Leveraging the Commercial Banking Sector to Mainstream Biodiversity Conservation

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A total of **78 financial institutions** are signatories, representing 90% of the project finance market.

Started in 2003, financial industry standard for environmental and social risks so that there was a level playing field and banks didn’t compete based on environmental standards.

Signatories span the world, including a growing number of banks from the BRIC countries (Brazil, Russia India, and China), Latin America, and Africa.

Compliance with the EPs viewed as a pre-requisite to achieve international financing.
Global Distribution of Transactions Screened for Environmental and Social Risk in 2012

USD 57 billion in executed loans and capital markets transactions

353 Total Transactions

51 Category A
Other Mainstreaming Initiatives in the Finance Sector

**Financial Sector Only**

- UN Principles for Responsible Investment – adopted by asset owners and investment managers

- Natural Capital Declaration – currently 44 financial institutions in four working groups (Understand, Embed, Account, and Disclose)

- Green Credit Protocols

**Multi-Sector**

- Cross Sector Biodiversity Initiative
- Business and Biodiversity Offset Program
- Commodity Roundtables
  - Roundtable on Responsible Soy
  - Roundtable on Sustainable Palm Oil
  - Forest Stewardship Council
  - Global Roundtable on Sustainable Beef
Emergency of Green Credit Protocols

- China – Green Credit Policy (2007)
- Brazil – Protocolo Verde (2009)
- Colombia – Protocolo Verde (2012)
What is driving mainstreaming by the corporate sector?

Operational Risks (e.g. Business Disruption; Project Delays)
What is driving mainstreaming by the corporate sector?

Reputational Risk

Ask Nestlé to give rainforests a break

WHERE THE WILD THINGS AREN'T

HarperCollins: Turning rainforests into kids' books  http://ran.org/act/hc-holiday
Enabling Conditions for Successful Mainstreaming

• Level playing field within a market or sector
  ➢ Banks typically adopt voluntary standards collectively in market segments (e.g. Brazil, Mexico, South Africa, Nigeria)

• Harmonization of standards & common understanding

• Capacity building across all implementing partners (government, financial institutions, companies, and consultants)

• Adequate information for screening and decision making
  ➢ Tools such as IBAT and Protected Planet are extremely important
  ➢ HCV maps are currently being prepared by Roundtable on Responsible Soy in Brazil
  ➢ Banks are actively monitoring the development of a consolidated standard on Key Biodiversity Areas, which will inform safeguard policies