Million-dollar biodiversity funds: A dangerous proposition

While the 16th Conference of the Parties (COP 16) to the Convention on Biological Diversity (CBD) was taking place in Cali, Colombia, Ecuadorian organization Acción Ecológica published a conversation with Andre Standing, a member of the Coalition for Fair Fisheries Arrangements (CFFA). CFFA is a platform of European and African organisations in defense of African artisanal fishing communities.

Standing offers a critical analysis of one of the prevailing ideas at the CBD meetings, which claims that in order to combat biodiversity loss, it is necessary to invest 700 million dollars per year, especially in countries in the Global South.

The COP16 concluded this 1 November without an agreement on the creation of a global fund to cover this deficit. However, the proposal remains in the documents that guide the agenda of the CBD, in which 196 countries participate.

Below we share the full interview, which was published on 28 October 2024.

Talk of a $700 billion deficit to finance biodiversity is a dangerous proposition for people and nature

The 16th Conference of the Parties (COP 16) to the Convention on Biological Diversity (CBD) (1) is being held in Cali, Colombia, from 21 October to 1 November. The framework document for the negotiations is the Kunming-Montreal Global Biodiversity Framework (GBF), adopted during the CBD COP 15 in 2022. (2)

The Global Biodiversity Framework (GBF) sets, among its global targets for 2050, the goal of achieving sufficient financial resources to progressively close the US$700 billion annual biodiversity financing gap. For this reason, one of the key issues to be discussed in Cali at COP16 are the financial mechanisms needed to close this gap.

However, as with climate finance, which claims that at least $100 billion a year would be needed to combat climate change, this figure is based on wild calculations, clearly aimed at trying to save capitalism from its current crisis of accumulation.

One of the reports that was key in the CBD arriving at this $700 billion figure at the Kunming-Montreal Global Biodiversity Framework is the document *Financing Nature*: Closing the Global Biodiversity Finance Gap. (3) This is not the first time that documents produced by renowned consultants have served as a basis for international discussions on climate and biodiversity. The same happened with the landmark document, Stern Review: The Economics of Climate Change (4), commissioned by the British government and published in October 2006 (Nicholas Stern was an economist at the World Bank); or the interim report on The Economics of Ecosystems and Biodiversity (TEEB) in 2008 (5), commissioned by the European Commission, with Pavan Sukhdev in charge (then head of the international markets division of Deutsche Bank).

In the case of *Financing Nature*, it was produced by three organisations: The Paulsen Institute, founded by Henry Paulson, former US Treasury Secretary and former Goldman Sachs senior manager; The Nature Conservancy, the world's largest transnational conservationist organisation and now a partner of the international financial system; and the Cornell Atkinson Center for Sustainability, a US think tank created by David Atkinson, former vice president of JP Morgan, one of the world's largest financial conglomerates. The foreword to the publication includes names such as directors of the International Monetary Fund (IMF), the World Bank, the Inter-American Development Bank (IDB), the European Central Bank, as well as Michael Bloomberg, founder of the financial information company, Bloomberg, among others.

It is not surprising that these reports, such as *Financing Nature*, are led by bankers, as they are not proposals to address the underlying causes of biodiversity loss or climate change. Rather, they are proposals to use the global financial system to further the financialisation of nature, profit from environmental crises, and favour the private corporate sector.

In the following interview with Andre Standing of the Coalition for Fair Fisheries Arrangements (CFFA), we will learn more about the*Financing Nature* report and the dangers of putting a price on biodiversity.

Acción Ecológica: Andre, you have just published a long article (6) on the document, *Financing Nature*: Closing the Global Biodiversity Finance Gap, which has become one of the most cited reports on biodiversity conservation. It is also referred to in Goal D of the Kunming-Montreal Biodiversity Framework and was used to set precise targets for resource mobilisation by Parties to the UN Convention on Biological Diversity (CBD). So it is argued at COP16 that there is a huge funding shortfall, or gap, of at least $700 billion a year.

Tell us, why is there so much talk about a biodiversity funding gap, and what do they mean when they talk about a shortfall in the money that should be invested?

Andre Standing: *Financing Nature* has been an incredibly influential report. Many organisations accept the $700 billion funding gap with blind faith, and of course this also includes the architects of the Kunming-Montreal Global Biodiversity Framework. There is something very attractive about seeing the biodiversity crisis as a problem that requires a lot of money to solve. However, I think it is essential that people realise that this figure is nonsense, based on very dubious calculations. I also believe that the idea of a funding gap is a dangerous way to approach debates about what is needed to transform societies to improve nature conservation. But it is an approach that suits many organisations.

Funding gap reports have become a popular type of publication in the last decade. They all follow the same formula and consistently show that the gap is so large that public funding cannot close it, so private funding must come to the rescue. Their recommendations always include strategies such as ‘blending’ public money with private investment. (7) So the important thing to consider is that these reports on the funding gap, including *Financing Nature*, are ideologically motivated. No one should accept these figures unless they are willing to endorse the view that saving biodiversity depends on a massive transfer of power to the private financial sector.

