



CBD 2.0 MARKET MODULE –
ECONOMIC AND GOVERNANCE
INSTRUMENTS FOR
CONSERVATION

December, 2018

Economic and Governance Instruments for Conservation

Instrument Group		Economic Instrument	Definition	Target Outcomes	TNC and Other Examples
Credit and Insurance Instruments	1	Green banks (Energy Investment Partnerships)	A mechanism that allows both public and private sector entities to deploy capital specifically for clean energy and energy efficiency projects.	Energy efficiency and clean energy	Connecticut Green Bank
	2	Micro finance	Banking services provided to unemployed or low-income individuals or groups who otherwise have no other access to financial services, traditionally in the form of small loans.	Livelihoods and conservation	Tuungane BMU Community Conservation Banks
	3	Green Bonds	Any type of bond instrument or debt security where the proceeds will be exclusively applied to finance or refinance projects that contribute to environmental sustainability.	Financing for sustainable outcomes	World Bank Green Bonds
	4	Insurance (for nature)	A trust fund based funding mechanism that obtains an insurance policy on natural infrastructure that reduces the risk of disasters. The insurance is triggered by severe weather and payouts are used to restore the natural infrastructure.	Natural infrastructure	Mexico Reef & Beach Resilience and Insurance Fund
	5	Long term sustainability financing	Bank financing of resource investments that have a long-term payback.	Livelihoods and natural resource use	Brazilian farmers long-term loans
	6	Risk pools (for fisheries)	A separate account established to hold income and expenses, which is used when insurance groups come together to combine their premiums and pay out losses. As applied to the fishery sector, a risk pool is a voluntary collective mutual insurance agreement that can be applied in quota-based fisheries to establish a common fund of quota that participants can draw from during the fishing season, on the condition that they comply with the risk pool rules.	Natural resource use	California Groundfish Project

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Fiscal Transfers	7	Tax relief / Green subsidies	Removal of taxes or addition of subsidies to support conservation-related behaviors and activities.	Conservation and sustainable outcomes	U.S Tax Reform
	8	Disaster funding	Government disaster relief funds that are targeted at future disaster risk reduction through nature-based solutions.	Financing natural Infrastructure	U.S. Hurricane Relief for natural coastal infrastructure
Investments and Funds	9	Impact investing	The practice of putting private capital into a business or a nonprofit, with the expectation of generating social or environmental change along with a financial return.	Conservation	NatureVest
	10	Water Sharing Investment Partnerships	A Water Sharing Investment Partnership (Water SIP) is a specific form of impact investing that strategically uses private investor capital to provide water for nature as well as people.	Water quantity	Murray Darling Balanced Waterfund
	11	Debt swaps	An agreement that reduces a developing country's debt stock or service in exchange for a commitment from the debtor-government to protect nature. Generally, the donor agrees to reduce debt in lieu of a promise by the debtor nation to invest any savings in conservation projects. The debt may also be purchased by investors at a discount and restructured to enable investments in conservation alongside a repayment.	Conservation	Seychelles Debt for Nature Swap
	12	Conservation Trust Funds	Independent legal entity and investment vehicle to help mobilize and oversee the collection and allocation of financial resources for environmental purposes. Conservation Trust Funds are funded in many ways and are not necessarily tied to "beneficiary pays" principles.	Conservation	Micronesia Conservation Trust
	13	Water funds	A specific type of Conservation trust fund, where by the financial returns are invested to achieve watershed conservation goals. Water users generally pay into the fund.	Water quantity and quality	Quito Water Conservation Fund (FONAG)

