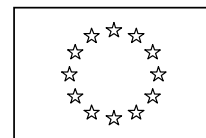


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ENV.B.2/SER/2008/0046r

Conference on Wilderness and Large Natural Habitat Areas¹

May 27 – 28, 2009**Prague, Czech Republic**

DOCUMENTARY MATERIAL 10

Assessment of the multiple roles of businesses in supporting wildland strategy

The chapter is based on a script kindly provided by Ivo Mulder , Jacqueline Baar, Daan Wensing and Tom Bade (TriplEEE), which was modified based a consultation with the European Commission and the Czech Presidency.

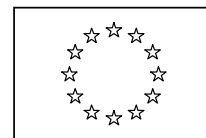
Background to business interest in conservation

Although there are no reliable estimates of current spending on nature conservation, estimates point in the direction of around US\$10 billion per year, of which about US\$ 6 billion is spent on protected areas. From literature we know that ecosystems provide goods and services that are worth much more (e.g. Balmford et al (2002)² estimated that protected areas could produce an aggregated value of US\$4,400 – 5,200 billion per annum).

Why is it then that ecosystems around the world continue to be degraded, further reducing global biological diversity? There are many reasons, but the fact that we perceive ecosystem goods and services as 'common goods' is an important reason as it stimulates a process that leads to the well-know tragedy of the commons. In addition, because we find it difficult to economically value biodiversity and ecosystem goods and services, these are often regarded as 'externalities' and hence only part of it is reflected in the real economy. But there are other issues, such as often preferred short term private gain versus long term societal gain by conserving and sustainably using ecosystem services.

¹ Also known as: Conference on Wild/Nearly Wild Areas in the EU

² Balmford, A., Burner, A., Cooper, P., et al., 2002. Economic Reasons for Conserving Wild Nature. *Science*, **297**, 950 - 953



This situation has affected wildlands in a negative way as wilderness areas have been converted to, for example, agricultural land to 'increase' economic potential. A new approach to wilderness is needed to stop the loss of these areas which are often valuable in terms of its biological diversity, but which also constitute a commercially attractive assets.

So what do we need? Two things! We need to better visualize the economic value of biodiversity and ecosystem goods and services in such a way to better convince policy makers and governments about the importance of conservation and sustainable use of wildlands, from an economic perspective, rather than stimulate short-term unsustainable use. For this purpose Triple E Consultancy developed a tool called 'Financial and Economic Decision-making Support (FEDS) as a means for providing economic valuation of nature by treating nature areas and geographically definable ecosystems as 'firms' for which all economic costs and especially (hidden) benefits can be visualized³. The FEDS model can be use to provide estimations of net economic costs and benefits for a given nature area or wildland. Second, we need to better 'package' biodiversity and ecosystem goods and services in such a way to create additional interest from consumers and businesses to tailor more capital towards conserving nature (whether for-profit or not for-profit). In other words: a business case for wilderness is needed.

This is where the private sector, which includes consumers and the business sector, comes in. Funding from governments and private philanthropy, the main sources of funding for conservation to date, is insufficient. Protected areas for example have a combined global budget deficit of US\$2.3 billion (James et al., 2001)⁴. So, the private sector needs to be made receptive to invest in ecosystems, whether from a for-profit and non for-profit perspective. In addition, it is important to guide the private sector with tools they can use to reduce their corporate impacts on biodiversity and ecosystems, as well as raising awareness about the importance of biodiversity and wildland conservation to its relations and clients. There are various reasons for business, alongside public ones, to combat biodiversity loss (Millennium Assessment, 2005)⁵ and protect wildlands.

The extent and type of corporate involvement in wilderness and wildlands needs to be related to principles of zonation, involving 'core', 'buffer' and 'transition' areas – explained in more detail elsewhere in the conference documentation. Core zones should contain no extractive activities nor buildings or other infrastructure. Buffer zones should allow only very limited extractive activity, generally for use of the local community and individual artisans, and contain no permanent structures. Only in transition areas would a broader range of extractive uses be potentially operable.

