

Transformative Financing

The case for establishing a transformative-financing system & how it might be initiated - with an initial focus on biodiversity conservation

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About this paper

This paper is an internal working document that summarises the rationale and process for creating institutions to promote and carry out transformative financing¹.

Transformative financing involves the mobilisation and deployment of funds to drive leading edge change to actually achieve a dramatically better world. A Transformative-Financing System² would be designed to achieve the maximum possible leverage for change with the funds that it deploys.

The paper explores how a basic system for transformative financing can be established - involving three institutional forms:

- an organisation to promote the notion of transformative financing
- a brokerage-style organisation to link investment-ready transformative projects with the necessary enabling funds
- a fund that is able to finance investment-ready transformative projects with money that it manages directly.

The paper proposes that the development of a transformative-financing system should be initiated by establishing:

- a ***promotional organisation*** to encourage the creation of transformative-financing bodies;
- a ***brokerage*** to facilitate transformative financing - specifically to benefit ***biodiversity conservation***.

At a later date the brokerage might evolve to into an investment ***fund***.

This paper is being used to stimulate discussion and action to establish a transformative-financing system.

As the discussion progresses and as thinking develops, the paper will be revised and expanded. The paper will also be complemented, in the future by a very short summary document and a detailed 'prospectus' type of document.

If you obtained a copy of this paper from a third party and you would like to be kept up-to-date with developments relating to the transformative-financing system or you would like to be involved in the development of this system please contact Philip Sutton:

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The latest copy of the paper can be found at:

<http://www.green-innovations.asn.au/btf.htm>

¹ The notion of transformative financing was first developed in 2001 in the context of a special case - the transformative fund - see <http://www.green-innovations.asn.au/transformative-funds.htm>

² Made up of one or more transformative financing organisations.

The general concept of Transformative Financing

Transformative financing represents a third wave of the ethical investment movement.

The first wave involved '*negative screening*' - where investment in ethically repugnant activities is avoided. The second wave added a '*positive selection*' process so that investments are chosen because they also make a proactive contribution to improving the world.

But, in general, the generation and selection of projects under the second wave of ethical investment has been driven by a fairly weak strategy process. So, even if ethical investments of this type were to be extended over a very long time or at a larger scale, it is quite possible that the society/economy that we hope for would not emerge fully. In other words, second wave ethical investment is not able to fully transform society or the economy in the desired ways.

But a different approach is possible - and this constitutes a third wave of ethical investment that is deliberately transformative - involving the '*strategic stimulus*' of investment opportunities that are highly beneficial for society or the environment.

A Transformative Financing System would be made up of one or more transformative-financing organisations which, when working together, ensure that the essential functions described below are operational.

A Transformative Financing System would be characterised by:

- a deep ethical commitment
- a commitment to make a decisive contribution to the achievement of the System's core values
- **a capacity to carry out highly effective strategy deployment³**
- the capacity to engender support in the wider community for action to implement the System's strategies
- the capacity to mobilise and deploy funds (both **philanthropic** and commercial) to ensure that the System's strategies are implemented at an adequate scale and in a timely way.

Note, it is the *central* role of-

- **strategy** deployment, and
 - the deployment of **philanthropic** funds-
- that distinguishes Transformative Financing Systems from first and second wave ethical investment systems.⁴

³ 'Strategic deployment' means the *application* of strategy. Some transformative financing systems would be also be very active in the *development* of strategy.

⁴ A financing organisation would not have to generate strategy or manage philanthropic funds *internally* to be transformative - but it would have to be able to routinely access these capabilities through smoothly functioning strategic alliances with other parties - and these functions would nevertheless need to form a central part of the transformative financing system's operational strategy.

By being able to mobilise and deploy both philanthropic and commercial funds the Transformative Financing System would be able to catalyse strategically significant actions in the public interest, whether or not those actions could or should generate a private financial return for investors.

