

THE NATURE FUNDING GAP:

Building better for biodiversity

Our expanding energy, food, mineral and transportation needs are a major threat to biodiversity across the world. Every year we encroach further, rarely replacing what we have lost.

Biodiversity compensation requires developers to make a simple pledge: make biodiversity retention a top priority and, when destruction is truly unavoidable, restore a similar ecosystem of at least the same size, health and ecological value to ensure 'net-gain' for nature.



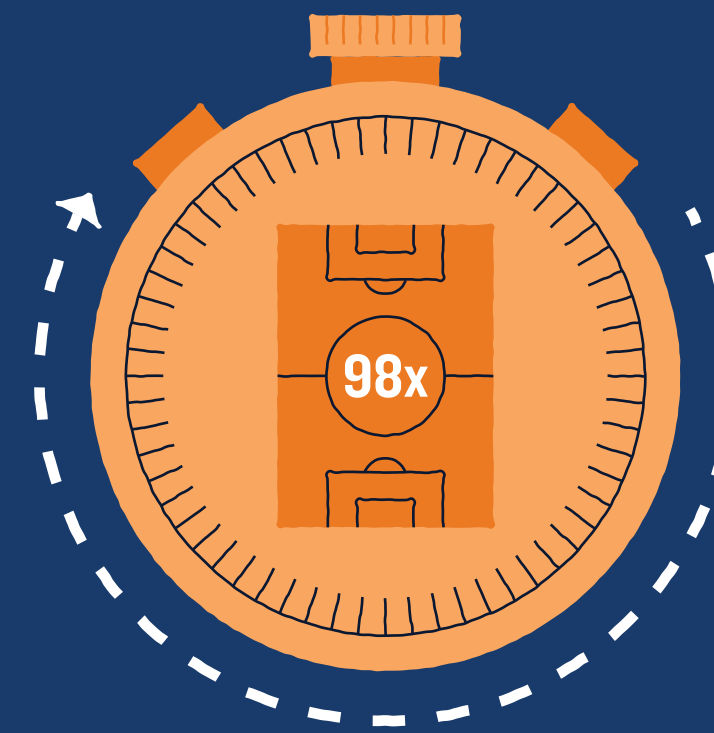
Source *Financing Nature: Closing the Global Biodiversity Financing Gap*, the most comprehensive assessment to date on how much the world currently spends to benefit nature, how much more we need to spend, and how we can close the funding gap.



9.15 MILLION KM²
of natural land was lost between 1990 and 2015 because of the expansion of, and increase in, human land use.

← ~US\$700 BILLION PER YEAR →

The current nature funding gap



That's about **1,000 km²** daily. That's roughly **98** soccer fields a minute.

Projections show that development pressures on land and water will grow, with trillions of dollars in project investments on the horizon.



Compensation for restoration

The mission?

Restoring and creating more nature than the planet currently possesses.

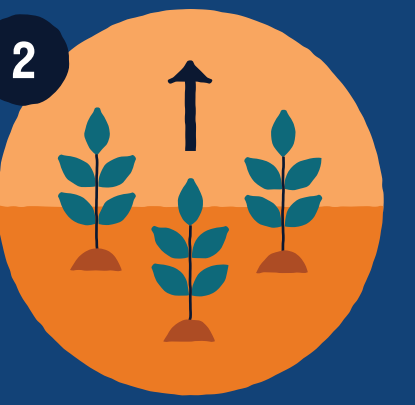


The means?

Significantly reduce the biodiversity lost due to human land use. Then...



