

WE NEED TO TALK ABOUT THE **ELEPHANTS** IN THE **ROOM**

(AND WHY IGNORING THEM PERPETUATES
BIODIVERSITY DESTRUCTION)





TABLE OF CONTENTS

	ABOUT THIS REPORT	03
	KEY MESSAGES	04
	INTRODUCTION Lim Li Lin and Lim Li Ching, Third World Network	06
01	THE FIRST ELEPHANT WHEN FINANCIAL STABILITY DEPENDS ON BIODIVERSITY DESTRUCTION Audrey Irvine-Broque and Jessica Dempsey, University of British Columbia	11
02	THE SECOND ELEPHANT FINANCING BIODIVERSITY DESTRUCTION REMAINS LEGAL, PROFITABLE AND WEAKLY GOVERNED Tom Picken, Rainforest Action Network / Forests & Finance	16
03	THE THIRD ELEPHANT THE LEGAL SYSTEM THAT PRIVILEGES CORPORATE RIGHTS OVER ENVIRONMENTAL REGULATIONS Nele Marien, Friends of the Earth International	22
04	THE FOURTH ELEPHANT MARKET-ORIENTED INSTRUMENTS FOR BIODIVERSITY FINANCE FACILITATE BIODIVERSITY DESTRUCTION Mirna Inés Fernández Pradel, Third World Network	30
	REFLECTION CAN BIODIVERSITY FINANCE BE TRANSFORMATIVE WITHOUT CHALLENGING POWER AND INEQUALITIES? Heitor Dellasta, Global Youth Biodiversity Network	39
	REFLECTION IS BIODIVERSITY FINANCE FIT FOR PURPOSE? Amelia Arreguin Prado, CBD Women's Caucus and IUCN CEESP Gender Working Group	44



ABOUT THIS REPORT

This report is a collection of analyses that highlight some of the ‘elephants in the room’¹ – issues that are unaddressed, or at any rate inadequately addressed, in the international biodiversity governance arena, namely in the Convention on Biological Diversity (CBD). This holds true even though they are the underlying structural and root causes of biodiversity destruction.

As Parties to the CBD gather in Yerevan, Armenia in October 2026 for the seventeenth meeting of the Conference of the Parties (COP 17), a key issue on their agenda is the first global review of collective progress in the implementation of the CBD’s Kunming-Montreal Global Biodiversity Framework (GBF). While the global review’s final outcome will be the subject of negotiations at COP 17 in Yerevan, it may be used to guide and prioritise future work to address gaps, challenges and barriers, and to foster possible opportunities to enhance collective progress in implementation and means of implementation.

The global review is based largely on CBD Parties’ national reports and the global report of collective progress in implementing the goals and targets of the GBF. The global report, entitled the *State of Biodiversity Action*, was released just prior to COP 17. The focus of the global review is mainly on the inadequate implementation of the GBF by Parties to the CBD. This includes the implementation of the obligations of developed countries to provide the means of implementation – the necessary finance, technology transfer and capacity building – to developing countries.

These are important issues; however, without addressing the fundamental underlying causes driving biodi-

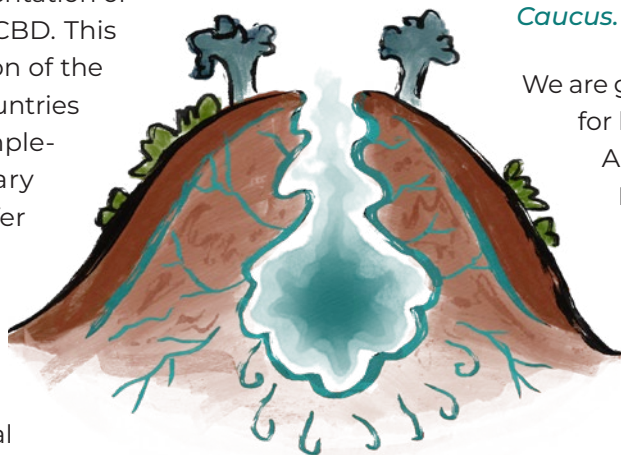
versity destruction, it will not be possible to meet the laudable vision and mission of the GBF.

This report therefore provides an analysis of what’s missing from the global report and global review – the elephants in the room. The elephants cover the underlying root causes of biodiversity destruction: the rules of the economic and financial system, harmful finance flows, regulatory capture by corporations and the flaws of market logic applied to biodiversity.

We cannot successfully address the biodiversity crisis as long as these elephants are ignored. No matter how much funding is poured into biodiversity, and no matter how many efforts are made to implement the GBF, nature will continue to be destroyed as long as only the symptoms rather than the root causes are addressed.

This report also includes youth and women perspectives in which the authors reflect on some of the elephants in the room and provide different ways of viewing the issues, which are rooted in equity, gender justice and transformational change.

This report has been published by the following organisations: *Third World Network, Friends of the Earth International and Rainforest Action Network, in collaboration with the Global Youth Biodiversity Network and the CBD Women’s Caucus.*



We are grateful to the following people for bringing this report to fruition: Ann Doherty, *editor*; Roberto Bissio, *French and Spanish translator*; Aurora Gómez Espinoza, *illustrator and layout artist*; and Norma Favela Pérez, *editorial and layout designer*.

¹ An elephant in the room is an obvious problem that no one wants to discuss. <https://dictionary.cambridge.org/dictionary/english/elephant-in-the-room>



KEY MESSAGES

We need to talk about the elephants in the room

- **The world is facing a polycrisis rooted in an inequitable model:** Biodiversity loss, climate breakdown and pollution are interlocking symptoms of a system that rewards short-term extraction and profit for a few, placing economic growth above social and environmental wellbeing for all.
- **The ‘elephants in the room’ – the structural root causes of biodiversity destruction – remain unaddressed:** The global review is not designed to contend with these issues, and its focus on gaps in implementation and finance is insufficient. Addressing symptoms without tackling these deeper structural root causes will not halt biodiversity loss and harm to peoples. To effect real systemic and transformative change, action is needed to transform economic and financial conditions and challenge powerful lobbying blocs and industries.
- **Just ecological transitions are needed:** The crisis has colonial roots, and those who contributed least bear the heaviest burdens. This historical transfer of wealth and resources is at the heart of the deep global inequities that persist between and within countries today. The ‘elephants in the room’ rest on inequitable systems of exploitation and control, and create a ‘justice gap’ that must be recognised and addressed.

The first elephant: When financial stability depends on biodiversity destruction

- **The pursuit of financial stability depends on extractivism:** Global economic rules and the international financial architecture set the pursuit of short-term financial stability in direct conflict with long-term ecological health. These rules and norms can pressure governments to allow extractivism – the concentrated mass-scale removal of resources primarily for export, with benefits largely accumulating far from the sites of extraction. Debt conditions, currency hierarchies, investment law and capital

mobility push governments, especially in the Global South, to expand extractive sectors to earn foreign exchange and remain investable.

- **Build consensus that the international financial architecture shapes biodiversity outcomes:** As long as the system rewards extractivism and penalises ecological protection, government efforts to halt biodiversity loss will be over-promised and undermined. The Convention on Biological Diversity cannot change these rules alone, but it should name the institutions and norms involved and push for alignment with the Kunming-Montreal Global Biodiversity Framework.

The second elephant: Financing biodiversity destruction remains legal, profitable and weakly governed

- **Harmful finance dwarfs nature finance:** Public and private flows that drive biodiversity loss, estimated at US\$7.3 trillion for 2023, vastly outweigh biodiversity finance by a ratio of 33:1, rising to 213:1 for private finance alone. These flows are linked to serious environmental and rights harms, especially for Indigenous Peoples and local communities, yet they remain legal, profitable and weakly governed. Voluntary disclosure and sustainability commitments are no substitute for binding rules.
- **Move from mobilising finance to governing it:** There is a need to move beyond a narrow focus on mobilising additional resources towards governing the finance that already flows. Governments should meet public finance obligations, reform harmful subsidies justly, and set binding rules that require all financial institutions to stop financing biodiversity destruction and rights abuses, with accountability and remedy where harm occurs.

The third elephant: The legal system that privileges corporate rights over environmental regulations

- **Investor profits are privileged over ecosystems and people:** Corporate interests are routinely empowered over community rights and ecological needs. Corporations can sue states – through



investor-state dispute settlement procedures – over environmental measures, winning huge awards (e.g. US\$5.8 billion against Pakistan) that drain public resources and cause ‘regulatory chill’. This strongly discourages governments from raising the bar for biodiversity measures. Overall, fossil fuel and mining corporations benefit at the expense of Global South countries, which are respondents in about 62% of cases. Ultimately, Indigenous Peoples and local communities are put at risk.

- **Change legal systems to ensure life comes first:** Legal systems need to be in service of people and nature, not corporate interests. States should terminate investment treaties or remove their investor-state dispute settlement provisions; recognise environmental and human rights obligations as legally superior to trade and investment agreements when conflicts arise; and protect environmental human rights defenders, Indigenous Peoples and local communities. While discussions about legal systems take place across many fora, the role of the Convention on Biological Diversity is to identify and address the impacts on biodiversity.

The fourth elephant: Market-oriented instruments for biodiversity finance facilitate biodiversity destruction

- **The logic of the market is flawed when applied to biodiversity:** Market-oriented instruments struggle to raise finance at scale; they often deepen social and ecological harm; and they treat nature as a tradable asset. Biodiversity offsetting in particular legitimises ongoing destruction, delays regulation and lets Global North countries appear to act while avoiding their financial obligations. By shifting responsibility from public regulation to private actors, these instruments create new winners (intermediaries) and losers (local communities and ecosystems).
- **Real solutions lie beyond the market:** Priorities include direct access to finance for biodiversity stewards, stopping harmful finance and reforming the international financial architecture, and regulating destructive sectors. The aim is not to make nature attractive to financial markets, but to make biodiversity protection a non-negotiable public responsibility.

Reflections

- **Finance reinforces the underlying causes of biodiversity loss:** Concentrated economic power shapes who decides, who benefits and which knowledge counts, while Indigenous Peoples, local communities, women and youth face exclusion and underfunding. An over-emphasis on closing the ‘finance gap’ obscures the need to reform the financial system itself; equity and justice in how decisions are made and how financial resources are distributed are essential for systemic change.
- **Meaningful participation and direct access are key:** Rights-holders need permanent, formal representation in the governance of financial institutions and funds. Dedicated direct-access windows, with readiness support and flexible long-term funding, would let Indigenous Peoples, local communities, women and youth act as agents of change in conservation and governance.
- **Ask how finance can serve life, not how nature can serve finance:** Making nature ‘investable’ is not the right response to the biodiversity crisis. Financial systems and flows must be reshaped as part of a broader transformation of economic systems, so that they support ecological and social reproduction rather than simply mobilise capital or create monetary value for nature. Four shifts are needed: the redefinition of value beyond market value; the regulation and enforcement of ecological limits; the redirection of existing harmful flows; and the redistribution of resources and power.
- **Finance the conditions that sustain biodiversity:** Funding should reach women, Indigenous Peoples and local communities directly and support the socio-economic conditions and ecological care work that stewardship depends on, without commodifying it. Ultimately, the purpose, governance and use of finance should not be shaped by a collective determination of what sustains life. .

INTRODUCTION

Lim Li Lin and Lim Li Ching / Third World Network

The world is facing a polycrisis – one interlocking crisis whose roots lie in the dominant global economic model. Biodiversity destruction, climate breakdown, pollution and other socio-ecological crises are not isolated phenomena to be tackled in silos; they are different manifestations of the same underlying drivers, reinforcing and accelerating one another.

At the heart of this crisis is a development model that has consistently placed economic growth and profit for a few above peoples and our planet. Ecosystems have been degraded, Indigenous Peoples and local communities displaced, and the atmosphere treated as a dumping ground. This is because the dominant economic system rewards short-term extraction and accumulation over long-term survival and wellbeing.

Addressing the structural and root causes of the polycrisis is imperative for effectively addressing biodiversity loss and destruction. Biodiversity collapse cannot be reversed by treating its symptoms while leaving its root causes untouched.

Too often, however, the focus falls on the direct drivers of biodiversity loss – changes in land and sea use, overexploitation, pollution, invasive species and climate change – the visible

endpoints of a much longer chain of causation. While it

is urgent that we address these symptoms and

their impacts on communities at the

frontlines of the destruction, we must

also pay attention to the deeper, underlying

causes that set the whole system in

motion: a worldview of disconnection

from and domination over nature and other

people; the inequitable concentration of power

and wealth; and economic and social systems that

prioritise short-term individual and material

gain above all else.²

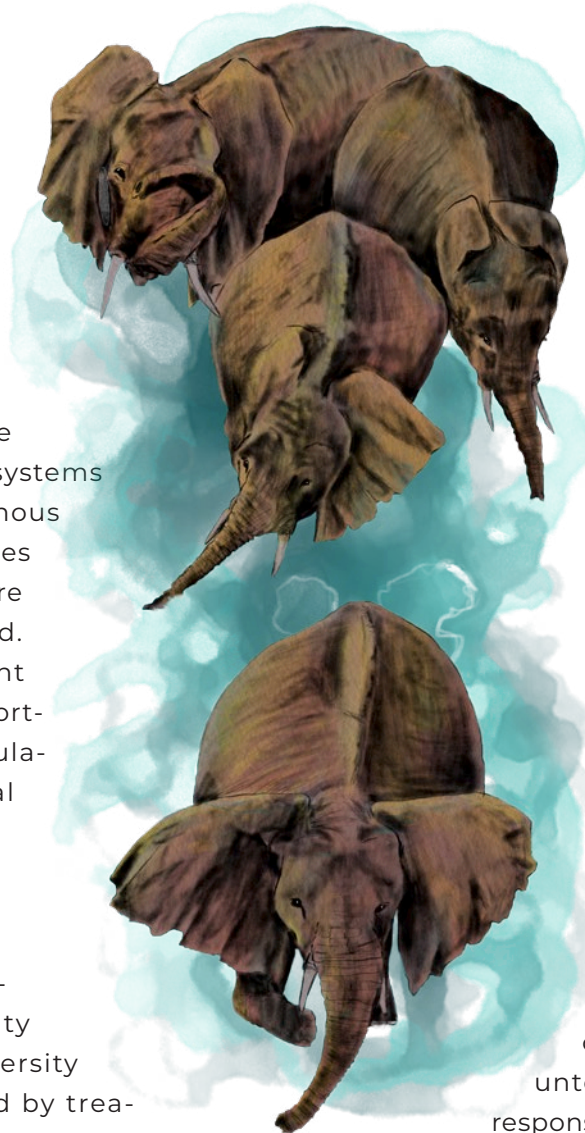
Although these are not abstract or peripheral

factors – they are the engine room of the

crisis – they remain largely untouched by current

policy responses.

Funding conservation while leaving untouched the underlying causes of



² IPBES (2024). Thematic Assessment Report on the Underlying Causes of Biodiversity Loss and the Determinants of Transformative Change and Options for Achieving the 2050 Vision for Biodiversity of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services, <https://doi.org/10.5281/zenodo.11382215> (Transformative Change Assessment).



over-extraction and unsustainable overproduction, profiteering from extractivism, and overconsumption by global elites is, in effect, *ignoring the elephants in the room*.³ *The crisis is treated as an implementation and financing gap to be closed, rather than a structural miscarriage of equity and justice and a civilisational failure to be corrected.*

Naming the underlying drivers: the elephants in the room

In this report, we focus on four distinct ‘elephants in the room’ that are unaddressed, or at any rate not squarely addressed, in the international biodiversity governance arena, namely in the Convention on Biological Diversity (CBD).