A Transformative Financing System would deliberately try to be right at the leading edge of the transformation process in its chosen field - blazing a trail for others to follow - both in terms of ideas and also, importantly, in terms of tangible investments.

How might a Transformative Financing System operate? The System would develop a strategy for how its ethical objectives were to be achieved in the environment, economy and society. Tangible actions for implementing the strategy would then be identified and sorted into three categories:

1. those that are ready to be funded and that should be or need to be enabled by non-commercial investment (philanthropic investment⁵)
2. those that are ready to be funded and could appropriately be enabled by commercial investment
3. those that can't be sensibly funded now but could be in the future if other changes were made first.

To get the category 3 investments going, the Transformative Financing System would identify what would make them viable and would then invest in enabling actions.

A Transformative Financing System would also leverage money from other sources to amplify the effect of its own investments eg.

- own philanthropic funds⁶ + other agency philanthropic funds/government funds/other commercial funds
- own commercial funds⁷ + others commercial funds

It is important to recognise that there are a number of different types of transformative-financing organisation⁸ - defined by which of the core elements of a generic transformative fund are located within the formal structure of the transformative-financing organisation and which are outsourced. Transformative financing organisations would also be expected to vary according to:

- the breadth or narrowness of the issues they cover;
- how actively and radically they push for change in society and the economy.

⁵ Includes government investment.

⁶ "Own funds" in this case means funds managed by one of the organisations within the transformative financing system. For example the system might be made up of a transformative financing broker plus a philanthropic trust and an ethical investment fund. In this case, 'own funds' would be the funds managed by the philanthropic trust and the ethical investment fund. The transformative financing system might also draw on funds from normal commercial investors. These latter funds would not be counted as 'own funds'.

⁷ As above.

⁸ It is to be expected that some transformative funds will make the direct management of commercial investment funds a central core competence, while other might specialise in the direct management of philanthropic investment funds and yet others in the identification of investment-ready proposals that will make a strategically significant contribution. But in all cases though, each type of transformative fund would be 'rounded out' by the development of routine partnerships with other complementary organisations.

However since transformative-financing organisations have been specifically invented to specialise in ‘pushing the envelope’, it is arguable that an organisation that is too cautious or too constrained in what it is trying to do is in fact not really a transformative organisation at all.

Transformative financing organisations would contribute to pushing the envelope of what is possible by being at ease when dealing with issues that, at first, seem to involve very high levels of uncertainty, risk or complexity. The role of a transformative-financing organisation would be to foster investment in actions that progressively reduce the uncertainty, risk or complexity associated with the issue so that, eventually, mainstream organisations were able to prudently, safely, competently and effectively contribute to their resolution.

Possible scope for a transformative-financing system

A transformative-financing system would, in its own name:

- raise money⁹
- develop strategies
- channel funds¹⁰ to projects
- raise awareness about its goals and its preferred strategies.

To be able to act as an effective catalyst for transformative change a transformative-financing system needs to be quite powerful, an objective achieved through its ability to deploy funds and to generate awareness of its strategies. However if a transformative-financing system went further than this and used the funds it mobilised to directly do a lot of the actions that it felt were necessary, the transformative-financing system might become too dominating - stifling initiative and innovation by monopolising action. It might also generate resentment from others.

So a transformative-financing system needs to develop a partnership approach. It could do this most effectively by refraining, as far as possible, from carrying out most of the funded projects in its own name. The exceptions to this rule would be activities to develop and promote the transformative-financing system’s strategies.

The range of useful organisational structures for promoting and carrying out transformative financing

A transformative-financing system could have operational elements (stand-alone organisations or organisational sub-units), in a range of combinations, that deal with the following issues:

⁹ The transformative-financing system might also mobilise the time of skilled volunteers.

¹⁰ The transformative-financing system might also channel the time of skilled volunteers into projects. (This might be especially important in the early days when the Fund has not yet mobilised large amounts of philanthropic money.)

