

# Financing for nature – what’s driving it and what are the opportunities?

*Global and local analysis and case studies across the private, non-profit and government sectors*

Thursday 27 October 2022

The Conservation Finance Intensive returned in person in October 2022, with a focus on the current global drivers of investments in nature and how those drivers are influencing action from the 3 key sectors; private, government and non-profit.

## Key takeaways:

- Nature is and will increasingly become everyone’s business
- We need agreed targets and metrics - scientifically robust and culturally appropriate
- Building networks and collaborations remains critical
- We must continue to build capacity in technical knowledge and develop a shared language
- Integrity in outcomes is vital
- Early consideration of cultural and social benefits will support emerging market development and design
- Government can be important for de-risking and providing catalytic finance
- Long term and blended finance are both needed
- The for-purpose sector is showing strong innovation in the development of emerging voluntary markets
- A holistic approach is needed with a convergence of sectors and objectives
- We ALL have a superpower!

## Setting the scene

The day started with a Welcome to Country from Ngunnawal Emerging Elder Serena Williams and her niece Alicia. Serena highlighted that conservation is at the core of Aboriginal and Torres Strait Islander peoples’ beliefs and the importance to Traditional Custodians of the continuing legacy of connection to Country. Alicia’s involvement was part of her empowerment as an emerging leader and acknowledgement of the importance of family and honoring future generations.

Jody Gunn, CEO, ALCA identified 2 main objectives for the day:

1. To build capacity across the sector to understand, engage and develop Conservation Finance opportunities
2. To build a network of Conservation Finance practitioners



## The global frameworks driving investments in nature

The global context was set by Dr Adrian Ward, CEO, Accounting for Nature who described the significant funding gap and how there is an opportunity to channel private investment to fill this gap. Corporations are identifying their nature-based risks and dependencies and exploring frameworks for considering how they might mitigate against the losses created by climate change and nature loss. Adrian explored the ways that nature-based solutions are creating opportunities for potential new income streams.

International guest speaker Travis Anklam, Projects and Education Coordinator, Center for Natural Resources & Environmental Policy, University of Montana explained the context in the United States of America and how the America the Beautiful program is aiming to bring the country back together to pursue the 30 by 30 goal with a holistic and inclusive approach.

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*“According to the UN...*

*Protecting the planet’s plants, animals and ecosystems, and repairing the damage done to them by humans, will require about \$5-7 trillion over a decade in extra funding from governments and business...”*

*- Adrian Ward, Accounting for Nature*

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## What is the private sector investing in and why?

Context: A panel representing private investment discussed what’s really driving private sector investment in nature and shared some of the current opportunities

Panel: Simon O’Connor, CEO, Responsible Investment Association Australasia, Laura Waterford, Director, Pollination, Bláthnaid Byrne, Director, Sustainable Finance & ESG, Commonwealth Bank (virtual), Lucy Friend, Environment Manager, North Queensland Airports

Facilitator: Dr Adrian Ward, CEO, Accounting for Nature

Discussion: *What are the trends, barriers to and influences on private sector investment in nature positive programs?*

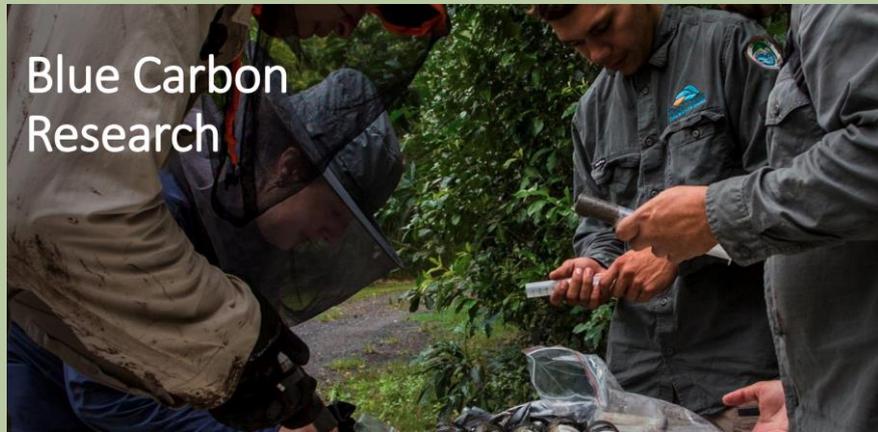
- There is a need to translate our reliance upon nature into a language which investors can both understand and model. The Taskforce on Nature-related Financial Disclosures (TNFD) is a step to support improved information and informed investment decisions.
- Risk mitigation or new product value creation are the two main drivers to corporates expanding their Environmental, Social and Governance (ESG) statements. We are still in the early stages of first movers, however with investors pushing for ethical investment, the wave is building. National targets, policy reviews and a common set of data and metrics would further support unlocking additional investment.
- There is a need for improved collaboration between sectors and internationally to make sure gaps aren’t left unmet and funding is going to priority needs.
- The TNFD is beginning to incorporate First Nations outcomes; investors are pushing for further policy reviews to ensure cultural heritage is protected and Indigenous voices are heard. We must ensure engagement with First Nations people occurs at the beginning to lead implementation and guide where the need is.