The first elephant is the rules of the global economic and financial system, which actively drive extraction at the expense of social and environmental priorities. States caught inside this system find themselves on a perpetual treadmill. Many are structurally pushed to maintain and expand extractive industries to sustain their financial stability and investability, servicing debt and balancing external accounts within a system whose rules they neither wrote nor can easily change.

The second elephant is the harmful financial flows, both private and public, that continue to pour into the sectors driving biodiversity loss. Resource mobilisation for biodiversity cannot be reduced to a search for new funding; it must equally confront the vastly larger flows of harmful finance already at work. This is finance that enables, cheapens, insures or lends legitimacy to biodiversity-destructive activities – and no amount of new ‘green’ funding can outweigh it while it remains unaddressed.

The third elephant is the corporate capture of the institutions and laws meant to govern this system. Powerful corporations and business interests shape global and national institutions, laws and policy to serve their own vested interests: pressing regulators to bend standards to fit existing production models,

threatening relocation when standards tighten, and using instruments such as Investor-State Dispute Settlement (ISDS) to sue governments that attempt to raise environmental protections. This effectively results in corporate rights being privileged over environmental regulations.

The fourth elephant is the transformation of the crisis itself into a financial opportunity for the profit of a few, enabled by a market logic that is flawed when applied to nature. A growing industry of market-based ‘solutions’ – biodiversity offsets and credits, green bonds, and private and blended finance mechanisms – is being touted as generating biodiversity finance. In practice, however, these schemes fail to generate the necessary finance and often deepen social and ecological harm. These false solutions serve an additional function: they allow Global North countries to appear to be acting, while they are in fact sidestepping their financial obligations to the Global South.

These four elephants all work together to protect the interests that profit from biodiversity destruction. No strategy to address the biodiversity crisis can succeed while these actors, drivers and the structures that empower them remain unnamed and unchallenged.

From identifying elephants to shaping solutions

At the international level, the CBD is the legally-binding treaty addressing biodiversity issues. Its near universal participation makes it the key international response to the biodiversity crisis. The Kunming-Montreal Global Biodiversity Framework (GBF) is the CBD’s strategic plan through to 2030. A first global review of collective progress takes place at COP 17 in 2026, which will be the halfway mark of GBF implementation.

The systemic and root causes of biodiversity destruction are not squarely confronted in the GBF. Instead, focus has centred on the direct drivers of biodiversity

³ An elephant in the room is an obvious problem that no one wants to discuss. <https://dictionary.cambridge.org/dictionary/english/elephant-in-the-room>



loss, while a narrower and more convenient narrative has come to dominate CBD discussions: that a 'finance gap' and an 'implementation gap' are the key obstacles to the full implementation of the GBF.

All Parties to the CBD commit to a range of obligations. But there are differentiated obligations on the provision of financial resources. Developed country Parties have legal obligations to provide new and additional financial resources to enable developing country Parties to meet the costs of implementing their obligations under the Convention. These financing obligations have yet to be met, and the need for biodiversity financing is very real for countries of the Global South, which hold most of the world's biodiversity and bear the greater burden of implementation. The CBD clearly states that the extent to which developing country Parties will effectively implement their commitments will depend on the effective implementation by developed country Parties of their commitments related to financial resources and transfer of technology, an articulation of the principle of common but differentiated responsibilities.

Without the means of implementation, including the provision of financial resources, there will be an implementation gap in the Global South. This truth needs to be addressed. However, framing the crisis primarily as a collective shortfall to mobilise sufficient resources and an insufficiency in implementing the GBF ignores the elephants in the room: the systemic and structural failures that perpetuate biodiversity destruction. It also helps developed countries in their attempts to shirk their legal obligations to provide financial resources, and to avoid strictly regulating their business and financial institutions.

The question is therefore not only how to mobilise more finance, but what that finance will be used for. Protecting biodiversity requires functioning public institutions that are able to regulate harmful economic activity, enforce environmental protections,

plan and invest for the long term, and govern financial flows in the public interest. It also requires strengthening the rights, institutions and resources of the Indigenous Peoples and local communities who govern and steward biodiversity. Biodiversity finance should therefore be judged not only by how much capital it mobilises, but by whether it expands the public and community capacity needed to deliver just and ecological transitions.⁴ In other words, it requires evaluating how the finance is used and for which implementation measures.

The GBF itself contains different possible directions for biodiversity finance. Target 19 includes commitments to increase international and domestic public resources and to enhance collective action, including by Indigenous Peoples and local communities, and for Mother Earth-centric actions and non-market-based approaches. Yet much of the biodiversity finance debate has focused on the elements of Target 19 that relate to leveraging private finance and developing 'innovative schemes', such as payments for ecosystem services, green bonds, and biodiversity offsets and credits. These approaches, promoted to fill the 'finance gap', have repeatedly fallen short of the scale of finance required.⁵ Furthermore, in many cases they have exacerbated ecological and social harms.

If the elephants in the room that we have identified in this report are taken seriously, the debate can move beyond the sole focus on the finance and implementation gaps to one that truly starts addressing the root causes of biodiversity destruction. *This means action to transform financial conditions, confront powerful lobbying blocs and industries, and effect real systemic and transformative change.*

Some of the GBF targets could be useful in starting to address these issues, including Target 14 on the integration of biodiversity values into sectors and governance in order to reduce the impacts of harmful activities and financial flows; Target 15 on the impacts,

4 Mazzucato, M. and Vieira de Sá, R. (2025). Mind the Mission, Not the Gap: Rethinking blended finance for public purpose. IIPP Policy Brief 34. London: UCL Institute for Innovation and Public Purpose.

5 Dempsey, J., Irvine-Broque, A., Christiansen, J. and Bigger, P. (2024). Thin and Shallow: Financial Instruments for Biodiversity Conservation and Their Outlook. Penang: Third World Network.



risks and dependencies of business and financial institutions; Target 16 on equitable consumption; and Target 18 on reducing harmful incentives and scaling up positive incentives. But given that the global report on collective progress that informs the first global review of the GBF identifies these targets as among the least well implemented, it is clear that much more needs to be done, particularly at the national level.

More importantly, neither the global report nor the global review are designed to confront these elephants in the room — the international financial architecture, wealthy and powerful actors, harmful financial flows, the corporate capture of laws, policy and institutions, and the false financial solutions described in this report. A review process that neither sees nor names these actors and drivers cannot hold them accountable.

The next global review will take place at COP 19. Whether this turns out to be a pivotal moment at which biodiversity destruction is effectively addressed depends on whether a serious effort is made to address the many elephants in the room.

On the origins of the polycrisis

The biodiversity crisis cannot be understood or addressed without also confronting its historical origins. Colonialism, exploitation and the extraction of resources from the Global South to the Global North built and concentrated the wealth and power that industrialised countries enjoy today. These patterns can also be seen in the enduring power of commodity sectors and domestic elites, which leave many global supply chains enriching the few without local benefit. Forests, minerals, labour and land continue to be appropriated from the South and Indigenous Peoples and local communities – to fuel growth in the North and line the pockets of the world's elite. This historical transfer of wealth and resources is not a footnote to the crisis; it is central to it. It is at the heart

of the deep global inequities that persist between and within countries today.

One important dimension of how these inequities have evolved is the changing balance between public and private wealth. Globally, private wealth rose from around 350% of world income in 1995 to more than 500% in 2025, while public wealth remained broadly stagnant at around 80–90%.⁶ This growing imbalance matters for just and ecological transitions; societies need not only investment, but they also need governments and communities with the resources, institutions and economic capacity to govern markets, regulate harmful activity and invest for the long term.

Far from correcting these inequities, globalisation and the unequal structures of the global economic system have entrenched it further. Trade rules, the international financial architecture, intellectual property regimes and investment agreements have been shaped predominantly by and for the interests of the Global North and its corporations, locking in the very asymmetries of power and wealth that colonialism first established. The current system maintains these imbalances at the expense of the majority of humanity and future generations.

The result is a global system in which the countries and communities that have contributed least to the social and ecological crisis bear its heaviest burdens, while those most responsible continue to hold disproportionate control over its rules and resources. Any credible response to the crisis must make this inequity its primary concern.

A justice gap: the need for just ecological transitions

The following analyses in this report make recommendations for addressing the individual elephants we have identified. Yet one collective chasm cuts across them all – the gaping ‘justice gap’ (see Box).

⁶ World Inequality Lab (2026). World Inequality Report 2026. Paris: World Inequality Lab.

Manifestations of the justice gap

Global North countries bear the overwhelming historical and current responsibilities for these crises. Yet they are falling short by neither taking truly meaningful action nor adequately providing the financial resources needed by the Global South to combat these crises. They owe an ecological debt to the rest of the world.

Global North countries continue to overconsume, driving extraction and biodiversity loss. At the same time, they are shifting their responsibilities – including by pushing for strong action in Global South countries, many of which are poor and underdeveloped – without meeting their financing obligations. The use of biodiversity to meet human needs must be sustainable, equitable and fairly shared.

Despite being the best stewards of biodiversity and doing the least to cause climate breakdown, biodiversity destruction and pollution, Indigenous Peoples and local communities are bearing the brunt of these problems. At the same time, their resources and associated traditional knowledge are exploited for financial gain by corporate and other actors with little effective protection of their rights nor the equitable sharing of benefits with them.

Corporate actors are enabling biodiversity destruction and benefiting from the existing rules of the game without being held fully accountable or liable for their actions and impacts on peoples and nature. As economic resources increasingly accumulate in private rather than public hands, more economic power sits outside of direct democratic control, while public and community capacities to govern private finance and shape investment in the public interest trail behind.

Although environmental human rights defenders are at the frontlines of biodiversity protection, they remain highly vulnerable to attacks, harassment, intimidation, torture and murder.

Women and girls, particularly from Indigenous Peoples and local communities, play a crucial role in managing and protecting ecosystems, yet they bear the brunt of adverse impacts and are subject to systemic exclusion and discrimination.

There are enormous intergenerational repercussions for children, youth and future generations, who will inherit the irreversible results of environmental degradation despite having played little to no part in driving the biodiversity crisis.

Addressing the justice gap requires governments to act in the public interest, rooted in an approach that centres equity, justice and rights. This would necessarily include addressing the elephants in the room identified in this report, and naming and challenging the interests that profit from biodiversity destruction. The CBD can start to take action on some of these aspects, especially through the GBF's stated human rights-based, gender-responsive and intergenerational approaches, and in the implementation of its relevant targets. Yet, this will clearly not be enough — both because the GBF itself does not squarely address these issues, and because the CBD alone cannot fully effect change in areas of economic and financial governance or corporate regulation. What it can do however to overhaul the unequal structures that favour and privilege the few is to name and confront the

elephants and influence the spaces where the rules of the game are set.

At the same time, there is a need for a different system that is more equitable, redistributive and reparative in nature. Such a system should enable countries of the Global South to reclaim economic sovereignty and build the public and community institutions and capacities needed to govern just ecological transitions. It should also provide ecological policy space for sustainable and just human development and protect the rights of Indigenous Peoples, local communities, women, youth and peasant farmers. Now is the time for just and ecological transitions towards a renewed model of development that is in harmony with Mother Earth and peoples everywhere.



THE FIRST ELEPHANT

WHEN FINANCIAL STABILITY DEPENDS ON BIODIVERSITY DESTRUCTION

01

Audrey Irvine-Broque and Jessica Dempsey / University of British Columbia

Governments around the world have agreed to halt and reverse biodiversity loss. Many also recognise, in their own national policies, that extractive sectors such as mining, fossil fuels, industrial agriculture and forestry are leading drivers of ecosystem destruction. Yet these same governments often continue to approve, subsidise and incentivise those sectors and their damaging environmental impacts. Why?

This contradiction is often explained as a lack of political will, coordination, technical capacity or conservation funding. These explanations matter, but they are incomplete. Governments face unequal barriers to reforming

biodiversity-harming extractive sectors in part because of international political economic pressures that shape domestic policymaking. These include debt conditions that drive extraction, but also tax rules and norms, investment law, and a currency hierarchy that pushes countries to pursue foreign exchange, especially US dollars, in order to maintain financial stability. While these pressures and norms do not outright prevent governments from lessening the impact of environmentally harmful industries, they can make it riskier and costlier to do so. This puts long-term ecological health at odds with maintaining short-term financial stability (see Figure 1).

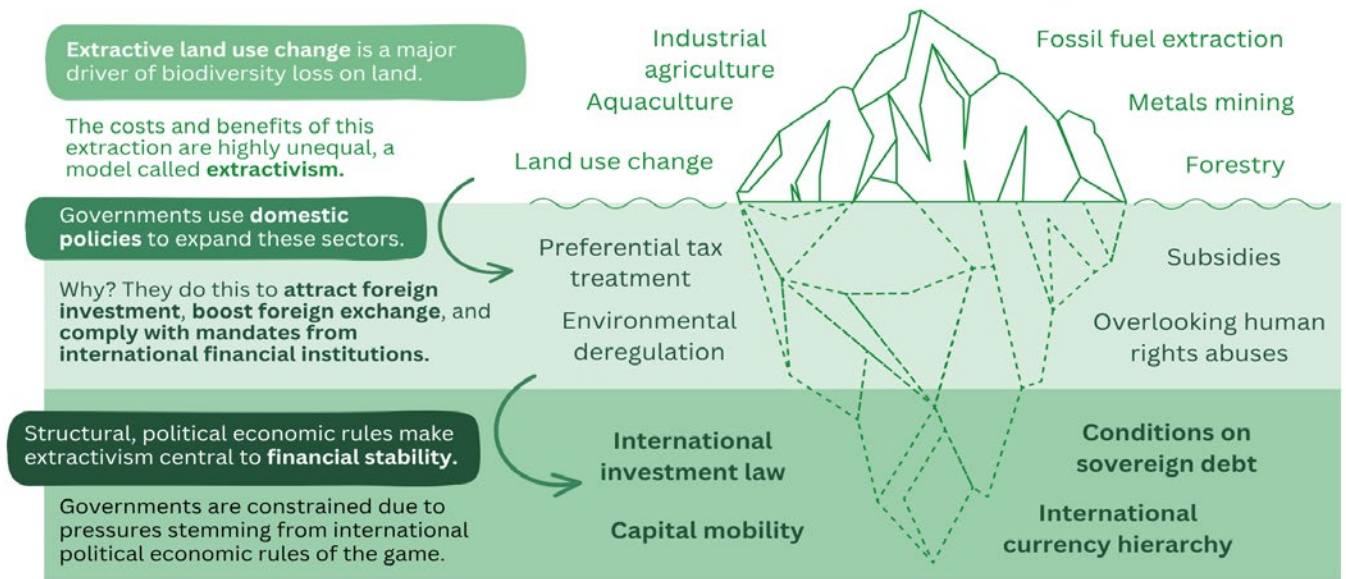
Governments bear great responsibility for the environmental destruction they sanction, and for the domestic conditions that make reform challenging. Domestic lobbying blocs, industry power, and regulatory and elite capture can all limit efforts to protect public goods like biodiversity and healthy environments. But these domestic factors also operate inside a wider international system that includes institutions like multilateral development banks and the International Monetary Fund (IMF), extensive legal and policy frameworks, and various rules and norms. This international financial architecture repeatedly narrows the space for ecologically-sound decision making.