- promoting the creation and effectiveness of transformative-financing systems to cover all major areas of human need and the needs of other living things
- strategic partnerships
- funds mobilisation (to generate new funds for philanthropic (non-commercial) investment and to generate funds for commercial ethical investment)
- listening & learning (providing input to the strategy)
- model building (environment/economy/society)
- transformative strategy development¹¹
- the conversion of strategies into investable projects
- project assessment¹²
- project facilitation to prompt entrepreneurs and innovators to take on the necessary action projects (where they are not already generating these projects)
- teaching/strategy promotion
- investment (brokerage and direct investment of funds - whether philanthropic or commercial)
- organisational management.

One possible trajectory for the development of a transformative-financing system - based on the evolution of the funds mobilisation strategy

The transformative-financing system might, for example, go through three development stages:

- ***Stage 1 (the focus is on strategy development/proposal generation and assessment)***: where the transformative-financing system revolves around a transformative-financing broker that concentrates on building up its strategy development capability and its capability to generate and assess investment proposals¹³. It would partner with existing ethical investment funds and philanthropic trusts to mobilise the necessary funds¹⁴.
- ***Stage 2 (the focus is on strategy development/proposal assessment + philanthropic fund raising)***: where the transformative-financing broker at the heart of the transformative-financing system would begin to develop its own capacity to mobilise significant philanthropic funds directly from original donors.
- ***Stage 3 (the focus is on strategy development/proposal assessment + philanthropic + commercial fund raising)***: where the transformative-financing

¹¹ These strategies might be made available to a range of transformative-financing systems.

¹² The structure dealing with project assessment might generate screening and assessment tools for use by a range of transformative-financing systems.

¹³ A transformative-financing broker would use its capabilities to assess investment proposals to determine whether a *strategically important* investment was capable of generating a commercially viable return or whether it would need to be supported in whole or in part by philanthropic investment (where no return to the investor is expected). A major output from a transformative-financing broker would be proposals that have been carefully structured and assessed and are known to be 'investment ready'.

¹⁴ The ethical investment funds would invest in commercially viable projects while the philanthropic trusts would invest in projects that could not or should not generate a commercial return.

organisation at the heart of the transformative-financing system would broaden its capacity to attract money from original commercial lenders and to manage these funds directly so that adequate returns for the investors are generated.

A transformative-financing broker would need to move to stage 2 at the point where it was unable to access sufficient philanthropic money from existing philanthropic organisations¹⁵.

The commercial lending markets (including those that are explicitly ethical) are reasonably well developed in Australia so the decision to move the transformative-financing organisation (at the heart of a transformative-financing system) to a stage 3 mode of operation is likely to be triggered only if the core transformative-financing organisation finds that, over time, it has developed specialised competences that enabled it to source and manage commercial funds more effectively than other players already in the financial markets.

Alternatively a stage 2 organisation might identify where new commercial ethical investments vehicles are needed and facilitate their establishment - enabling it to remain as a stage 2 organisation - but now operating within a more effective overall transformative-financing system.

Getting transformative financing going

At present the notion of transformative financing is not well known and if there are transformative-financing systems in existence they are not identified as such.

So a good way to get transformative financing going would be to start an organisation to promote the formation of transformative-financing systems. And then to make sure the notion moves from theory to practice as soon as possible, it would be good to establish an example of a transformative-financing system.

It is proposed that:

- an Association for Transformative Financing be formed as soon as possible to promote the transformative financing idea;
- a transformative-financing broker focused on a specific topic area be established as soon as possible to demonstrate how a transformative-financing system could be built up;
- the first transformative-financing broker should focus on the area of biodiversity conservation.

¹⁵ Even when a transformative-financing system is centred on a transformative-financing broker the broker will need to channel investment funds into expanding the total pool of available philanthropic and ethical funds so it isn't engaged in a 'zero sum' competition with other ethically worthwhile financing operations ie. each transformative-financing system needs to take action to avoid a 'crowding out' effect.

