

Online Dialogue on Nature Based Solutions

October, 2020

Organized by CLARA and the [CBD Alliance](#)

The dialogue was fuelled by the presentations of Frederic Hache from [Green Finance Observatory](#) and Souparna Laihiri from [Global Forest Coalition](#). The below is a summary of both presentations followed by a summary of the discussion among participants.

Frederic Hache provided an insightful presentation that covered the concepts of Natural Capital, Biodiversity offsetting, Sustainable Finance and how it all ties in with the idea of Nature Based Solutions.

Natural Capital

This is essentially the idea that nature is not a holistic whole which has intrinsic value, but rather is made up of a number of artificially un-bundled, separable resources and services to humans. Along these lines the framing of Natural Capital proposes that we must put a price on nature in order to save it. The two main methodologies for pricing have, according to Frederic, been proven to be incredibly biased and wrong.

The first type of pricing methodology derives from market prices (hedonic pricing) with the other being via surveys where people are asked how much they are willing to pay for a natural site to continue existing. Oftentimes, these offer highly inconsistent results, meaning that they in reality hold little value in terms of usage. Most methodologies are based on a UN Framework from about 20 years ago which the UN itself does not recommend using as the meaningfulness of the values produced has been called into question.

What's more, Natural Capital as a framework for protecting the environment is based on a number of false assumptions.

1. That environmental regulations have failed and that we therefore need to use the power of the market. *This is not true — traditional environmental regulations have proven to be effective (e.g. frameworks protecting the ozone layer, asbestos, harmful chemicals). So the problem is not environmental legislation itself, but rather the lack of it (or rather the lack of “good” regulations).*

2. That pollution is currently free. *This is also not true, most countries have regulations in place where polluters have to pay fines. Again, environmental regulation is important here.*

3. That price mechanisms protect nature better than legislation. *This is also not true, and in fact that opposite has happens given that conservation based on price mechanisms is often more fickle and dependent on human choices and circumstances. Frederic offered an anecdotal example of a coffee plantation next to a forest which hosts a colony of bees. As a coffee plantation, the owner holds an interest to pay for the forest not to be cut as the bees would be useful for the pollination of the coffee. However, if the owner was to switch to becoming a pineapple plantation, the bees may indeed damage their crop and so they may even pay to have the forest cut down as the bees, rather than providing a service, become a pest.*

4. That we have enough scientific knowledge to measure what services nature provide, and how these are damaged by human activity. *This is not the case. Even the most holistic and detailed studies are unable to describe the benefits of an entire ecosystem, even less so how the web of ecosystems are interconnected and how impacts are felt across these following damage by human activities.*

5. That prices can reflect all the values of nature. *Again, prices are unable to reflect all values of nature, including the ethical and moral value we hold to not destroy it. A key point here is that there are moral choices that cannot be addressed on a monetary scale.*

6. That money is a neutral metric. *Frederic argues that this is a particularly dangerous assumption. It is essentially saying that by transforming nature into ecosystem services and attaching a monetary value onto them, you are "fine" so long as you maintain the value of the "overall" stock. In other words, it justifies the idea of offsetting and trading between services.*

In addition to these incorrect assumptions, there is also broad recognition that the framework of Natural Capital does not adequately represent nature. Within the UN and European Commission frameworks for Natural Capital valorisation, it is often openly acknowledged that they are unable to model all ecosystem services and their interdependencies. So, for simplicities sake (and in order to produce policy), actors model the "main" ones while wilfully ignoring the others. To Frederic, this effectively means that what is being modelled is not nature, it is not even a proxy. In his words, "you cannot protect nature with a concept that is not nature".