This is the elephant in the room: biodiversity targets necessitate governments to halt destruction, while global economic governance often pressures these same governments to allow further biodiversity loss to occur.



Figure 1: Structural drivers of biodiversity loss

Structural drivers of biodiversity loss



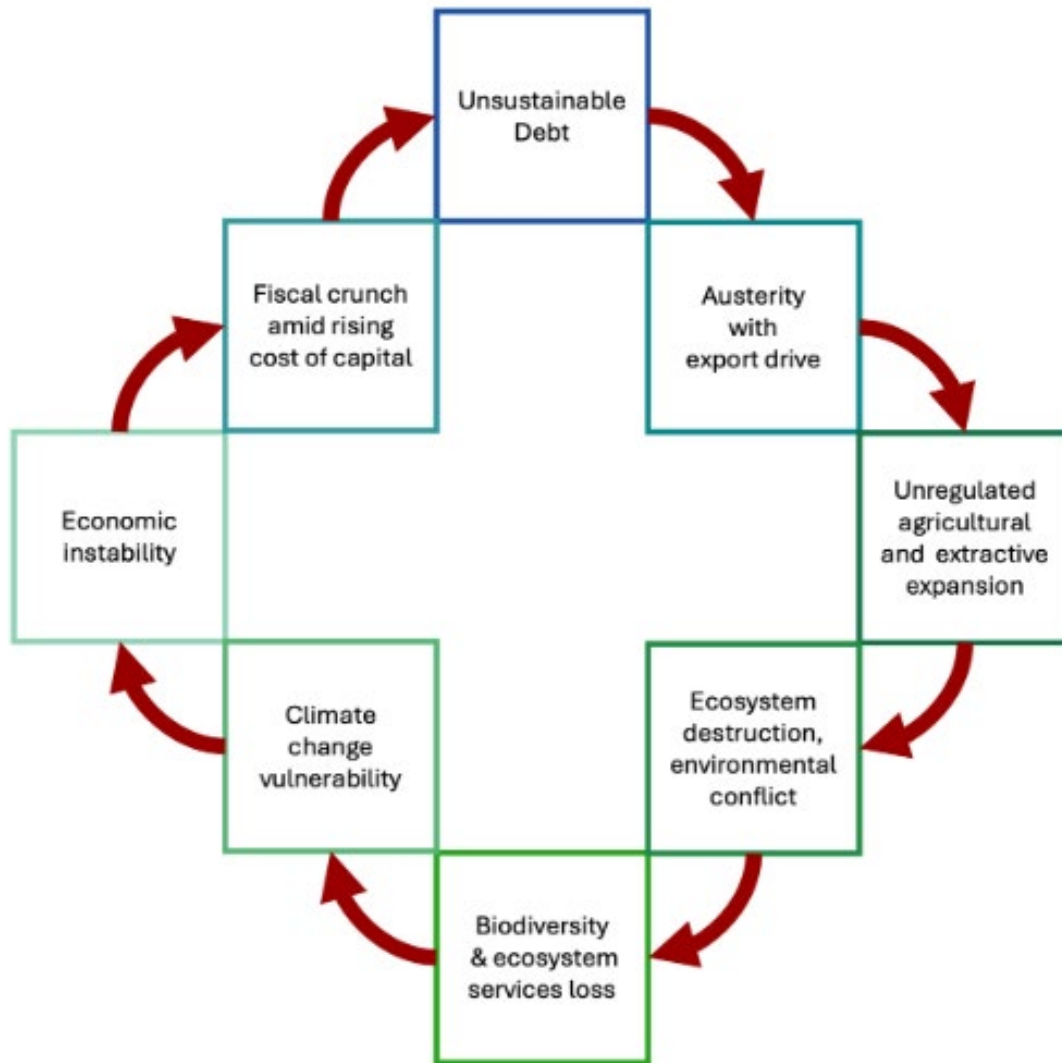
From "Exporting Extinction: How the International Financial System Constrains Biodiverse Futures" (Dempsey et al. 2024))

From: Dempsey, J., Irvine-Broque, A., Gaster, T., Steichen, L., Bigger, P., Duque, A.C., Linett, A., Porto Ferreira, G. and Kaechele, N. (2024). *Exporting Extinction: How the international financial system constrains biodiverse futures*. UBC Centre for Climate Justice, Climate and Community Project & Third World Network. <https://bit.ly/extinction-report>

Two-thirds of developing economies are commodity-dependent, meaning that 60% or more of their merchandise exports are raw materials such as soy, nickel or oil. Extractive exports are a way these governments tread water in an international financial system that already exposes them to greater vulnerability and volatility. Commitments to expand these sectors can help governments attract foreign investment, earn foreign currency, service external debts, pay for essential imports, and avoid financial crises. When countries face fiscal or financial problems, they often lean deeper into these sectors, relying on them to help buy back stability in a highly interconnected global system of trade and investment.

Governments may well know that soy expansion, coal mining, cobalt extraction, bauxite mining or gold exports are damaging forests, rivers and wetlands and threatening Indigenous Peoples' territories and community livelihoods. These impacts can disrupt the ecosystems, communities and economic activity upon which long-term stability depends. But signalling a move away from these sectors could lead to credit downgradings, capital flight, currency runs, and other financial impacts that dig governments that are already facing challenging fiscal conditions deeper into financial holes. *The result is a vicious cycle: when the pressure to quickly export raw materials intensifies, financial stability is put in dangerous conflict with ecological stability.*

Figure 2: A vicious cycle of debt, extraction, biodiversity loss and climate vulnerability



From: Ray, R. (2024). *From Vicious to Virtuous: Understanding and Re-imagining the Relationships between Debt, Climate and Nature at COP16*. Boston University Global Development Policy Center. <https://www.bu.edu/gdp/2024/10/29/from-vicious-to-virtuous-understanding-and-re-imagining-the-relationships-between-debt-climate-and-nature-at-cop16/>

This system is shaped by power dynamics and structural pressures that can lock-in extractive trajectories that are detrimental in the long term. That is why focusing only on the 'biodiversity finance gap' is too narrow; more funding for biodiversity is necessary, but

it will not be enough if larger economic barriers make it too politically and financially risky for governments to protect land, water and forests from the pressures of export-oriented extraction.

How the International Financial Architecture affects Global Biodiversity Framework implementation conditions

The International Financial Architecture (IFA) is the system of institutions, rules and norms that shapes how money and finance work across borders. It governs areas such as sovereign lending and capital flows, and plays a major role in setting the rules of the global economy. The IFA includes public institutions such as the IMF and the World Bank, as well as regional development banks, private credit rating agencies, and a wide range of legal, policy and market frameworks. At the centre of this system are the world's major reserve currencies, particularly the US dollar.

Pressure to maintain investability:

Governments often support extractive industries in order to attract and retain foreign investment. This can mean tax breaks, deregulation, weaker environmental rules, public-private partnerships or preferential treatment for corporations. Governments may avoid stronger biodiversity protections because they fear capital flight, credit downgrades or investor lawsuits (regulatory chill).

Foreign exchange: Exports are a key way for countries to earn dollars and other reserve currencies, which they need for importing things like medicine, food, fuel, machinery or technology, as well as for repaying external debts. Jeopardising future foreign exchange revenue can lead to currency instability, credit downgrades, capital flight or pressure from lenders.

Unequal conditions on sovereign debt:

External debt, too, must often be repaid in foreign currency, deepening the pressures on foreign exchange. But conditions of accessing public finance via debt are very unequal: some

developing countries are paying up to twelve times more in interest payments than advanced economies, and face greater volatility when borrowing in foreign currency. These higher interest rates reflect perceived risks to investment, but also drain public budgets in the places that most need them, leaving less fiscal space for environmental regulation, public services and alternative development pathways.

Currency hierarchies: Underlying all of these pressures is a currency hierarchy, in which some currencies (like US dollars) are more powerful than others, such that they dominate global trade, lending and debt payments. Countries whose currencies sit lower in this hierarchy face more instability, higher borrowing costs, and stronger pressure to earn foreign currency. In this system, financial stability demands reliable inflows of US dollars or other powerful currencies, which are often earned via exports. This matters for biodiversity because many of the world's tropical forests, terrestrial species, and most biodiverse ecosystems are located in countries facing the most extreme of these pressures.

Emergency finance that drives exports:

When countries face economic crises, often connected to this vulnerability to external shocks, IMF assistance and development bank lending can include conditional measures to stabilise economies. Yet these conditions – meant to improve fiscal and financial stability – often lead governments towards export growth, privatisation and liberalisation in the very sectors underlying biodiversity loss. These adjustments can deepen dependence on extractive sectors in exchange for short-term stability.



What needs to be done: build consensus that biodiversity outcomes are shaped by the international financial architecture

The Convention on Biological Diversity (CBD) cannot meet its goals if global economic rules and norms keep making extraction the safest economic choice. However, the Convention cannot unilaterally transform these rules and norms of global economic governance. Domestically, negotiators from environment ministries do not have authority over issues of finance, trade or investment. Yet the Convention and environment ministries do have the ability to name this particular elephant clearly: *the rules and norms governing the global economy are implicated in ongoing biodiversity loss. If this contradiction remains unnamed and unaddressed, biodiversity policy will keep over-promising and under-delivering.*

The first step is to make the pressures of the international financial architecture visible within biodiversity policy, rather than treating them as 'outside' the Convention. The Convention should name the institutions and norms that place biodiversity objectives in conflict with financial stability, and especially call upon public institutions like the IMF and World Bank to align their practices with international targets like the Kunming-Montreal Global Biodiversity Framework (GBF). The point is not to pretend that

the CBD has control over these institutions, but to push for alignment between the CBD and debt, trade, investment, tax and monetary rules so as to create the implementation conditions for biodiversity objectives. As long as those rules remain hostile to ecological protection, the GBF will remain structurally undermined.

The analyses that follow point to other important topics to be addressed as part of this agenda: regulating harmful financial flows, removing the barriers created by investor-state dispute settlement provisions, and moving beyond the over-reliance on market-oriented instruments that have failed to transform these pressures towards extraction. Each of these must be addressed in tandem. The CBD can name the institutions and rules that need to change, build bridges with the spaces where relevant decisions are made, and support much-needed coordination to reach these objectives, alongside the many other societal goals that are delayed and avoided under the current rules of global economic governance.



THE SECOND ELEPHANT

FINANCING BIODIVERSITY DESTRUCTION REMAINS LEGAL, PROFITABLE AND WEAKLY GOVERNED

Tom Picken / Rainforest Action Network, Forests & Finance

Biodiversity finance is usually described as a problem of scarcity. There is too little money for nature, public budgets are constrained, and private capital must therefore be mobilised to help close the gap. There is an important truth in this framing. Biodiversity protection, restoration, Indigenous stewardship, public environmental institutions and community-led land governance remain seriously underfunded. Many developing countries also face acute fiscal constraints, debt pressures and unmet international finance commitments from developed countries.

But scarcity is only one side of the problem. Public and private finance are already operating at enormous scale in ways that drive biodiversity loss. The State of Finance for Nature 2026 report by the UN Environment Programme (UNEP) estimates that in 2023, US\$7.3 trillion flowed into activities it classifies as 'nature-negative'. In comparison, UNEP estimated that US\$220 billion were spent on 'nature-based solutions'. In short, there are more than thirty dollars in harmful flows for every dollar designated by UNEP for supporting nature. Of the 'nature-negative' US\$7.3 trillion, UNEP attributes US\$2.4 trillion to environmentally harmful public subsidies and US\$4.9 trillion to private finance. Of the US\$220 billion claimed as 'nature-based solutions', US\$197 billion was public finance and US\$23 billion private.⁷ It should be noted that these UNEP categories should not be confused with independent verification that every underlying flow labelled as supporting

nature is genuinely protecting biodiversity or free of rights concerns.

The central challenge is twofold. First, governments must meet long-overdue public finance commitments and increase investment in biodiversity implementation, while also reforming the subsidies, tax incentives, guarantees, public lending and other policies that continue to support destruction. Secondly, they must govern and progressively align the much larger private financial flows already determining which activities expand, which business models remain profitable, whose rights are protected, and ultimately which ecosystems survive. *Adding more finance for biodiversity without addressing the much larger financial flows driving nature destruction and associated harms to Indigenous Peoples and local communities is like pouring water into a bottomless bucket.*



⁷ United Nations Environment Programme (UNEP) (2026). State of Finance for Nature 2026: Nature in the Red. UNEP. Central source for the US\$7.3 trillion nature-negative, US\$220 billion nature-based-solutions, US\$2.4 trillion harmful public subsidies, US\$4.9 trillion private-negative, US\$197 billion public-positive and US\$23 billion private-positive flow estimates; the sectoral breakdown of harmful public subsidies and private nature-negative finance; and the methodology used to attribute portions of private financing to economic activities according to the severity of their direct pressures on nature. <https://www.unep.org/resources/state-finance-nature-2026>

Table: ‘Nature-negative’ versus ‘Nature-positive’ flows in 2023

2023 flows	Nature-negative	Nature-positive	Ratio
Total public and private	US\$7.3 trillion	US\$220 billion	33:1
Public	US\$2.4 trillion harmful subsidies	US\$197 billion	12:1
Private	US\$4.9 trillion	US\$23 billion	213:1

Source: UNEP, State of Finance for Nature 2026. Ratios calculated from UNEP flow totals

From structural pressure to financial channels

The preceding analysis examines how structural pressures reinforce governments’ dependence on extractive exports, including by encouraging them to use scarce public resources to attract private investment into these sectors. This analysis follows the money one step further, examining how public and private finance supports these activities and why governing those financial flows is a crucial next step for Parties to the Convention.

