

Keynote Address: “Crossing Boundaries”

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Remarks Prepared for:

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Welcome

Distinguished guests, ladies and gentlemen - I am honored to have been asked to make the keynote address at this vital gathering of conservation thinking, leadership and action. I am particularly delighted to be here as I had the privilege and honor to work at IUCN a number of years ago. It feels good to be back again!

This Congress brings together some of the world's smartest thinkers on the policy and practice of conservation and environmental protection. If anyone is going to guide the world in new ways of thinking and acting, it is this group of 6,000 or more which traverses all spheres - private, public, civil society, multilateral, large, small, left, right.

You, as a group, are not at the fringes of decision-making - you are at the very heart of it. Your scientific research, dedication, pursuit of better policies and connections to community all go towards much better, more informed decision-making.

Over the last few years I have had the opportunity to cross some of the boundaries that very often define our perceptions and determine the work in our institutions. My perspectives changed as I moved from IUCN to working with private companies during my time at the World Bank's private sector arm - the IFC - and they're changing again now as Vice President for Sustainable Development at the World Bank.

Today, I am convinced that we will have to make a bigger effort to cross boundaries – between our organizations, across public and private sectors and within civil society - so that we reach a better future for our planet.

Let's take a look at just some of the evidence of environmental decline before us. Evidence is one of the many things that the World Bank and IUCN share:

- The number and size of populations of the world's species have decreased by almost a third over the last 100 years and this is projected to continue decreasing
- Over 60 percent of ecosystems are in worse shape now than 50 years ago
- 85 percent of ocean fisheries are fully exploited or over-exploited or depleted
- The condition of coral reefs has deteriorated by 38 percent since 1980
- 80 percent of people live in areas where the quality of river waters are threatened, posing a major threat to human water security and risking the extinction of aquatic plants and animals
- Climate change is worsening everything. Flood disasters increased by 230 percent and drought disasters by 38 per cent in the 20 years to the early 2000s.

At the same time that this assault on nature has been occurring, we have enjoyed an unrivalled period of economic growth. However, the recent economic crisis has put a brake on that growth - constraining budgets in the developed world and slowing growth in developing economies.

Don't get me wrong - we are not saying we need to stop growth to protect nature. We are calling for a different kind of growth - a greener and more inclusive growth.

While the public purse for conservation is likely to stay static or even decline, we need to look at and harness the private capital flows to developing countries. In 2007 – before the financial crisis – private flows of \$1.2 trillion dwarfed the Overseas Development Assistance “pot” of \$335 billion of which just \$1.2bn went towards nature conservation.

An indispensable part of this effort will be realizing the potential of ecosystems within our economies and to put nature at the foundation of economic strategies. Nature needs to be firmly on the agendas of finance ministers and discussed in board rooms with the focus on building the public-private partnerships to invest in our natural wealth.

Are we ready to do this? Increasingly the World Bank Group is. And let me share with you three reasons for my cautious optimism that others are ready too.

Firstly, governments are increasingly stepping up - whether in increasing the number and extent of areas under protection or in better recognizing the value of nature and ecosystem services.

Governments, however, are facing daily trade-offs - for example - building a road through a park so that farmers can have better access to markets and/or conserving a road-less national park. Or, they're weighing up a marina in a mangrove area to boost tourism versus protecting it for its fish breeding, storm protection and carbon storage values.

Effective conservation cannot and will not be driven just by conservation for conservation's sake. Fortunately, governments increasingly recognize that maintaining and, eventually, accounting for their natural capital comes down to a question of social and economic development. There may not be simple win-wins all the time; but there may be approaches that can come close enough. Can we be ready to accept that?

We are seeing more and more good examples. In the State of Acre in the south-west corner of Brazil, the State Government has been making a concerted effort to bring services to its dispersed rural population and to move away from a growth model based on extraction of forest products and expansive agriculture. Where previously 90 percent of Acre's timber extraction was illegal, now the majority comes from approved forest management plans. Real GDP has increased by over 44 percent and deforestation rates have declined by 70 percent. Acre is showing that safeguarding a state's natural wealth will also help lift its people out of poverty.