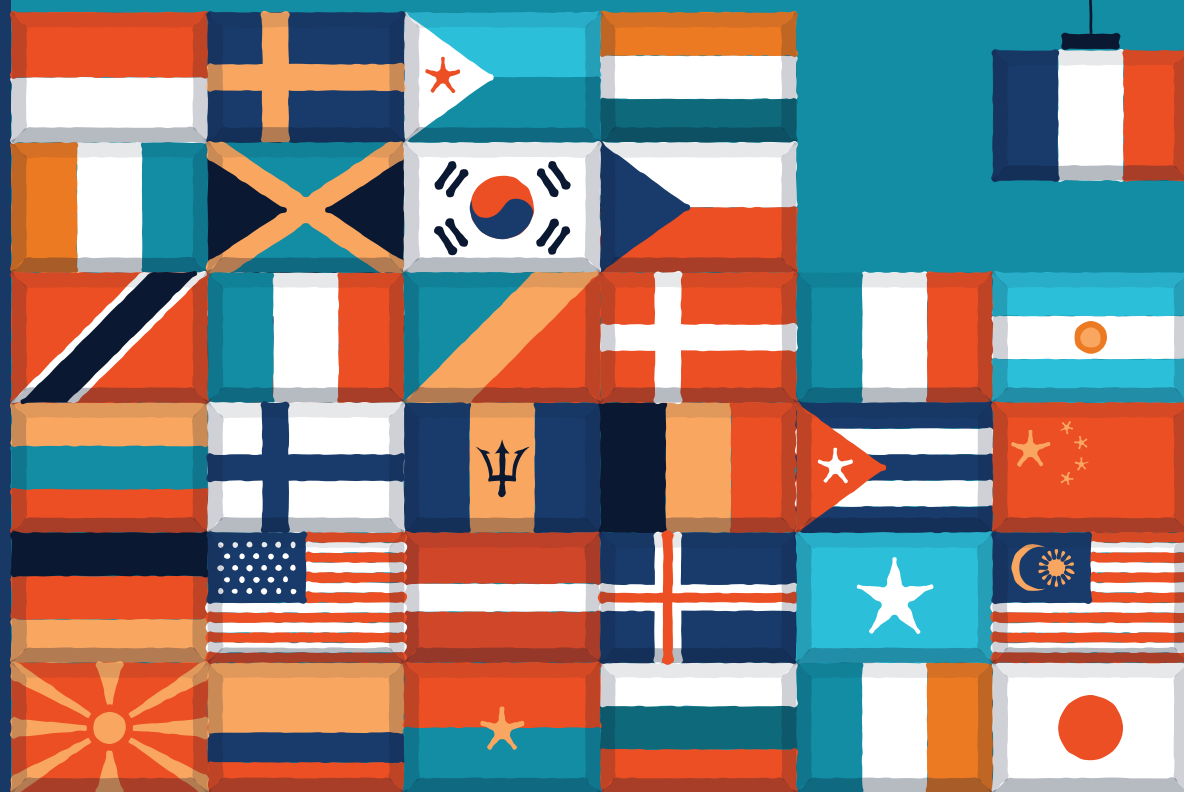
Compensate for the impacts that do occur (ideally to achieve no loss of critical ecosystems).



The mechanisms?

1 Government policy requirements

Policies that minimise environmental impacts can be rooted in the mitigation hierarchy.



42

countries have made biodiversity compensation a regulatory requirement.

66

countries have established other strategies for compensation. Yet only...

9

countries are currently implementing them. This needs to change. Because...

196

All 196 countries party to the UN Biodiversity Convention have signed up to the mitigation hierarchy, requiring them to:



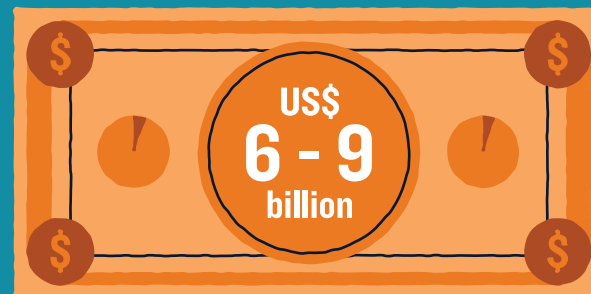
Avoid biodiversity impacts - the most important step



Minimise impacts - when they can't be avoided



Restore ecological function elsewhere - the last resort, ideally implemented in a way that achieves a net gain for biodiversity



US\$ 6-9 billion: The current annual level of compensation expenditures. Which is **only about 5%** of the funding needed to compensate for development impacts on biodiversity.



Develop, strengthen and enforce biodiversity compensation and mitigation hierarchy policies, in order to move beyond a reactive approach to one that is proactive, consistent with broader conservation goals and aims to achieve a net gain for biodiversity.

2 Financial levers



116

of the world's leading financial institutions have adopted the Equator Principles, requiring them to ensure their investments...



avoid impacts to critical habitat, and...

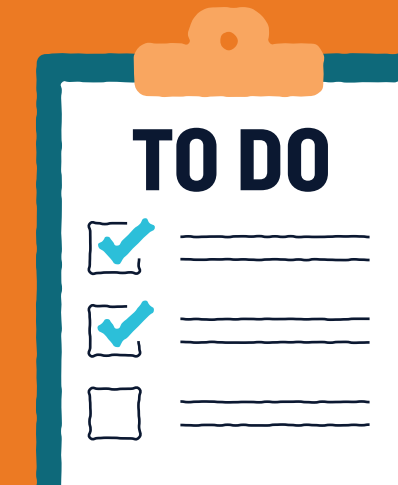


compensate for biodiversity impacts with offsets to achieve no net loss or net gain for biodiversity.