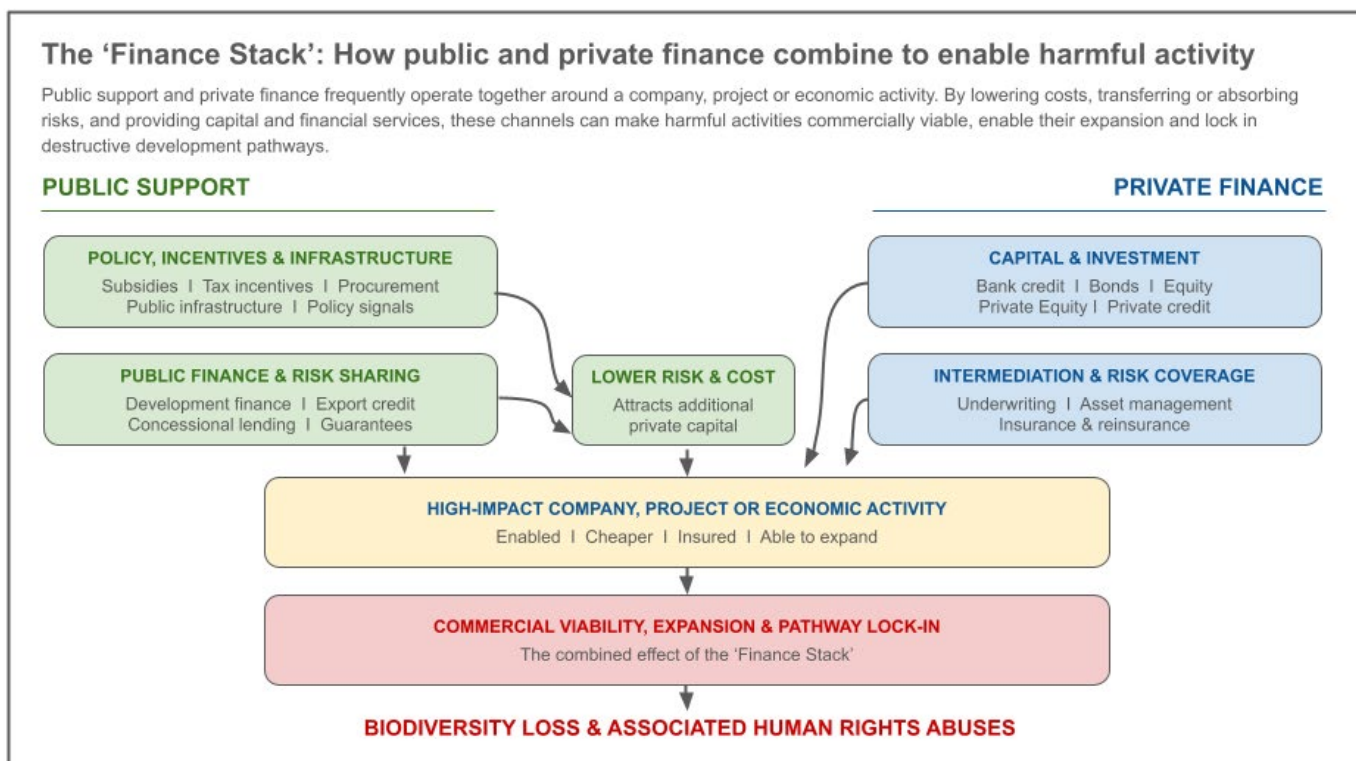
Many of the largest sectors of the global economy are implicated in biodiversity loss. Of the US\$2.4 trillion in environmentally harmful public subsidies identified by UNEP, the largest share supports fossil fuels, followed by agriculture and water, with further support to transport, construction and fisheries. The US\$4.9 trillion in private nature-negative finance is spread across the economy but concentrated most heavily in utilities, industrials, energy and basic materials, including metals and mining, chemicals, construction materials, fertilisers and agricultural inputs.⁸ Although UNEP does not classify every dollar flowing to these broad sectors as harmful, its estimate quantifies and proportionally attributes various underlying economic activities according to their number and the severity of their direct pressures on nature. Even with this qualification, the overall picture is clear: harmful finance is embedded across mainstream

systems of energy, food, infrastructure, industry and resource extraction, rather than confined to a small set of marginal or illegal activities.

These financial channels fall into two connected groups. First, governments support economic activity through public infrastructure, subsidies, tax incentives, guarantees, development finance and export credit, often lowering costs or transferring risks in ways that attract private capital. Secondly, commercial banks, investment banks, bond investors, asset managers, private-equity and private-credit firms, insurers and other financial institutions then provide lending, investment, underwriting and risk coverage. In practice, these channels frequently operate together, creating a finance stack around a company, activity or project: public support can improve its commercial viability; public financial institutions can provide finance or guarantees; banks can lend or underwrite bonds; investors can purchase equity or securities; and insurers can absorb risks that might otherwise prevent activities from proceeding. Public and private finance are therefore not separate systems. They interact in determining which activities become commercially viable and which development pathways become locked in.

⁸ UNEP (2026).

Figure: The ‘Finance Stack’: How public and private finance combine to enable harmful activity



For the purposes of this analysis, harmful finance means public or private financial flows and arrangements that enable, lower the cost of, insure or expand activities that drive biodiversity loss or associated human rights harms. This does not mean that every financial relationship with a high-impact sector is equally harmful, or that entire sectors can be abandoned overnight. Economic development

requires finance, and many essential sectors need managed and just transitions. The relevant questions are what development pathways finance enables and incentivises, under what environmental and social conditions, whether destructive business models are being locked in or transformed, and whose interests and rights are protected.

Public finance: meeting obligations while removing harmful incentives

Public finance is indispensable to biodiversity implementation. Developing countries need adequate, predictable and accessible international public finance, particularly grant-based support, to strengthen public institutions, uphold Indigenous Peoples' and local communities' rights, support ecological restoration and conservation, and expand policy space for alternative development pathways. Under Article 20 of the Convention, developed

country Parties are obligated to provide new and additional financial resources to enable developing country Parties to meet the agreed full incremental costs of implementation. The Kunming-Montreal Global Biodiversity Framework (GBF) carries these differentiated international finance commitments into Target 19.

At the same time, governments continue to offer large financial incentives for activities that harm



nature. UNEP estimates that US\$2.4 trillion in environmentally harmful public subsidies were granted in 2023. GBF Target 18 directly addresses this contradiction, committing Parties to identify and eliminate, phase out or reform incentives, including subsidies, that are harmful for biodiversity, while substantially and progressively reducing them by at least US\$500 billion per year by 2030. Harmful incentives extend beyond subsidies to include tax treatment, guarantees, concessional finance, export credit, infrastructure provision, public procurement and other arrangements that alter the profitability or risk of destructive activity.

Reform must be just. Costs should not simply be shifted onto workers, small-scale producers, Indigenous Peoples, local communities or low-income households while large corporate beneficiaries remain untouched. Public finance should support social protection, diversified livelihoods, rights protection and genuine participation in the design and implementation of just and equitable transition pathways. Public institutions also shape private finance: guarantees, development bank loans, infrastructure and policy signals can materially change the risk-return profile of private investment. Public money can therefore either reinforce destructive development pathways or help redirect capital away from them.

Private finance: governance, accountability and impunity

Commercial banks, asset managers, institutional investors, investment banks, insurers and private market actors are not passive intermediaries. Their decisions influence which companies receive capital, which projects proceed, and which sectors expand. Analysis by Global Witness of bank credit and underwriting to forestry and agri-commodity producers in tropical forest landscapes illustrates the point. Using Forests & Finance data, the organisation estimated that nearly 4,000 financial institutions generated US\$26 billion in income from investments, loans and issuance underwriting linked to 50 companies publicly accused of deforestation, land grabs or associated human rights abuses between 2016 and 2024.⁹

These figures illustrate how financing companies linked to serious environmental and rights harms can remain commercially rewarding, even after years of proliferating financial sector sustainability policies, no-deforestation commitments, Environmental, Social and Governance (ESG) frameworks

and nature-related disclosure initiatives. Disclosure, taxonomies and voluntary commitments can improve information and practice, but information does not substitute for rules. A bank can self-disclose some biodiversity risks and still lend; an investor can report impacts and still hold securities; an insurer can assess nature-related risk and still enable a damaging project.

The central governance question is why finance associated with serious environmental and rights harms can remain legal, profitable and weakly constrained. One emerging regulatory response focuses on the risks that nature loss creates for financial institutions and financial stability, including through the work of the Network for Greening the Financial System.¹⁰ This recognition is important, but managing risks to finance is not the same as governing the impacts of finance on nature and people.

⁹ Global Witness (2025). Banks make \$26 billion (segment-adjusted) in a decade of financing deforesting companies. Analysis commissioned from Profundo using Forests & Finance data. <https://globalwitness.org/en/campaigns/forests/banks-make-26-billion-in-a-decade-of-financing-deforesting-companies/>

¹⁰ Network for Greening the Financial System (NGFS) (2024). Nature-related Financial Risks: a Conceptual Framework to guide Action by Central Banks and Supervisors; and NGFS (2026). Nature Package. <https://www.ngfs.net/en/publications-and-statistics/publications/ngfs-2026-nature-package>



Financial crime rules provide another, narrower route where the underlying environmental activity is illegal. Notably, the Financial Action Task Force (FATF) has examined money laundering associa-

ted with illegal logging, land clearance, mining and waste trafficking.¹¹ But biodiversity policy must also confront harmful finance where the financing, and often the underlying activity, remains legal.

The GBF already contains the mandate

The case for governing harmful finance does not require the invention of an entirely new biodiversity mandate. Although the relevant GBF Targets are neither sufficiently comprehensive nor implemented, taken together, Targets 14, 15, 18 and 19 provide important entry points for a more coherent agenda. Target 14 calls for the progressive alignment of relevant public and private activities and fiscal and financial flows. Target 15 provides a basis for legal, administrative and policy measures concerning business and financial institutions. Target 18 addresses harmful incentives. Target 19 addresses the resources needed for implementation.

The imbalance arises when GBF implementation concentrates disproportionately on the final element: how much additional finance can be raised, from which sources and through which instruments. Mobilisation matters, but Target 19 cannot substitute for alignment, accountability and incentive reform.

Nor should constrained public budgets lead to greater reliance on private finance without corresponding rules governing where private capital flows and the impacts it creates for nature and communities.

An assessment by the Forests & Finance Coalition of financial regulation in 11 jurisdictions found that partial disclosure duties are emerging faster than any binding restrictions on harmful finance, and that none of the jurisdictions assessed requires financial institutions to align financing and investment decisions with the GBF.¹²

The CBD does not need to become a financial regulator. But Parties cannot credibly implement Target 14 while treating the institutions that govern finance as peripheral to biodiversity policy. Finance ministries, central banks, financial supervisors, regulators, public development banks and other economic authorities all shape the fiscal and financial flows that the GBF explicitly commits governments to align.

From mobilising finance to governing finance

The GBF targets are imperfect, but read together they provide a basis for moving beyond a narrow focus on mobilising additional resources towards governing where finance already flows. A more balanced biodiversity-finance agenda must meet international public finance commitments and increase public

investment in biodiversity, while also reforming the subsidies and other forms of public support that enable destruction and governing private finance so that financial institutions cannot externalise severe ecological and social harm while retaining the returns. Four functions are particularly important:

11 Financial Action Task Force (FATF) (2021). Money Laundering from Environmental Crime; and FATF Environmental Crime topic materials. <https://www.fatf-gafi.org/en/publications/Environmentalcrime/Money-laundering-from-environmental-crime.html>

12 Boev, P. and Akkaya, P. (2026), Regulating Finance for Biodiversity – An Assessment for the Global Biodiversity Framework, 2026. Amsterdam: Forests & Finance.



1. Know where harmful finance is going

Governments need better visibility over public support and private finance for companies, projects and activities driving biodiversity loss. In implementing Target 15, they should move beyond reliance on voluntary frameworks and require large companies and financial institutions to disclose their nature- and rights-related impacts, risks and dependencies in forms that can be independently verified

and ground-truthed, including financial exposure to high-risk sectors and jurisdictions. CBD tracking and review processes should distinguish international public finance commitments, domestic public expenditure, genuinely positive private finance, harmful public incentives and harmful private financial flows rather than aggregate them beyond recognition.

2. Change incentives, and make transition just

Governments should eliminate, phase out or reform the most harmful incentives in line with Target 18, while protecting people who would otherwise bear the social costs. Public financial institutions should apply the same principle to their portfolios, guaran-

tees and policy advice. Public money should not de-risk or subsidise activities that undermine biodiversity goals and human rights, nor should biodiversity finance simply socialise private risk while leaving harmful investment untouched.

3. Set binding rules for financial institutions

Financial governance needs to move beyond the assumption that better information will automatically redirect capital. Governments should use appropriate combinations of mandatory due diligence, supervisory expectations, sector conditions or exclusions, prudential tools, public finance conditions and other regulatory measures to reduce support

for activities causing severe biodiversity and rights harms. Rules must cover the full range of financial institutions and markets. Otherwise, restricting harmful finance solely through banks, for example, may simply shift it into bond markets, asset management, insurance, private equity or private credit, leaving the underlying activity financed.

4. Put rights, accountability and remedy at the centre

Aligning finance with biodiversity goals and human rights is not only a technical question of redirecting capital flows. It must include ending financial support for activities that drive significant biodiversity loss or associated rights violations. It also concerns who has power over land, resources and financial decision making, who receives the benefits and who bears the ecological and social costs. Financial rules and public finance safeguards should respect land and tenure

rights and Free, Prior and Informed Consent; protect environmental and human rights defenders; and provide meaningful access to information, grievance mechanisms and remedy. Gender-responsive governance and genuine participation by Indigenous Peoples, local communities, workers and other affected groups are integral to a just and equitable transition.

THE THIRD ELEPHANT

THE LEGAL SYSTEM THAT PRIVILEGES CORPORATE RIGHTS OVER ENVIRONMENTAL REGULATIONS

Nele Marien / Friends of the Earth International



Governments urgently need to establish robust global environmental rules to phase out practices that have proven to be highly destructive for biodiversity. Amongst others, large-scale ecosystem disruption should be prohibited; the use of dangerous chemicals and pesticides strictly regulated; and the over-exploitation of species and habitats stopped. Such rules would put ecological limits at the centre of decision making. Without binding global regulations, biodiversity loss accelerates, ecosystems lose resilience and societies become more vulnerable to climate shocks, food crises and health impacts. The current lack of such global rules has brought biosphere integrity concerningly far beyond Earth's safe planetary boundaries.

Instead, economic rules on trade, investment and growth are effectively treated as superior to environmental rules. Institutions like the World Trade Organization (WTO) and bilateral investment treaties (BITs) are considered 'hard law' with strong enforcement and sanctions, whereas multilateral environmental agreements (MEAs) are considered 'soft law'. Similarly, compliance mechanisms in the Convention on Biological Diversity (CBD) are minimal and weak; states thus face few consequences for failing to protect ecosystems. As a result, economic law weighs more heavily in practice, locking in patterns of production and trade that undermine biodiversity.



What is ISDS?

Investor-State Dispute Settlement (ISDS) is a legal mechanism that allows foreign investors to sue states before international arbitration tribunals; it is asymmetric in that states cannot use it against investors. This mechanism is inscribed in most International Investment Agreements (IIAs). ISDS enables investors to bypass domestic courts and claim financial compensation from the states in which they have invested, or where they intend to invest. This can include claims for alleged loss of potential future profits when investors allege that new regulations or policy changes in the host state will adversely affect their investments.

ISDS proceedings usually take place in confidential international tribunals. In this way, IIAs have the status of autonomous regimes that prevail over other

regulatory regimes, including national constitutions. ISDS tribunals have an inconsistent, unpredictable and often incoherent jurisprudence that generates extensive uncertainty. There is no possibility to appeal a tribunal's decision. Many cases and settlements are never made available to the public. Due to this lack of transparency, it is impossible to know how many ISDS cases exist or the content of those cases.

These private tribunals are typically composed of three 'arbitration lawyers' who issue their decisions behind closed doors. Arbitrators often have serious conflicts of interest, as many of them work for law firms that represent investors. They also frequently switch roles and act as counsel in other cases, thereby representing and defending the same companies that bring investment treaty claims.

When environmental protection conflicts with economic interests, it is usually nature and peoples living in the affected territories that are forced to give way. This effect can be very clearly seen in the vast majority of the approximately 2500 investment treaties worldwide that have ISDS clauses. Due to these clauses, states risk trade disputes or investor lawsuits if the investment or the expected profits are affected.

