

Bio-rights and the Finance Sector

Environmental degradation and extreme poverty are among the biggest problems of the coming century. The finance sector has a large impact on these issues. Its investments determine to a significant extent how economies develop and how these impact on social and environmental factors. Changing perceptions of natural resource management and new priorities for private investors lead to a growing demand for green banking. Bio-rights might be a tool to comply with these requirements.

Why Bio-rights?

Corporate responsibility

The corporate and finance sector are increasingly aware of the impact they have on environment and livelihoods. They both might play a crucial role to shift the world towards sustainability and to cull perverse incentives that are harmful to both economy and environment. Both sectors acknowledge their responsibility and increasingly invest in projects that fulfil strict social and environmental standards. The Bio-rights mechanism might help to reconcile economic activities with livelihood development and environmental conservation.

Attracting 'green' investors

There is a growing market for private investors and companies that seek to invest their money into sustainable activities. The finance sector might anticipate to this demand through development of green banking facilities. A range of mechanisms is currently in place to ensure responsible investments. As a practical tool, Bio-rights could complement to this.

How to incorporate Bio-rights?

Green investing

Investing money into profitable ventures is the core business of the private sector. If the sector is to improve sustainability, therefore the most obvious step forward is to adopt a 'green investment strategy'. Bio-rights can be one of the pillars of such a strategy, serving as a practical tool to accomplish a rapid field-level change towards sustainability. The mechanism might for example facilitate establishment of sustainable fisheries, timber production and durable extraction of other natural resources. It could also play a role in the carbon trade (through reforestation and protection of carbon stocks in peat lands). Bio-rights might as well help to maintain option values (genetic resources, medicinal plants) and important ecosystem services (flood protection, water purification etc).

Establishment of a Bio-rights fund

A minor percentage of the profits gained from an investment, could be directly channelled towards a Bio-rights fund. Such a fund generates a continuous cash flow that can be used to finance a range of appealing humanitarian and environmental projects. Development and maintenance of such a fund requires an investment, but expenditures are easily covered, as it also attracts a large audience of potential customers who are concerned about social and environmental issues. As such the fund

creates win-win opportunities from both a business and a social and environmental perspective. Other options to raise money include green insurances and green credit cards.

Tradable Bio-credits

Markets aiming to reduce polluting substances and to maintain nature's life supporting services are on the rise. Carbon markets have established worldwide, representing a multi-billion euro value and continuously increasing in size. Other markets (biodiversity conservation, maintenance of water quality, protection of marine resources) do not yet exist on a global scale, but might appear in the near future. The finance sector might follow this trend through the development of credit systems for goods and services that are not yet included in global markets. The Bio-rights concept might be used to accomplish the objectives of these markets.