

# Financing restoration

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# Overview

- What is biodiversity finance?
- The private sector want to invest!  
...but why?
- When is conservation/restoration profitable?
- Where are the opportunities?

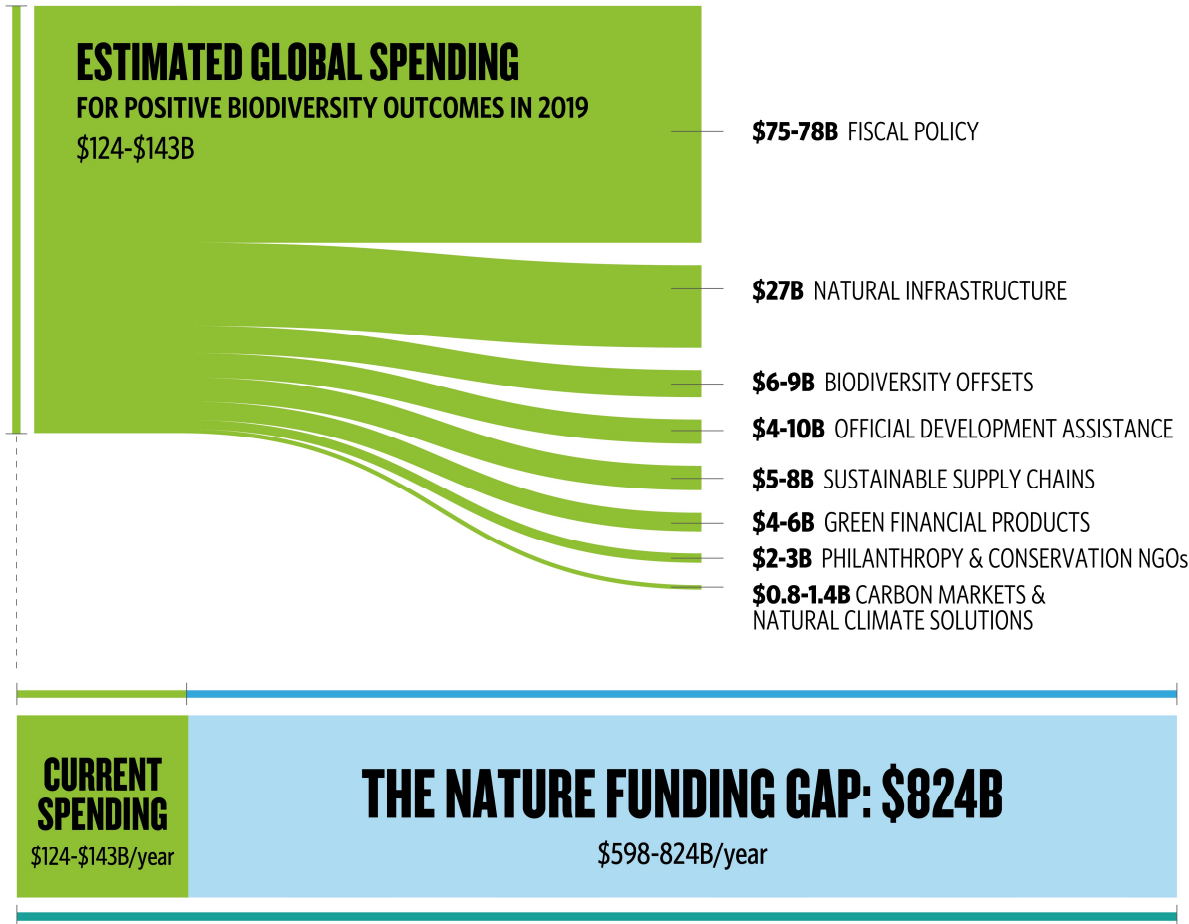
# Biodiversity finance

- ...financial flows where...
  - improving the state of biodiversity is a primary or secondary objective, or a co-benefit;
  - encompassing public and private sources,
  - and the use of various financial instruments

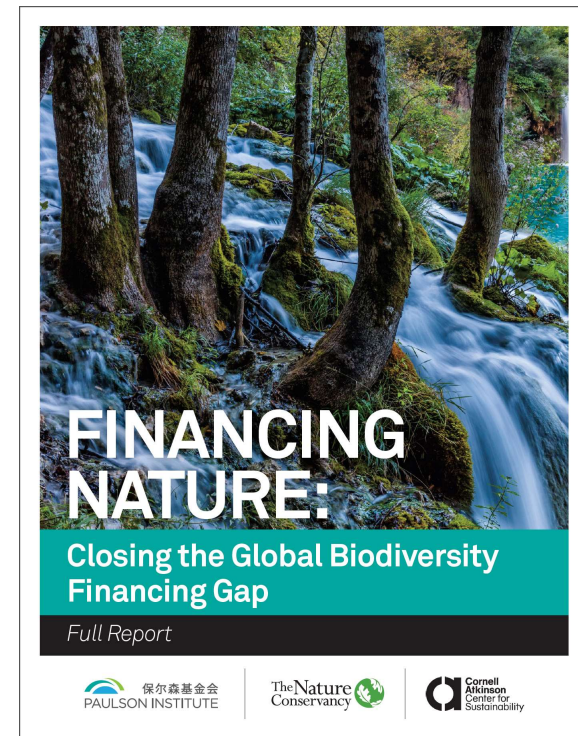


OECD, 2020. A Comprehensive Overview of Global Biodiversity Finance.