There are many different types and causes for ISDS cases, including changing tax or labour laws or human rights protections. In this analysis we will concentrate on ISDS cases that are triggered by the restriction of environmentally harmful activities by governments, either by strengthening environmental regulation or through the withdrawal or refusal to grant operation permits. Subsequently,

foreign investors frame these environmental protection actions as 'indirect expropriation', 'unfair treatment', 'undermining the investor's legitimate expectations of regulatory stability' or 'introducing a measure that is disproportionate to a legitimate policy objective'. We will discuss the impact on the environment of such ISDS cases, as well as the mere existence of the system.

It is important to understand that ISDS does not operate in a vacuum; as described in this report, it is embedded in a broader political economy where governments already face pressure from debt, austerity and extractive development models. Within this context, ISDS reshapes states' priorities, often forcing them to privilege corporate interests and short-term revenue over long-term ecological and social wellbeing.



ISDS: a clear example of the elephant in the room for biodiversity

ISDS creates avenues for the blocking of new and effective global environmental regulation. In short, investors' profits are protected over ecosystems and people. *The ISDS system itself is an expression of the corporate capture of global governance institutions; it contributes to a vicious cycle by advancing the entrenchment of corporate power in countries and institutions.*

This system damages environmental protection and the livelihoods, interests and wellbeing of people living in the affected territories. While such effects have been well documented for climate policies, and pressure to discuss these impacts at the United Nations Framework Convention on Climate Change (UNFCCC) is increasing, similar awareness is needed for biodiversity and the CBD should take the responsibility to address it.

Financial impacts: exorbitant awards and legal costs, affecting biodiversity finance

ISDS 'awards' – the monetary penalty that the host government must pay from public coffers to compensate the company following an ISDS ruling – feed directly into sovereign indebtedness, reinforcing the patterns described in this report. The awarded compensation is generally in foreign currency and at levels completely disconnected from local economic realities. Furthermore, over time, average awards have increased. This reflects the growing size of projects and a legal culture that accepts 'lost future profits' and speculative earnings as compensable harms. These awards can run into the hundreds of millions of dollars; to date, more than 152 known ISDS claims have been filed that seek US\$1 billion or more in damages.

A stark example is the Tethyan Copper Company, which sued Pakistan for rejecting its application for a mining lease at the Reko Diq mine and was awarded US\$5.8 billion in compensation in 2019. This amount was more than 25 times the amount the company had invested (US\$220 million) and included a payment for 'lost future profits'. The total of the award was almost as high as the US\$6 billion emergency loan the International Monetary Fund had granted Pakistan to assist the country

in dealing with its economic crisis. In 2022, Pakistan allowed the mine to proceed, with production expected to start in 2028. Human rights and environmental impacts are already being reported, including water scarcity, cyanide contamination, and the settling of dust laced with heavy metals in the region.

Even when states win, the process is extremely expensive. Defending an ISDS case requires specialised international law firms, expert witnesses and lengthy procedures. Legal costs alone can reach tens of millions of dollars, with no guarantee of success.

For poorer countries, the impact is particularly severe. A single award can consume a substantial portion of a government's annual budget, exceeding what is allocated to the environment ministry or national conservation efforts. Money that could have funded protected areas, environmental monitoring, climate adaptation or community-based conservation instead flows to multinational corporations and their shareholders. ISDS drains the very funds countries need to invest into transitioning away from destructive economic models and to make environmental protection work.



Post-regulation punishment and regulatory chill

Governments know they may face costly ISDS claims if they create or expand protected areas; cancel or reduce concessions; or tighten standards. Ministers of several countries have acknowledged that the mere threat of such claims already shapes environmental law: biodiversity policies are weakened, delayed or abandoned altogether because decision makers are afraid of triggering disputes. This effect is known as ‘regulatory chill’. Though there are no legal records due to the secrecy of the proceedings, the effect has been amply studied and documented, particularly in regard to climate policies. For governments – particularly those already under fiscal strain – facing even the possibility of a large claim can be a powerful deterrent. Companies actively use ISDS threats as a strategic tool to shape policy. The mere anticipation that a case might be initiated can be enough to dissuade governments from adopting new regulations or enforcing existing ones. For investors, sending a warning letter or signalling readiness to arbitrate is a cheap and effective way to exert pressure. This practice is routinely advised by arbitration lawyers even when there is no legal basis for the case.

One arbitration lawyer who regularly works on threatening claims says that these are “more common”

than effective claims. Another lawyer acknowledged that ISDS is the biggest stick that investors wield. And yet another lawyer said that “even just the threat of such a suit is enough to halt or roll back [environmental] efforts by host States”.

A concrete example is the case of Indonesia, where the government attempted to protect forest areas from a destructive mining project that had been approved by the former authoritarian president, Suharto. In response, Newcrest Mining threatened ISDS claims, framing the potential fines as catastrophic. This came soon after Indonesia had lost a separate ISDS lawsuit that resulted in a US\$261 million fine that it had no capacity to pay. Faced with this pressure the government backed down, issuing an emergency decree that exempted the mine from the new environmental law. Parliament was forced to approve, with the ISDS threat as the sole argument. Villagers defending their territory were severely beaten by the military, and some were jailed. One villager was shot to death. Ultimately, the mountaintop was removed, valuable forest disappeared, and a nearby lake was contaminated with mine waste.

Revocation of environmental measures

ISDS also allows corporations to push to undo measures that have already been taken. This tactic regularly succeeds: 17% of known cases end in ‘settlements’ rather than final awards. When states lack the resources to pay up front, they come under pressure to settle up on terms favourable to investors. This can include governments

paying substantial sums; it may also result in the reversing or softening of the very measures that initially triggered the dispute. Even when regulations formally remain in place, settlements may carve out exceptions for specific projects or companies, undermining the coherence of environmental governance.

The new generation of investment treaties is not the solution

Most older 'first-generation' investment treaties don't stipulate environmental care or even human rights as an argument in ISDS litigation. Following critique, some clauses have been incorporated in new treaties, although they are often ambiguous, and in practice may not suffice. Importantly, the older investment treaties are still in force.

Furthermore, arbitral tribunals continue to draw on jurisprudence based on old treaties when interpreting 'modernised' ones. Despite reforms, both the number of ISDS claims and the amounts awarded continue to increase significantly. For example, there were 12 environmental ISDS cases recorded before 2000, 37 in the period between 2000 and 2010, and 126 between 2011 and 2021.

Biodiversity-damaging sectors as major users of ISDS

The sectors most responsible for biodiversity loss are among the most litigious under ISDS. The two highest categories are filled by the fossil fuel industry counting for 20% and mining for 11% of total cases. ISDS has thus become a legal extension of the destructive financial flows described in this report; capital invested in fossil fuels, mining and other high-impact industries is backed up by a powerful mechanism that can be used to discipline states seeking to rein in environmental harm.

Disproportionate impacts in the Global South, where most mega-biodiversity is situated

The global distribution of ISDS cases and their impacts is deeply unequal. Countries in the Global South, where most of the Earth's biodiversity is situated, are especially vulnerable to ISDS claims; they have been the respondents in around 62% of known cases.

Many of these states had less established environmental and climate regulatory frameworks from the onset, often due to colonial legacies, structural adjustment and ongoing resource constraints. Currently, however, strengthening regulations to similar standards as in

the Global North can be framed as violating investors' 'legitimate expectations' and thus a cause for ISDS claims. Furthermore, while investors can draw on elite international law firms with extensive experience in ISDS, governments in the Global South typically have less legal capacity to defend complex arbitration cases. Their fiscal space is also often already constrained by existing debt, volatile commodity revenues and external economic pressures. A large award can be financially devastating.

Impacts on Indigenous Peoples, local communities and environmental defenders

The squeeze created by ISDS also shapes how conflicts on the ground are managed. When governments feel they have little leeway to halt or restrict corporate projects for fear of triggering costly claims, they may instead tolerate or facilitate the suppression of dissent. Environmental defenders, Indigenous leaders, local communities, activists and journalists who oppose destructive investments can find themselves criminalised, harassed or violently repressed.

Although ISDS is rarely the sole reason for such crimi-

nalisation, it increases the incentives for these actions. Authorities under pressure to keep projects going – or to avoid claims – may see defenders not as legitimate actors whose concerns must be addressed but as obstacles to economic deals and legal stability.

Affected communities, human rights defenders, Indigenous Peoples and civil society have no right to participate as parties in the ISDS. They can only make 'non-party submissions', or 'amicus curiae briefs',

which are often rejected by ISDS tribunals. Therefore, rights-holders can neither participate in nor highlight

the devastating impacts of environmental degradation in which ISDS claimants are implicated.

ISDS undermines environmental policy and justice

Taken together, these dynamics show how ISDS restructures the terrain on which environmental policy is made. It amplifies the financial and political power of corporations, especially in the sectors most responsible for ecological destruction, while narrowing the room for state manoeuvres – especially in the Global South. The system actively shapes which environmen-

tal futures are possible, and which are rendered too costly to pursue. It contributes to the steady growth of corporate power, while those who resist environmental harm face escalating risks. It inverts the ‘polluters pay’ principle: instead of polluters bearing the cost of preventing harm, societies are made to pay polluters for any limitations placed on their activities.

Chevron/Texaco in Ecuador: From Amazonian destruction to corporate impunity through ISDS

From the 1960s to 1992, Texaco operated oil fields in the Ecuadorian Amazon, leaving behind thousands of toxic waste pits and the widespread contamination of soil and waterways. The resulting pollution became one of the largest oil disasters in the world, severely affecting Indigenous Peoples – including the Waorani, Sienkapi, Siona, A'í Kofan, Shuar and Kichwa – and around 80 peasant communities. The impacts on livelihoods, water and food systems have been devastating, and cancer rates have increased dramatically.

In 1993, affected people brought a case against Texaco in the United States; this lawsuit was later transferred to Ecuador. In 2011, after almost two decades of litigation and extensive legal tactics to avoid accountability, an Ecuadorian court in Lago Agrio ruled that Chevron, which had acquired Texaco, was liable. The company was ordered to pay approximately US\$18 billion in damages; this was later reduced to US\$9.5 billion. The judgment was upheld through Ecuador's judicial system, including by its highest courts.

Chevron responded with an aggressive international legal strategy, portraying the Ecuadorian proceedings as fraudulent and corrupt and accusing the plaintiffs' lawyers and Ecuadorian officials of bribery and manipulation. In 2009, while the environmental case was still being heard, the company brought Ecuador before an ISDS tribunal in an attempt to prevent enforcement of the Ecuadorian judgment.



Pollution caused by Texaco/Chevron in the Ecuadorian Amazon. Credit: Real World Radio

In 2018, the investment tribunal ruled in Chevron's favour, stating that the Lago Agrio judgment had been affected by fraud and corruption. It ordered Ecuador to pay approximately US\$220 million, to take measures to remove the judgment's enforceability and to compensate Chevron for injuries arising from it.

ISDS thus helped shift the focus from corporate responsibility for environmental destruction to alleged state misconduct. Decades later, Indigenous Peoples continue to live with the consequences of Texaco/Chevron's contamination in what is a clear perpetuation of environmental injustice and corporate impunity.



The path forward: re-organising legal systems and putting environment above investor rights

A fundamental reordering of legal and political priorities is needed: environmental protection and human rights must take precedence over investor privileges. The investor protection architecture must be dismantled through exercising the right to terminate investment treaties and/or the elimination of ISDS from investment treaties. For countries in the Global South in particular, stepping away from ISDS – ideally through coordinated collective action – is an urgent act of legal and political self-determination.

This shift must go beyond reforming dispute settlement. Environmental and human rights obligations should be explicitly recognised by States and other institutions as legally superior to trade and investment agreements where conflicts arise. Equitable rules to address biodiversity concerns should be legally binding and clearly respected in economic policy, from trade agreements and financial institutions to development finance. The current race to the bottom, in which countries weaken protections to attract investment, must be reversed. Global governance should move beyond vague commitments to ‘mainstream biodiversity’ and should establish clear minimum environmental standards below which no country may fall. At the same time, environmental defenders and frontline communities must be legally protected;

Free, Prior and Informed Consent must be guaranteed for Indigenous Peoples and local communities, and the UN Binding Treaty on Transnational Corporations and Human Rights should finally be adopted and urgently implemented.

Stronger political action is needed to address the threat to biodiversity governance from ISDS. First, the impacts of investment law on biodiversity must be fully understood in the CBD and addressed through its decisions. The CBD decisions and its Parties should actively advocate in other fora to minimise the impact of ISDS cases at national level. In addition, representatives from the CBD Secretariat should be present and active in other relevant decision-making fora. Finally, the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) should examine the impacts of ISDS on biodiversity, and decisions on resource mobilisation should reflect these realities and advance concrete next steps.

If governments are serious about halting ecological breakdown, they must stop treating environmental protection as subordinate to investment protection. Instead, a legal order must be constructed in which ecological integrity sets the outer limits of the global economy.



Resources

- Baldon Advocats, *Summary Note on Regulatory Chill*, June 2022. https://www.exitect.org/sites/default/files/2022-06/Summary_Note_on_Regulatory_Chill.pdf
- Boyd, D., *Paying polluters: the catastrophic consequences of investor-State dispute settlement for climate and environment action and human rights*, UN ref: A/78/168, July 2023. <https://www.ohchr.org/en/documents/thematic-reports/a78168-paying-polluters-catastrophic-consequences-investor-state-dispute>
- *Caso Chevron*, <https://udapt.org/caso-chevron/>
- Dupré, M., *IPCC points out the incompatibility between protecting fossil investments and decarbonisation*, Institut Veblen, 5 April 2022. <https://www.veblen-institute.org/IPCC-points-out-the-incompatibility-between-protecting-fossil-investments-and.html>
- Hamby, C., *The Billion Dollar Ultimatum, The Secret Threat That Makes Corporations More Powerful Than Countries*, August 2016. <https://www.buzzfeednews.com/article/chrishamby/the-billion-dollar-ultimatum>
- Johnson L. and Sachs, L., *The Outsized Costs of Investor-State Dispute Settlement*, Columbia Center on Sustainable Investment, USA, 2016. https://scholarship.law.columbia.edu/cgi/viewcontent.cgi?params=/context/sustainable_investment_staffpubs/article/1113/&path_info=AIB_Insights_Vol_16_Issue_1_The_outsized_costs_of_ISDS_Johnson_Sachs_Feb_2016.pdf
- Khan, A., *Economic Growth on Trial: How the Global South Is Trapped in the Ecological Crises*, Atlas Institute for International Affairs, April 2025. <https://atlasinstitute.org/economic-growth-on-trial-how-the-global-south-is-trapped-in-the-ecological-crises/>
- Meager, E., *Cop26 targets pushed back under threat of being sued*, CapitalMonitor, Jan 2022. <https://www.capitalmonitor.ai/analysis/cop26-ambitions-at-risk-from-energy-charter-treaty-lawsuits/>
- Pellegrini L. et al, *International Investment Agreements, Human Rights, and Environmental Justice: The Texaco/Chevron Case From the Ecuadorian Amazon*, *Journal of International Economic Law*, Volume 23, Issue 2, June 2020, Pages 455–468. <https://doi.org/10.1093/jiel/jgaa016>
- Perrone N. M. et al, *ISDS vs. the Climate: How a Colonial-Era Investment Mechanism Jeopardises a Just Transition*, CAN-Europe, 2026. <https://caneurope.org/app/uploads/2026/01/isds-vs-the-climate-en.pdf>
- *Tethyan Copper v. Pakistan*, Jus Mundi, 2022. <https://jusmundi.com/en/document/decision/en-tethyan-copper-company-pty-limited-v-islamic-republic-of-pakistan-memorandum-opinion-of-the-united-states-district-court-for-the-district-of-columbia-thursday-10th-march-2022>
- Tienhaara, K., *Regulatory Chill in a Warming World: The Threat to Climate Policy Posed by Investor-State Dispute Settlement*. *Transnational Environmental Law*. 2018;7(2):229-250. doi:10.1017/S2047102517000309
- UNCTAD *Investment Dispute Settlement Navigator*. <https://investmentpolicy.unctad.org/investment-dispute-settlement>



THE FOURTH ELEPHANT

MARKET-ORIENTED INSTRUMENTS FOR BIODIVERSITY FINANCE FACILITATE BIODIVERSITY DESTRUCTION

Mirna Inés Fernández Pradel / Third World Network

From regulation to marketisation

The last decades have seen a profound philosophical shift in global environmental governance. The 1990s brought the Rio Declaration,¹³ which established principles framed as boundaries to protect the biosphere. That was followed by the UN Framework Convention on Climate Change, the UN Convention to Combat Desertification and the UN Convention on Biodiversity (CBD), all created to guide global environmental regulation in these areas. Over the years, however, global environmental governance has transitioned from these foundations to the decentralised, market-compatible systems that are now the dominant tools.