One important argument which is important to debunk precisely because it carries a lot of political traction (and is often heard in Brussels) is that "ok, the approach is not perfect, but its better than nothing." *First of all, if you have a methodology that is based on bias and produces inconsistent results and figures the can lead to bad and dangerous policy decisions. Second, in terms of policy making, we know that wrong and weak policies do not come in addition to good ones, but rather instead of them. In the case of the EU this is written in its own rules of "one in/one out" where any new legislation must come with the scrapping of an existing one.*

Biodiversity Offsetting

Biodiversity offsetting traditionally takes two forms. For instance, if an infrastructure project will mean destruction or damage to an ecosystem, rather than environmental regulation simply not allowing it, the relevant developer would be **(1)** told to "create" a similar ecosystem nearby which can provide a home for the species in the original ecosystem; or **(2)** told to "create" an ecosystem of equivalent value elsewhere. The first option is traditional offsetting. The latter is what is currently being promoted by the European Commission called "habitat banking".

Does it work? Frederic says "absolutely not". This approach has a long track record of failing from an environmental perspective across the globe, along with a terrible track record of Human Rights abuses of Indigenous communities facing evictions from their lands and meeting with violence when they oppose projects.

Beyond the fact that this approach creates false equivalents between ecosystems and fails to their interconnectivities, this approach also fails to incentive a change in behaviour from companies destroying nature. As a market approach, it relies on price signalling which is the idea that the price of offsetting and restoration would increase over time, making it more expensive to destroy the environment, which in turn would lead to a change in behaviour. However, several notable mathematicians and others have shown that there is no price signalling to bring this about, largely because market prices are far too volatile. For price signalling to exist, you need to observe an upward trend in prices, for instance this hasn't happened in the case of carbon pricing.

The reason for this is the high level of speculators in the market. Frederic argues that because of this, the (economic) theoretical argument and scenario undermining this market approach is moot, and should be abandoned rather than promoted.

Within the CBD, the idea of land degradation neutrality being discussed is essentially another word for offsetting. The objective of 30% of protected areas by 2030 would likely fall under its remit (with companies “offsetting” harmful activities by contributing to conservation elsewhere) and could potentially lead to the biggest land grabbing of all times, according to NGOs like Survival International

Nature Based Solutions and Linguistic Battles

Fredrick pointed out that offsetting as a term has largely disappeared from media and legislative proposals, instead being replaced by a number of other terms such as nature based solutions or natural climate solutions. Similar principles linked to these include “land degradation neutrality”, “no net loss” or “net gain principles”. Similarly, geo-engineering, which has faced significant backlash, is currently trying to rebrand itself as a Nature Based Solutions approach. With regards to Nature Based Solutions, these are rarely clearly defined, although often it is clear that what is being talked about is mainly carbon and biodiversity offsetting. From a geo-political perspective, the approach is also being used to further green neocolonialism. There have been several recent NBS initiatives pushed in “developing countries” in particular, with several of these pushing to make foreign aid conditional upon the recipient country opening up their markets to NBS “trading”.

In terms of NBS and biodiversity offsetting, it looks likely that a biodiversity offsetting market will emerge over the next year, both at the European and International level. Despite previous attempts failing due to public backlash (for “habitat banking” in 2010 and through the Habitats Directive in 2014), biodiversity offsetting and nature based solutions are part of the EU Biodiversity Strategy 2030, appearing as a combination of mandatory restoration targets and net-gain policies. As mentioned above, the approach of biodiversity offsetting also exists within the CBD, amongst others under the guise of “land degradation neutrality”.

Sustainable Finance

The trend of “sustainable finance” will essentially act to transform the niche carbon and biodiversity markets by integrating it into global capital markets, contributing to a significant change in scale.

How will this happen? Within the European context, the European Commission has passed a new law called “green taxonomy”, that is a list of “green economic activities.” It is largely not compliant with IPCC recommendations on what qualifies as “green activities” (including for instance cattle raising, data centres and so on). The taxonomy also fosters both biodiversity and carbon offsetting, meaning that it will become a global catalyst for further “green washing” of harmful activities. These activities will receive a “green label, public subsidies and be sold to pension funds and retail savers. Ecolabeled investments products will unfortunately mostly likely be securitisations of offset projects, rather than loans for home insulation, as the former is far more profitable: the future revenues from the sale of offset credits from restoration projects will be repackaged and sold to international investors.