# The biodiversity finance gap is



**TARGET TOTAL ANNUAL NEED: \$967B**  
\$722-967B/year





The biodiversity finance gap is



...and government doesn't have enough money to spend on nature :'(

## The Canberra Times

# Minister flags biodiversity credits scheme

By Tracey Ferrier

Updated July 28 2022 - 1:33pm, first published 1:32pm



She said governments alone could not shoulder the enormous cost of undoing the damage that has already been done to the landscape and the plants and animals that depend on it.

"Governments can't do the job alone," Ms Plibersek said.

"The Australian Land Conservation Alliance estimates that we need to spend over \$1 billion a year to prevent further landscape degradation, which means we need to work with industry and philanthropic partners."



# The biodiversity finance gap is



...and government doesn't have enough money to spend on nature :(

therefore, we need to...

private finance

leverage

catalyse

unlock

harness

mobilise

What does that mean?

# The private sector want to invest! ...but why?

Anantharajah, K., **Evans, M.**, 2024. Biodiversity finance as a technology of power: Discourses of innovation and regulation in an Australian case study. <https://doi.org/doi.org/10.31235/osf.io/ep8zr>



# The private sector want to invest!

...but why?

- Sometimes unclear:  
“...what is the demand, and it's unfinished work...  
[potential buyers of units] haven't clarified their own  
drivers” (interview #8)

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## ...but why?

- Sometimes unclear:

“...what is the demand, and it's unfinished work... [potential buyers of units] haven't clarified their own drivers” (interview #8)

- But generally:

“So, there's two sets of buyers, I think.

One set is around wanting to invest and generate a return and the other set is around wanting to have, not “offset impact” because that's probably unlikely to be the language, I think it's more likely to be “compensate for the impact”” (#11)

# The private sector want to invest!

## ...but why?

- For private finance to flow, investors typically require either:
  1. financial return on investment (unless it's philanthropic), or
  2. a property right to exercise (offset, credit, certificate)
- Conservation can thus only occur when profitable,

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## ...but why?

- For private finance to flow, investors typically require either:
  1. financial return on investment (unless it's philanthropic), or
  2. a property right to exercise (offset, credit, certificate)
- Conservation can thus only occur when profitable, and is *“tied to the very forces and logics that degrade and destroy nature in the first place”* (Fletcher and Büscher, 2017).

“People looking at nature and climate related work, and they want to know what the internal rate of return is, they want to know how they can make money out of it. And I’m a little bit concerned with that trend because it means that the people who created the problem are turning around and making money out of solving it, and there's a problem with that” (#16)