Why is it useful to have a Transformative Financing System focusing on sustaining biodiversity?

Care for biodiversity (all of living nature) is one of the two reasons why we protect the environment, the other being our care for people.¹⁶

The negative pressures on biodiversity are now so strong that the earth is facing an extinction crisis that is building rapidly in scale - to the point that it may well equal the magnitude of the mega extinction episodes seen in the fossil record¹⁷.

Since many people in human societies currently tend to overlook the needs of the rest of nature while they are pursuing their own needs or the needs of other people they care about it is felt that it would be beneficial to get a transformative-financing system going as soon as possible to help to widen the scope of human action - so that societies pursue both the needs of people and the rest of nature simultaneously.

To prevent this crisis and to return extinctions to the background¹⁸ or 'natural' level¹⁹ we need to change our land and environment management practices on a landscape-wide and indeed planet-wide scale. And to do this it will also be necessary to create an ecologically-sustainable economy and society as soon as possible. Action at an effective scale and speed is vital. And we need to use the most effective strategies that can be developed and to mobilise a sufficient and timely flow of resources to support the necessary transformation program.

Despite a huge effort by large numbers of people we have not yet achieved change of magnitude that is necessary. It is likely that simply continuing to do only what we have been doing so far will not achieve our goal of conserving all natural biodiversity any time soon. It is most likely that we will need to add new strategies that can generate a rapid acceleration in our effectiveness.

It is possible that a Transformative Fund for biodiversity might make a decisive contribution to both the development of the necessary strategies and the mobilisation and deployment of funds and other resources necessary to implement the strategies.

¹⁶ So concern for living nature is one of the two drivers of sustainable development, where sustainable development is "*an economic and social process that sustains and improves the wellbeing of people and nature, locally and globally, now and in the future.*"

¹⁷ For a recent assessment of the status of Australian terrestrial species and ecosystem types see the Australian Terrestrial Biodiversity Assessment 2002
http://audit.deh.gov.au/ANRA/vegetation/docs/biodiversity/bio_assess_contents.cfm

¹⁸ The notion of a 'background' level of extinctions that occurs in the absence of unusual shocks to the earth (eg. the drivers of the occasional mass extinction events) was developed by palaeontologist David Raup.

¹⁹ See the [definition](#) of the natural extinction level.

Possible ethical values for a biodiversity-focused transformative-financing system

The key value of biodiversity-focused transformative-financing system would be to take catalytic action to ensure that the earth's natural biodiversity is sustained/ conserved/ maintained, with extinction levels brought down to the 'natural' level. The transformative-financing system's primary motivation would be an ethical concern to give other species a good chance to continue to exist and evolve - ie. concern for nature for nature's sake. Its secondary motivation would be to protect biodiversity because a rich natural biodiversity contributes significantly to human wellbeing in material and non-material ways.²⁰

A biodiversity-focused transformative-financing system would:

- act as a “practical idealist” institution, working hard to work out how to actually achieve an ideal situation in the real world (or the nearest possible approximation to it). Another way to express this is that the transformative-financing system would act to mainstream ‘radical’ ideas without watering down the core objectives;
- be committed to ‘no major trade-offs’ and, if possible, ‘win-win’ outcomes for both people and other life²¹;
- try to foster innovation, creativity and initiative in the community to help make it easier to sustain biodiversity;
- adopt a partnership approach in order to empower groups and people to take effective action.

An effective firewall needs to be built between the project promotion and project assessment arms of the transformative-financing system, otherwise the enthusiasm for promoting what looks like a good idea could overwhelm the necessary realism about likely negative impacts - which could threaten implementation of the System's no major trade-offs philosophy.