In Liberia, the government has installed a chain of custody system for exporting logs that is helping reduce illegal logging and bringing in much-needed funding for conservation. The Government is also enforcing fishing regulations and arresting vessels found to be fishing illegally.

To manage trade-offs, governments need better information on the economic and social effects of their decisions. More and more governments are embracing the need to use natural capital accounts alongside GDP. At the World Bank Group, we are working with countries from Botswana to the Philippines to put the value of natural capital into the center of their economic decision making. After the 50:50 Campaign at Rio, 62 countries have signed on to support natural capital accounting along with the heads of close to 90 companies. These companies are doing this for competitive reasons - they need to be able to value their assets over the long term.

That brings me to the second reason for my optimism -- the growing leadership coming from parts of the private sector, be they small businesses and local entrepreneurs or Fortune 500 companies.

I see real traction emerging from the advent of rigorous performance standards and principles for corporate behavior. For example, we are beginning to see evidence that the revised IFC Performance Standard on Biodiversity is driving major change both at corporate headquarters and, more importantly, on the ground.

Companies working in developing countries are increasingly investing in biodiversity expertise, in community development, environmental restoration and long-term conservation capacity building. The big shift is that companies are beginning to see this as more than reputational risk management - rather as a way to improve their operations and manage business risk, a key part of creating value. Mainstreaming nature conservation across their operations makes good business sense. Why? Because many

companies depend on freshwater, genetic resources, climate regulation, and natural hazard protection to run their businesses successfully and see their profits grow.

As well as making good business sense, conserving nature and maintaining the resilience of ecosystems upon which people and business depend, allows companies to build trust in the communities in which they operate and among stakeholders abroad. This creates something many call a “social license to operate”.

We are beginning to see more and more companies engage with conservation organizations and external experts to better understand the environment in which they are working. This has inspired some companies to go beyond the minimization of project impacts but also to consider how they might contribute to conservation more broadly.

One example is Rio Tinto which launched its biodiversity strategy at this Congress in 2004. That strategy committed the company to making a Net Positive Impact on biodiversity through its operations. For the past seven years, the company has been piloting the strategy - working alongside government, conservation groups and civil society in Madagascar to build public sector capacity, develop livelihood alternatives, and establish offsets to conserve high biodiversity value areas.

Other examples include Shell in Gabon and Peru LNG which have spearheaded long-term partnerships with the Smithsonian Institution to develop science-based assessment and monitoring of project impacts.

I also see the first few encouraging examples from the finance sector in integrating nature and ecosystem services protection in investments.

That takes me to my third reason for optimism - that the need for action is overcoming global political sclerosis.

Rio+20 confirmed for me that while at the global level we lack political leadership today to gain consensus, global inaction is being overwhelmed by the ideas, the innovation and the real commitment to action from smart policymakers, from city mayors, from community leaders and CEOs.

Like-minded coalitions across sectors emerged on almost all issues. People gravitated to ideas and approaches that promised action - whether that was about ocean health, natural capital accounting, access to sustainable energy or reducing short-term climate pollutants.

For the more than 1000 business executives who attended Rio, the message was that action on sustainability is all about future markets, future products, future employees, future investors, and competitiveness linked to sustainability as shared value.

There was an almost overwhelming sense that while we need global governance for ultimate speed and scale, we cannot afford to wait for international agreements to do what everyone knows needs to be done. For every square bracket negotiated, a species is lost and that window of opportunity gets smaller and smaller.

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So while I have these reasons for cautious optimism --- I am also speaking from a place of urgency. To address the challenges ahead, each and every one of us will have to cross boundaries and we in the conservation community will need to move collectively outside our comfort zones. To this end, I have three appeals.

First to governments: Governments have responsibilities to their citizens that are measured in units of finance – jobs, tax receipts, GDP. We are not naïve: There can be and will be tensions between conservation and development; that’s why public servants need to be armed with the tools and information they need to make fully informed decisions about the implications of their decisions. And that’s why those of you here who

work in government should unpack the economic benefits of conservation and translate them into real numbers through natural capital accounting to transform conservation from a discrete sector to an engine of inclusive green growth.