This financial engineering technique will create tremendous additional demand for offset credits from large investment funds that would normally not invest in it.

In terms of reflecting on *why* the finance sector is joining this debate at all, this can be contextualised within the broader trend of sustainability and environmental concerns. The sector knows that they will eventually have to stop financing fossil fuels in the foreseeable future, however this loss of revenue will be more than compensated by the nature based solutions framework. A new report by the UN's Principles for Responsible Investment suggests that "forest-related Nature-Based Solutions" (essentially carbon and biodiversity offsetting) could generate annual revenues of US\$800 billion by 2050, and is worth US\$1.2 trillion in net present values, effectively surpassing the current market capitalisation of the oil and gas majors. Regardless of whether these figures are accurate, they offer a ball-park figure of what numbers of driving the shift within the financial sector, showing us that it's not a matter of ethics and environmental responsibilities, but rather about ensuring profit.

Souparna Lahiri offered a different perspective from the Global Forest Coalition. Having carefully followed the rather sudden emergence and uptake of Nature Based Solutions, the groups apprehensions and suspicions of the approach has to do with where its coming from, and how it is being used.

From where it's come up in discussions at the UNFCCC, CBD and more recently within FAO regarding forestry, participants to discussions have used the term without defining it, or even attempting to define it. Notably, although work within the CBD is yet to define what it is, this has not stopped it being endorsed by the CBD Secretariat and in CBD documents. For instance, former Executive Secretary, Cristiana Pasca Palmer, has endorsed it. CBD Technical Series No.93 on Voluntary Guidelines for the Design and Effective Implementation of Ecosystem Based Approaches to Climate Change Adaptation and Disaster Risk Reduction from 2019 refer to NBS as encapsulating "ecosystem based approaches to climate change adaptation and disaster risk reduction" and states that they hold the potential to "increase the resilience of ecosystems and human livelihoods to the impacts of climate change". Confusingly, recommendations adopted by SBSTTA in November 2019, notes that "nature-based solutions with biodiversity safeguards are an essential component of ecosystem-based approaches". In other words, there are two CBD documents from 2019, each describing them as part of one another but not making it clear which is the overarching approach. The term has also suddenly emerged (despite it not featuring in negotiations) within draft zero of the Post-2020 Global Biodiversity Framework currently being negotiated, although *how* it emerged in the text is unclear. Although ecosystem-based approaches are clearly defined within the CBD Framework, it is made clear that Nature Based Solutions are similar yet different, only we don't know how.

To Souparna and the GFC, more concerning is the fact that actors in the fossil fuel industry are not referring to NBS or natural climate solutions when speaking of ways for them to transform their own activities, often along the lines of carbon and biodiversity offsetting and market trading. Within UNFCCC, NBS encapsulates REDD+ and carbon forest projects, which can include reforestation and restoration of monoculture plantation. Within the context of climate change, fossil fuel corporations are also referencing negative emission and carbon neutral solutions, including geo-engineering and large scale carbon removals. Therefore, in this sense NBS is being directly, and mainly linked to net-zero projects. In other words, current net-zero pledges currently being made around the world are linked to the implementation of NBS which are in turn being linked heavily to forest carbon (offsetting) projects, REDD+, negative emissions and tree planting. For GFC, this is a clear attempt to push a term which is increasingly being coopted by

governments and governments to include false solutions that delay and distract from urgent and real action. **It is essentially a result of corporate capture of climate space, climate negotiations and climate policy.**

For Souparna, key concerns moving forward therefore include conceptual and operational clarity in what we mean when we say NBS, and agreement amongst groups in when or how we oppose it, and how we approach and use “ecosystem based approach” which is becoming so entwined with NBS concerns. In this regard a key concern is that these discussions are being used as a strategy to divert the whole debate on immediate emission reduction and climate action to solutions pertaining to land and forests. By treating these as equivalents, they are obscuring the fact that we need separate targets for each of these issues. When Shell refers to NBS it is all offset, REDD+ and forest carbon projects. When Shell refers to NBS it is all offset, REDD+ and forest carbon projects. The emphasis on NBS is, perhaps, to shift the investment from the fossil fuel sector – that is, shifting assets now ‘stranded’ in a sector with diminishing returns and finite reserves, toward land and forests – described as new market opportunities and limitless (and renewable) reserves.