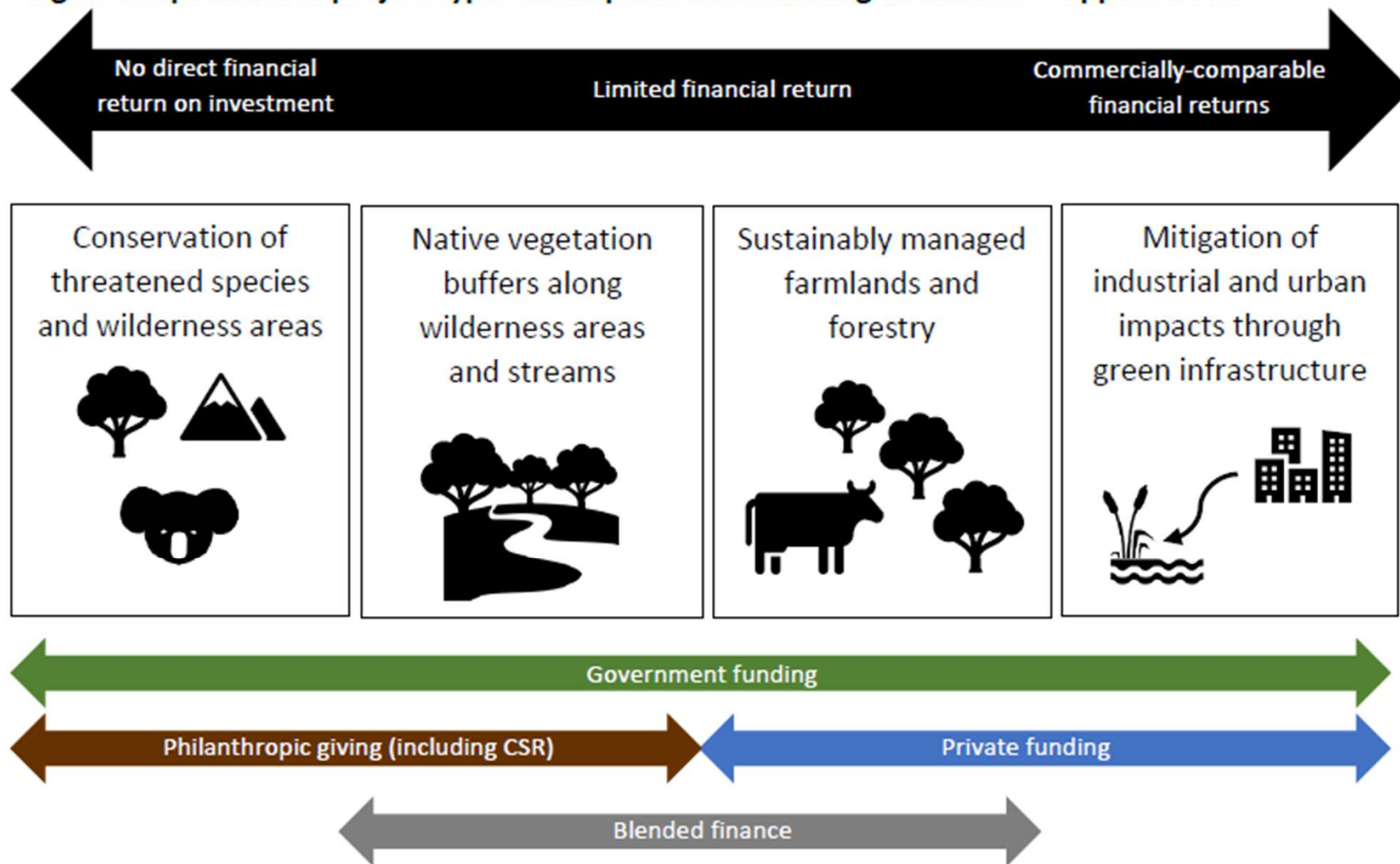


# The private sector want to invest!

...but why?

- Different investors have different expectations on profit – from commercial (15-20%) to below commercial (~8%, impact, institutional benchmarks)
- What kinds of conservation and restoration can deliver on these expectations?

Figure 6. Spectrum of project types with spectrum of funding available to support them



Ward, A., Lassen, M., 2018. Expanding Finance Opportunities to Support Private Land Conservation in Australia. Australian Land Conservation Alliance, Melbourne.

# What about environmental markets?

- Sure, but factor in:
  - *Why* would a buyer purchase a credit/certificate/token?
  - How would they exercise that property right?
    - Retire, or
    - Use it in some way (offset, compensation, “mitigate nature-related financial risks”)

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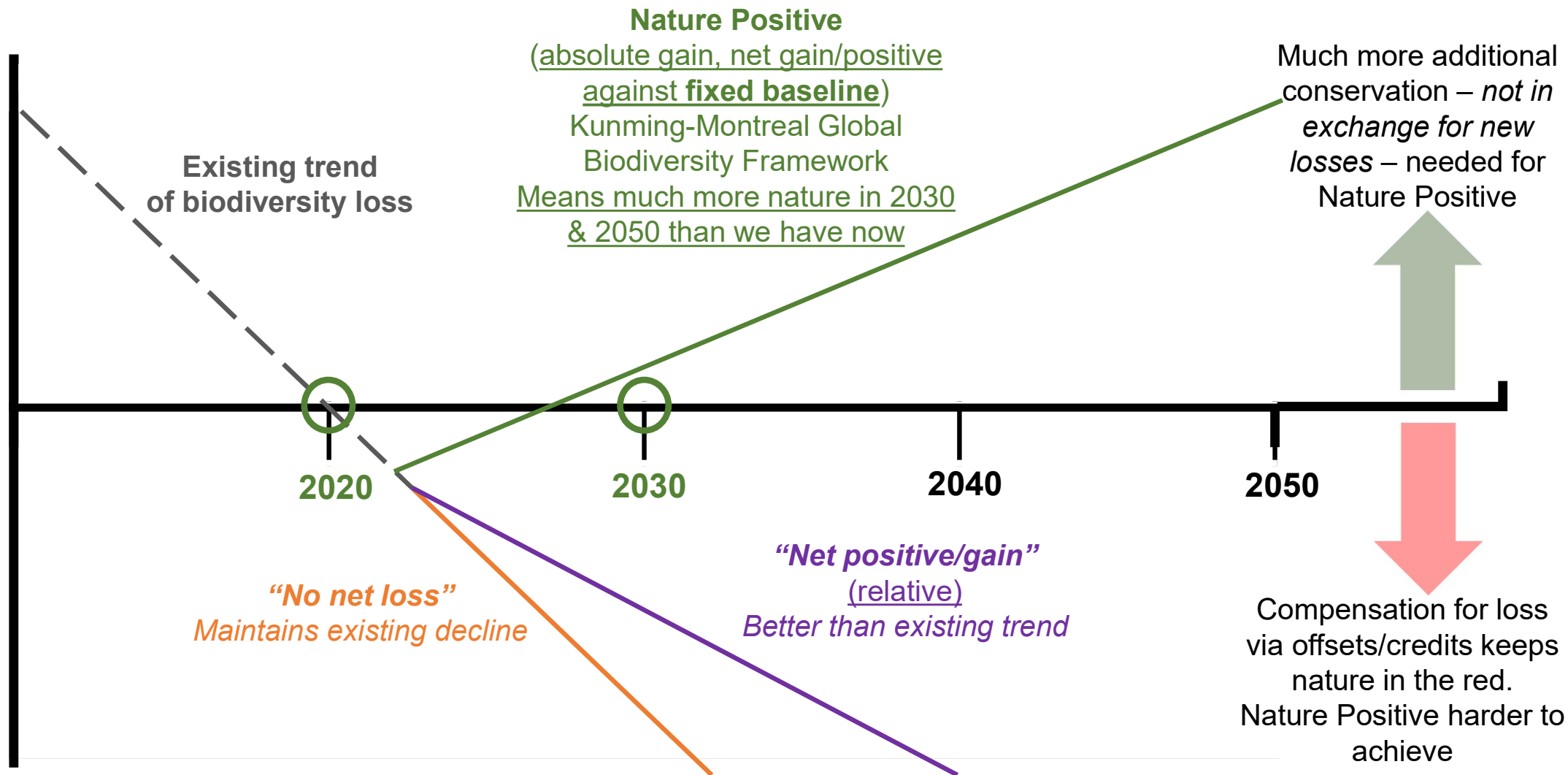
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    - Use it in some way (offset, compensation, “mitigate nature-related financial risks”)
- What are the *consequences* of that trade for nature and/or the climate?
  - if a biodiversity or carbon credit does not deliver the outcomes they are meant to, the net outcome is *loss*
- There is *always* a fundamental trade-off between “thin and bland” and “fat and sloppy” enviro markets

