

**1% Earth Profits Fund. A private-sector conservation  
finance initiative for the 21<sup>st</sup> century**

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**And without sufficient capital flowing to ecologically rich areas specifically for environmental protection, the spiral of poverty and environmental destruction will continue unabated.**

**To address this critical problem a new financial instrument is urgently needed – one that can complement and add to other conservation and sustainable development initiatives such as GEF, NGO programs, business cont**

corporate directors for public relations value rather than by conservation professionals and local people based upon conservation value.

National governments agreed at the Rio Earth Summit in 1992 to dedicate 0.7% of GNP to foreign sustainable development, and all but a few have failed this promise. Thus a similar challenge should be issued to the global business community. As 51 of the 100 largest economies in the world are corporations (the other 49 are nation-states), the business community represents the largest under-exploited revenue source for conservation. A pooled fund within which businesses can dedicate 1% of their profits would represent an enormous step forward in the urgent need to provide financing for conservation. The 1% Earth Profits Fund would for the first time ever provide conservation professionals and local communities a substantial and stable source of capital with which to accomplish many of the short and mid-term goals established for conservation. Another potential revenue model for the Earth Profits Fund would be an assessment on company revenues rather than profits, but it is suspected that profitable companies would be more amenable to the concept of profit sharing.

#### Global 500 Companies

Every year, Fortune Magazine publishes its "Global 500" list of the companies around the world with greatest revenue (in addition to their Fortune 500 and Fortune 1000 list of U.S. companies). For instance, the top ten in revenues on the 2005 "Global 500" were as follows:

Rank	Company	Revenue (\$ millions)	Profits (\$ millions)
1.	Wal-Mart	287,989	10,267
2.	BP	285,059	15,371
3.	Exxon Mobil	270,772	25,330
4.	Shell	268,690	18,183
5.	General Motors	193,517	2,805
6.	DaimlerChrysler	176,687	3,067
7.	Toyota Motor	172,616	10,898
8.	Ford	172,233	3,487
9.	General Electric	152,866	16,819
10.	Total	152,609	11,955

Thus, just these 10 companies earned over \$118 billion in after-tax profits in 2004 (up from the top 10's \$91 billion in 2003) - 1% of which would amount to \$1.18 billion.

The top 20 companies in profits in 2004 were as follows:

Rank	Company	2004 Profits (\$ millions)
1.	Exxon Mobil	25,330
2.	Royal Dutch Shell	18,183
3.	Citigroup	17,046
4.	General Electric	16,819

5.	BP	15,371
6.	Bank of America	14,143
7.	Chevron	13,328

And, EPF contributions should be tax deductible, thus giving a measure of government support for this critical initiative as well. Conversely, those companies not signing on to the EPF could be seen to be less than genuine in their professed environmental commitment.

In addition, revenues to the Earth Profits Fund that are not expended annually could accrue as the corpus of an endowment or trust, building a large investment fund to be available for future use. Thus, not only would critical ecological resources be preserved in the near-term, but also a substantial fund would be available in perpetuity for various environmental and sustainable development purposes. The world environment deserves such a fund.

### **Fund Structure**

There are a number of administrative models that could be employed for the EPF. For discussion purposes, it is proposed initially that a Secretariat be established at IUCN HQ in Gland, and a Board of Directors representing each geographic region of the world be constituted. Funding priorities could flow up to the Board from newly established Regional Citizens Conservation Councils (RCCCs) in each of the high-priority regions. The RCCCs should be representative of all regional stakeholders in conservation – indigenous peoples, NGOs, resource harvesters, tourism, etc. - democratically appointed, have sufficient funding from the EPF, and sufficient administrative support. The many lessons of GEF should be applied in the structure and effective administration of the EPF.

### **Funding Priorities -- habitat / biodiversity conservation**

An obvious priority for 1% Earth Profits Fund support would be to more aggressively implement protection and recovery plans for the IUCN Red List of Threatened Species. Today, over 15,500 species are on this list, and all could benefit from substantially increased funding.

Another example of how the 1% Earth Profits Fund can be used is providing funding for the protection of ecologically rich habitats and associated biodiversity around the world. In this regard, although the habitat conservation task before us is indeed immense, various comprehensive analyses have identified strategic conservation priorities. For instance, one recent analysis (Myers, et.al., 2000) concluded that 44% of all plant species and 35% of all vertebrate species are confined to just 2.1 million km<sup>2</sup>, or 1.4% of the land surface of Earth, (having formerly occupied some 17.4 million km<sup>2</sup>, or 11.8%). These have been called biodiversity hotspots – biologically rich areas (extraordinary concentration of species and high endemism) under greatest threat of destruction. The eight “hottest of the hotspots” identified by Myers, et.al. 2000, are Madagascar, Philippines, Sundaland, Brazil’s Atlantic Forest, Caribbean, Indo-Burma, Western Ghats/Sri Lanka, and the Eastern Arc and Coastal Forests of Tanzania/Kenya. All have only 1% - 9% of their primary vegetation remaining. Clearly, these and other hotspots must receive priority consideration in a triage approach for the EPF. Likewise, extensive areas around the biodiversity hotspots should be protected and allowed to gradually recover to their natural ecological condition in order to provide additional buffer from disturbance and restoration benefit.

Beyond the highly threatened biodiversity hotspots, other extensive habitat areas need immediate protection. One comprehensive analysis (WWF, 1998) identified some 233 representative and outstanding terrestrial, freshwater, and marine ecoregions in need of protection – the Global 200. Selection criteria included species

