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Financing positive investments for biodiversity: what progress was made at the One Forest Summit?

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The availability of financing for biodiversity, particularly in tropical forest countries, is a major issue for the sustainable development of these territories; it was at the heart of the debates during the One Forest Summit held in Libreville (Gabon) on March 1st and 2nd. At a time when the international community is considering the generic difficulties of accessing financing to invest in the sustainable development of vulnerable and low-income countries, the summit highlighted the specific issues related to investments in forest and rural areas with high biodiversity stakes, which could a priori seem even less attractive and riskier for international investors than those focused on energy, transport or industry. Yet the development pathway of countries catching up economically is also largely built in these areas of importance for biodiversity. This blog post analyzes some of these key elements, and thus links the One Forest Summit to the definition of a new financial pact between the South and the North, which will be the subject of the Paris Summit next June

Financing and positive development pathways for biodiversity

On the issue of financing (one of its three pillars), the One Forest Summit focused on forms of remuneration for territories that manage to preserve their vital biodiversity and carbon reserves, and that are not subject to short-term deforestation pressure. These territories and countries with a high intact forest stock and a low rate of deforestation in the short term can be presented as the poor cousins of financing, especially those "climate earmarked" which can only finance increases in carbon stocks, and not their maintenance. The Summit thus aimed to anticipate the risk of extractive activities (mining or agricultural) developing in these still preserved forest basins in the medium term and therefore sought to identify the financial means to invest in them for the benefit of sustainable development and the indigenous populations and local communities that manage them ([IDDRI, 2023a](#)).

Formulated in those terms, the question posed is not limited to countries with low rates of deforestation, and it is just as relevant for thinking about ways to stop deforestation in countries where it is currently very active or will soon be, or even to restore biodiversity in recently deforested areas, while building a pathway of economic prosperity for the countries concerned. It is a matter of attracting financial flows towards productive but non-extractive forms of investment, compatible with the preservation of biodiversity, and contributing to the country's industrialization pathway, for which the agri-food industry will often be an indispensable first component. It is also a question of anticipating the essential development of infrastructures in these territories, but having placed protected areas at the heart of the planning of these developments and territorial development as an asset rather than as a constraint. Do such investments exist? Can they be attractive to investors? This reverses the question from the sole quest for innovative solutions in terms of financial instruments and new sources of international financing to also make room for the question of the quality and nature of these investments, and their position in the classic channels of financing.

What about positive impact certificates for climate and biodiversity?

The discussions between experts and the [report by the Global Environment Facility \(GEF\) on innovative instruments for financing biodiversity](#) have made it possible to advance a number of consensual principles concerning positive impact certificates for carbon or biodiversity, which was one of the key issues at the summit. These carbon credits or positive impact certificates for biodiversity are based on the same logic: they are or would be purchased by private companies in order to complement their efforts to reduce their own environmental footprint by helping other territories or actors to protect the climate and biodiversity. The summit made it possible to enshrine the principles of integrity (avoiding double counting, no direct offset for insufficient efforts to reduce the company's own footprint) and the search for co-benefits (climate, biodiversity, local communities). The demand for such certificates seems significant today, in line with the CSR policies of companies in the North, but given the level of integrity required and the impossibility of direct compensation, the extent of this demand in the long term and the level of remuneration remain uncertain. Voluntary policies in the host countries of companies in the North can contribute to directly or indirectly supporting this demand (for example, the [law on the duty of vigilance in France](#)).

However, the Libreville summit also highlighted the fact that financing resulting from a voluntary request for positive impact certificates could not be the only answer to financing needs: they can be a trigger, but the non-extractive nature of territorial projects could appear to be a barrier to investors seeking high rates of return: the financial deal requires not only recourse to positive impact certificates, but also to a whole range of other, more traditional financial tools.

The key role of public policy, taxation and sovereign guarantee instruments

The summit broadened the perspective to include other forms of performance-based payments (environmental and social), including national payment for environmental services schemes that mobilize public and private financing. This would make it possible to take into account not only the environmental result (carbon stock, for example), but also the transition and changes in practices and production systems in the agricultural or forestry sectors ([Karsenty, 2023a](#)), and their cost and their sustainability, which depend on national and international markets and outlets.

The summit has thus repeatedly emphasized the key role of public policies in producing and importing countries, and of forms of taxation and value redistribution within international value chains (Karsenty, 2023b). Supporting those countries to develop their own tax system that taxes polluting activities and rewards virtuous activities is an essential condition for any progress, as is the reduction of subsidies that are harmful to biodiversity. However, for some countries whose current fiscal resources are extremely weak and whose economies are very fragile, the deployment of their national tax system must come in parallel with access to other resources, to meet immediate investment needs: what forms of international taxation of globalized value chains could be negotiated to play this role?

Moreover, public intervention can also take other forms ([IDDRI, 2023b](#)). This may involve the intervention of sovereign guarantees to de-risk projects: in fact, private investors could be put off by the risks linked to the need for coordination between numerous and heterogeneous actors (small producers in a given sector, but also different actors in the same territory), or by the transition costs or the low short-term profitability. These guarantees provided by public actors can reinforce bonds issued by forestry or agricultural companies or governments: the guarantee is then linked to a specific environmental or social performance ("performance bonds"). They can also support the approach of biodiversity conservation trust funds that would intervene in agro-ecological development projects in rural regions and production basins where protected areas are located, which are the usual core of their activity.

These forms of de-risking are rightly criticized in that they could serve to privatize profits while the risk is borne by the public authorities. Even if the guarantees are supposed to be provided by the states of the North (instead of a direct subsidy to a project) and not by the local public authorities, these criticisms make it possible to better characterize the conditions of attractiveness and integrity of these instruments: multi-governmental guarantees provided by several countries to national-scale programs rather than to a single private investor, quality of the contract and the extra-financial performance sought, etc. This is just as important an area of innovation as the positive impact certificates abovementioned.

National positive investment programs for biodiversity

Finally, several initiatives discussed during the summit sought to draw inspiration from the model of the Just Energy Transition Partnerships (JETPs), recently created in the field of climate change. This would involve concentrating and coordinating public support for investment programs in biodiversity-positive territory projects, such as the Positive Conservation Partnerships (PCP), [supported in particular by France](#). The latter are focused on specific territories, vital carbon and biodiversity reserves, as defined by Conservation International, and this approach would deserve to be expanded or articulated with a national scale approach: indeed, in the field of energy transition, the value of JETPs comes from the national scale at which they are situated to define a program for transforming the entire energy system of a country.

This example invites us to consider the relevance of developing real investment programs on a national scale, aimed at transforming agricultural sectors, the food system and rural areas, and which are compatible with the dual long-term objective of protecting biodiversity and providing access to employment for a rapidly growing population. It is this national scale and long-term visibility that will make individual investments attractive in a particular project or territory.

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