Salzman, J., Ruhl, J.B., 2000. Currencies and the Commodification of Environmental Law. Stanford Law Review 53, 607–694.

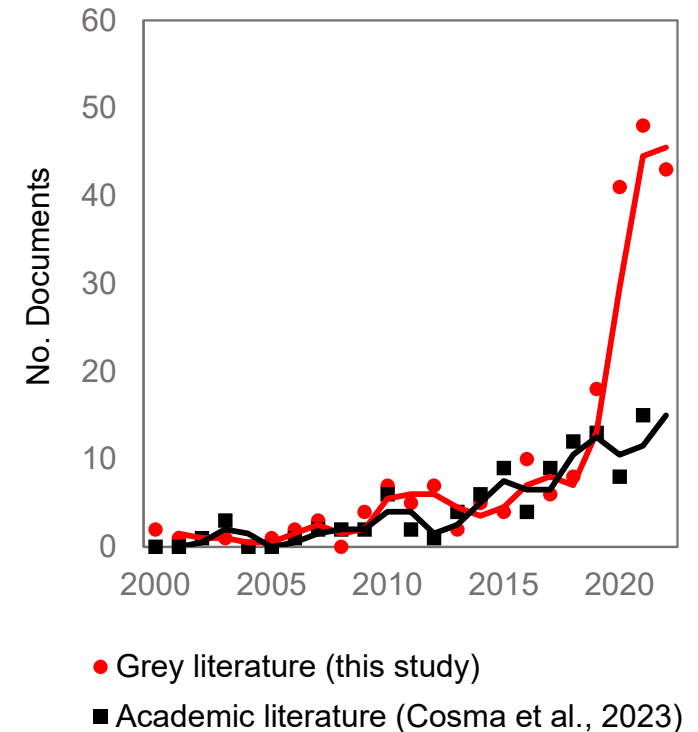


# What is Nature positive?

vs offsetting (to achieve *net positive/gain* or *no-net-loss*)



# Where are the opportunities?



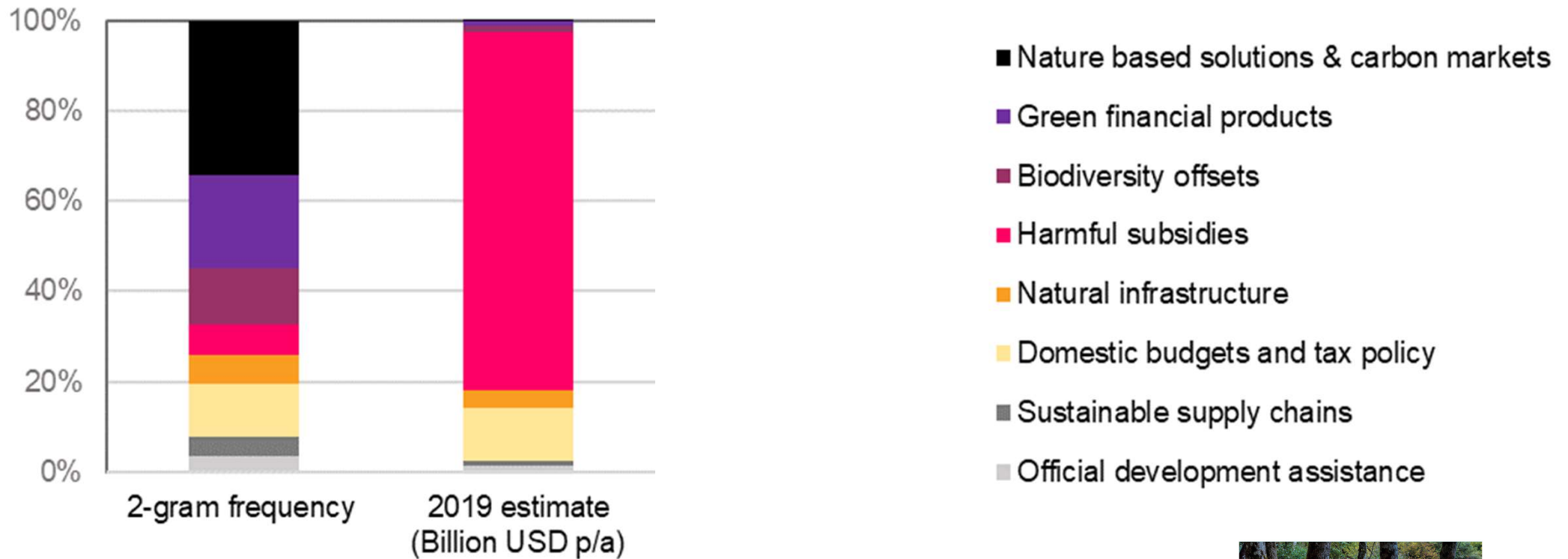
Text analysis of ~ 140 “biodiversity finance” NGO, govt, industry reports, 2020 to 2022. Evans et al. *In prep*