- Banks have been providing funding through Sustainable Linked Loans to provide discounts when certain pre-agreed sustainability targets are met. It is expected that commitments to decarbonisation will become a standard part of banking requirements in the future.
- As there is a shift in capital flows to nature-positive investments, how can we as a sector ensure the funds are flowing to the places most in need?

### Sustainability Linked Loan Case Study: Dawul Wuru Aboriginal Corporation and North Queensland Airports (Cairns Airport)

Cairns Airport is located between a World Heritage listed rainforest and the Great Barrier Reef, within a diverse mangrove ecosystem that is culturally significant to the Yirriganydji People.

In 2020 the airport developed a five-year environmental strategy that includes tangible targets on climate change mitigation and adaptation, waste and water reduction, biodiversity protection, and pollution prevention. During refinancing, the airport



worked closely with the banks to link its finance to sustainability performance to drive ambitious projects that met targets above and beyond existing strategic targets. The airport's Sustainability Linked Loan focuses on 3 key objectives; bring the company's carbon neutral target forward and consider scope 3 emissions, enhance biodiversity through actively managing threatened species habitat and incentivise capital works providers to support First Nations employees.

Dawul Wuru Aboriginal Corporation's Yirriganydji Land and Sea Rangers play a key role in all land management programs conducted at the airport.

### Government's role in driving increased investments in nature

Context: A panel representing those involved with State government initiatives discussed building and implementing frameworks that drive private investment and build confidence in existing and emerging markets.

Panel: Justin Story, Principal, Aither, Gillian Mayne, Director of Natural Capital Strategy and Investments, Queensland Department of Environment and Science, Melissa Sinclair, General Manager, Shared Value Partnerships & Impacts, APN Cape York, Kate Smillie, Acting Director Programs, NSW Biodiversity Conservation Trust

Facilitator: Marnie Lassen, Statewide Operations Manager, Trust for Nature

Discussion: *What are the new models and frameworks being rolled out at different levels of government and how can they build confidence and integrity in nature-based investment?*

- There is a raft of programs available at State and Federal levels that invest in or drive private investment in nature. The states have different schemes and programs focused on land restoration, nature protection and carbon.
- In addition to Australia's carbon market, the Federal government recently announced a biodiversity certificates scheme along with their recent announcement to protect 30% of Australia's land and 30% of Australia's sea by 2030, aligned to the global 30 by 30 target.
- There is room for improved platforms, mechanisms and access to data to support co-investment between investors and private landholders. Government regulation can provide trust and confidence for private sector investors.
- Early funding and market incentives can support programs with upfront costs which broaden the scope and include co-benefits, increasing viability. Once established, long-term co-investment, blended finance or partners can be brought in for ongoing land management.
- The sale of credits or certificates via a marketplace helps to bridge the disconnect between small scale supply and large scale demand. Market-based solutions provide economic benefits to support those transitioning to a new industry.
- Frameworks with a process of verification with data-driven evidence can give community and investors confidence that those programs are doing what they are set out to and ensure integrity and trust.
- Co-investment supports landholders including Aboriginal and Torres Strait Islander led groups by accelerating and supporting large scale private land conservation projects that would otherwise be out of reach.
- We need to build capacity and capability in the growing conservation industry. How do we attract and retain people with the right knowledge? The sector is aligned to agriculture industry, but how do we deal with silos and duplication of effort?



**Case study: Queensland's Land Restoration Fund and Northern Aurukun Savanna Burning Project – building biodiversity into carbon finance**

Linking private sector funding and markets to conservation and restoration of land by leveraging the carbon market for environmental outcomes. The Land Restoration Fund (LRF) values and pays for co-benefits along with purchasing carbon credits making projects viable where previously they may not have been. APN Cape York was established by First Nations elders to manage the freehold land held by the Traditional Owners to ensure operating revenue was generated from place-based industry development focused on conservation, carbon and cattle rather than being reliant solely on grants. The LRF allowed APN Cape York to take on additional land under management with



increased revenue and to become an impact organisation with a mission based on the empowerment of people on Country: socially, culturally, economically and sustainably.

The project seeding allowed investment in research to support biodiversity management beyond carbon, with greater impact reporting beyond carbon and co-benefit markets to include social impacts for the local communities.

**How are conservation and Indigenous land management organisations meeting the emerging demand for nature financing?**

Context: A panel representing conservation and Indigenous land management organisations involved in delivering on global frameworks for people and nature

Panel: Sean Appoo, Project Manager, Aboriginal Carbon Foundation, Rachael Cavanagh, Senior Executive Community Programs and Stakeholder Engagement, Firesticks Alliance Indigenous Corporation

Nick Mogford, Executive Manager, Strategy, Innovation and Business Development, Bush Heritage Australia, Heath Evans, Co-Founder & Chief Marketing Officer, Wilderlands

Facilitator: Marnie Lassen, Statewide Operations Manager, Trust for Nature

Discussion: What innovation is coming from the sector in the absence of existing, trusted frameworks and how can conservation intersect with productive lands and natural capital in improving biodiversity with social benefits.