1. Motivations for corporate support

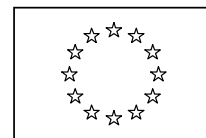
Subject to the above framework, motivations for corporate support for conservation of wilderness and wild areas can include:

- Public relations, as in item 2 below. Particularly important for corporations involved in business which could be seen as environmentally problematic – eg mining, oil and energy companies
- The Corporate Social Responsibility agenda, which presupposes a given element of corporate spending or corporate action that favours wild area conservation to build an appropriate image for shareholders, general public, consumers)
- Marketing advantage – specific appeal to customers, suppliers, funders and third parties who appreciate corporate involvement in such conservation which can be promoted as part of a business's PR strategy

³ Mulder, I., Jones-Walters, L., van Santen, L., and T. Bade., (submitted). Financial and Economic Decision-making Support (FEDS): a new model to provide economic valuation of nature based on accounting principles. *Global Environmental Change*.

⁴ James, A., Gaston, K.J., Balmford, A., 2001. Can we Afford to Conserve Biodiversity. *Bioscience*, 51(1), 43 – 52

⁵ Millennium Ecosystem Assessment, 2005. *Ecosystems and Human Well-being: Synthesis*. Island Press, Washington, D.C.



- Profit from tangible goods and services, involving non extractive activities in core areas – such as nature tourism, corporate events, and the small but growing area of wildland social projects involving youth development, youth at risk, healthcare and education. There can be progressively greater elements of prospective raw material usage in buffer and transition zones.
- Profit from intangible services – eg from operation of ecosystem services initiatives (eg carbon offset, flood mitigation, pollution alleviation). Corporate benefits here can include payments received from carbon offset schemes. There can also be expense reductions where upstream habitat restoration reduced downstream flood prevention or water treatment costs for utilities; equally the uinsurance industry is a potential funder for such schemes as a means of reducing flood risk and thus payments for flood claims.
- Simply because a highly placed executive in a particular corporation personally supports the wilderness concept and works for this –eg organizing trails for colleagues, having wilderness project as recipient for company charity of the year etc

The following section looks at further opportunities for businesses to take up the multiple roles, including investing in biodiversity conservation, reducing corporate biodiversity impacts and raising awareness, in conserving wildland and other nature reserves.

2. Investing in biodiversity conservation

Investment to conserve nature, including wildlands, can have both commercial and not-for profit reasons. In the first case, investments can be tailored towards so-called biodiversity-based businesses, which can be defined by “commercial enterprises that generate profits through production processes which conserve biodiversity, and share the benefits arising out of this use equitably” (Bishop et al., 2008)⁶.

Sectors that could qualify for this include sustainable tourism, as well as land-based assets such as biocarbon or payments for watershed services. Motivations to invest in these sort of business can range from ‘aiming for healthy investment returns while investing sustainably’ to identifying alternative markets to diversify investments within a given portfolio, and which possibly function according to different investment-return cycles. This market, however, is still very much in its infancy.

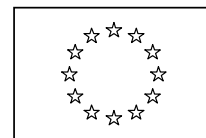
Investments can also take place in the not-for profit sphere. In this case, companies support conservation work for ‘soft-business’ reasons, including bolstering a company’s green reputation, making Corporate Responsibility commitments tangible, or aiming to improve staff morale. Below we provide two examples of both a commercial and non-commercial market for biodiversity which can also be applied to wildlands and their long-term conservation. Examples of both for-profit and non-profit investments are given below.

2.1 Biodiversity banking – Capitalizing on the ‘nature’ as a scarce asset

Biodiversity offsetting is a concept that implies supporting protection or restoration of wildland as a means of compensating for the negative impact a corporation, public or private, has on ecosystems as part of its global activity so as to achieve “no net loss” of biodiversity – eg mineral extraction or energy businesses. The benefits of this concept for companies are manifold, compared to general command and control policies by governments. These include among other securing a company’s access to land and capital generally, increase investor confidence and loyalty, managing costs and liabilities, and securing a company’s legal and social license to operate.

To date a few banks have been set up, both in the voluntary area, but especially within a regulated framework. Two sizeable markets have already been established in the United States: wetland

⁶ Bishop, J., Kapila, S. & Hicks, F. (2008) Building Biodiversity Business. IUCN, Gland

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mitigation banking (offsetting damage done to wetlands) and conservation banking (offsetting of land containing endangered species). These markets have been similarly established as those for carbon, namely by placing a gap or floor. Up to date figures are difficult to obtain, but these markets represent market volumes of over US\$290 (wetland mitigation banking) and US\$40 million (conservation banking). In addition, offset regulation and market implementation has started in Alberta (Canada) and New-South Wales (Australia). In Europe, the Natura 2000 areas are under strict protection, whereby any encroachment needs to be offset *in kind* (not financially).