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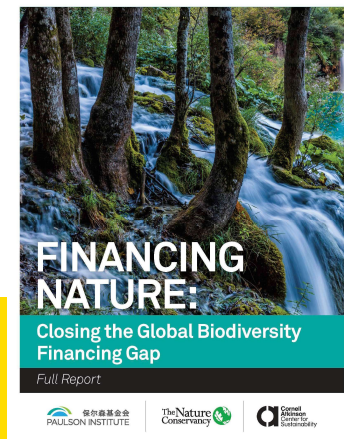
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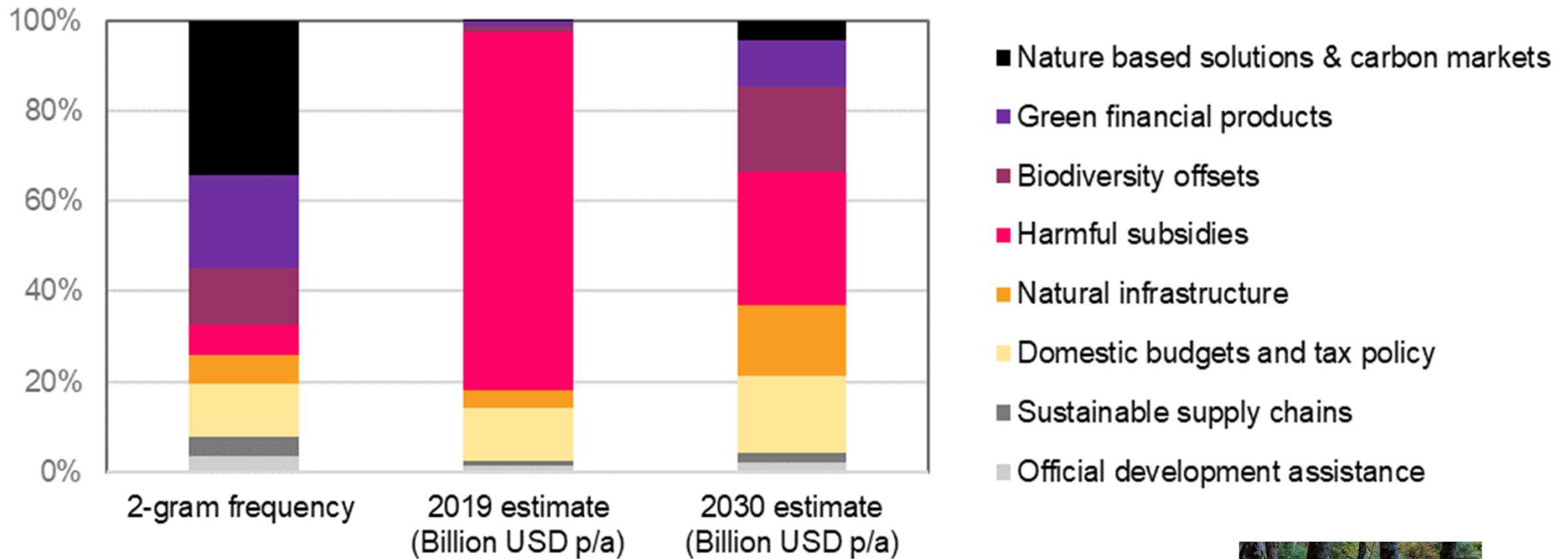
This graph **excludes** the estimated additional US\$ 395–478 billion in fossil fuel production subsidies

Deutz, et al., 2020. Financing Nature: Closing the global biodiversity financing gap. <https://www.paulsoninstitute.org/conservation/financing-nature-report/>





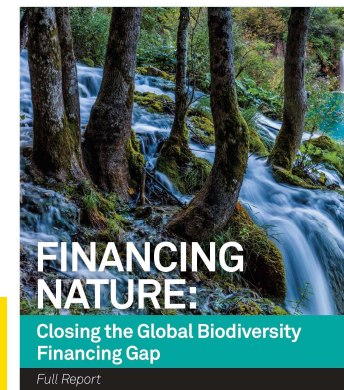
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2030 estimate assumes a global subsidies reform scenario that phases out by 2030 the most harmful subsidies as described by OECD (2020).

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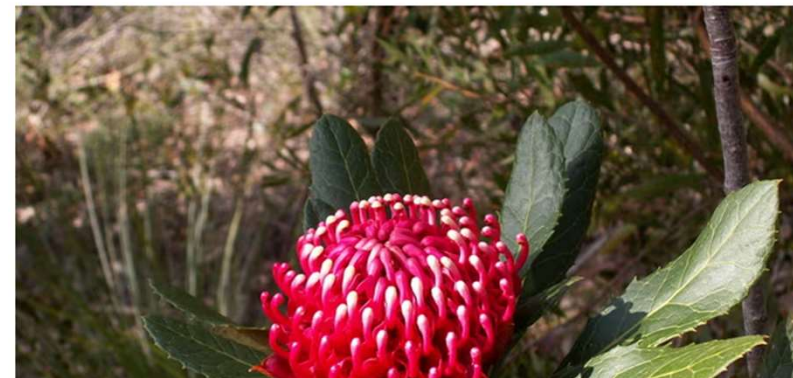
# Where are the opportunities?

