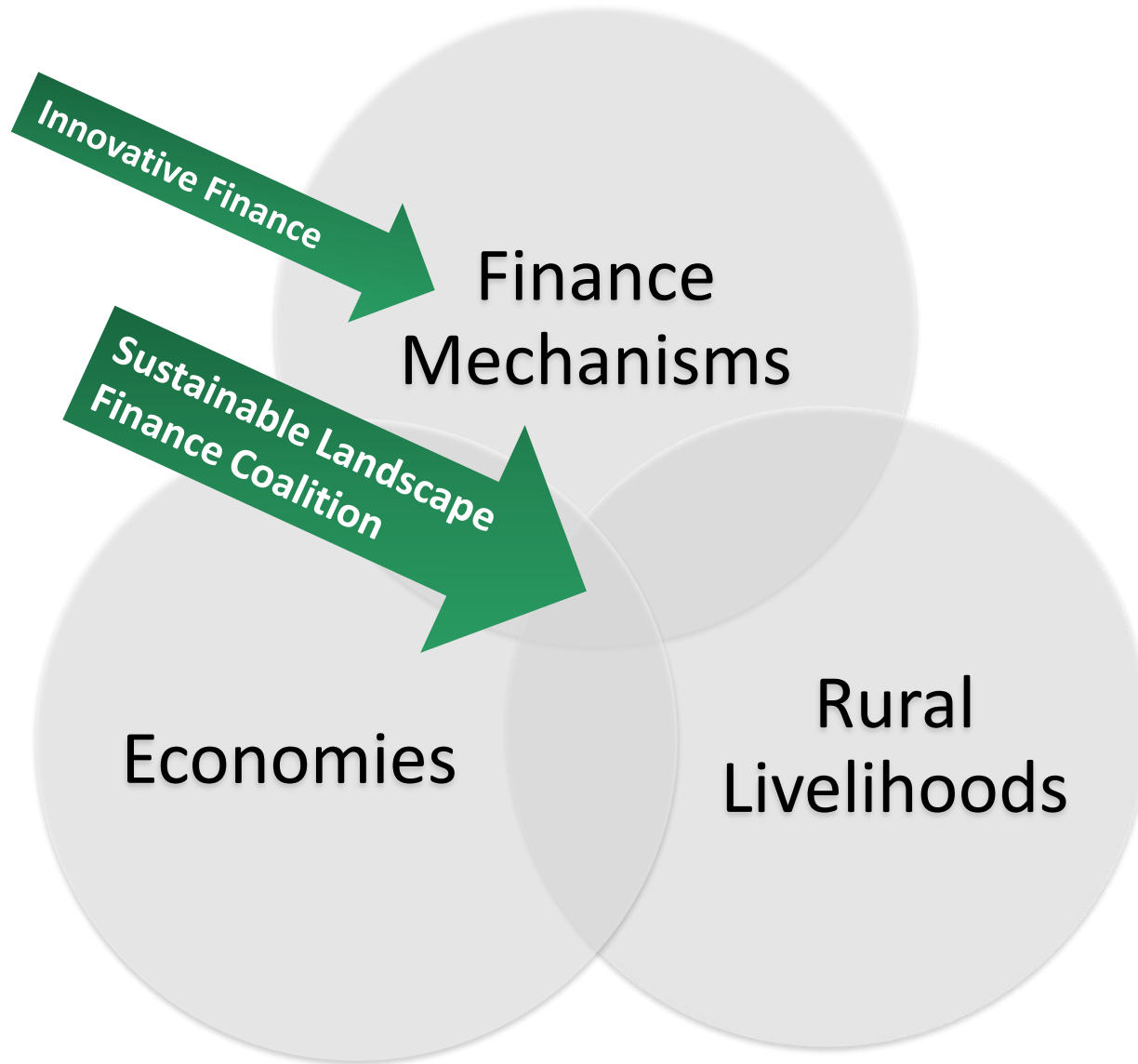
Incubator
BMA Tax
Incentive

Incubator
Bio Offset
Finance Tools

Incubator
Debt
Instruments

Incubator
Water Finance
Incentives

Overview: Financially Sustainable and Resilient Landscapes



Building Finance Solutions for Landscapes

- Each Landscape has its own context.
- Development of finance solutions requires a number of building blocks in order to ensure that critical success factors are in place.
- Establishes best opportunity for effective implementation and scalability.
- Building blocks differ from landscape to landscape.



SLFC Finance Solution Approach

Phase 1: Incubator

Phase 2: Strategy

Phase 3: Pilot

Phase 4: Scalability

The Coalition's Finance Solution Approach can be embedded into focal landscapes to offer financial sustainability regardless of which stage of financial strategy they are facing.

The approach provides access to the Coalition's national Council, representative of key sectoral decision makers, and a broad stakeholder network.



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SLFC Finance Solution Approach: Detail

Phase 1: Incubator = Finance Solution Investigation

Determines finance solution building blocks and what is needed to unlock and/or enable the mechanism.

Phase 2: Strategy = Finance Solution Viability

Development of a finance strategy as well as a needs analysis to ensure that proposed finance solution/s address legitimate needs of stakeholders.

