



PRIMER EJERCICIO DE OPOSICIÓN DEL PROCESO SELECTIVO PARA INGRESO EN  
EL CUERPO DE INGENIEROS DE MONTES DE LA HACIENDA PÚBLICA

Resolución de 28 de julio de 2020  
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19 de diciembre de 2020

**PARTE B**

**FINANCING FOREST AND BIODIVERSITY CONSERVATION AND RESTORATION**

Financing is needed to both tackle the drivers of deforestation and to better conserve, manage and restore forests and their biodiversity.

Financing needed to shift to deforestation-free production of cattle, soya bean, palm oil and pulp and paper is estimated at roughly USD 200 billion annually (Tropical Forest Alliance, 2020), while the cost of implementing the CBD's Strategic Plan for Biodiversity 2011–2020 (including but not limited to forest biodiversity) was initially estimated as USD 150 billion to USD 440 billion per year. These figures may sound large, but are small when compared with current fiscal incentives for agriculture of over USD 700 billion per year or subsidies for fossil fuels, estimated at around USD 5.2 trillion in 2017, or around 6.3 percent of global GDP (Coady et al., 2019).

Despite recent attention to the role of forests in conserving biodiversity and mitigating climate change, current financing still falls well short of these targets. This must and can change. The report prepared by OECD for the G7 Environment Minister's meeting in May 2019 (OECD, 2019b) clearly presents the socio-economic and business case for action to conserve biodiversity and many of the identified opportunities to scale up action for biodiversity would have a positive impact on forests.

Long-term financing solutions increasingly rely on the private sector and on instruments that enable self-sustained financing, such as environmental funds. A number of innovative approaches show promise. The public–private partnership model of the Land Degradation Neutrality Fund, being developed by the Global Mechanism of UNCCD (UNCCD, n.d.), supports the transition to land degradation neutrality through land rehabilitation while generating revenues for investors from sustainable production on rehabilitated land, while the Landscape Fund proposed by CIFOR plans to issue restoration bonds following the model of green bonds. New financial products and industry investments complement traditional funding via corporate social responsibility and philanthropy. Although funding streams are relatively small, a wide and diversified range of instruments is available to generate funds for forest and biodiversity conservation.

**Leveraging private finance.** The public sector has a critical role in leveraging private finance for conservation through both strong environmental regulation and provision of positive incentives. Even when these are in place, new sustainable land-use models are often perceived as risky investments, particularly if they are to be implemented in developing countries. As such, they require a partner, such as a government or multilateral financial institution, to lower the risk profile of investments by providing subordinate debt, first-loss guarantees and other structures for credit enhancement. Doing so can unlock significant amounts of private investment. Examples of this include the Tropical Landscape Finance Facility (a partnership between UNEP, World Agroforestry Centre, BNP Paribas and ADM Capital) to structure up to USD 1 billion in bonds financing sustainable commodity



production, processing and trade and the Agri3 Fund (set up by a partnership between UNEP, Rabobank and IDH) to direct up to USD 1 billion in capital towards deforestation-free commodity production.

Another example is habitat conservation banking in the United States of America, which combines strong legislation and enabling institutional mechanisms to engage the private sector in protection of endangered species. Conservation banks are a compensation mechanism to facilitate compliance with the United States Endangered Species Act of 1973 (Government of the United States of America, 1973). Through this instrument, private landowners managing land for permanent habitat protection can issue credits subject to approval by the United States Forest Service, based on ecological functions and services. Projects and developers purchase these credits as compensation for their impact. By 2016 the number of conservation banks had reached 137, and the area of land under the scheme has increased by 288 percent since national guidelines for conservation banks were published in 2003 (Poudel, Zhang and Simon, 2019).