13 1992 Rio Declaration on Environment and Development, www.cbd.int/doc/ref/rio-declarati





Within the broader category of market-oriented instruments – which include not only market-based tools but also debt-for-nature swaps, biodiversity-linked bonds and blended finance structures that align conventional capital markets with conservation outcomes – market-based finance uses explicit transactional mechanisms – such as nature credits, offsets and cap-and-trade systems – to create a direct market for trading ecological units. Nowadays, almost every environmental impact can be offset. There are already carbon, biodiversity, plastic, reef and marine habitat, and water quality offsets. There is even an emerging concept of cultural offsets under discussion, which would be used to compensate for impacts on the cultural heritage or food security of local communities.

This shift from environmental regulation to market-oriented instruments responds to an interconnected shift that has favoured deregulation, privatisation, and a deep scepticism of state intervention. As a result, *environmental policies have switched from responding to the*

market as the cause of destruction to viewing it as the saviour.

The need for market-oriented instruments is supposedly justified by the biodiversity finance gap, an estimated US\$700 billion annual shortfall in the resources needed to protect and restore nature, as made explicit in Goal D of the Kunming-Montreal Global Biodiversity Framework (GBF). It is clear that current global financing for biodiversity conservation, restoration and sustainable use is insufficient, and that Global North governments have failed to live up to their financial commitments. But this is not the only reason for the failure of global biodiversity agreements; as this report points out, the structural root causes of biodiversity destruction are not being addressed. Therefore, the focus must not only be on how we can funnel private or public investment into biodiversity action, but also on how we can re-format flows of biodiversity-degrading capital and reshape broader political-economic norms.¹⁴

Target 19's 'innovative' finance schemes

Target 19 of the GBF aims to mobilise a total of US\$200 billion per year for biodiversity, including US\$30 billion per year by 2030 through international public finance. To accomplish this, the target highlights the importance of 'innovative finance schemes', such as Payment for Ecosystem Services (PES), green bonds and biodiversity offsets and credits. These schemes all respond to the push for private finance as a means to close the biodiversity finance gap, and have all been tested – and failed – multiple times in the past.

These schemes all fit into the broader category of market-oriented instruments, but they differ in the extent and manner in which they employ market mechanisms. Biodiversity offsets and credits create or support markets for biodiversity-related units; PES establishes economic transactions for ecosystem services; and green bonds mobilise capital through financial markets for environmentally beneficial investments. Although their core purpose is related to the promotion and finance of biodiversity conservation, their documented social and environmental impacts raise many concerns, as shown in the following table.

¹⁴ Bigger, P., Dempsey, J., Rojas-Marchini, F., Christiansen, J., Irvine-Broque, A., Nelson, S., and Shapiro-Garza, E. (2021). Beyond the gap: placing biodiversity finance in the global economy. <https://research.lancaster-university.uk/en/publications/beyond-the-gap-placing-biodiversity-finance-in-the-global-economy>

Table: Social and environmental impacts of Target 19's market-oriented instruments

Instrument	Environmental impacts and concerns	Social impacts
Biodiversity offsets and credits	- Non-equivalence: Unique ecosystems or species cannot be replaced by offsetting. - Poor additionality: Rewards conservation that would have occurred anyway. - Baseline manipulation: Baselines are inflated to simulate fake, non-additional conservation gains. - Leakage: Biodiversity-damaging activities may shift elsewhere. - Permanence failures: Restoration or protection may later be reversed. - Ecological homogenization: Due to trading off irreplaceable habitats for low-diversity ecosystems. - Nature financialization: Conservation policies conditional upon profitability	- Loss of local services: Destroying local ecosystem services and 'offsetting' them far away from the affected community. - Elite land capture: Financial benefits are captured by landowners or developers, crowding out traditional or local land stewardship. - Displacement: Communities can be displaced for the creation of conservation areas or due to impacts in their territories. - Land conflicts: Dispossession or restriction of customary land rights and access to resources, particularly affecting vulnerable communities.
Payment for ecosystem services (PES)	- Low additionality: As in payouts to parcels that landowners never planned to deforest. - Leakage: Damaging activities may move outside the contracted area. - Weak permanence: Conservation may not persist when payments end. - Monoculture risk: Poorly designed payment structures may encourage fast-growing, non-native monocultures. - Ineffective conservation: May result from poor targeting, high transaction costs, unclear tenure and inadequate monitoring.	- Erosion of land rights: Exclusion of people without formal land titles, access restrictions, land speculation and displacement risk. - Community fragmentation: Unequal payment distribution sparks local resentment, eroding communal sharing norms. - Unequal access to payments: Structural, legal and economic barriers exclude marginalized groups from payments. - Commodification: Payments may commodify culturally or spiritually important relationships with nature.
Green bonds	- Greenwashing: Weak taxonomies and vague eligibility criteria grant a green label to projects with marginal ecological gains. - Uncertain additionality: Proceeds may refinance existing debt or pre-existing projects without additional ecological gains. - Limited issuer impact: Project-level funding remains isolated and fails to address broader corporate-wide ecosystem degradation. - Weak environmental performance: Difficult to assess due to weak impact metrics, limited verification and poor disclosure. - Permanence mismatch: Bond maturities mismatch with the long timeframes needed for biodiversity permanence.	- Top-down exclusion: Large institutional debt structures favour scalable corporate land projects over local community needs. - Resource alienation: Green-bond-financed projects may restrict traditional foraging and local harvesting rights. - Unequal cost-benefit distribution: Benefits largely go to investors and corporations while affected communities bear project costs. - Weak safeguards: Voluntary safeguard systems are insufficient to avoid human-rights impacts in financed projects. - Debt burden: Foreign-currency borrowing can amplify fiscal pressures in developing countries, straining public finance.



In fact, none of these mechanisms are new. Biodiversity offsetting schemes first emerged in the 1970s,¹⁵ modern PES schemes developed mainly in the 1990s,¹⁶ and the World Bank's first green bond was issued in 2008.¹⁷

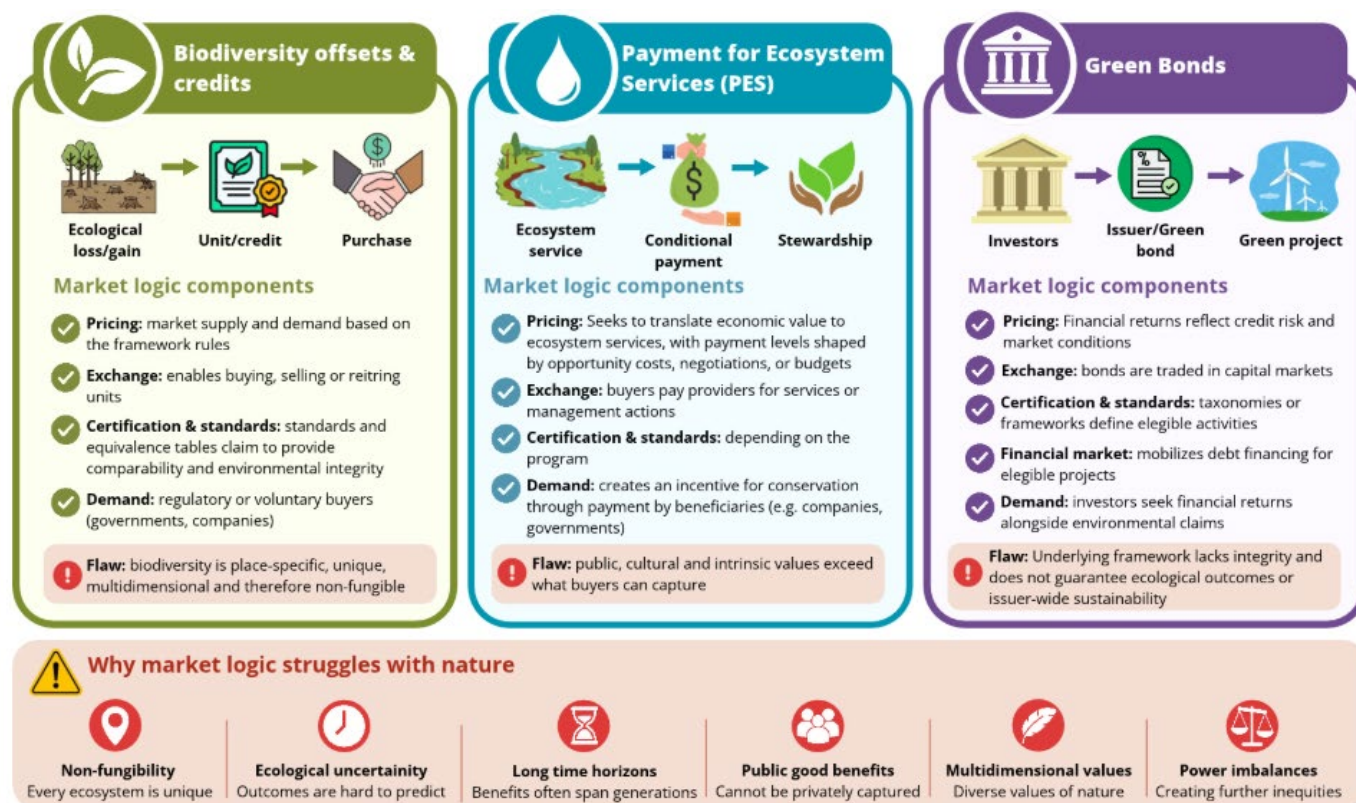
To date, they have generally struggled to generate finance at the scale required. In all cases, the costs of measurement, monitoring, verification and transaction reduce the attractiveness of the instruments and limit the amount of capital that can actually flow through them. Demand is also insufficient and unreliable. As for biodiversity offsets and credits, they are constrained by lack of demand, and PES often depends on

public budgets or a small number of institutional buyers. Finally, while green bonds have mobilised substantial capital, very little of it flows towards biodiversity, and in some cases it may even fund biodiversity-harming projects.

The elephant in the room: flaws in the market logic applied to nature

The GBF's 'innovative' finance schemes each use different components of market logic that are flawed when applied to nature:

Figure: The application of market logic to Target 19's 'innovative' finance schemes



15 OECD (2016). Biodiversity Offsets: Effective Design and Implementation, OECD Publishing, Paris. <https://doi.org/10.1787/9789264222519-en>

16 Valluri D., Darteyron L., and Laurans, Y (2022). Paying foresters to provide ecosystem services? WWF. https://www.wwf.fr/sites/default/files/doc-2022-10/Paying_foresters_to_provide_ES.pdf

17 The World Bank Impact Report. Sustainable Development Bonds & Green Bonds 2025. <https://thedocs.worldbank.org/en/doc/6b19367b12a-4f2fa49c4cc93b61cc88a-0340022026/original/World-Bank-IBRD-FY25-IMPACT-REPORT.pdf>



The main problem is that these mechanisms all consider nature as an asset to be sold, exchanged, or invested in and that market prices will incentivise the protection of biodiversity. The most obvious shortcoming of this logic is that the market does not care about nature, threatened species or fragile ecosystems. Markets favour projects that generate attractive financial returns, whereas many of biodiversity's benefits – like ecosystem resilience, existence value, genetic diversity and benefits to future generations – are public goods that cannot easily be captured as revenue.

This logic is especially useful for biodiversity-destructive sectors as it allows them to continue destroying ecosystems while claiming they are doing their part, either by offsetting, purchasing credits or investing in nature protection elsewhere. Meanwhile, the urgent regulation and restriction of biodiversity-destructive activities continues to be postponed.

These mechanisms also weaken governments' responsibility to protect nature as a public good as they shift much of the responsibility for biodi-

versity protection from public to private actors. Although biodiversity protection is a collective obligation that governments must deliver through regulation, public spending and enforcement, market-oriented instruments can frame nature as something that can be priced, traded, compensated for and financed through private investment. This reduces political pressure for stronger regulation and public investment.

The rationale behind market-oriented instruments is based on a very simplistic relationship between money and biodiversity. This overlooks the fact that democratic governance, the prevention of corruption and corporate lobbying, and the prioritisation of low-impact, small-scale sustainable development and just transition projects should be more important than money.

Nature is too complex to be reduced to a simple and tradable financial unit. The commodification of nature is also fundamentally opposed to many Indigenous and traditional cosmovisions, which understand nature as our mother – a sacred, living being – and not as a commodity to sell or trade.

A tactic to avoid the other elephants

The call for increased funding from the private sector and the promotion of market-oriented instruments as a solution to close the biodiversity finance gap are very useful ways to showcase some level of action and commitment towards biodiversity protection while avoiding the big issues that need to be tackled to address the real drivers of biodiversity loss. They are used as an evasive tactic for avoiding the other elephants in the room, as described in this report.

When the main question on the table is how to close the finance gap, attention moves toward schemes such as creating credits, attracting private capital, pricing ecosystem services and mobilising investment. This shifts the focus away from a more politically difficult question: why is biodiversity being destroyed in the first place? Major causes of biodiversity destruction – land-use changes, intensive resource extraction, mega infrastructure, unfair trade rules and unsustainable patterns of production and consumption – are not



being addressed through the provision of additional conservation finance. Although increased biodiversity finance can address the symptoms, the economic activities generating pressure on ecosystems remain largely intact.

Offsetting mechanisms are particularly problematic. Besides providing a dangerous distraction from the real drivers of biodiversity loss, they are designed to profit from the sales of permits for biodiversity destruction. If offsetting were not a legitimate way to neutralise environmental harm, biodiversity-destructive sectors and corporations could face stronger regulation for their negative impacts.

In the mitigation hierarchy approach, offsetting is the last step to pursue after all efforts to avoid, minimise and restore have been exhausted. In reality, however, companies that destroy biodiversity usually jump straight to offsetting because it is cheaper than investing in cleaner technologies or less harmful alternatives.

