3 IMPACT GOAL 3: MOBILISE FINANCE AT NEW SCALES TO ENABLE PEOPLE AND NATURE TO THRIVE, AS INSPIRED IN LAND AND SEASCAPES

© Peter Chadwick / WWF

Globally, the gap in finance for biodiversity is over US$700 billion. In South Africa, this number is still unclear but initial estimates indicate it would require, at the very minimum, a doubling of existing budgets. With ongoing social pressures on the South African government's fiscus and weak economic growth, it is therefore highly unlikely that government spending on environmental issues will increase significantly in the next five years.

Mobilising finance at new scales through existing and new innovative financial vehicles will be imperative to realising our ambitions towards 2030. This could include more efficient use of the combination of public and private finance through blended finance, guarantees, or transition funds that create the enabling conditions for private finance. Importantly, we need to design the financial architecture that allows smaller community enterprises at a land and seascape level to absorb public and private finance that typically only flow in larger amounts.

PATHWAYS

We seek to achieve this change through three interlinked pathways of change:

Creating and scaling up land and seascape finance opportunities

This will include creating new finance mechanisms and scaling up existing mechanisms such as nature bonds, carbon finance, biodiversity offset banking and infrastructure financing for related ecosystem services.

Perhaps more importantly, this pathway includes structuring existing financing mechanisms in a coherent and complementary way that enables greater scale and efficiency.

One mechanism that enables such coherence and scale is a Project Finance for Permanence (PFP) model, created by the Enduring Earth Partnership and widely tested in other parts of the world11. The PFP model is a proven model that uses international donor funds to create a transition fund, which is dispersed against agreed milestones, whilst developing a suite of long-term, in-country finance streams. WWF will advance a suite of these financial vehicles as appropriate for our priority geographical areas.

Increasing private finance investment into bankable nature solutions

Bankable nature solutions (BNS) are financially viable projects that support the development of more climate resilient and sustainable landscapes and economies. WWF, through mechanisms such as the Dutch Fund for Climate and Development (DFCD) and the Green Outcomes Fund (GOF), will identify, develop and derisk projects (through technical assistance) to a level that that they are able to attract private sector financial investment.

WWF will work with financial institutions to increase financial flows to BNS as well as to develop other further financial mechanisms such as innovative green and blue loans that incentivise sustainable practices, which can accelerate a green economic transition.

Supporting and enabling finance solutions to support small, medium and micro-enterprises (SMMEs) and local community enterprises

In many cases, SMME's and community enterprises within our priority land and seascapes, will not be able to access larger finance mechanisms discussed in the previous pathways as their needs will be too small or they may not be able to demonstrate credit worthiness. This lack of financial inclusion hampers social and economic development.

Financial inclusion will be a crucial factor in communities improving their livelihoods and becoming custodians of nature across our land and seascapes. This could include avenues such as improving financial literacy; understanding and improving the role informal finance mechanisms; lowering the barriers to entry for formal finance products and services; and bridging the gap between informal and formal financial products and services.

WWF-SA is a registered non-profit organisation, number 003-226 NPO. © 1986 panda symbol and "WWF" are registered trademarks of WWF – World Wide Fund for Nature (formerly World Wildlife Fund).
1st Floor, Bridge House, Boundary Terraces, Mariendahl Lane, Newlands, Cape Town. PO Box 23273, Claremont, 7735, t: +27 21 657 6600, e: info@wwf.org.za, www.wwf.org.za