



ONE FOREST SUMMIT: GREEN COLONIALISM AND THE FINANCIALISATION OF NATURE, REPACKAGED AS INNOVATIVE CONSERVATION FINANCING?

Between the 1st to the 2nd of March 2023, the One Forest Summit in Libreville, Gabon, will take place, co-organised by French and Gabonese presidents Emmanuel Macron and Ali Bongo. The summit's stated goal is to *"make progress and renew our collective ambition regarding the preservation and sustainable management of forests, which are critical to tackling (...) climate change and biodiversity loss. The promotion of a North-South solidarity, central to protecting these vital reserves, will also be a key element."*¹

Amongst other things, the summit aims at *"unlocking innovative sources of financing including market-based biodiversity conservation solutions,"*² with a special focus on so-called biodiversity-positive carbon credits and nature certificates.

WHAT ARE THESE INNOVATIVE MARKET-BASED CONSERVATION SOLUTIONS AND WHAT CONCERNS DO THEY RAISE?

As explained in a technical report to be presented at the summit³, biodiversity-positive carbon credits are defined as carbon offset credits that include additional and specific management actions linked to the enhancement, conservation and/or restoration of biodiversity and nature.

Carbon offset credits have been in existence for more than 15 years with well-known conceptual issues and an appalling track record, with one study financed by the European Commission finding that 85% of offsetting projects within the Kyoto protocol failed to reduce emissions,⁴ and a recent investigation finding that at least 90% of Verra's rainforest carbon offset credits did not represent real emission reductions.⁵ The added biodiversity features of the new instruments unfortunately do not address the well-documented issues of carbon offsets, from hard-to-calculate additionality to land grabbing issues and frequent human rights abuses.

Nature certificates are *"quantifiable units representing a biodiversity conservation and/or enhancement claim, which cannot be used as an offset, i.e. to claim the compensation of residual*

¹ One Forest Summit <https://www.oneplanetsummit.fr/en/events-16/one-forest-summit-245>

² One Forest Summit <https://www.oneplanetsummit.fr/en/events-16/one-forest-summit-245>

³ GEF, IIED, Innovative Finance for Nature and People: Opportunities and Challenges for Biodiversity-Positive Carbon Credits and Nature Certificates, Report to be presented at the One Forest Summit, February 2024
https://www.thegef.org/sites/default/files/documents/2023-02/GEF_IIED_Innovative_Finance_Nature_People_2023_02.pdf

⁴ Öko Institut, How additional is the Clean Development Mechanism? March 2016
https://climate.ec.europa.eu/system/files/2017-04/clean_dev_mechanism_en.pdf

⁵ The Guardian, Revealed: more than 90% of rainforest carbon offsets by biggest certifier are worthless, analysis shows, 18 January 2023
<https://www.theguardian.com/environment/2023/jan/18/revealed-forest-carbon-offsets-biggest-provider-worthless-verra-aoe>

impacts on biodiversity. A nature certificate may enable its final buyer to claim a contribution to nature-positive goals. The terminology is still evolving with frequently used terms ranging from biodiversity credits to tokens, biocredits and certificates.⁶ An earlier IIED report had defined biocredits as “similar in design to biodiversity offsets (...) but they differ in use.”⁷ **We thus understand nature certificates to be similar to biodiversity offsets but differ in use, as they are not to be used as offsets.**

Except that there is no other use at scale for these certificates, as acknowledged by the report: “the drivers of demand for nature certificates and associated claims remain unclear (...) offsetting is a clear driver of demand for biodiversity credits. For nature certificates, one potential driver of demand are the voluntary nature-related commitments made by forward-thinking businesses (...) Insofar as nature certificates cannot be used as offsets within regulated offset markets, the potential for market uptake and the scaling up of a sustainable and meaningful demand for offsets remains uncertain. Experience with carbon markets is that demand is capped without obligatory offsetting requirements or cap-and-trade systems.”