Second to the Private Sector: To be part of the solution, companies need to raise the profile of nature conservation in their boardrooms and recognize the value of nature to their bottom lines. On the ground, companies need to commit to best management practices which will sometimes mean working beyond their project sites to offset impacts and to secure supply chains. This raises technical, political and governance challenges which is why companies need to reach out and offer a hand in partnership to governments, to conservation organizations and even to each other. We hear from the private sector the need for a level playing field when it comes to best practice in biodiversity management. And a coordinated and loud voice from private companies towards government regulators might help.

We also need to look at the potential for coupling improved private sector practices that are starting to emerge with instruments like green bonds, conservation banking, subsidy reform, license to operate agreements for generating new potential sources of support so that good practice can be rewarded with access to capital.

Third Civil Society: Very often, civil society, conservation organizations and academic institutions are the backbone of any commitment to conserving nature.

But it is important to remember that it's governments that have the main responsibility for the stewardship of natural assets. These are *their citizen's* natural assets; *governments* must manage them. The rest of us – civil society, donors and philanthropists – must work together, provide them support while demanding transparency and holding them to account, so that they can do more and do it better.

We in the conservation community need to see the private sector as full partners for solutions and not just a threat or a fundraising opportunity. For example, in public private partnerships - if we were able to develop aggregated offsets, is the conservation community collectively ready to provide the means for verification?

Across all these areas of engagement, the **World Bank Group** stands ready to do its part and to do more:

We entered the debate on green growth in May 2012 through our report 'Inclusive Green Growth: The Pathway to Sustainable Development'. We want to continue contributing, in particular by focusing on the inclusiveness of green growth, on the importance of sound fiscal policies - like the removal of inefficient fuel subsidies - and on ensuring that nature considerations are taken into account in economic decision-making. Our work on green growth is, importantly, supported by the Korean Government.

With new energy and emphasis around Natural Capital Accounting stemming from Rio, it is crucial to keep up the political support and momentum, attract key new country partners, and visibly demonstrate action. At the technical level we will increase our support for countries to undertake natural capital accounting through our global partnership initiative (WAVES).

The World Bank Group will also provide its convening power to get civil society, private sector and governments to work together to mobilize more long-term funding for conservation priorities and to generate new and innovative approaches. We are ready to provide financial support where it will have the biggest impact.

We also want to do more to streamline nature considerations into our own operations while also coordinating approaches to applying the IFC's Performance Standards and the World Bank's operational policies on natural habitat protection. I expect that the Bank

Group will also do more and more on aggregated offsets as a means of bringing public and private interests together to conserve large-scale areas of critical habitat - all within a transparent framework that is in line with national conservation plans.

We are also working on enhancing environmental law enforcement to ensure that the benefits of nature accrue to national economies and local communities - not thugs and organized crime.

All of us will have to mainstream nature conservation into sustainable landscapes and oceanscapes - so that it is one fundamental element alongside the need to support sustainable livelihoods, to conserve freshwater resources, to maintain the flow of benefits of ecosystem services for local communities and for businesses, and to preserve intact wilderness areas that store carbon and build resilience.

Conclusion

Ladies and Gentlemen, as we begin this Congress:

- Let's agree that we need to do more, better and with more far-reaching consequences
- Let's together to move away from our ardent attachment to old ideologies, old attitudes that stop us from finding solutions together. What is needed today is innovation, communication and partnerships between governments, financial institutions, companies, conservation organizations, leading scientists and civil society.
- The type and range of solutions will be as diverse as species and ecosystems. Just as nature is not just a set of charismatic species, we will need more than a set of boutique projects to show large-scale impact. We will need to prioritize without devaluing any one community's chance of life. We will need brave thinkers at the

table, all types of partnerships, people with the humility and patience to make them work. Who better than those of us already humbled by the glory of nature and the complexity of its life support?

- Let's cross the boundaries as we are all in this together.
- I look forward to being with you every step of the way.