These banks finance about **80%** of finance in emerging markets.



Yet... Impacts on critical habitat continue. Across the globe, only **22** biodiversity compensation schemes have so far been implemented to meet financial performance standards.

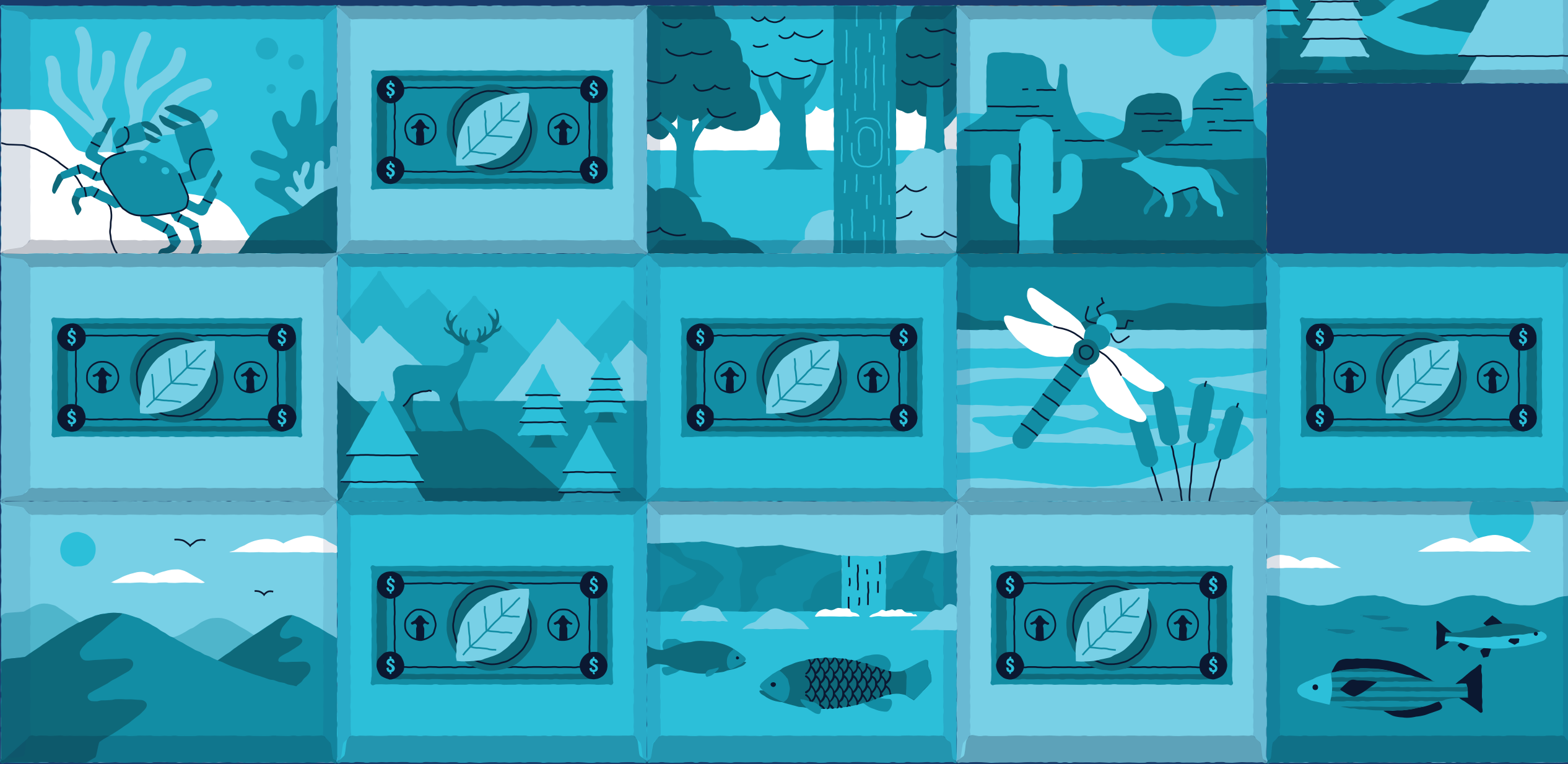


Strengthen the implementation of biodiversity-related performance standards within their investments, mandating that projects they invest in should demonstrate a net gain for biodiversity or, at a minimum, no net loss.

