

# Innovative Sustainable Finance

## Cost of Conservation

Hua Hin, January 27, 2010

# Recommendation 10: Adopt innovative sustainable mechanisms to finance wild tiger conservation

## TO DOS:

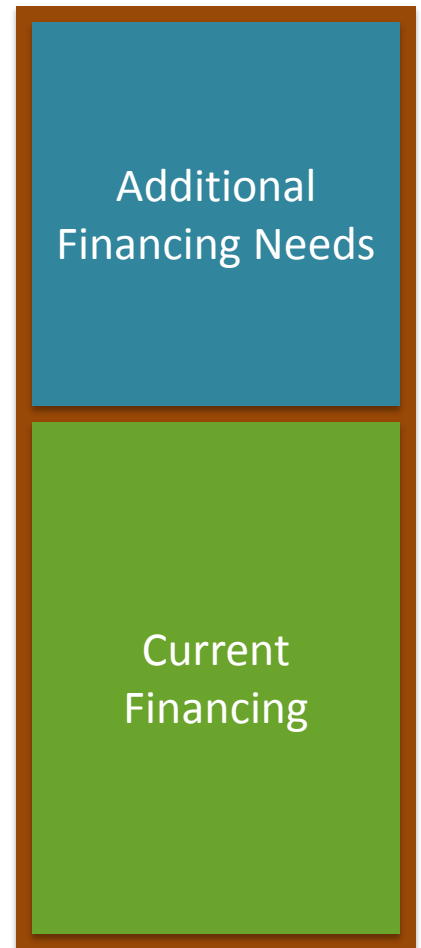
- ▶ **Pilot in one TRC**
- ▶ Long-term sustainable financing strategy

## OPTIONS:

- Biodiversity investments
- Voluntary and mandatory levies
- Bond issuances
- Trust funds
- **REDD+**

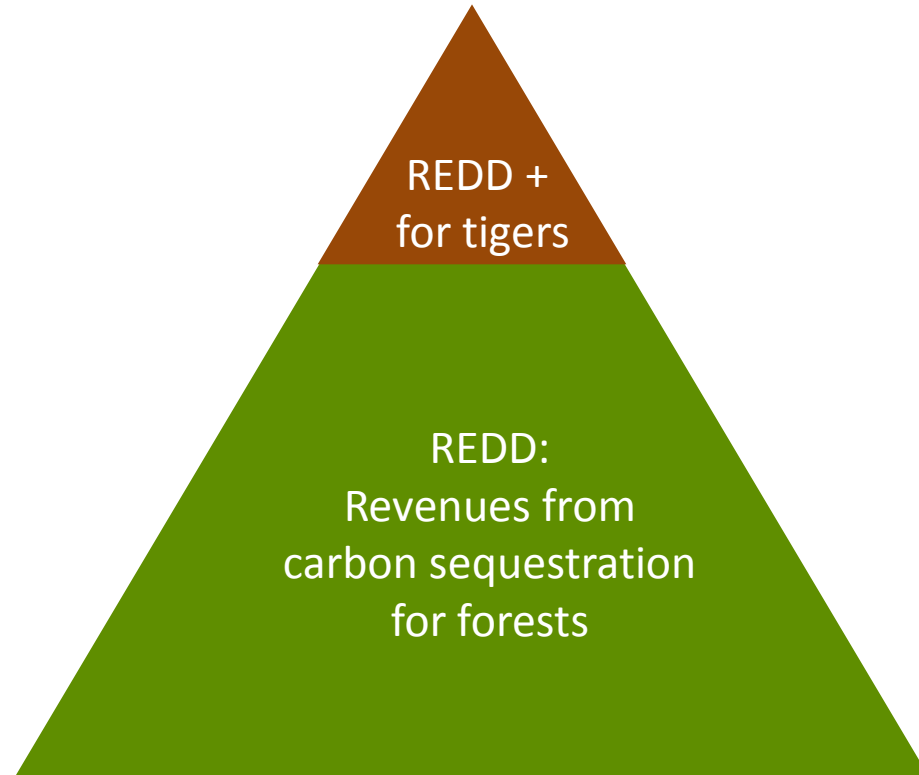
## NOT TO FORGET:

- Options that increase the efficiency of financing and foster results



# REDD+ for tiger conservation

- Voluntary vs. compliance markets
- Synergies between forests and tiger conservation
- Interim financing required
- Issues: political, institutional, legal uncertainties for compliance market
- Uncertain revenues from monetizing emissions permits