Acción Ecológica: In your article you describe why the 700 billion figure is unreliable. Can you explain what the problems are with this figure?

Andre Standing: I think the problem is that many of the people who use this figure probably haven't read the report in its entirety.

Reports on the financing gap start by establishing a baseline of what is currently being spent. Thus, the *Financing Nature* document attempts to account for all the money being spent in the world that would have a positive impact on biodiversity conservation. It seems strange to me to imagine that anyone could do this. However, what the authors of this report did was to add up all the money spent by governments on biodiversity, with all the money spent through development aid, as well as the money spent through private finance and market-based schemes such as eco-labelling, biodiversity offsets and green bonds. The result, according to the authors, is that the world spends about $140 billion a year on saving biodiversity.

As I describe in my article, there are many problems with the underlying data. Part of the problem is that this method accounts for things that we know are ineffective.*Financing Nature*, for example, assumes that when the World Bank reports that it has spent millions on a project aimed at forestry or fisheries reforms, that money has been successful. It also assumes that the billions spent on biodiversity offsets have produced a net benefit for nature. A large part of the funding accounted for by this same report also comes from fake green bonds and the global value of things like the Forest Stewardship Council (FSC) and ‘sustainable palm oil’.

But there are also more fundamental issues. The report assumes a straightforward link between money and biodiversity conservation. More money equals more success. But comparing the costs of a US company paying for a biodiversity offset with those of a community organisation working on a permaculture project in a Southern country makes no sense. What is also particularly problematic about *Financing Nature* is that it makes no effort to capture the efforts and expenditures of millions of Indigenous peoples and small farmers or fisherfolk who act as custodians of vast areas of the planet. They are not included at all, whereas a few million dollars raised in a green bond is. Similarly, the value of a product with a corporate eco-label is added to the total biodiversity expenditure, but something produced by small-scale farmers or fishers without a label is not counted, even though we know that the latter is much more environmentally friendly than the former.

So the baseline figure of what is being spent is not only false, it is based on the wrong perspective. There is no critical reflection on the results of the money earmarked to save nature. Much of the money represents corporate greenwashing, which, in fact, has a detrimental impact on biodiversity.

Acción Ecológica: So if the *Financing Nature* report has invented a figure for what is spent, how does it arrive at a figure for what is needed?

Andre Standing: Well, the short answer is that they make up this figure based on a few controversial reports. It is incredible that the authors of the report claim to know how much money is needed to solve the biodiversity crisis.

Of course, the problem of calculating how much money is needed to save nature depends on the approach taken. A good example is the 30×30 target. In *Financing Nature* they draw on a figure produced by another report that estimated how much it would cost to declare 30% of the planet a strict nature reserve. According to that report, the annual running costs of protected areas would amount to about 190 billion dollars. Many things could be said about the accuracy of that figure, but the most serious is that the $190 billion estimate is based on a specific type of management regime, based largely on law enforcement and ecotourism. Someone would come to a completely different perspective on costs if they believed in protected areas managed by local communities, where many management functions are based on volunteerism and mutual aid.

I am particularly interested in marine fisheries, and *Financing Nature* assumed that the world needs to spend between $23 billion and $47 billion on fisheries management to ensure the sustainability of fisheries and the recovery of fish stocks. This is a ridiculous figure based on an obscure academic paper written by US marine biologists that projected the global costs of fisheries management if all countries managed their fisheries as the US does: through individual catch quotas. Anyone familiar with fisheries knows that this model is totally unacceptable to many countries in the South, as it would jeopardise the livelihoods of millions of people. Also, a considerable amount of literature on fisheries management shows that how much governments spend on management is not a good indicator of how well fisheries are managed. Experts disagree on what the ingredients for success are, but many point to the importance of democratic governance, the ability to resist corporate lobbying and corruption, and tenure systems that favour low-impact artisanal fishing methods. Money, or lack of it, is not the biggest problem.

So, if we ask ourselves how the authors of *Financing Nature* have arrived at an estimate of what needs to be spent, it is quite clear that these figures come from some very dubious research that no one should take seriously.

Acción Ecológica: Your article describes *Financing Nature* as a neoliberal fantasy. This is because of the way the funding gap is envisaged to be closed. Can you explain this?

Andre Standing: *Financing Nature* is a long report. It is more than 230 pages long. About half of it is devoted to describing how to close the imagined funding gap. What is stated in this part of the report is that the huge financing gap is too big for governments, so most of the money needed must come from private finance and business. A fairly detailed proposal is made on where the money should come from. Governments are only expected to increase spending on biodiversity by 50%, and development aid by 100%. These are fairly small parts of the proposal. In comparison, elements such as biodiversity offsets, green bonds and ecolabels have to grow by more than twenty times, which means that they become the dominant funding stream for biodiversity conservation.

I think this proposal is not surprising, given that *Financing Nature* was drafted by three US organisations closely linked to the banking sector. But we have to recognise how radical this view is. What the report also says is that, in order to unlock this flow of private finance, states and communities have to fall into line, so that they can make sure that the circumstances are conducive to private investors. I think we need to ask what that means in practice. Essentially, it means that natural resource management has to be privatised and managed for profit, and that scarce state funds have to be used for things like credit guarantees.