The result: reinvesting and restoring

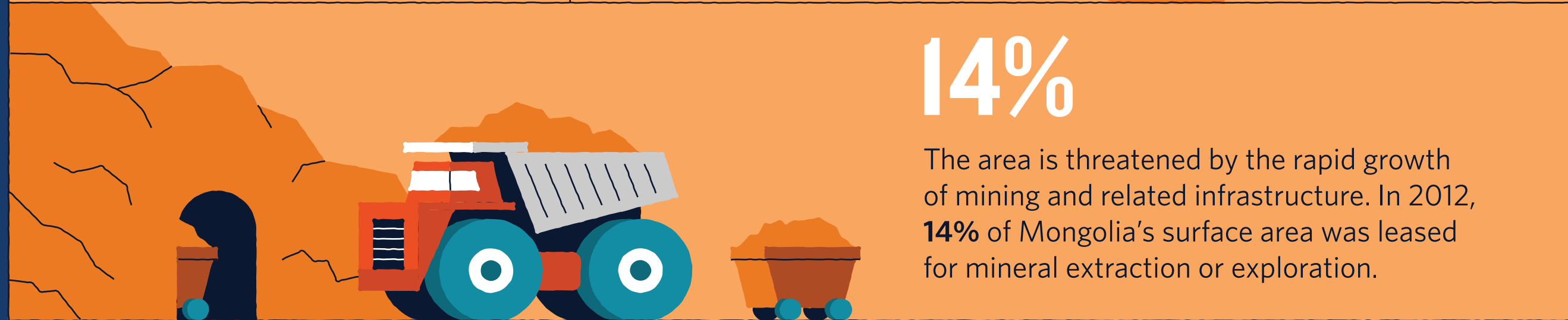
The nature funding gap → ~\$700BN

Biodiversity compensation
\$168BN



Case study: Mongolia

The Mongolian portion of the Central Asian Gobi Desert ecoregion spans **510,000 km²** or the southern third of the country, and is part of the largest steppe ecosystem in the world.



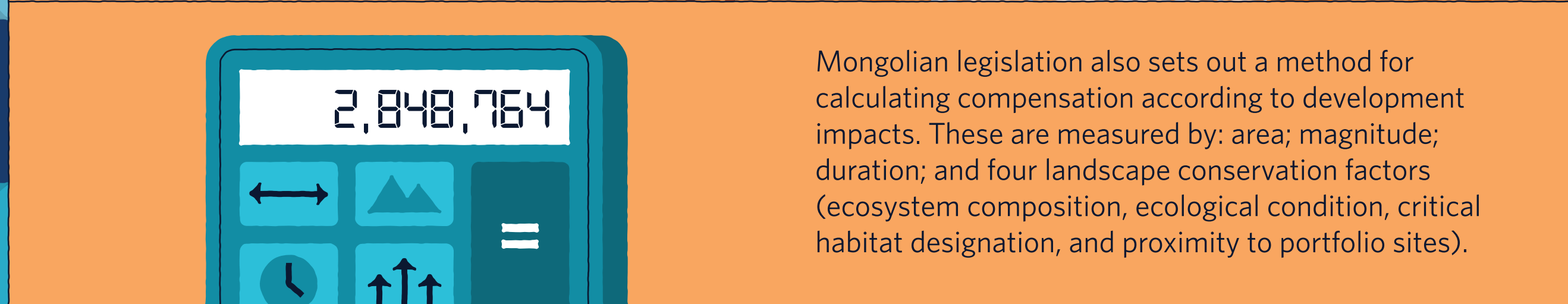
14%

The area is threatened by the rapid growth of mining and related infrastructure. In 2012, **14%** of Mongolia's surface area was leased for mineral extraction or exploration.

However, a government policy commitment to protect **30%** of all natural lands has led to the development of a conservation portfolio, covering **195,000 km²** across 50 sites that represent the full distribution and diversity of native species and ecosystems.



30%



Mongolian legislation also sets out a method for calculating compensation according to development impacts. These are measured by: area; magnitude; duration; and four landscape conservation factors (ecosystem composition, ecological condition, critical habitat designation, and proximity to portfolio sites).

Embedded into numerous government, lender, and corporate policies, this mitigation hierarchy has become a critical tool in the country's efforts to prevent the biodiversity losses associated with economic development. In total, **32,712.70 km²** of new protected areas have been established based on the national conservation portfolio and planning process, and less than 4% of the country is open for mineral extraction or exploration.