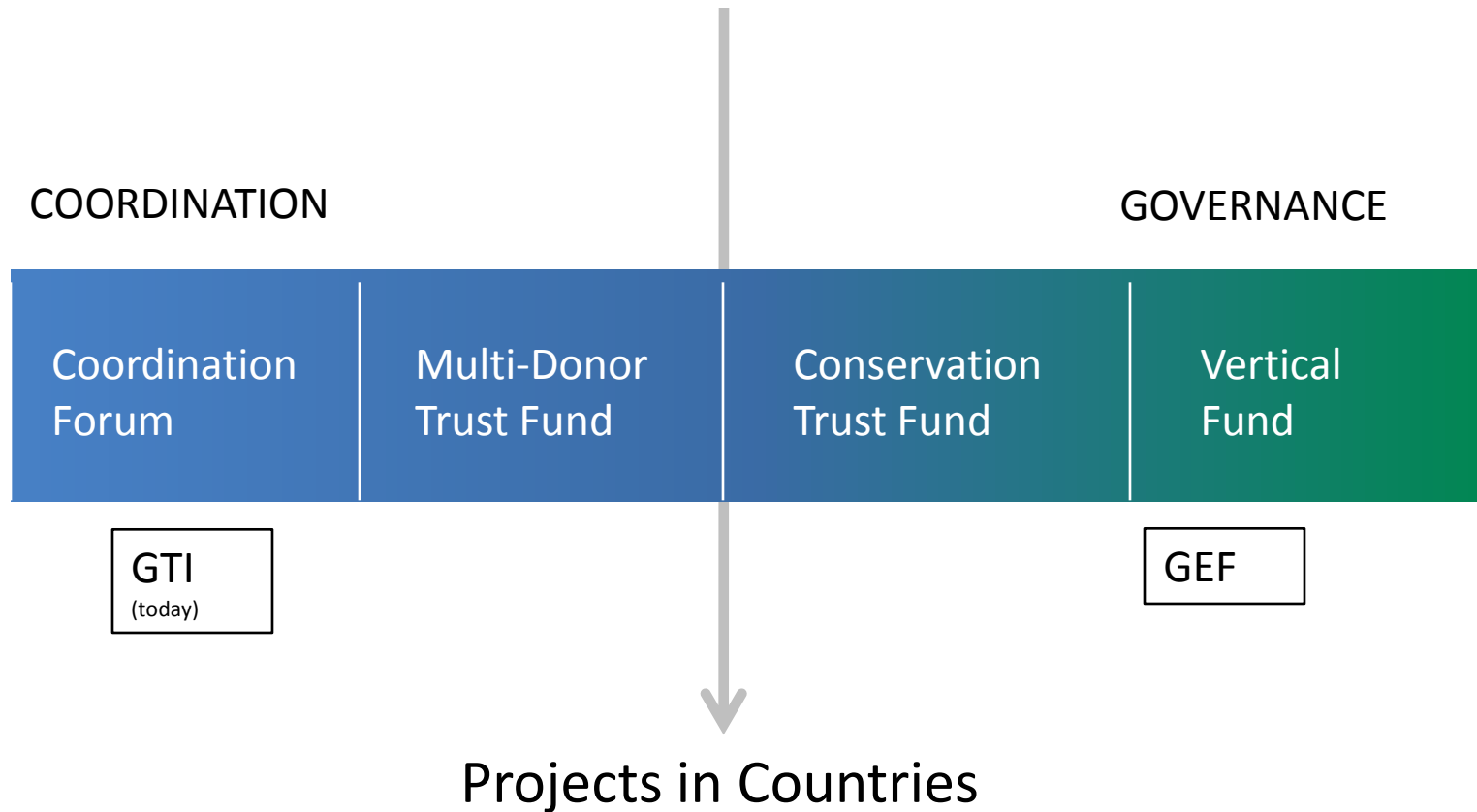
# Need for SF Country Assessments

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- **Long-term financial planning:** project long-term financing needs based on tiger action plans (gap analysis)
  - **Economic valuation:** map economic flows and values of ecosystem services in tiger landscapes
  - **Market analysis:** survey willingness to pay
  - **Feasibility research:** analyze institutional, legal and regulatory framework
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  - **Protected Areas Scorecard:** measure progress
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# Potential Financing Channels

Funds from Donor, Private Sector, REDD, Bonds, etc.