Another landmark event happened in August last year when Eco Products Fund LP, a private equity fund managed by New Forests and Equator Environmental, raised US\$ 200 million and launched the Malua Wildlife Habitat Conservation Bank (Malua BioBank, www.maluabiobank.com). Sitting adjacent to the Danum Valley Conservation Area in Malaysia, one of the last pristine lowland tropical rainforests, the Malua BioBank will use a multimillion dollar investment from the Eco Products Fund to restore and protect 34,000 hectares (roughly 80,000 acres) of formerly logged forest. This area provides a crucial buffer between virgin lowland tropical rainforest and oil palm plantations and is home to one of the highest concentrations of orang-utans in the world. These kind of arrangements can also be applied to wilderness areas in other parts of the world – particularly Europe. Sometimes mandatory (due to legislation), sometime voluntary as a company realizes its impact on the environment it depends on.

2.2 Landscape Auctions - A non-profit investment tool for nature

Triple E developed the concept '*Landscape Auction*' to meet a current discrepancy between a shortage of capital to sufficiently protect our landscape on the one hand, and the willingness of others to contribute to safeguarding our natural environment. At a Landscape Auction you make a bid for biodiversity and landscape elements on offer. As such, Landscape Auctions provide a marketplace for multinationals, conservation organizations, farmers, individuals and other businesses to either offer landscape or biodiversity elements to be put up for auction because they can pinpoint a shortage of capital to safeguard them, or because they are interested to financially support the conservation, restoration and/or sustainable use of particular landscape elements.

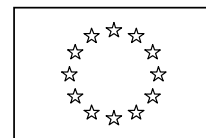
Since the first auction, in September 2007 in the Ooijpolder in the Netherlands, where €140,000 was raised in just over an hour, Landscape Auctions have been organised under different circumstances and for many different audiences.. A random impression: auctions have been held where families bid for the management of solitary trees, and a school supported the pruning and planting of an apple orchard, to business-to-business events where companies such as Lufthansa, Rabobank and TUI made successful bids. [is this, as explained. relevant to wilderness concepts?]

The Auctions have been heralded as they bring 'buyers' closer with the people and organizations which take care of our landscape, *and* protect biodiversity. Furthermore the concept does not compete with other sources of finance for conservation, but focuses on 'buyers' that have previously been difficult to reach, generating an additional stream of revenue. This includes local companies that operate in the vicinity of the landscape on offer, or citizens that recreate in the area. This is the main benefit of the concept: linking people and businesses to their landscape where they live and work. The multiple use of the concept is further amplified by the fact that the next auction on the agenda will focus on a timely issue; aiming to reduce deforestation in tropical countries, dubbed REDD⁷. The REDD auction that Triple E organises to safeguard existing tropical dry forest in Belize will be the first of its kind. The next step is to apply this procedure to European temperate forest.

3. Raising awareness and marketing

Another role that businesses can take up, which is not often highlighted, concerns raising awareness about the importance of biodiversity conservation with its clients and relations. Impacts on biodiversity

⁷ REDD – Reduced Emissions from Deforestation and Forest Degradation



often take place through value and supply chains. This will raise awareness about the importance of pursuing a strategy to avoid, minimize, and mitigate impacts on ecosystems (and possibly offset residual harm) to its suppliers, as well as companies earlier in the chain. In this way companies can contribute to lower overall impacts on pristine environments such as wildlands. But, more importantly, by marketing non extractive products from wildland areas the value of these areas is made clear to all stakeholders. This helps build the business case for wildlands and nature in general.

4. Conclusion

This paper addressed the multiple roles that companies can take up in addressing wildland conservation. These include, but are not limited to, investing in businesses or land-based assets that have a profound positive impact on the wildlands, develop tools for a wide range of businesses with which biodiversity footprints can be reduced, as well as develop a communication strategy by raising awareness about the importance of wilderness conservation.

The authors acknowledge that the list is not complete. The paper mainly serves as a way to explain that many businesses (should) have a vested interest in wilderness areas and their conservation. The authors believe that a strategy is needed in which smart-business solutions capture the interest of businesses to become involved in the preservation of wilderness areas. This can be done through innovative finance mechanisms, as explained above.