The solutions suggested include a push for governments to drive regulatory purchases, and the allowance for secondary market trading: “Creating and scaling-up demand would certainly require bold policy intervention to incentivize the uptake of certificates and their trading. The existence of a secondary market is also a factor that could contribute to generating scale and demand.⁸” What kind of bold policy intervention you may ask? An earlier IIED report explained that “like carbon, the approach may start in the voluntary carbon markets, based on voluntary/self-regulation. But there needs to be a ‘push’ from governments to drive ‘regulatory’ purchases.”⁹

Yet, as discussed in an earlier brief,¹⁰ such a push needs to be looked at in the context of EU’s “Net Gain” biodiversity strategy, net meaning by definition offsetting, as it pools together in one metric biodiversity destruction reduction and restoration actions. In other words, **regulatory purchases of nature certificates within the context of a Net Gain biodiversity strategy would arguably mean that they are used for offsetting. The narrative that nature certificates are similar to biodiversity offsets but won’t be used as offsets thus appears somewhat disingenuous in our view.**

Also note the promotion of secondary market trading, an element that is absolutely not necessary from an environmental perspective, and in fact detrimental if the goal is only to have an entirely positive contribution to biodiversity. What the allowance for secondary trading does is attract speculators betting on the future value of these certificates, an idea that appears quite inconsistent with voluntary purchases of certificates for CSR purposes. Moreover, the experience from carbon markets shows that excess speculation leads to high price volatility, that in turn obfuscates the price signal and penalizes genuine end-users.

⁶ GEF, IIED *ibid*

⁷ Porras I, Steel P, Making the market work for nature How biocredits can protect biodiversity and reduce poverty, IIED March 2020 <https://www.iied.org/sites/default/files/pdfs/migrate/16664IIED.pdf>

⁸ GEF, IIED *ibid*

⁹ Porras I, Steel P, Making the market work for nature How biocredits can protect biodiversity and reduce poverty, IIED March 2020 <https://www.iied.org/sites/default/files/pdfs/migrate/16664IIED.pdf>

¹⁰ Green Finance Observatory, how different are biocredits from biodiversity offset credits? <https://greenfinanceobservatory.org/wp-content/uploads/2022/12/Biocredits-brief-v2.pdf>

In fact, the creation of a market for nature certificates in partnership with Gabon and the UK is foreseen: the Plan de Libreville unveiled at the end of the summit proposes a financial compensation mechanism *“for services rendered by forest countries: committed states would produce “biodiversity certificates”, which can be purchased by sovereign states or actors private as a positive contribution to the protection of Nature. To specify the contours of this new tool innovative financing, (...), France, the United Kingdom and the Gabon launch in Libreville an intergovernmental platform for the foreshadowing of a market biodiversity certificates.”*¹¹

We argue that **if this was genuinely about helping forest countries, there would be no need for a market, simple financial aid from Sovereign states and private actors would be enough.** The **choice of a market mechanism is however consistent with the push to create a new asset class for financial intermediaries from rich Countries,** who will speculate on the future value of these certificates. Also as discussed earlier, for a market to take off and scale, it cannot be voluntary. The choice of a market mechanism thus confirms the expectation that these biodiversity certificates will soon be part of compliance schemes within net gain frameworks, aka mandatory offsetting.

Most problematic in our view is the fact that nature certificates implicitly reconceptualise conservation based on profitability considerations: conservation now needs to be profitable and investable to attract private capital, based on the idea that “public finance is crucial yet insufficient and not sustainable.”¹²

Yet, it has been demonstrated that most ecosystems are public goods that are non-rivalrous and non-excludable, meaning that it is neither efficient nor even possible to create private markets for them.¹³ Any attempt at creating such markets would thus be limited to a simplistic and partial view of ecosystems that does not represent nature; it might consequently give the illusion that nature’s decline has been reversed, while obfuscating further losses in biodiversity.