Summary of the Discussion

In a short discussion of whether NBS is “technically a good thing but being coopted by interests trying to retain the status quo or is it fundamentally not aligned with the values that we need”, a participant recognised the though the concept itself is not necessarily bad, it has definitely become coopted and corrupted to the extent that they personally refrain from using it, and recommends that civil society groups do the same. They see it as a sort of rebranding of REDD+ and other practices which are highly contentious and linked to human rights abuses. This essentially means that even though the “bulk” of it may indeed be good, we know that actors can use it to devastating effects under its label.

One participant reflected on Souparna’s presentation, saying that NBS has been used to shift the centre of discussions *away* from emission reductions and other steps that need to be taken in order to address biodiversity loss and climate change (i.e. actual transformative change). They posed the question to the group: *What alternative framings can we use? What language do we organise ourselves around and how do we show up in this debate?*

A suggestion and anecdote came from a person working in policy saying that its a matter of explaining that “net-zero” should be the bare minimum, and needs to be done *in addition to* curbing destruction. In other words, in terms of policy there needs to be separate policies and targets on restoration, negative emissions and curbing destruction.

The group had a short discussion on the role of the IUCN and its definition of NBS, with some expressing mixed feelings in their role with regards to endorsing the concept. One seasoned delegate stated that already in 2008 the IUCN began pushing for a stronger collaboration with business, with their Congress slogan that year being “Nature is our Business”, saying that a lot of issues discussed in Frederic’s presentation applies to the IUCN too. Internally, the organisation has adopted a definition and criteria for NBS, tying it closely to the idea of conservation (to some it is trailing behind with regards to equity). Regardless, within the context of the CBD it is highly unlikely that this definition will be adopted. This is largely due to the actions and uncertain positions of particular negotiating States whose position is not yet clear on the matter. For

instance, Brazil's strategy with the sustainable development mechanism and with REDD+ was to "be against it" throughout most of negotiations, only to in the very last moment agree to it provided that there were no definition or criteria. This has opened these concepts up for endorsing harmful activities which do little to curb carbon emissions and biodiversity loss, not to mention their ties with human rights abuses. The Brazilian delegation could be playing a similar game at the CBD with NBS. The current direction of negotiations suggests that the IUCN definition and criteria will unlikely be adopted within CBD text. Without a definition, NBS can essentially be used as a framework providing for the use of nature as a solution for business. This is precisely why the term is so dangerous. Linked to this, one participant confirmed that some States, which are pushing hard for NBS to be incorporated into the CBD, have been reluctant to say whether they are equating NBS with carbon offsetting.

One participant argued that it wasn't necessarily a useful discussion to ask whether NBS "could be saved or not" precisely because it can mean anything to anybody. Yes, it can mean mangrove forest protection, peatland protection, which is what a lot of big conservation NGOs are saying. Yet, the problem is not in those positions, rather it lies in them not understanding the risks surrounding what else it could mean, and how it could be used. The more important questions are where the term is coming from; why is it so vague; who is promoting it; and with what intent?

Beyond the concerns voiced above regarding its linkage to offsetting, and the 30% figure on protected areas which is really concerning, there is also the worry of food sovereignty. In that persons opinions, there is no way that it will not lead to serious violations of the rights of communities living "on the ground". At its very best, it is an approach promoting traditional conservation in the form of protected areas, with it failing to consider other important, intersecting issues. One big concern is that because of the land required for NBS to work it is assumed to go hand in hand with the intensification of agriculture, which is problematic given that agriculture is responsible for the vast majority of ecosystem destruction and linked to human rights abuses. Given the scale of the issues, and the fact that it is quickly "spreading" across multiple international forums, the participant reiterated the importance of coming together and strategising across all the spaces.

