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Finance Aspects Relevant to NRGF- Why should consideration of financial institutions and instruments should be included in the NRGF design?

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Effective natural resources governance requires applying financial best practices to both forecasting and managing revenue and expenses, and managing risks such that risks can be appropriately described, priced, aligned, and mitigated. This is part and parcel of successfully managing any project and especially the development of financial tools embedded within any natural resources governance framework. To do this efficiently, natural resource managers, whether Indigenous Peoples communities, concession-holders, smallholders, or institutions with interests in the commodities and goods and services produced by said land, and institutions and groups interested in the governance of land for biodiversity conservation goals, institutions must speak the fluently the language of finance. The reason these institutions must speak the language of finance is so that they can interact effectively with financial institutions while appropriately mitigating a project's financial risks.

Natural resource governance frameworks broadly have not incorporated financial best practices globally. There are no unified financial accounting, financial audit, financial oversight, financial feasibility, and financial management guidelines, requirements and / or best practices in place. Because of this, when approaching capital markets, investors, and other institutions for broad overarching financial support for biodiversity conservation and payments-for-ecosystem services approaches, natural resource managers generally do not communicate effectively with capital funding institutions.

An "NRGF with financial tools embedded within" can support institutions, communities, Indigenous Peoples associations, NGOs, and others who wish to communicate effectively these capital funding institutions. Furthermore, the development of financial best practices will support risk mitigation by these same implementing institutions.

Absent standardization and implementing an “investment-grade” approach to financial management of our Earth’s natural resources, one-off and idiosyncratic projects will never grow into broader, financial structures that can secure biodiversity conservation over generations while obtaining greater investment from a broader set of funders. This is because there simply is not enough overseas development assistance funding to support successful natural resources management project finance globally to meet required and needed biodiversity conservation goals.