Maybe the biggest opportunity is to prevent more of this?

'A symbol of our nation': waratah among 20 more species added to Australia's threatened wildlife list

The fresh listings bring the total number of endangered plants, animals and ecosystems to almost 2,250

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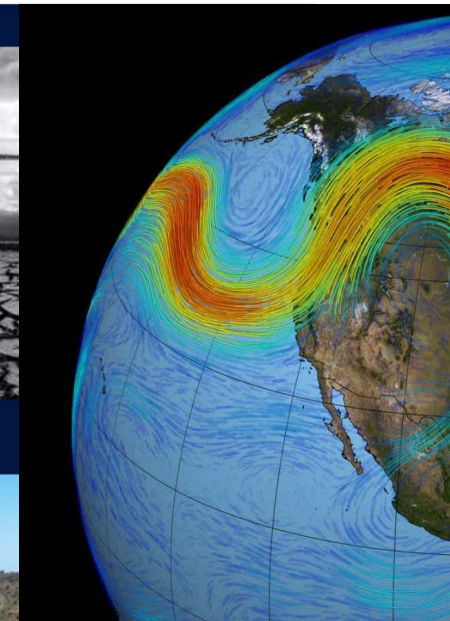


**'Existential threat to our survival': see the 19 Australian ecosystems already collapsing**



Fears of another 'forest collapse' event in Western Australia after record dry spell - ABC News

[Visit >](#)



# Takeaways

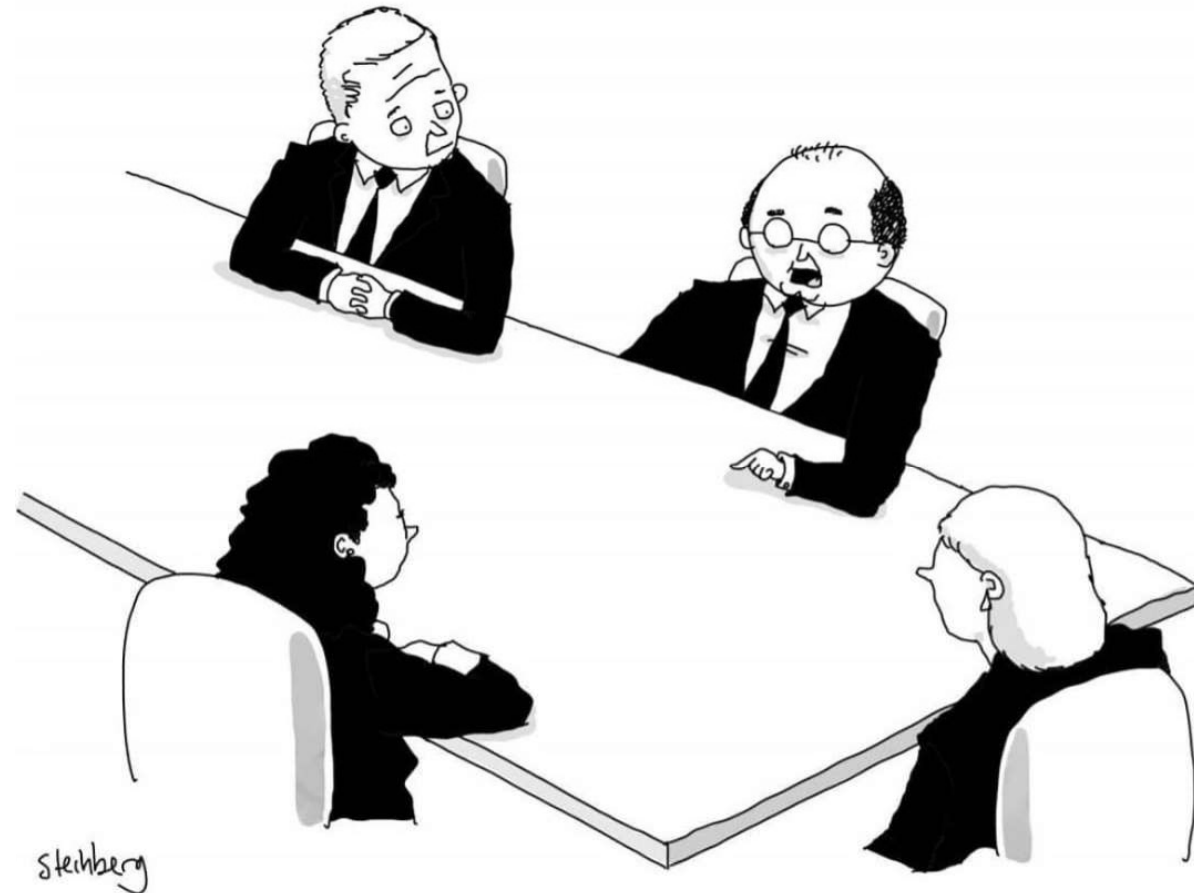
- Constructing conservation as just a *finance problem* reduces the scope of possible solutions
- It is **always a choice** for governments to (under)fund conservation, not a biophysical reality
- Private finance options have different expectations, suitability, and consequences for different components of biodiversity
- There are fundamental trade-offs between environmental integrity and volume of market trades
  - Poor governance supercharges integrity issues (Gresham's law)
- Can we shift the conversation to mitigating risks?