What is clear from reading *Financing Nature* is that this is all fantasy. The report is not a serious publication on solutions to the biodiversity crisis, but an elaborate marketing tool written by organisations that want to sell conservation to investors. The question we must ask is how this report ended up being taken so seriously and how it came to be included in the text of the Kunming-Montreal Global Biodiversity Framework. Sadly, many organisations that are opposed to private finance also refer to the $700 billion funding gap as if it were real.

Acción Ecológica: We agree that this is a problem we are witnessing at many international meetings. For example, in September this year, a month before COP16, the Biodiversity Finance Summit, organised by the Colombian government, was held in Colombia. (8) At this summit, which was attended by the World Bank, IDB, private banking associations, institutions such as the United Nations Development Programme (UNDP), the World Resources Institute (WRI) and big NGOs such as WWF and others, it became clear where this funding is going. It will be used to open up huge flows of money from the public sector to the private sector and banks; to create devastating and dangerous indebtedness for small- and medium-sized Colombian entrepreneurs through access to green or blue credits; to search for new businesses with lower risk for investors through guarantees and insurance; and, at the same time, to take from philanthropic environmental funds, known to amount to billions of dollars from private donors. To name but a few of the interests of those who set their sights on profiting from the crisis of biodiversity loss and who do not seem genuinely concerned with tackling the causes of this crisis.

The same logic is now being applied at the COP16 meeting. So why is the idea of the funding gap so widely supported?

Andre Standing: I think exposing the flaws in the idea of the $700 billion financing gap raises a number of difficult questions. Of course, many conservation organisations are looking for more money, and these huge funding gap figures are clearly useful. It is also true that countries in the North owe an ecological debt to those in the South, and I think some organisations misinterpret these figures as a kind of reparation target for this debt.

But we need to think more seriously about the role of money in conservation, and in particular about the threats posed by moving towards a model of paying for conservation through private finance. The central question of *Financing Nature*is how society manages shared resources. How money is generated and distributed is vitally important, but the idea that sustainable and equitable systems of resource management depend on huge amounts of external investment seems misguided and contradicts much of what southern social movements advocate, such as reviving and caring for the commons and moving towards food sovereignty.

As you say, the private finance route will increase the flow of money to Southern countries, but much of it will be in the form of debt. This money will have to be repaid. So, if the financing gap is closed, it will end up representing a huge transfer of wealth from the South to the North. It will also probably involve a continuation of the transfer of control over the use of natural resources to organisations better placed to access financial capital. I think it is clear why the $700 billion financing gap should not be associated with the repayment of an ecological debt.

In denouncing the $700 billion target as dangerous nonsense, we must not overlook that there are genuine needs for redistribution of money, including support for under-resourced government entities and civil society or community organisations. But the question, which should be the focus of COP16, is how this money can be generated in a sustainable, equitable and fair way while complementing a system that is not wedded to endless economic growth. Unfortunately, thanks to reports such as *Financing Nature*, we seem to be heading in the wrong direction.

Acción Ecológica: As you rightly explain, the *Financing Nature* paper has had a profound impact on global discussions on biodiversity conservation and is used for one of the four objectives of the Kunming-Montreal CBD Framework Agreement. This is being seen in the COP16 biodiversity negotiations. In Cali, the idea that putting a price on nature can serve to save the planet is being deepened.

We must remember that the proposal to ‘close the financing gaps’ did not first appear with the issue of climate finance or biodiversity. This has been an obsession of capitalists for centuries. This logic has already been used, for example, to speed up the outflow of goods, justify the need for railways or roads, create state subsidies, and above all, control the resistance of nature and the resistance of peoples

Focusing on increasing funding for climate change or biodiversity is a distraction from taking real actions that would actually address the root causes of biodiversity loss or global warming, such as leaving hydrocarbons in the ground, producing and transporting less manufacturing, consuming less in the global North, and respecting collective, people's, and nature's rights.

(1) Sixteenth meeting of the Conference of the Parties to the Convention on Biological Diversity (COP 16)
(2) Decision adopted by the Conference of the Parties to the Convention on Biological Diversity, December 2022 .
(3) The full Financing Nature report is available here.
(4) UK Government. TEEB. https://web.archive.org/web/20061114045919/ http://www.hm- treasury.gov.uk/independent_reviews/stern_review_economics_climate_change/stern_review_report.cfm Summary in English.
(5) La economía de los ecosistemas y la biodiversidad, Comunidades Europeas, 2008.
(6) CFFA, Why the $700 billion funding gap for biodiversity is dangerous nonsense: Implications for the oceans and small-scale fisheries, October 2024
(7) See UNCTAD (2023) "SDG investment is growing, but too slowly: The investment gap is now $4 trillion, up from $2.5 in 2015", available here.
(8) https://www.youtube.com/watch?v=kToDWiNbQMY