Creating nature markets would also require a comprehensive scientific understanding of all ecosystemic functions that we do not possess currently. It has also been amply shown that conservation based on profitability criteria is ficker than when based on regulations. **For all these reasons, attempting to make conservation profitable in order to attract private capital would be at the cost of environmental integrity,** and therefore not a sustainable solution to the biodiversity crisis.

The idea that we need to attract private capital is also a biased framing: traditional environmental regulations mandating a decline on destruction/pollution do not require financing at all. **What does require financing is restoration, which while important, is secondary to curbing destruction, and financial support to poor countries based on common but differentiated responsibilities, such as the \$100bn climate pledge.**¹⁴

In this respect, nature certificates markets might be understood as aiming, amongst other things, at reconceptualising climate and biodiversity aid to poor countries, from gifts and loans to market-based instruments designed to benefit in no small part rich countries and private

¹¹ French government, Plan de Libreville,

<https://www.elysee.fr/admin/upload/default/0001/14/4f5e2950b1066def03e64988f7c24bd7aa18834a.pdf>

¹² GEF, IIED ibid

¹³ Green Finance Observatory, 50 shades of green part 2: the fallacy of environmental markets, 2019

<https://greenfinanceobservatory.org/wp-content/uploads/2019/05/50-shades-biodiversity-final.pdf>

¹⁴ The conversation, COP27: how responsible are industrialised countries for climate change? 8 November 2022

<https://theconversation.com/cop27-how-responsible-are-industrialised-countries-for-climate-change-193965>

investors. While rich countries' commitments have increased, the actual delivery of pledges has left much to be desired so far, with public funding in many cases in the low millions of dollars, instead of the billions.¹⁵ The gap between rich countries' pledges and their willingness to actually disburse the money, together with their eagerness to set up international carbon and biodiversity market schemes might be viewed as empirical evidence.

As for the idea that nature certificates are not an attempt to put a price on nature, insofar as these certificates will come instead of, and not in addition to, tighter environmental regulations curbing destruction - and the current political momentum suggests that this is the case - they will implicitly endorse a major shift in conservation from curbing destruction to paying to restore. In doing so, they would implicitly put a price on nature, and a very low one at that: the cost of labour and technology for restoration initiatives, most of which will fail based on the track record of such initiatives.¹⁶

An additional benefit of claiming that nature certificates are not to be used as offsets is that they don't even try addressing the intractable environmental integrity issues that have plagued biodiversity offset attempts. As the GEF/IIED report explains, *"as they are not offsets, nature certificates are not constrained by ecological equivalency in that they do not have to compensate the loss of "equivalent" components of biodiversity or loss of local ecosystem services in specific areas. Hence, they have the potential to scale more easily than biodiversity offsets and in particular international trades can be envisaged.*¹⁷ *"Because they are not linked to offsets, nature certificates are not constrained by ecological equivalency and do not strive to be fungible (at this point in the market development)."* Note the important caveat in brackets in the last sentence.

Likewise, by financing designated no-go areas that are not under short-term deforestation pressure, biodiversity certificates do not even bother claiming additionality; this is a major departure from current biodiversity market initiatives, that further opens the door to payments for nothing. The stated objective is to anticipate the risk of extractive activities (mining or agricultural) developing in these still preserved forest basins in the medium term.¹⁸ It will be crucial to remember this absence of additionality when there will be lobby pressure to include these certificates into compliance / offset schemes.

The partnership between France, the UK and Gabon as well as the reference to 'international trades' is a serious concern in our view, as it could enable biodiversity colonialism, just as Kyoto's Clean Development Mechanism did with carbon.