In relation to *who* is involved in pushing for its popularisation, one participant mentioned links to the fossil fuel industry. Essentially, the industry recognises that it will have to divest from fossil fuels over the coming years, with them now shifting towards the idea of "sustainable finance" and investment. This paradigm shift within the fossil fuel industry means that they are moving towards more land, forest and "nature" based investment, where these will be transformed into a matter of capital.

One participant brought two concrete ideas for moving forward; one would be putting together a broadly but strongly worded letter about the risks associated with NBS, to be signed by organisations across the world to gain international notice. This would be important to do so to ensure that the broader public is aware of what is going on and to build momentum and galvanise public debate on the international and national levels. The second suggestion would be to have a high profile academic article dispelling the current push towards attempting to legitimise offsetting as a solution. Several of the discussants agreed with these suggestions, especially the idea of putting together a high profile intervention, which should happen soon. Linked to this, one person noted that due to the highly technical nature of these discussions, they had found it hard explaining the issues in an accessible way to most people, so thought it would also be helpful to put together some resources and articles to help start wider public debate.

One participant suggested that it could be useful to review the offsetting schemes which are emerging within the context of NBS. They also highlighted CBD Decision 5/6 which provides a description of the ecosystem approach, which explicitly discounts the idea of offsetting precisely because they are based on market distortions.

One participant noted that within CBD advisory groups, the finance industry plays a huge role with its influence being enormous, helped by coalitions and good public relations. This should also be something that they should tackle, including looking at the work taking place at the World Economic Forum.

Bibliography suggested during the discussion

GREEN FINANCE OBSERVATORY PUBLICATIONS

50 Shades of Green Part I – the Rise of Natural Capital Markets and Sustainable Finance
<https://greenfinanceobservatory.org/wp-content/uploads/2019/03/50-shades-carbon-final.pdf>

50 Shades of Green Part II – the Fallacy of Environmental Markets
<https://greenfinanceobservatory.org/2019/05/23/second-policy-report-50-shades-of-green-part-ii-the-fallacy-of-environmental-markets/>

50 Shades of Green Part III – Sustainable Finance 2.0
<https://greenfinanceobservatory.org/2020/03/12/third-policy-report-50-shades-of-green-part-iii-sustainable-finance-2-0/>

PHILOSOPHICAL / MATHEMATICAL CRITIQUES OF ‘NATURAL CAPITAL’ AND PRICING MECHANISMS

http://www.editionsatelier.com/index.php?page=shop.product_details&flypage=bookshop-flypage.tpl&product_id=735&category_id=1&manufacturer_id=1&option=com_virtuemart&Itemid=1

Latour B, Down to Earth: Politics in the New Climatic Regime; <http://www.bruno-latour.fr/node/754>

<https://glacierhub.org/2018/12/19/down-to-earth-a-new-vocabulary-for-climate-justice-from-bruno-latour/>

RECENT REPORTS ADVANCING/PROMOTING ‘NBS’ SOLUTIONS AND APPROACHES

The PRI report published the other day is super troubling. <https://www.unpri.org/news-and-press/new-investor-guide-to-negative-emission-technologies-and-land-use/6655.article>

Oxford University document -- NBS offsetting as gateway to technological CDR “solutions”.

<https://www.smithschool.ox.ac.uk/publications/reports/Oxford-Offsetting-Principles-2020.pdf>

<https://linkinghub.elsevier.com/retrieve/pii/S1462901118306671> one of the main differences between NBS and the ecosystem based approach is that NBS specifically embraces the landscape approach.

RECENT CRITICAL ANALYSES OF NET ZERO AND NBS

https://actionaid.org/sites/default/files/publications/NOT%20ZERO_Joint%20Technical%20Briefing.pdf

https://twm.my/title2/briefing_papers/twn/NBS%20TWNBP%20Sep%202020%20Stabinsky.pdf

Summary elaborated by the CBD Alliance thanks to collaboration of Mika Schroder
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