Worldwide, offsetting projects have numerous documented problems involving baseline manipulation, additionality, leakage and permanence, as well as large scandals involving phantom offsets and human rights violations. Biodiversity offsetting in particular has delivered very limited biodiversity outcomes given the technical difficulties of ecosystem restoration; meanwhile, the

inaction that these mechanisms allow has a high environmental cost. The limited projected finance generated by these offsets should therefore be considered as biodiversity-destructive rather than supportive of biodiversity conservation.

Despite calls from civil society for the explicit exclusion of offsetting from biodiversity finance mechanisms,¹⁸ none of the major internationally agreed frameworks for PES, green bonds, Nature-based Solutions (NbS) or carbon or biodiversity credits impose a blanket ban on offsetting.

Proposed guidance, standards and principles aimed at ensuring high-integrity biodiversity markets cannot, in themselves, guarantee that these mechanisms will not legitimise or facilitate further ecosystem destruction and human rights violations. Nor do the social and environmental safeguards referenced in the GBF provide such a guarantee. The effectiveness of safeguards ultimately depends on the existence of robust institutional arrangements capable of independent monitoring, implementation, and ensuring compliance and liability; they must also provide accessible mechanisms for grievance, remedy and redress. Yet existing safeguard frameworks in biodiversity finance are often weakened by gaps in independent oversight, enforcement, accountability and access to remedy.

Winners and losers in the market game

The market does not distribute benefits and costs evenly. Instead, it creates a new set of actors with asymmetrical benefits, since activities like designing, certifying, brokering and

selling environmental assets can be more profitable than the actual work of protecting and restoring ecosystems.

18 Civil society statement on biodiversity offsets and credits. <https://www.biodmarketwatch.info/civil-society-statement>



Intermediaries – including project developers, brokers, consultants and financial institutions – are potentially the biggest winners here: they identify, aggregate, package, certify and market biodiversity conservation and restoration activities as investable assets, capturing fees and other forms of aggregated value at several stages of the transaction. By contrast, the individuals and organisations implementing these biodiversity conservation and restoration activities receive only a small fraction of the revenues.

Certification agencies and standard-setting bodies also occupy a privileged position in the market, deriving revenue by establishing methodologies, validating projects, registering environmental assets and determining what counts as an environmental outcome. They also gain influence, since they determine which projects will be included in the pool of potentially marketable assets.

High-income countries also benefit from market-oriented instruments as a way to avoid their finance obligations to Southern countries. As a result, these instruments have become a means for Northern countries to purportedly demonstrate action on biodiversity while avoiding more demanding questions concerning financial responsibility, historical ecological impacts, consumption patterns and the redistribution of resources towards the Global South.

Market-oriented instruments also create funding opportunities for large international environmental organisations, conservation NGOs, consultancies, and other actors positioned to mediate

between governments, investors and communities on the ground. Although many of these organisations play an important role in biodiversity conservation, they may favour these mechanisms in their interventions over less monetised forms of conservation or community-led stewardship.

While these mechanisms can generate additional conservation revenues, they are unlikely to provide the stable, predictable, sufficient and long-term finance that is required. Consequently, recipient governments face unstable revenue streams and fluctuating conservation incentives while being expected to provide the institutional infrastructure for the mechanisms to function.

Rights-holders, such as Indigenous Peoples, small-scale farmers and local communities, receive only a small proportion of the financial benefits although they steward the ecosystems that these mechanisms are supposed to fund. Moreover, the implementation of these mechanisms can have unexpected economic impacts for rights-holders, such as a decrease in subsidies for their economic activities¹⁹ and restrictions in their access to land, forest, water and natural resources such as forest products.

Ultimately, as market rules legitimise and enable further destruction, ecosystems and species are potentially the biggest losers in this game. While some conservation finance may be mobilised elsewhere, the urgent policy and economic transformations needed for biodiversity conservation are postponed.

¹⁹ Horton H, The Guardian (2023). Revealed: farmers received only tiny sum from post-Brexit sustainability fund last year, 12 February 2023. <https://www.theguardian.com/environment/2023/feb/12/farmers-post-brexit-payments>; Farmers Weekly (2020). Defra confirms reductions in support for farmers, 24 February 2020 <https://www.fwi.co.uk/business/payments-schemes/defra-confirms-reductions-in-support-for-farmers>



THE REAL SOLUTIONS FOR BIODIVERSITY FINANCE ARE BEYOND THE MARKET

Direct access to biodiversity finance for biodiversity stewards

One priority in making the most of the limited biodiversity finance currently available is to reduce the number of intermediaries between finance providers and biodiversity stewards. Direct access mechanisms to channel resources efficiently can also eliminate the administrative bottlenecks that delay urgent environmental action. The fewer steps biodiversity finance takes to reach the actors on the ground, the more they can do to protect and restore ecosystems.

This is not merely a question of efficiency; it is also about autonomy and self-determination for local actors. It allows communities to support

locally-defined conservation priorities rather than reshaping their economic activities to fit the requirements of international funding mechanisms.

It also recognises that rights-holders are not merely beneficiaries of biodiversity finance, but knowledge-holders with long-standing systems of biodiversity stewardship and governance. Accompanied by secure tenure, Free, Prior and Informed Consent and a human rights-based approach, direct access can redistribute not only financial resources but also decision-making power.

Stopping harmful finance and reforming the international financial architecture

Another priority is to stop financing biodiversity destruction before searching for new sources of funding. Meeting Target 18 of the GBF on reducing harmful incentives by at least US\$500 billion per year would decrease financial incentives for destructive activities while providing funding that could be channelled to biodiversity.

Perverse subsidies cost trillions of US dollars each year. UNEP estimates that in 2023, approximately US\$7.3 trillion flowed into nature-harming activities, including US\$2.4 trillion in environmen-

tally destructive public subsidies for fossil fuels, agriculture and water use.²⁰ In comparison, the OECD estimated global biodiversity offsets at around US\$6.9 billion per year and PES at US\$10.1 billion per year,²¹ while the voluntary biodiversity credit market was estimated to have generated only between US\$325,000 and US\$1.87 million in cumulative sales by September 2024.²²

The current international financial architecture must be reformed. Debt burdens, tax evasion, illicit financial flows, unequal access to international

20 United Nations Environment Programme (2026). State of Finance for Nature 2026: Nature in the red: Powering the trillion dollar nature transition economy. Nairobi. wedocs.unep.org/handle/20.500.11822/49119

21 OECD (2023). A Decade of Development Finance for Biodiversity, OECD Publishing, Paris. <https://doi.org/10.1787/e6c182aa-en>

22 OECD (2026). Mobilising Public and Private Finance for Biodiversity: Good Practices in Unlocking Capital for Nature, OECD Publishing, Paris. <https://doi.org/10.1787/e2b996a1-en>



finance, and trade structures severely constrain the fiscal space of governments in the Global South. Biodiversity finance cannot be separated

from questions of debt justice, international taxation, trade, development finance and the redistribution of global wealth.

Regulating biodiversity-destructive sectors

A third priority is to stop biodiversity loss at source through regulation. Using market-oriented and market-based instruments is cheaper for corporations than altering their activities to be less harmful to biodiversity. In contrast, strong environmental regulations can require companies to stop or substantially reduce their biodiversity impacts, while making environmentally destructive activities less profitable or economically unviable.

Regulation establishes boundaries around what economic actors are permitted to do. It does so through legal obligations, standards, prohibitions or limits rather than relying primarily on prices and without requiring the creation of a tradable environmental asset or financial return. Regulation can also address situations in which

biodiversity is simply too valuable, unique or ecologically interconnected to be meaningfully compensated through markets.

No biodiversity credit can compensate for a failure to regulate destructive industries; no green bond can substitute for adequate public budgets; and no ecosystem service payment can resolve inequalities over land tenure and access to resources. *The solution is not to make biodiversity more attractive to financial markets; it is to make the protection of biodiversity a non-negotiable public responsibility and to ensure that those who steward it have the resources and power to do so.*



REFLECTION

CAN BIODIVERSITY FINANCE BE TRANSFORMATIVE WITHOUT CHALLENGING POWER AND INEQUALITIES?

Heitor Dellasta / Global Youth Biodiversity Network

Global biodiversity policy and discourse have increasingly focused on closing the financing gap required to achieve global sustainability goals. This report has pointed to the fallacy of this narrative, which has been closely associated with the emphasis on market-based mechanisms and for-profit investment and the associated concerns.^{23,24} Here, we echo calls to move beyond an approach that simply closes funding gaps towards a transformative approach to biodiversity finance.²⁵

In our contribution to this report, we argue that an excessive emphasis on closing the biodiversity finance gap can obscure the more fundamen-

tal task of reforming the financial system itself. Our reflections add to this debate by examining how principles of equity and justice can reshape both financial decision-making and the allocation of resources. We highlight two interrelated dimensions: institutional reforms that enable meaningful participation in decision making, and expanded direct access to finance for biodiversity stewards and rights-holders. These dimensions are particularly relevant for Indigenous Peoples, local communities, women and youth, whose contributions to biodiversity conservation are widely recognised but remain insufficiently reflected in financial governance and resource allocation.

Financial systems contribute to and reinforce the underlying causes of biodiversity loss

Transformative change goes beyond incremental reforms that tend to reproduce or reinforce the status quo. It requires addressing the underlying causes of biodiversity loss, including: (i) disconnection from and domination over nature and people; (ii) the concentration of power and wealth; and (iii) the prioritisation of short-term, individual and material gains.²⁶

The financial system is deeply embedded in these dynamics; it both contributes to and is shaped by them. Economic and political inequalities within the system consequently influence who has authority over financial decisions, who benefits from resource allocation, which forms of knowledge are recognised, and which solutions are regarded as legitimate or feasible.

23 Christiansen, J., Irvine-Broque, A., Dempsey, J., Nelson, S., Shapiro-Garza, E., Bigger, P., & Islar, M. (2025). Off the charts? Reasons to be skeptical of the growth in biodiversity finance. *Current Opinion in Environmental Sustainability*, 75, 101544. <https://doi.org/10.1016/j.cosust.2025.101544>

24 Mazzucato, M., & Vieira de Sá, R. (2025). Mind the mission, not the gap: Rethinking blended finance for public purpose. Institute for Innovation and Public Purpose, University College London.

25 Gonon, M., Svartzman, A., Althouse, J. (2024). Bridging the Gap in Biodiversity Financing. A review of assessments of existing and needed financial flows for biodiversity, and some considerations regarding their limitations and potential ways forward. Institute for Innovation and Public Purpose, University College London, Working Paper Series (IIPP WP 2024-10).

26 Gurung, J., Leventon, J., Wickson, F., et al. (2024). Chapter 1: Transformative change and a sustainable world. In: *Thematic Assessment Report on the Underlying Causes of Biodiversity Loss and the Determinants of Transformative Change and Options for Achieving the 2050 Vision for Biodiversity*. Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES). <https://doi.org/10.5281/zenodo.11382238>



First, inequalities reinforce dominant ways of understanding the relationships among people, nature and economic development. Actors with greater economic and political power are better positioned to shape public narratives and policy agendas. As a result, responses to biodiversity loss may reinforce mainstream conservation approaches while underrepresenting other knowledge systems and values.²⁷ Instruments such as biodiversity offsets and voluntary corporate and financial initiatives can, for example, be used to legitimise extractive activities that continue to threaten biodiversity. They give the illusion of action with little to no evidence of widespread improvement, while making more transformative options appear unnecessary.

These asymmetries also constrain the capacity of other actors to shape biodiversity policy and participate in decisions that affect them. Indigenous Peoples, local communities, women, youth and broader social movements frequently face delegitimisation, exclusion and even direct threats when challenging the activities and interests that drive biodiversity loss. The persistent violence against environmental defenders illustrates the scale of the threats; 2,375 defenders were killed or disappeared worldwide between 2012 and 2025,²⁸

many in contexts of resistance to extractive activities including mining, logging and agribusiness.

Second, concentrated economic power can shape regulatory and investment decisions in ways that protect established interests and prioritise short-term and private returns over long-term social and ecological objectives. This includes presenting infinite economic growth as necessary and beneficial for everybody, downplaying the consequences of environmental degradation, and the maintenance of harmful subsidies to direct capital toward extractive activities.²⁹

These patterns are reflected in the distribution of financial resources, as public, collective and community-based interests remain comparatively underfunded. Annual global disbursements supporting Indigenous Peoples' and local communities' tenure rights and forest stewardship represent less than 1% of official development assistance, with little evidence of a systematic shift by international donors toward more direct funding.³⁰ Evidence on how women and youth access biodiversity finance is even more limited, while available assessments suggest that youth-led initiatives frequently depend on funding that is insufficient, short-term or administratively burdensome.³¹

27 Frantzeskaki, N., Lambertucci, S., Carr, E., et al. (2024). Chapter 4: Overcoming the challenges of achieving transformative change towards a sustainable world. In: Thematic Assessment Report on the Underlying Causes of Biodiversity Loss and the Determinants of Transformative Change and Options for Achieving the 2050 Vision for Biodiversity. Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES). <https://doi.org/10.5281/zenodo.11382246>

28 Global Witness (2026). Defenders annual report 2026. Collective Power: the struggle for protection for land and environmental defenders. Global Witness

29 Frantzeskaki, N., Lambertucci, S., Carr, E., et al. (2024)

30 Rights and Resources Initiative & Rainforest Foundation Norway. (2025). State of funding for tenure rights: Donor funding for Indigenous Peoples, local communities, and Afro-descendant Peoples (2011–2024).

31 Global Youth Biodiversity Network (2026). Ecologies of Empowerment: how and why to fund youth-led biodiversity action. Global Youth Biodiversity Network. <https://reports.gybn.org/ecologies-of-empowerment>

Equity and justice must guide financial systems toward transformative change

Overcoming these challenges requires transformative ways of thinking, doing, organising, governing, relating and knowing across contexts and scales. *Equity and justice are central to this transformation,³² requiring fairness in both how decisions are made and how financial resources are distributed.* This involves two closely related dimensions: meaningful participation in decision making and direct access to finance.

Meaningful participation can help challenge concentrations of wealth and power and relations of domination over people and nature. It requires recognising the legitimacy of knowledge systems, worldviews, values and governance practices that have historically been marginalised in policy and financial processes.³³ Indigenous Peoples and local communities, for example, often draw on holistic understandings of the interconnections among people, biodiversity and spirituality, while women and youth can contribute perspectives grounded in care, intergenerational responsibility and stewardship.

Bringing these perspectives into decision making can do more than broaden representation; it can redistribute influence, question dominant institutional arrangements and narratives, and widen the range of responses considered legitimate and

feasible. Greater pluralism can thereby strengthen the fairness and legitimacy of financial decisions and support longer-term and more just and sustainable pathways.