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Offset Schemes	14	Biodiversity offsets / Habitat / Conservation banking	A market where credits from actions with beneficial biodiversity outcomes can be purchased to offset the debit from environmental damage. Credits can be produced in advance of and without ex-ante links to the debits that they compensate for, and can be stored over time.	Conservation	U.S. Fish & Wildlife Service Conservation Banking ; UNDP Biodiversity Offsets
	15	Storm water credits/ markets	A mechanism whereby an actor pays for stormwater runoff reductions elsewhere in order to offset their own stormwater runoff.	Water quality	Washington D.C. Stormwater Retention Market
	16	Mitigation banking	A specific form of mitigation banking, whereby a wetland, stream, or other aquatic resource area is been restored, established, enhanced, or (in certain circumstances) preserved in order to compensate for unavoidable impacts to aquatic resources elsewhere.	Wetland conservation	Mississippi Old Fort Bayou Mitigation Bank
Payments for Ecosystem Services	17	Forest carbon markets / REDD+	Businesses and individuals buy and sell carbon credits to offset emissions. Or can be a mechanism where payments are made to reduce deforestation and degradation in order to increase carbon sequestration.	Climate Change mitigation and forest conservation	Working Woodlands ; Mexico REDD+
	18	Water markets	Buyers and sellers trade water through temporary leases or permanent sales of their water rights.	Water quantity	Murray Darling Balanced Waterfund
	19	Watershed payments	Payments to upstream farmers to change natural resource uses in order to improve downstream water quality.	Water quantity and quality	Latin America Water Funds
	20	Rental payments for conservation services	Sellers bid (though auctions for example) for the prices at which they are willing to sell their services or rent land to meet a conservation need.	Conservation	California Bird Returns

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Markets and price premiums	21	Emissions trading	A system of tradeable permits allowing the holder to emit an agreed upon amount of pollutant.	Reduced pollution	The Regional Greenhouse Gas Initiative (RGGI)
	22	Sustainable markets (wool, fish, mangoes)	The development of new markets and networks that contribute to stronger livelihoods based on sustainable production of goods and services.	Sustainable production	Mongolia felted wool
	23	Restoration enterprises	A private business that takes advantage of the commercial potential in restoration-related sectors, particularly those linked to forest and landscape restoration.	Livelihoods and conservation	Kenya Better Globe Forestry
	24	Certification (fisheries, forest, cocoa)	A voluntary, third-party service of assuring a product or a resource is produced and managed in a sustainable manner.	Sustainable production	Adelbert Cooperative Fair-Trade Cocoa, PNG
	25	Sustainable sourcing / Green procurement	The integration of social, ethical and environmental performance into raw material sourcing agreements and procurement activities.	Sustainable production	Belize Seafood Sourcing
	26	User charges	Pricing of natural resource use to increase efficiency and reduce wasteful use.	Efficiency of resource use	Park access fees, tourism fees
	27	Deposit-refund schemes	A combination of a product charge (the deposit) and a subsidy for recycling or proper disposal (the refund) to discourage improper waste disposal and keep recyclables out of the waste stream.	Reduced pollution	Recycle for Nature
	28	Eco-tourism	Responsible tourism in natural areas that conserves the environment, sustains the well-being of the local people, and involves interpretation and education.	Livelihoods and conservation	Nature Conservancy Ecotourism Partnerships

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Property Rights Instruments	29	Resource concessions	A negotiated contract between a company and a government that gives the company the right to operate a specific business within the government's jurisdiction, subject to certain conditions.	Efficiency improvements and investments in resource use	Indonesia logging concessions
	30	Resource rights	Strengthening and clarifying rights over natural resources to incentivize longer term investments in natural resources.	Efficiency improvements and investments in resource use	Rights & Resources Initiative (PRI)
	31	Individual transferable quotas	A type of a quota (a part of a Total Allowable Catch) or a resource right allocated to individual fishermen or vessel owners to create a long-term incentive for better management of the fishery, and which can be sold to others.	Sustainable resource use	California Groundfish Project
	32	Conservation easements	A restriction placed on a piece of property to protect its associated resources.	Conservation	Land purchase for easements
Geography or Population-based Instruments	33	Green Growth Compact	An agreement among diverse and essential stakeholders to behaviors that find solutions that meet both human development and conservation goals within a jurisdiction.	Livelihoods and conservation	Argentina Gran Chaco
	34	Protected Areas	Protected areas or conservation areas are locations which receive protection because of their recognized natural, ecological or cultural values.	Conservation	TNC Places We Protect
	35	Community-based resource management	Strategy for enhancing conservation outcomes while also seeking to improve community livelihoods.	Livelihoods and conservation	Northern Tanzania Rangelands Initiative

Table is developed by Eric Hunter, Jessica Musengezi, Priya Shyamsundar, and Nathaniel Springer.