# Thank-you

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@megcevens



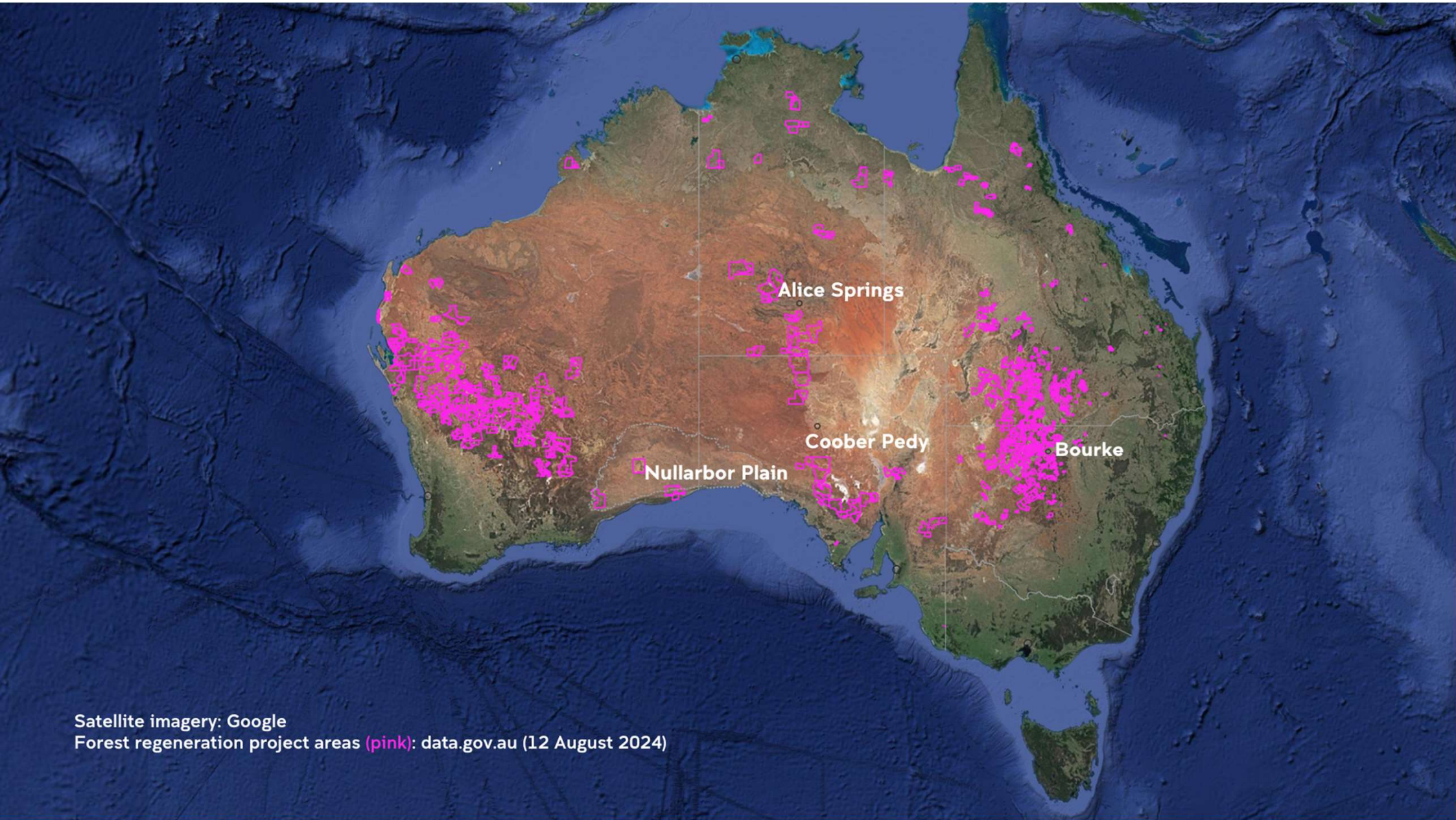
“What if we try to make the world a better place, but for profit?”



