



INTERNATIONAL
LAND CONSERVATION
NETWORK

Supporting Innovative Conservation Finance Ideas: The Conservation Finance Alliance

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In December 2019, the Conservation Finance Alliance's Innovation Working Group launched the CFA Incubator. The Incubator is designed to foster early-stage pilots for creative solutions to conservation finance challenges, in order to demonstrate the economic feasibility of new financial tools and mechanisms to finance land and water conservation. It aims to solve two critical challenges in conservation finance: fulfilling the needs of investors and grantmakers who are seeking a pipeline of investable projects, and providing project proponents with the mentorship and support they need for creative approaches that can attract different types of available capital, whether philanthropic or profit-seeking. David Meyers, Executive Director of the Conservation Alliance, puts it this way:

The tools that we have for nature conservation go beyond getting donations and buying land...there are all kinds of additional mechanisms that can either reduce land purchase costs or reduce management costs, and we strongly encourage people to use a portfolio approach. This innovation can really have an impact on adding something new to that portfolio, to achieve much greater scale.

As an international network of donors, local governments, NGOs, and conservation finance experts, the Conservation Finance Alliance is uniquely suited to implement the Incubator, and in 2020-2021, selected the first cohort of five project teams from over 70 applications. While the selected projects received subgrants of \$25,000 each to develop their concepts, 10 additional projects received mentorship and support from Alliance staff and board members.

Each of the five projects were selected for their creativity, ambition, and potential impact. Whether developing a first-of-its-kind financial mechanism for a global commodity, designing an investment mechanism to allow businesses to finance coastal erosion, using technology to establish community reef and forest banks, building biodiversity lending instruments, or generating revenue from standing forests in new ways, each project focused on making a business plan and conducting feasibility studies. Team members looked deep into the financial returns and opportunities the concepts offered. And they were supported along the way with mentorship from CFA, including instruction on business strategy, financial statements, how to make investor presentations, and financial modeling.

Across sectors, the CFA is playing a critical role for the land conservation community by fostering conservation finance ventures that can generate a financial return and a broader set of ideas that lead to policy, regulatory, or non-profit finance solutions. Later this year, CFA will launch a new call for proposals to bring together a second cohort of leaders who are using their imaginations to close the funding gap for conservation. Stay tuned!

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