

**Catherine Cassagne, representing the International Finance Corporation**  
Intervention in WGII – Convention on Biological Diversity, 8<sup>th</sup> Conference of the Parties – 27 March, 2006

Thank you Mr. Chairman

On behalf of the International Finance Corporation, the private sector lending arm of the World Bank Group let me say how pleased we are to be part of this conference of the parties and how much we welcome the draft decision, contained in Addendum 1 and the place that the role of the private sector has secured on the agenda.

We are also happy we were involved in the Business and the 2010 Biodiversity Challenge initiative.

IFC has introduced new environmental and social performance standards for all our lending activities. They will come into force on April 30, 2006. They are the strongest clearest and most comprehensive set of standards for investors in emerging markets.

Drawing on the convention, we developed a standard on biodiversity which requires companies, commensurate with the risks and opportunities involved in their interaction with the natural environment, to protect and conserve biodiversity and to manage resources sustainably.

With these new standards IFC hopes to influence financial markets well beyond our own portfolio. The Equator Principles financial institutions, a group of 41 financial institutions that follow IFC's framework, cover 85% of global project finance. We hope that this number will expand in future and that other sources of financing, including private equity, institutional investors, export credit agencies and bilateral development banks, can also join with us to ensure that financial markets send consistent signals about the importance of sound biodiversity risk management.

We also hope that the standard will act as a stimulus to those who are discussing mechanisms for market incentives for offsets and other means of conservation.

IFC has been working on innovative business models and financial solutions to allow companies to derive value from biodiversity while protecting the common good. This can be done by cutting costs using biodiversity – efficiencies. Or by supporting bio businesses. Here I must acknowledge the important role of the

Global Environment Facility, which has provided a precious and unique source of financing for experimentation on market transformation initiatives.

Businesses that are able to integrate biodiversity protection with better overall business management are rewarded with improved performance, a better reputation, better access to finance, reduced production and supply chain risks, reduced costs and access to new markets.

In line with IFC's approach we have launched at this conference our Guide to Biodiversity for the Private Sector, an internet based instrument and one stop shop for businesses in developing countries.

Let me look to the future.

Although no one wants biodiversity to simply be a commodity, altruism and philanthropy will not suffice to ensure its conservation. There must be more creative and market based ways to value biodiversity and to create incentives for its protection.

The challenge for all of us in the business sector, the NGO community, the financial community and international organizations is to find methods to value best practice in biodiversity. This should include defining acceptable conditions and features for biodiversity offsets to be operational, and ways to promote and facilitate payments for services provided by biodiversity, allowing more people to benefit from these services and from these payments.

Financial institutions especially should look for creative long term investment products that better encourage biodiversity conservation, future and derivatives products that provide pay today for biodiversity tomorrow. Other market mechanisms need to be developed, and with them the adequate regulatory environment. IFC is in particular proud of the many partnerships with our clients and others in Brazil where many new ideas are coming to the fore first.

IFC will continue collaborating with the CBD Secretariat and with our colleagues in financial institutions and looks forward to supporting the continued dialogue between the global business community and the convention.

Thank you Mr. Chairman.