In this respect, the fact that this summit takes place in Gabon, a country whose government has a complicated history with France does not inspire confidence.¹⁹ France also stands to gain a lot from

¹⁵ Carnegie Endowment for International Peace, As Financial Pledges Trickle In, Did COP27 Meet Its Goal of Implementation? 21 November 2022 <https://carnegieendowment.org/2022/11/21/as-financial-pledges-trickle-in-did-cop27-meet-its-goal-of-implementation-pub-88452>

¹⁶ Green Finance Observatory, 50 shades of green part 2: the fallacy of environmental markets, 2019 <https://greenfinanceobservatory.org/wp-content/uploads/2019/05/50-shades-biodiversity-final.pdf>

¹⁷ GEF, IIED ibid

¹⁸ Treyer S, Executive Director IDDRI, blogpost: Financing positive investments for biodiversity: what progress was made at the One Forest Summit? 16 March 2023 <https://www.iddri.org/en/publications-and-events/blog-post/financing-positive-investments-biodiversity-what-progress-was>

¹⁹ Sylvain Angerand, campaign coordinator at French forestry NGO Canopee was quoted in a recent article as saying that he was *"not very optimistic about this summit"*. *With Gabon due to host elections in the coming months, he suggested there was an uncomfortable and unhelpful political backdrop to the event, citing "corruption and governance issues" that weaken the likelihood of actual developments that will benefit forestry especially in the context of carbon credits (...)* *It is not clear to whom the forest belongs to in Gabon - the community, to the state or to individuals - he continued. That is another issue is making us a bit sceptical about the outcome of this summit"*

any future biodiversity market, insofar as it would pre-empt any environmental regulation curbing the biodiversity destruction from many of its national champions²⁰, and as it would help Paris beat London as the future hub for carbon and biodiversity finance.

CONCLUSION

We find that there is nothing innovative about financial instruments on biodiversity that have been amply debated over the past decade and merely tweaked of late. Many countries are currently in the process of setting up similar schemes from Australia to the UK, and even the UN now promotes biodiversity offsets and credits, as part of target 19.d of its global biodiversity framework.

We find the narrative that nature certificates that are similar to biodiversity offsets will not be used as such, despite the fact that they have no other use at scale, not very credible; we expect to see further lobby push to have these certificates included into compliance markets linked to Net Gain targets in the future.

The announcement that France will team up with the UK and Gabon to work on a market for biodiversity certificates is a major development: facing a crossroad, France has chosen to financialise biodiversity over tighter environmental regulations mandating a decline in its destruction, despite compelling evidence that this approach will fail from an environmental perspective. We understand this choice as merely reflecting the fact that the current French government continues to prioritize economic growth & competitiveness over addressing climate change and biodiversity loss.

In addition and most importantly, we fear that this summit contributes to 2 major conceptual shifts under way:

- A reconceptualization of conservation policies to make them profitable and investable, despite the adverse impact that this would have on their environmental integrity;
- A gradual transformation of financial assistance to the South linked to climate change and biodiversity loss, from gifts and loans to market-based mechanisms claiming to bring additional revenues to the South, but mainly designed to benefit the North by helping maintain the status quo and creating a new asset class for its financiers.

As Emmanuel Macron recently stated, *“the time has come to make a choice and to know what relationship we want to maintain with African countries.”*²¹ The financialization choice is now clear.

Carbon Pulse, stakeholders sceptical for progress on carbon at Gabon forest summit, 28 February 2023 <https://carbon-pulse.com/193715/>
Gabon is ranked 136 out of 180 nations on NGO Transparency International’s corruption perceptions index for 2022, with a score of 29 on a scale where 0 is highly corrupt and 100 is very clean.

²⁰ Incidentally, several members of the CAC40 belong to the “Business for Positive Biodiversity Club,” a lobby group that recently launched a working group on biodiversity credits & markets as it “identified a real acceleration of this topic lately.” <https://carbon-pulse.com/191767/>
Members of the club include DF, Engie, Hermes, L’Oreal, Schneider Electric and Total, as well as financials like Amundi Asset Management, HSBC, Mirova and Société Générale

²¹ Médiapart, Macron sur l’Afrique : le disque est rayé, 28 February 2023 <https://www.mediapart.fr/journal/international/280223/macron-sur-l-afrique-le-disque-est-raye>