Phase 3: Piloting = Finance Solution Implementation

The Piloting Phase tests the use and applicability of the finance solution/s and ensures replicability.

Phase 4: Scalability = Finance Solution Impact at Scale

Upscales initial pilot and its results across a landscape, and to other similar landscapes where permissible. Ensures full benefit of the new finance mechanism/s obtained by all actors implementing associated landscape interventions.

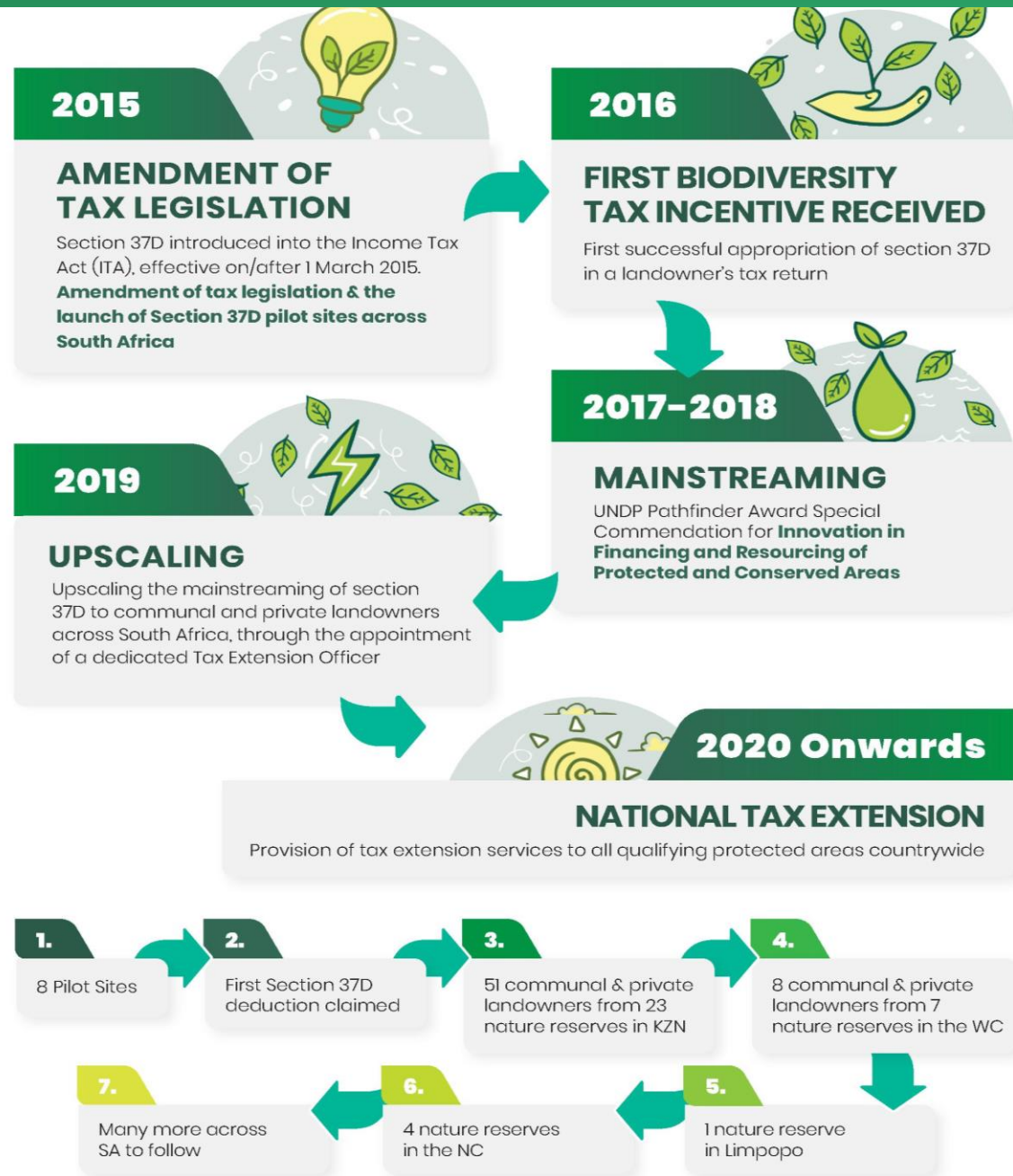
Phase 4 allows for mainstreaming, capacity development, training, and replications across qualifying sites.

Approach follows a 5 year time line from investigation to scale if FS viable.



Established Finance Solution: SA's biodiversity tax incentive

- Income tax deduction based on value of land declared as PA
- Positive incentive dedicated to biodiversity protection
- By 2026, estimated total of USD 83mn (R1.4bn)
- SA to date: R189mn/USD 11mn
- Institutional support from SA Government
- Tax deduction increases liquidity = boosts sustainability and growth



Covid-19: Building Back Better

- Mainstreaming on markets.
- Perspective economic
- Key Pillar Protection, Water Low Carbon Ec Financial Sector

Recovery and ESG

So much is MINDSET
Move away from survival to new point of innovation, and avoid a preservation mind set.
We need a new collective consciousness for our sector to 'pivot and move fast'.

central to al systems

How Airbnb Pivoted: Book Club with Simon - LinkedIn