Ideas for the name of a biodiversity-focused transformative-financing broker

‘Biodiversity’ is a useful word for scientific purposes but it doesn't trigger a strong emotional response in the community. ‘Nature’ is a much better term from that point of view. However, given that the purpose of the transformative-financing broker is to help transform the economy and society so that the threat to biodiversity is removed, it might be better to use a name that is an emotive expression of the desired outcome - thus maximising the appeal and effectiveness of the broker. So a name such as the

²⁰ The idea of making the protection of biodiversity the primary goal of the Biodiversity Transformative Fund (ahead of achieving benefits for people) does not imply that that is the stance that society should take. The rationale is that there is a need to have a least one transformative fund that can act as an advocate for the needs of biodiversity in a world where most organisations put humans first. The Biodiversity Transformative Fund would nevertheless seek to achieve the conservation of biodiversity in ways that involved no *major* trade-offs for people.

²¹ Encompassing meeting both the sustainability and genuine progress needs of humans and other life.

“Zero Extinctions Transformative-Financing Broker” or “Zero Extinctions Financial Broker” might be best.

Some people might object that ‘zero extinctions’ is not a strict scientific description of the biodiversity conservation goal - in that evolution requires at least a low level of extinction so that the old can make way for the new. However, at the timescales that human activities operate at, ‘zero extinctions’ is in fact a very practical approximation of what is needed since the true goal, the ‘natural’ extinction rate, is so low compared to the current extinction rate.

Or we could use a name like: "Nature Forever Transformative-Financing Broker " / "Nature Forever Financial Broker"

As one of the secondary purposes of the fund would be to foster the formation of other transformative-financing systems it might be a good thing to leave the word ‘transformative’ in the name so that the name advertises the transformative financing concept²² - even though this makes the name a bit more cumbersome.

A [list](#) of ideas for the name of the biodiversity-focused transformative-financing broker is being built up.

What sorts of activities might a biodiversity-focused transformative-financing system invest in?

A biodiversity-focused transformative-financing system’s strategies and investments would need to cover both:

- direct environmental protection; and
- the transformation of the causative drivers of unsustainability - eg. the economy, business management and business development, society-culture-lifestyle, population, technology, governance, etc.²³

The strategic nature of the transformative-financing system would be expressed in terms of the specific projects it backs rather than through restricting itself to a specialised area of investment.

²² The proposed biodiversity-focused transformative-financing system is likely to be the first of its type in Australia (and perhaps globally?). As such it should provide a strong role model to encourage the formation of other transformative funds of this sort.

Other transformative-financing systems with an environmental orientation that might be established could be systems for: “zero waste”, greenhouse and sustainable energy, zero toxicity, sustainable agriculture, sustainable living, ecologically-sustainable economy and the Greenleap. In the social domain, it might be useful to establish transformative-financing systems for ‘preventive wellbeing’ and ‘genuine progress’. Or these social topics might be combined into the topic of ‘quality of life’. A focus of relevance to both the environmental and social domains would be ‘effective democracy’.

²³ Industry/consumer programs might involve projects related to environmental management systems, sustainability-promoting firms, green purchasing, life-cycle assessment, ecoresign, creation of nature conservation industry association, industry policy, etc.

Depending on the strategies that a biodiversity-focused transformative-financing broker develops, it is conceivable that the broker might channel investment into any or all of the following area:

- direct environmental management
- land/habitat reservation
- environmental restoration
- research and development of all sorts
- education/skills development
- infrastructure development
- new modes of business management
- new modes of public governance
- policy development
- technology development
- lobbying
- etc.

The biodiversity-focused transformative-financing system would not focus exclusively on threatened species or threatened ecological communities. It would act to benefit and safeguard all species and ecological communities - that is it would have a strong preventive orientation.

Also a great deal of its work would be focused on modifying the way that the economy and society generate pressures on biodiversity.

Possible areas for support via the investment program

As a way of gaining early support for a biodiversity-focused transformative-financing broker while it is still setting up a well developed strategy process, it might a good idea to adopt a number of projects or programs to which funds and other support could be channeled. The relationship between the biodiversity-focused transformative-financing broker and the projects/programs could be established, & governed, by a MOU between the transformative-financing broker and the implementing organisations.

