



ROLE OF FISCAL AND FINANCIAL MECHANISM IN BIODIVERSITY CONSERVATION

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ABSTRACT: This paper deals with fiscal and financial mechanism in bio diversity conservation. It outlines the utilization of grant programs, environmental funds, private philanthropy, and multilateral assistance for biodiversity, debt-related mechanisms, correcting negative externalities, *tax reform*, pollution fines, tradable permits and deposit refund schemes, *bonds and a typology*, and incentives for biodiversity conservation. This paper makes a special note on financial mechanism in bio diversity conservation with reference to potential for a market for conservation credits, environmental taxes, international financial mechanisms, government sources, traditional international financial mechanisms, and innovative financial mechanisms, voluntary sources present and innovative financial mechanisms towards bio diversity conservation. This paper concludes with some interesting findings along with policy suggestions.

Keywords : *Fiscal Mechanism, financial mechanism, environmental funds, grants, innovative*

Citation: Sundar I (2017) Role of fiscal and financial mechanism in biodiversity conservation. Indian J Trop Biodiv 25(1): 1-15

Received on : 06 Apr. 2017
Accepted on : 08 May 2017
Published on : 30 Jun. 2017

There have been a number of economic arguments advanced regarding evaluation of the benefits of biodiversity. Most are anthropocentric but economists have also debated whether biodiversity is inherently valuable, independent of benefits to human. Diverse ecosystems are typically more productive than non-diverse ones, because any set of species can never fully exploit all potential niches. Since human economic productivity is largely reliant on Earth's ecosystems, adequate bioproductivity needs to be maintained. The wealth of natural innovation found in biological organisms rivals all known technologies derived through synthetic means. A single human genome has some three billion bits of information but the human species also has many variations. There are many millions of species of life on the planet each with valuable information. Many chemical formulae and forty-five percent of all drugs have bio-origin. In the long run keeping genetic records of all species could, however, be just as useful in this regard.

Bio diversity conservation Finance describes the practice of raising and managing capital to support bio diversity conservation. Biodiversity conservation financing options vary by source from public, private, and nonprofit funders; by type from loans, to grants, to tax incentives, to market mechanisms; and by scale ranging from federal to state, national to local. Biodiversity conservationists have traditionally relied upon private, philanthropic capital in the form of

solicited donations, foundation grants, etc., and public, governmental funds in the form of tax incentives, ballot measures, bonding, agency appropriations, etc., to fund conservation projects and initiatives. Although governments and philanthropists provide a moderate amount of funds, there is a shortage in the capital required to preserve global ecosystems. On an annual basis, investors must allocate \$300 to \$400 billion to meet worldwide biodiversity conservation needs. From this amount, funders only provide approximately \$52 billion per year to conservation finance. Increasingly, conservationists are embracing a broader range of funding and financing options, leveraging traditional "philanthropic and government resources with other sources of capital, including that from the capital markets. These non-traditional sources of conservation capital include debt-financing, emerging tax benefits, private equity investments, and project financing. These additional sources of leverage serve to enlarge the pool of financial capital available to fund conservation work worldwide and, as this financial capital is invested, the asset portfolio of conserved land, water and natural resources is grown.

Methods and Materials

This paper is based on collected literature on economics of biodiversity. The researcher analyzed the literature on economics of biodiversity. Based on the literature analysis, the economic tools, fiscal mechanism and financial mechanism towards biodiversity conservation has been identified in this