**UNSW**  
CANBERRA

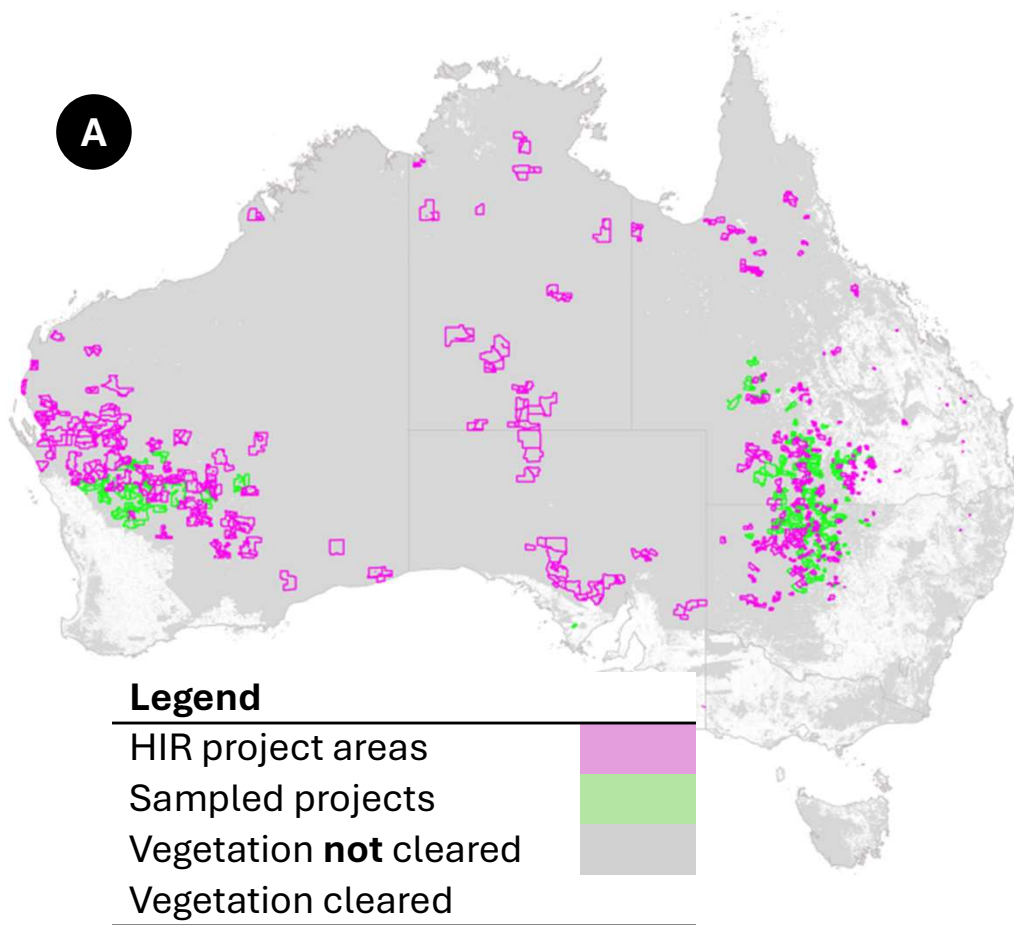


Public Service  
Research  
Group

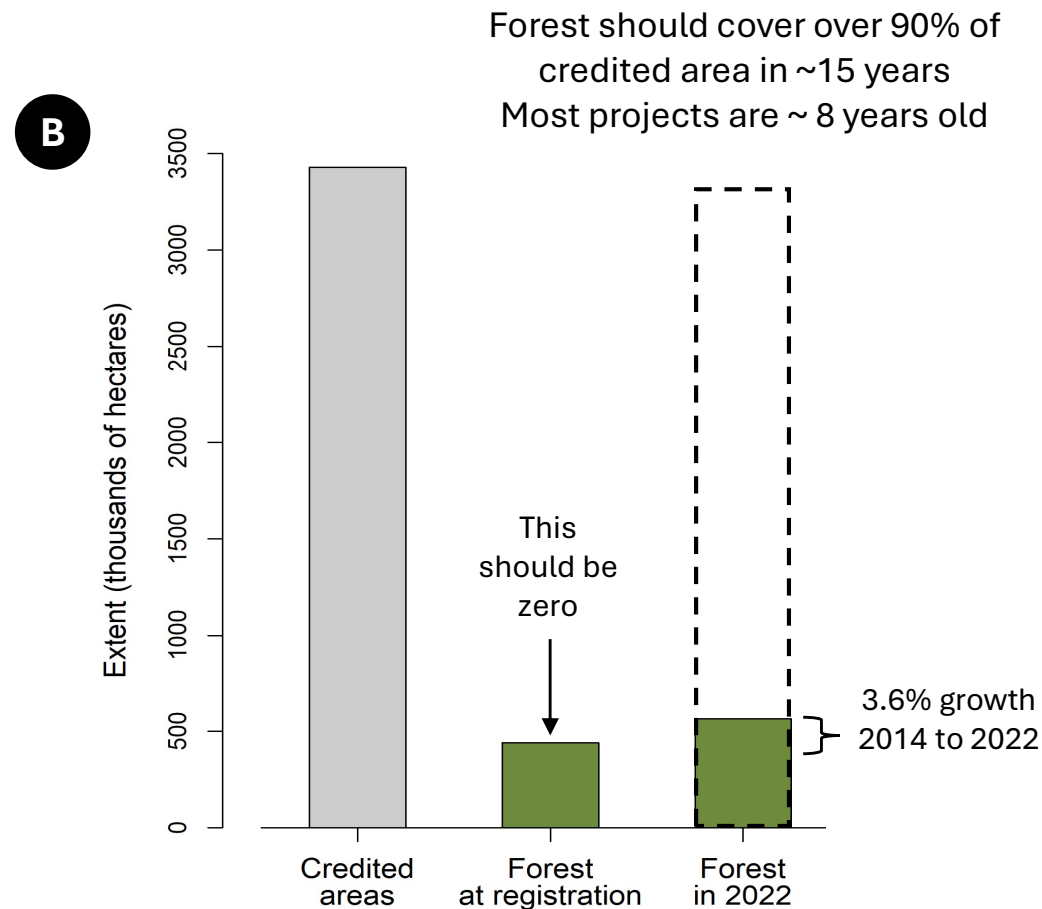


Satellite imagery: Google  
Forest regeneration project areas (pink): data.gov.au (12 August 2024)





Projects occur where vegetation has *never been cleared*, thus forest is very unlikely to regenerate



Large mismatch between observed forest growth and number of ACCUs issued (42 million to date)

Source: Macintosh A, et al. (2024) *Communications Earth & Environment* 5, 1–11. <https://www.nature.com/articles/s43247-024-01313-x>