Below is a sample of projects that the biodiversity-focused transformative-financing broker (and its related transformative-financing system might give early support to:

Project / Program	Organisation	Info
Biodiversity Alliance	Biodiversity Alliance	Supporting communications, collaboration, <i>consensual</i> strategy development/promotion and the creation of a combined voice for participating groups.
WildCountry	The Wilderness Society and other organisations	Initial support might be given to restoration and compatible economic strategies in the Victorian region and for compatible economic strategies in Northern Australia. http://www.wilderness.org.au/campaigns/wildcountry/ http://www.wilderness.org.au/campaigns/wildcountry/victoria/

The Greenleap goal campaign	Green Innovations and other organisations	A campaign for transforming the economy and society before 2030 so that it support the achievement of ecological sustainability. http://www.green-innovations.asn.au/Greenleap-30y-or-less.htm
Deep modelling capacity	Biodiversity Transformative Fund and other organisations	To simulate the behaviour of the environment, economy and society under different scenarios.
Nature Conservation Industry Association	??	This industry association needs to be formed to help mobilise the voice of businesses that have a vested interest in the maintenance and restoration of natural biodiversity ²⁴ .
Earth Share Australia	Earth Share Australia	To facilitate the raising of philanthropic funds.
etc. etc.		

What's so special about the proposed biodiversity-focused transformative-financing system?

There are many organisations and indeed funds that carry out some aspects of what is proposed for the biodiversity-focused transformative-financing system. But none of them have the *combination of special attributes* that would make it possible for a transformative-financing system driven by the proposed biodiversity-focused transformative-financing broker to make a unique and possibly decisive contribution.

What are these special characteristics and capabilities? The proposed biodiversity-focused transformative-financing system would have:

- a clear commitment to work for the protection of biodiversity - principally for "nature's sake" (and secondarily for human benefit) *combined* with a preparedness to work on changing the human economy and society in the cities as well as in the countryside;
- the patience and freedom to build a powerful institution that comes from having a not-for-profit structure internally²⁵;
- the stretch goal (aspirational goal) to try to bring extinction rates down to the levels experienced prior to about 50,000 years ago (this will be an exceptionally

²⁴ Virtually all other areas of environmental concern have an industry association to speak for them thus creating pressure for enhanced environmental outcomes from within the domain of the 'economy'.

²⁵ If a commercial bank runs an ethical fund it expects that the business of running the ethical fund will make the bank a solid profit. If it doesn't the bank is likely to close down the ethical fund even if the individual investments have been making good financial returns for the people who gave their money to the bank to manage. So if a biodiversity-focused transformative-financing organisation is set up as a not-for-profit body it can keep operating during lean times, especially during the years when it is first establishing itself and is building up experience and economies of scale.

difficult goal to achieve of course - but it's a useful one to guide any efforts to bring the human-induced boost to extinction rates down substantially);

- the focus on linking strategy development (which is holistic and that can cope with the real complexity that we find in natural and human systems) with the practical deployment of funds for investment (eventually on a reasonably large scale);
- the ability to channel both philanthropic AND commercial money; and
- the focus on removing the blockages in the way of essential investments.

Progress to date in promoting the establishment of transformative-financing systems

A useful model for transformative-financing systems (outlined in the current draft of this paper) has been developed with the assistance of feedback from about 40 people²⁶.

The next steps: to develop a demonstration project

While further discussions and consultation will occur, the point has been reached where the first organisational steps can be taken²⁷.

Interested individuals and groups will now be invited to form an Association for Transformative Financing to promote the spread and development of transformative financing.

It is proposed that the Association fairly quickly move to form a biodiversity-focused Transformative-Financing Brokerage as a special internal unit. It is expected that other transformative-financing brokerages will be established subsequently, focusing on other topics where transformative change is desirable.