- A huge gap has been identified in the volume of Australian Carbon Credit Units (ACCUs) required and those which are being produced. The carbon market in Australia is still in its infancy compared to overseas markets and Australia needs to massively ramp this up if we are going to meet our emissions reduction targets.

- It is likely that biodiversity or nature units will receive a premium once a market can be established as they place the focus on the outcome with biodiversity at the forefront. This will allow conservation programs to have greater financial self-sustainability.
- Recent innovations in funding are allowing conservation organisations to branch out into different areas.
- Agricultural conservation: Aboriginal partnerships are becoming increasingly important in the context of sustainable land use and natural capital accounting.
- Aboriginal-led programs are important for many investors. There is an opportunity for stronger engagement with Aboriginal and Torres Strait Islander communities to ensure the programs are respectful and engagement is genuine.
- While corporates are focused on the return on investment there is a clear argument around risk mitigation, and in the case of cultural fire credits, this can significantly mitigate large scale bushfire risk resulting in a direct financial impact.
- There are opportunities to engage with corporates through channels other than ESG teams, for example, marketing or risk management.
- People naturally skew to either hearts or minds, but at the end of the day a noble cause is unlikely to close the deal once cost comes into play. By listening more, conservation organisations can provide solutions to businesses that solve a business problem as well as a conservation problem.
- Markets do need to have mechanisms to support ongoing funding for land management and to ensure options are available for those who have already sold into the market.



### **Case study: Cultural Fire Credits partnership with Firesticks and Aboriginal Carbon Foundation**

Core Benefits Verification Framework is an Aboriginal-led program developed to focus on core benefits: social, cultural and environmental. These focus on people's priorities in a strengths-based, Indigenous to Indigenous approach in implementing projects with carbon credits as one outcome.

Cultural fire credits are now being sold as a premium commodity in the environmental market, as they have a reputation for being high integrity and are valued for the range of social, cultural and environmental benefits. Indigenous land management projects focus on wholistic land management practices incorporating both restorative activities to protect and nurture endangered species, while eradicating invasive species, leading to the highest return in biodiversity outcomes. Catalyst Markets was established to allow corporates to purchase Cultural Fire Credits as a direct investment in to First Nations-led land management. This platform supports self-determination,



access to Country for Aboriginal and Torres Strait Islander groups underpinned by commercial management. This in turn supports communities to fulfil cultural obligations and re-connect with country and knowledge sharing. When programs are established with Aboriginal knowledge at the core, benefits are not just to a single local community but everyone across the nation.



### Case Study: Wilderlands and the Lendlease Towards Zero Summit

Wilderlands' aim is to protect biodiversity 1 square meter at a time with geotagged Biological Diversity Units available for purchase on a platform. This enables organisations to do good, to be seen to be doing good, and to bring others on the journey. Offering small units of land makes the platform accessible to individual consumers as well as large organisations.

Lendlease engaged Wilderlands to support their sustainability conference and wanted cutting edge conversations, an activation, and to embed impact into the conference through a digital platform.

Wilderlands was able to turn talk into action by protecting an area of vulnerable Australian habitat to match the size of the area on which the conference was being held. Each attendee was also gifted an additional 10sqm of protected land which came with access to a platform where the recipient can track their impact and receive regular reports on the projects being supported.

Wilderlands then presented an augmented reality experience for the attendees of the conference with species playing the rock stars of the event to bring nature into the space and get a sense of what's being protected.

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*"How do we make change today? 1 square meter, 1 conversation, 1 person at a time."*

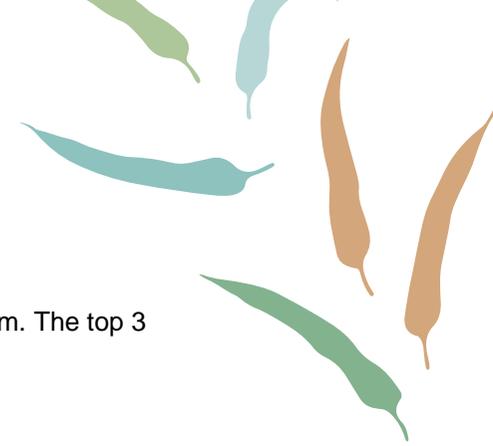
- Heath Evans, Wilderlands

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## Collaboration

As part of the networking element of the intensive, attendees were invited to share information about themselves (their superpowers and their knowledge needs) to be displayed on a wall mural. Connections were then identified across the day between those with the skills and knowledge and those looking for insights.





An activity during the workshop identified and prioritised the opportunities or barriers we can collectively address in the short to mid-term. The top 3 prioritised short to mid-term actions identified were to:

1. develop and harmonise targets, reporting, science and metrics
2. provide seed, upfront or catalytic funding
3. strengthen regulatory and policy frameworks.

