



BLOG POST February 23rd 2023

Tropical forests: investing for better conservation

Auteur

Sébastien Treyer

Executive Director

🕒 Reading time: 6 min



Financing needs for sustainable development of Southern countries are the major priority of the international agenda in 2023. In this context, territories with high forest cover and low risk of deforestation must receive special attention, because of their essential role as "vital reserves" of biodiversity and carbon. But they could be considered of little political importance, as the risk of deforestation in the short term is not always proven, and the amounts needed to ensure the conservation of biodiversity and a non-extractive development model seem less massive than for the infrastructures of the ecological transition. The countries concerned have, however, succeeded in drawing attention to their role as strategic pivot in alliances of high environmental ambition in negotiations on both climate and biodiversity, or by announcing a future OPEC of tropical forests (Indonesia, Brazil and the Democratic Republic of Congo). The One Forest Summit organized on March 1st and 2nd in Libreville (Gabon) is an important step to advance answers to this key question: how to offer these territories positive investment perspectives for their sustainable development, compatible with a high level of biodiversity and climate protection, so as to avoid a medium-

term scenario of conversion to the development of extractive, mining or agricultural activities? In order to understand what is at stake, IDDRI has contributed to several analyses to help frame the answers to this question.

What investments are we talking about?

To understand what investments are involved, it is useful to place these biodiversity conservation territories as central assets at the heart of positive development trajectories for biodiversity and for the climate at the scale of rural regions, but also for economic development at the national scale, and for international value chains; [David Obura and Sébastien Treyer](#) propose to rely on the consolidation of institutions for the management of these key natural resources as a common good, in articulation with market dynamics. It is therefore a question of productive investments, but also of strengthening—or rebuilding—local and national capacities for expertise, as well as institutions for supporting indigenous peoples¹, and even capacities for maintaining law and order. The logic is that of [co-investment for the sustainable development](#) of these peoples and local communities, rather than a payment for compensation in exchange for being untouched and preserved, a type of deal that would not resist the onslaught of more or less legal extractive activities.

The role of carbon credits with biodiversity co-benefits in question

However, what these investments should be made of risks being overshadowed by the other side of the coin, which is at the heart of the international discussion: how to attract new financial resources to finance them? The first effect is that the current surge in prices on the voluntary carbon credit markets seems to be a godsend, but these credits must be reserved for increasing carbon stocks and not for maintaining them, or for paying for efforts to avoid deforestation in the short term. The credibility of this second category has been strongly questioned by [recent media surveys](#), and [scientific experts](#) are rather skeptical about the possibility of guaranteeing a non-manipulable methodology or of guarding against the risk of non-permanence.

However, these carbon "credits" are increasingly recognized as positive impact certificates rather than forms of offsets: [companies](#) are encouraged to acquire them but without claiming that they could offset insufficient levels of decarbonization of their activities. In addition, buyers and certifiers of carbon credits are increasingly seeking not only credibility and environmental integrity, but also guarantees of positive co-benefits for biodiversity and local communities. The One Forest Summit in early March could be an important moment to consolidate these positive trends. However, since environmental integrity prohibits the use of credits to pay for the maintenance of stock alone, there is little room to pay for the maintenance of vital biodiversity and carbon reserves, which is a central issue for these areas.

What are the prospects for positive-impact certificates for biodiversity?

For this reason, a second innovation has been explored by various organizations ([IIED, 2022](#); [WEF, 2022a](#); [WEF, 2022b](#)): "biodiversity credits", which should rather be called "positive-impact certificates for biodiversity", as the offsetting of impacts must be organized in close relationship to the damaged ecosystems, and in kind, without monetization. The analogy with voluntary carbon credits, which should also be considered as positive-impact certificates, remains valid. Companies would therefore certify that, in addition to their biodiversity commitments and their efforts to reduce their impact, they have also supported positive investments for biodiversity in the countries of the South, as a complement and not as compensation.

The recent reports abovementioned will be synthesized and consensus recommendations made at the One Forest Summit in a report coordinated by the Global Environment Facility. Points of convergence between these reports include the following: metrics can be implemented to measure the scale of the biodiversity effort, and it is essential to monitor the environmental integrity of projects that will be certified, as well as the fair sharing of benefits with local people. They also point to the need to control the integrity and credibility of the request for credits: can we guarantee that the companies that purchase these certificates have also implemented an ambitious and serious approach to reducing their impact on biodiversity? The demand from companies in the North for such certificates seems to exist, but the requirements and constraints mentioned here are strong, and it will be essential for governments in the North to put in place an incentive framework so that all companies take their impact or dependence on biodiversity seriously. This is what [Target 15 of the Post-2020 Global Biodiversity Framework](#), to which all countries subscribed at COP15, provides. But will this be enough to create a strong and stable demand for such biodiversity certificates?

The importance of public policies and the role of governments

The development of these instruments linked to voluntary carbon credits or their equivalent in terms of biodiversity must therefore be explored, supported and supervised, but they will not be able to represent the solution on their own. Especially since they could focus on the scale of the project, whereas the necessary investments must be thought of on the scale of regional or national investment programs. [Other proposals](#) deserve to be explored, even if they are currently less debated. In particular, the use of sovereign guarantees in support of biodiversity conservation trust funds, allowing these financial instruments focused on protected areas to attract private investors in a much larger territory, beyond the sole peripheral zone of the parks, in order to set up a dynamic for the development of an agroecology respectful of biodiversity. Different forms of taxation, be they national or international, could also make it possible to tax in a differentiated way the value chains according to whether they preserve forest biodiversity or destroy it. Such measures can be [linked to national programs of payments for environmental services](#), which combine public subsidies and private financing for investments in environmentally-friendly sectors. The role of national public policies, in forest countries as well as in the North, will be decisive in mobilizing this new financing—national or international—for vital biodiversity and carbon reserves.

The importance of non-extractive productive investments

Above all, the mobilization of new financing also requires the creation of real investment programs for sustainable development in forest areas with high biodiversity and carbon values, to give a long-term perspective and visibility to these investments for financial and economic operators, beyond the paradox that consists of saying that it is necessary to invest to better conserve, that it is necessary to have productive but not extractivist investments. There is no shortage of examples of projects with indigenous peoples, but we can also draw inspiration from investment programs aimed at combating land degradation. These could appear equally paradoxical, since they seek to develop economic activities in agricultural or agroforestry territories, at the service of local populations, which give them a real prospect of prosperity but guarantee the ecological viability of this future by protecting the very fragile natural capital that is the soil. It is this type of investment that must be supported, which guarantees a future of coexistence in harmony with nature for the indigenous and local populations.

¹ <https://www.iddri.org/en/publications-and-events/issue-brief/international-biodiversity-finance-reframing-payments-ecosystem>