Equity and justice also require addressing inequalities in access to and control over financial resources and, in doing so, transforming how biodiversity action is organised and implemented. This means creating institutional space for rights-holders and locally-rooted actors who are already sustaining or developing practices that depart from dominant and unsustainable models, while strengthening their capacity to exercise agency over resources and implemen-



32 Gurung, J., Leventon, J., Wickson, F., et al. (2024)

33 Gosnell, H., Reyes-Garcia, V., Zinngrebe, Y., et al. (2024). Chapter 5: Realizing a sustainable world for nature and people: transformative strategies, actions and roles for all. In: Thematic Assessment Report on the Underlying Causes of Biodiversity Loss and the Determinants of Transformative Change and Options for Achieving the 2050 Vision for Biodiversity. Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES). <https://doi.org/10.5281/zenodo.11382248>



tation.³⁴ Indigenous Peoples and local communities, for instance, manage or hold tenure rights over extensive areas of high ecological importance, and their territories sustain high levels of biodiversity and experience lower rates of ecological decline.³⁵ These 'territories of life' generate a wide range of social and ecological benefits across regions and ecosystems.³⁶ Civil society organisations, women and youth movements likewise contribute by challenging destructive activities, exposing harmful corporate practices and developing collective responses and social innovations.^{37,38}

Expanding direct access to finance can strengthen existing capacities for conservation, territorial governance and resistance to environmentally destructive pressures. Rather than treating rights-holders primarily as beneficiaries of externally designed interventions, transformative financial systems should recognise them as agents of change and stewards of their territories and resources. For Indigenous Peoples and local communities, this can fulfil the right to self-determination and safeguard their knowledge systems and approaches to territorial governance. For women and youth, it can help address gender-based and intergenerational inequities through a fairer distribution of resources and greater agency over their use.

34 Gosnell, H., Reyes-Garcia, V., Zinngrebe, Y., et al. (2024).

35 Fernández-Llamazares, Á., Fa, J. E., Brockington, D., Brondízio, E. S., Cariño, J., Corbera, E., Ferrari, M. F., Kobei, D., Malmer, P., Márquez, G. Y. H., Molnár, Z., Tugendhat, H., & Garnett, S. T. (2024). No basis for claim that 80% of biodiversity is found in Indigenous territories. *Nature*, 633, 32–35. <https://doi.org/10.1038/d41586-024-02811-w>

36 ICCA Consortium (2021). Territories of Life Report. Executive Summary. ICCA Consortium: worldwide. report.territoriesoflife.org

37 M. Walter, A. Scheidel, C. Vadez, D.D. Bene, L. Temper, E. Fanari, V. Reyes-García (2026). Social movements are transformative agents for biodiversity conservation, *Proc. Natl. Acad. Sci. U.S.A.* 123 (4) e2513327123, <https://doi.org/10.1073/pnas.2513327123>

38 Tauli, J.C., Dellasta, H.P. Biodiversity needs a youth movement rooted in social–ecological justice. *Nat. Rev. Biodivers.* 2, 284–286 (2026). <https://doi.org/10.1038/s44358-026-00154-0>



Potential paths toward transformative financial systems

We argue that the financing-gap approach can constrain deeper discussion of the role of the financial system itself, and that fundamental shifts in finance are therefore essential to achieving transformative change. A commitment to equity and justice requires both decision-making processes that recognise plural ways of valuing, knowing and living with biodiversity, and more direct and equitable access to financial resources.

To improve financial decision making, international financial institutions and multilateral environmental funds should move beyond consultation towards permanent and formal representation of Indigenous Peoples, local communities, women and youth in councils, boards and other governance bodies. Rights-holder platforms should also be involved throughout the financial decision-making cycle rather than being consulted only after projects have already been designed. This includes setting funding priorities, defining eligibility and allocation criteria, selecting projects and overseeing implementation, monitoring and evaluation.

To expand direct access, multilateral environmental funds and donors should establish dedicated financing windows through which Indigenous Peoples, local communities and women- and youth-led organisations can receive and manage resources without relying on conventional implementing agencies as intermediaries. Such access should be accompanied by institutional and readiness finance to strengthen the fiduciary, technical and monitoring capacities needed to access and manage funds effectively.

Where direct access is not immediately feasible, funds could work through trusted intermediaries selected by or accountable to rights-holders.

Direct finance should also support a shift away from short-term, project-based grants toward more flexible, predictable and longer-term financing for sustained stewardship.



REFLECTION

IS BIODIVERSITY FINANCE FIT FOR PURPOSE?

Amelia Arreguin Prado / CBD Women's Caucus and IUCN CEESP Gender Working Group

Whether biodiversity finance is fit for purpose depends on what we understand that purpose to be. If success is measured mainly by capital mobilised, new financial instruments or private investment leveraged, the answer may be one thing; but if the purpose is to sustain and restore biodiversity and the social and ecological conditions on which life depends, a different assessment is needed. Feminist economics and political ecology

offer a useful lens for this assessment by looking beyond production, growth, profits and financial returns to the processes that actually sustain life: social reproduction (care, labour, knowledge, relationships and time) and its interdependence with ecological reproduction (living systems and processes) upon which human life and economies depend.³⁹

The fallacy of making nature investable

One response to the historical economic invisibility of nature has been to make its value increasingly visible to markets: measuring and monetising ecological functions and creating new possibilities for finance to generate returns through nature.⁴⁰ But recognising value is not the same as creating a commodity. As the economics of care proposes, we would not address the invisibility of unpaid care by turning every caring relationship into a tradable financial asset. Why, then, should recognising the value of nature necessarily require making ecosystems investable?

This tension allows us to invert the question at the centre of much of the biodiversity finance debate. Instead of asking, “How do we make biodiversity profitable enough for finance?” we can ask, “How do we make finance, and the economy more broadly, compatible with the social and ecological reproduction of life?” *The task is not to reorganise nature to fit the needs of financial markets, but to reorganise economic and financial systems so that they operate within ecological limits and sustain, rather than undermine, the conditions that make life possible.*

39 Hackfort, S., Saave, A. & Wichterich, C. (2025). “Nature, care, and (re)productivity: feminist perspectives on sustainability and the bioeconomy.” *Sustainability: Science, Practice and Policy*, 21(1).

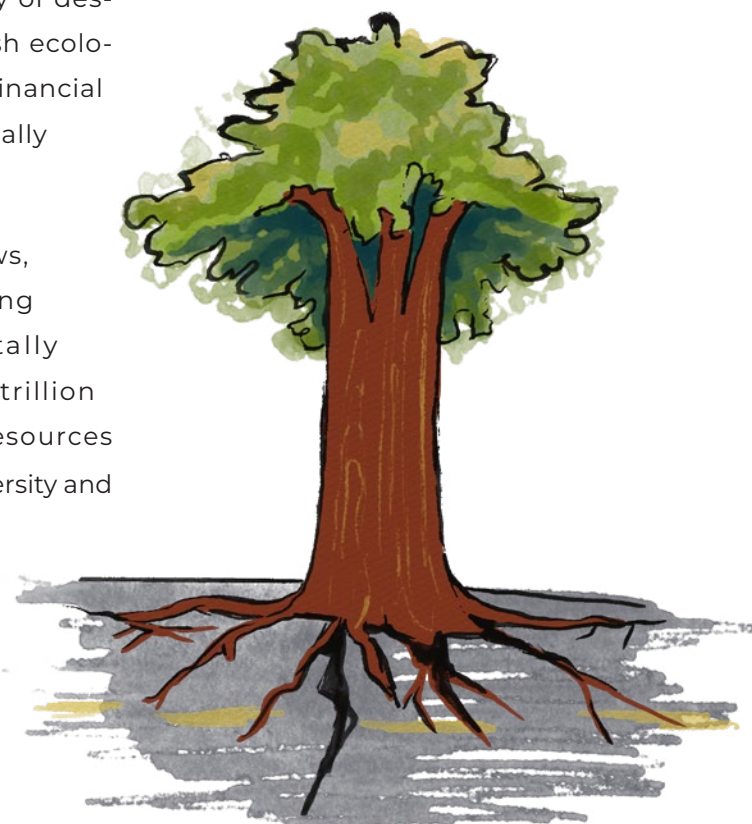
40 Ouma, S., Johnson, L. & Bigger, P. (2018). “Rethinking the financialization of ‘nature.’” *Environment and Planning A: Economy and Space*, 50(3), 500–511.

Changing the rules

At the macro level, this requires four shifts. First, redefining value: market value is only one way of understanding nature, alongside ecological, social, cultural, spiritual and relational values.⁴¹ Biodiversity finance should therefore be assessed not only by capital mobilised or financial returns, but by its impacts on ecological integrity, human rights and well-being, resilience, and the distribution of benefits and costs. Second, regulation and enforcement: rather than relying on the price of nature to compete with the profitability of destroying it, governments need to establish ecological limits and regulate economic and financial actors, making destructive activities legally or economically unviable.⁴²

Third, redirecting existing financial flows, rather than focusing only on mobilising additional resources. Environmentally harmful subsidies alone exceed US\$2 trillion annually, demonstrating the scale of resources that could be redirected towards biodiversity and

social objectives.⁴³ Finally, redistribution: the biodiversity finance gap is not only about how much money is available, but where resources are, who controls them and where they flow. Taxation, debt justice and international financial arrangements shape countries' capacity to invest in biodiversity and social priorities, making redistribution an essential part of the biodiversity finance debate.⁴⁴



41 IPBES (2022). Methodological Assessment Report on the Diverse Values and Valuation of Nature. IPBES Secretariat, Bonn.

42 Ouma, S., Johnson, L. & Bigger, P. (2018). "Rethinking the financialization of 'nature.'" *Environment and Planning A: Economy and Space*, 50(3), 500–511.

43 Gerasimchuk, I., Doan, D., McConnell, C., Urazova, I., Ullah, F., Laan, T., Tipping, A. & Morra, F. (2025). *Reforming Environmentally Harmful Subsidies: A Playbook*. International Institute for Sustainable Development.

44 Dempsey, J., Irvine-Broque, A., Bigger, P. et al. (2022). "Biodiversity targets will not be met without debt and tax justice." *Nature Ecology & Evolution*, 6, 237–239.

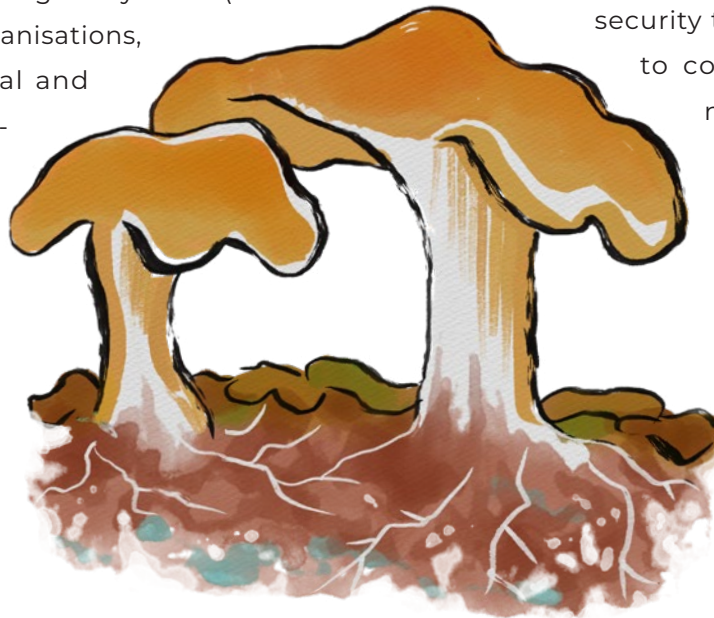
Financing the conditions that sustain biodiversity

These macro-level changes must be accompanied by transformations in what is financed and how resources reach territories. Biodiversity finance should support the socio-economic conditions that make conservation, restoration and sustainable use possible, recognising that ecological stewardship is inseparable from everyday life. Access to water, health, care, education, income security, land rights, infrastructure and time shapes people's capacity to sustain ecosystems and participate in biodiversity governance and action, and thus should be guaranteed.⁴⁵ At the same time, resources need to reach more directly the people already sustaining ecosystems (including women and their organisations, Indigenous Peoples, local and Afro-descendant communities and other locally rooted actors) based

on their rights, knowledge systems and priorities rather than externally designed financial mechanisms.⁴⁶

Biodiversity finance should also recognise and sustain ecological care work, rather than assuming that 'green jobs' alone will capture it. Seed conservation, agroecology, restoration, community forestry, sustainable fisheries, monitoring and knowledge transmission require labour, knowledge and time that often remain economically invisible.⁴⁷ Yet recognition should not equate with commodification. The challenge is to provide

the public resources and economic security that enable this work to continue without turning relationships of care with territories and ecosystems into market transactions.



45 Hackfort, S., Saave, A. & Wichterich, C. (2025). "Nature, care, and (re)productivity: feminist perspectives on sustainability and the bioeconomy." *Sustainability: Science, Practice and Policy*, 21(1).

46 Hill, R., Jarvis, D., Maclean, K. et al. (2025). "Community-based approaches to biodiversity finance." *Current Opinion in Environmental Sustainability*, 73, 101521.

47 Gutiérrez-Zamora, V. & Ramcilovic-Suominen, S. (2026). "Ecological care work in bamboo value chains: Feminist political ecology insights to care in forest-human relations." *Environment and Planning E: Nature and Space*, 9(3), 983–1007.

Ultimately, who decides what has value?

Across all these levels lies a deeper question: who has the power to decide what is the value of nature and what is most valued? There is a difference between benefiting from biodiversity finance, accessing finance and having power over finance. Locally rooted actors including women, Indigenous Peoples and local communities remain significantly underrepresented in the governance of many funds intended to support them.⁴⁸ Redistributing resources must therefore also mean redistributing decision-making power over what gets financed, how resources are allocated and which outcomes matter.

This also raises a more fundamental question: who gets to define what has value? Financialisation can privilege what can be measured, monetised and made investable, while relationships with nature can also be based on rights, responsibility, reciprocity, identity, care and obligations towards future generations.⁴⁹

The alternative to the financialisation of nature is not the absence of finance: conservation, sustainable use and restoration require resources. The question is what role finance should play and under whose rules. Rather than making biodiversity increasingly profitable for financial markets, the objective should be to make biodiversity destruction economically and legally unviable, while making the care, restoration and regeneration of life materially possible. **Ultimately, finance should not determine what is worth sustaining; our collective determination of what sustains life should determine where finance flows.**



48 Degawan, M., Waithira, M. & Holland, E. (2022). Indigenous Peoples, local communities underrepresented in governance of nature funding. International Institute for Environment and Development.

49 IPBES (2022)

EFFORTS TO HALT BIODIVERSITY LOSS WILL CONTINUE TO FALL SHORT UNLESS GOVERNMENTS BEGIN SERIOUSLY TACKLING THE STRUCTURAL FORCES THAT CONTINUE TO DRIVE AND REWARD ENVIRONMENTAL DESTRUCTION.

THIS REPORT IDENTIFIES FOUR ‘ELEPHANTS IN THE ROOM’: THE RULES OF THE ECONOMIC AND FINANCIAL SYSTEM, HARMFUL FINANCE FLOWS, REGULATORY CAPTURE BY CORPORATIONS AND THE FLAWS OF MARKET LOGIC APPLIED TO BIODIVERSITY.

WE CANNOT SUCCESSFULLY ADDRESS THE BIODIVERSITY CRISIS AS LONG AS THESE ELEPHANTS ARE IGNORED.



IN SOLIDARITY

TWN
Third World Network



**RAINFOREST
ACTION NETWORK**



CBD Women



**Global Youth
Biodiversity
Network**



**Friends of
the Earth
International**