The first practical step will be to establish an UNincorporated Association that would have two key roles, that is, to:

- clarify and establish the core values that would be the foundation for a legally incorporated Association for Transformative Financing and for the biodiversity-focused transformative-financing brokerage;
- identify and bring together people (who support these values) who have the diverse set of skills and experiences needed to develop the Association in general and the biodiversity-focused transformative-financing brokerage.

²⁶ Copies of various versions of this paper have been circulated to about 160 people.

²⁷ Initial work is being done on the development of [an organisational development plan](#).

Once the UNincorporated Association has accomplished its two tasks a wider group of people and organisations would be invited to form a legally incorporated Association. It is proposed that groups that are committed to contributing to the Association's objectives and values be invited to join the association and that the relationship between the Association and each member organisation is governed by a Memorandum of Understanding.

The role of the legally incorporated Association would be to develop a practical operational model for the [stage 1](#)-style of transformative-financing system²⁸ and once the operational model is well enough developed the incorporated association would commence operations as a transformative-financing organisation.

An incremental development model of this sort is thought to be practical because it is not critical to the functioning of a Stage I transformative-financing system to have large amounts of philanthropic and commercial money under direct management from 'day one'.

It is expected that the overall effectiveness of the proposed transformative-financing system will be closely correlated with the total amount of philanthropic money it can deploy. So probably the most critical problem to be solved if such transformative-financing systems are to be successful is how to expand the total amount of philanthropic money available so that the deployment of philanthropic money by the transformative-financing systems spawned by the Association for Transformative Financing does not deplete the funds normally available to other programs.

Further research

This paper will be [developed further](#). At present areas that have been identified for further work are:

- what [other organisations](#) exist that are performing a transformative financing role - especially in the biodiversity area?
- why is current philanthropic and commercial [investing not adequate](#)? (ie. why are transformative-financing systems needed to take this investing further?)
- how could transformative-financing systems [mobilise funds](#)?
- how might the proposed transformative-financing system go about investing - using a case study method?
- should there be lots of transformative-financing systems which focus on specific topics or should topics be grouped under one or a few legal entities and be handled by organisational sub-units?
- could the tax and charitable status advantages available to philanthropic endeavours be put at risk by having both commercial investment and philanthropic work in a single organisation - how can this issue be properly managed?

²⁸ See the section on the "Possible funds mobilisation strategy".

In general an effort will be made to strengthen the case for why and how transformative-financing systems will be effective and will be likely to attract funds.

Helping the process along

If you are interested in:

- transformative financing in general
- establishing an Association for Transformative Financing
- developing a biodiversity-focused transformative-financing broker
- developing transformative-financing systems focused on other issues

then please contact:

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Definitions and concepts

Biodiversity - the diversity of life at three levels: species, genetic and ecological community/ecosystem.

MOU - memorandum of understanding.

‘Natural’ extinction rate - the level normally²⁹ experienced in the current stage of the long-term climate cycle³⁰. Given how difficult it is to fully achieve most goals this means we need to aim for ‘zero extinctions’)

An existing body that demonstrates some (but not all) aspects of the Transformative Fund concept is:

Zero Waste New Zealand Trust

<http://www.zerowaste.co.nz/>

E:\GRIN\Projects - sustaining-improving the world\Projects\Transformative funds - general\Biodiversity transformative fund\Case-for-forming-a-biodiversity-transformative-fund.doc

Writing of this paper began on 17 October 2003.

²⁹ In the absence of impacts caused by technologically and socially powerful humans ie. prior to the emergence of language and fire/tool use by homo sapiens ie. before about 50,000 years ago.

³⁰ One key set of long-term climate cycles are about 100,000 years in length and involve a swing into and out of an ice age. The spread of permanent snow and ice cover, as the earth moves into an ice age, leads to the local decimation of biodiversity and the elimination of localised species that cannot adapt or find refuge.