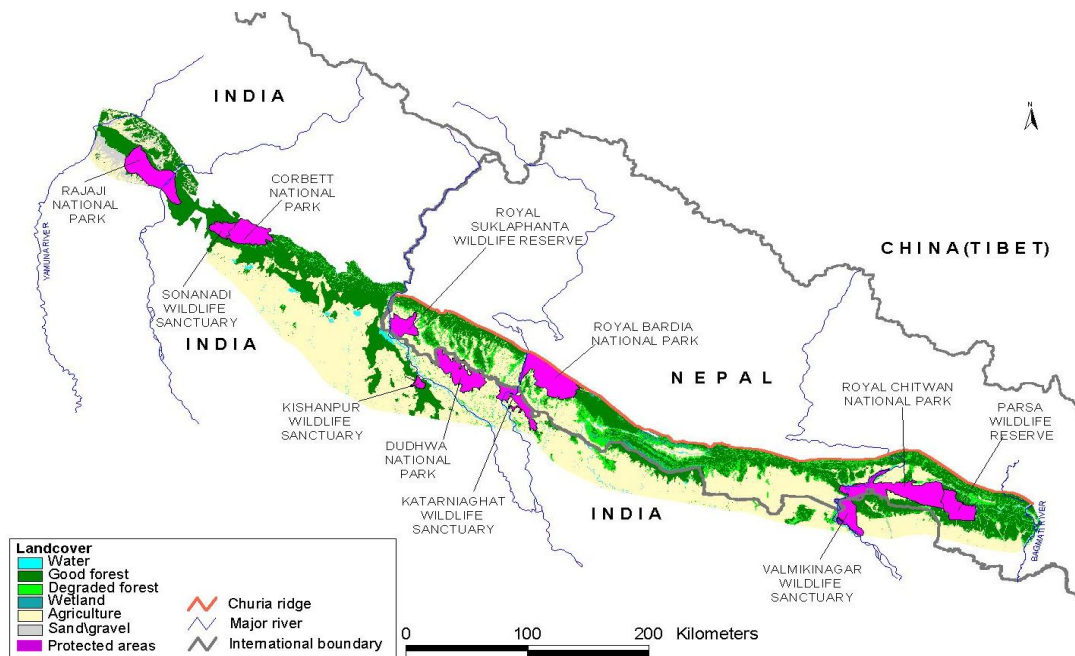
# Costs for 42 source sites

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- 8% of TCL area contains 65% of Tigers
  - Total cost of managing, protecting, and monitoring sites is US\$90 million a year
  - On average, the amount required is US\$9/ha per year
  - Currently, US\$5/ha per year is being spent
  - More than half that is already committed by range-state governments and, to a lesser extent, donors and NGOs
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# Case Study Nepal Terai Arc Landscape

- Showed multi-stakeholder process for determining financing needs through strategic planning and financial model
- Presented carbon financing options for REDD+, grasslands and biogas



# Financial Model Gap Analysis

The commitments by each of the partners is organized in the model by districts and by PA, and also by year

A gap analysis can be carried out based on the total cost required and total contribution by partners for each district and PA, and also by year

	S	T	U	V	W	X
<b>Summary</b>	<b>Banke</b>			<b>Bara</b>		
<i>Conditions: Enter donation by partner first at t</i>	<b>Total Need</b>	<b>Contrib</b>	<b>Gap</b>	<b>Total Need</b>	<b>Contrib</b>	<b>Gap</b>
<b>Total Contribution with Management and</b>	<b>11,767,671</b>	<b>2,091,900</b>	<b>9,675,771</b>	<b>7,016,948</b>	<b>2,931,409</b>	<b>4,085,539</b>
<b>Total Contribution without Management</b>	<b>9,414,137</b>	<b>500,949</b>	<b>8,913,188</b>	<b>5,613,558</b>	<b>815,349</b>	<b>4,798,209</b>
<b>CORRIDOR RESTORATION AND MANAGEMENT</b>	<b>5,405,148</b>	<b>101,698</b>	<b>5,303,450</b>	<b>1,211,542</b>	<b>143,000</b>	<b>1,068,542</b>
2.1 Restore Degraded Forest	4,251,898	52,800	4,199,098	627,513	18,667	608,846
Plantation by government agencies	1,345,132	-	1,345,132	176,042	-	176,042
Plantation by Communities	1,552,076	8,800	1,543,276	203,126	8,000	195,126
Natural Regeneration	1,278,180	28,500	1,249,680	167,280	-	167,280
Private Plantation	33,904	15,000	18,904	75,489	10,667	64,822
Restoration at Leasehold forest land	42,606	500	42,106	5,576	-	5,576

# Recommendations for Hua Hin

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## Year of the Tiger

- Analyze financing gaps
- Conduct sustainable financing country assessments for at least two countries
- Launch pilot innovative financing projects

## Over ten years

- Implement sustainable financing strategy for tiger conservation
  - Establish long-term funding mechanism(s)
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# Questions for Senior Officials

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- What institutional arrangements do you envision for a financial architecture at global level?
  - How can sustainable financing be integrated into other themes?
  - What types of pilots do you recommend?
  - What financial commitments can TRCs make themselves toward long-term financing?
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