

Feedback on the CBD/SBI Study on the relationship between biodiversity and climate finance

Forests & Finance Coalition
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We welcome the opportunity to provide feedback on the CBD Study on the relationship between biodiversity and climate finance ([CBD/SBI/6/INF/16](#)). The study rightly highlights the need for further integration of financial efforts to address the climate and the biodiversity crisis. However, the study rests on the assumption that both crises can be solved if only a certain amount of finance could be allocated to them, without addressing root causes. It also calls for more private finance without giving due consideration to the impacts of the financialization of nature, and the fact that private finance is one of the largest drivers of biodiversity loss.

We call for strong financial regulations and for policy reforms, to stop all harmful finance.

1. The fallacy of “the Finance Gap”

In 2020, three American organisations published a report entitled, ‘Financing Nature: Closing the Global Biodiversity Financing Gap’.¹ It has become one of the most widely cited reports on biodiversity conservation. It is referenced in Goal D of the Kunming-Montreal Biodiversity Framework and was used to establish precise targets for resource mobilisation by the Parties of the United Nations Convention on Biological Diversity (CBD).²

However, the figures produced in Financing Nature on what is spent and what is needed are based on dubious evidence and the report advances the convenient narrative that biodiversity can be protected if only a little more money is allocated to it, with minimal changes to the current governance of natural resources. It does not address the root causes of biodiversity loss.

Without addressing the root causes, which will require strong regulations, there is no reason to believe that the biodiversity crisis will be averted if the world spends an additional \$700 billion a year on biodiversity finance. This view simply equates money with success, ignoring that so much spent on conservation has ambiguous or even adverse outcomes.

But the most worrying dimension to Financing Nature is that it presents an ominous

¹ <https://www.paulsoninstitute.org/conservation/financing-nature-report/>

² <https://www.cffacape.org/publications-blog/funding-gap-dangerous-nonsense>

vision. In this future, global capital markets provide the vast majority of funding for conserving biodiversity, inevitably opening up new frontiers for the financialization of nature. The “financialization of nature” is the process of assigning monetary value to natural resources, ecosystems and environmental services and then treating them as financial assets that can be traded, invested in or speculated on in markets. This ignores all the different values nature has, as highlighted by the IPBES report on nature’s values.³ As such, Financing Nature should not be mistaken as an objective study on the financial needs of global conservation; it is a performative publication marketing opportunities for private investment.⁴

2. The missing “Regulation Gap”

By focusing narrowly on increasing investment flows, the study ignores the structural imbalance in the global financial system: far more money continues to finance environmentally destructive activities than conservation or restoration efforts. UNEP⁵ estimates that private financial institutions have provided trillions in financing to sectors associated with high deforestation risk, dwarfing the planned USD 700 billion that should be mobilised to protect biodiversity. If harmful finance is not regulated and reduced, biodiversity loss will continue.⁶ Calls for “more private finance” are misleading and will only lead to more financialization of nature.

In many, if not most, jurisdictions it appears legal for financial institutions to keep any profits they may make from financing companies linked to environmental crime, provided no financial crime occurred. If financial institutions are able to profit from adverse biodiversity impacts - with little legal or financial risk of losing these profits, let alone additional damages due to failed due diligence - this is a root cause issue that can only be resolved by regulating financial sector impunity under civil or other law.

3. On Innovative Financing and Private Sector Engagement (Chapter 4)

The study argues that “Innovative instruments and nature-related markets may help close the biodiversity finance gap if designed with high integrity and strong safeguards.”

However, after years of efforts to improve the policies of financial institutions, it is clear that the financial sector is not able to self regulate. Policy assessments by

³ <https://www.unep.org/resources/report/assessment-report-diverse-values-and-valuation-nature>

⁴ <https://www.cffacape.org/publications-blog/funding-gap-dangerous-nonsense>

⁵ <https://www.unep.org/resources/report/state-finance-forests-2025>

⁶ <https://forestsandfinance.org/publications/bobc-2024-regulate-finance/>

different NGOs⁷ keep highlighting a recurring pattern of low scores, and a large list of case studies shows that finance keeps facilitating, enabling and/or profiting from large social and environmental impacts. The further financialization of nature through innovative instruments and nature-related markets will only exacerbate this.⁸

The study also assumes that the financialization of nature can be a “High-integrity nature-based solutions”, without defining what a high integrity nature-based solution is. It does not explain how a solution that is meant to create a monetary profit for an investor, can be of high-integrity if inevitably it will need to extract value from nature to materialize that profit. And by doing so, it will impact biodiversity.

The Tropical Forest Forever Facility could be a pragmatic way to funnel money to forest countries. But, if the TFFF does not adopt strong ESG criteria that ensure it will not invest in Deforestation, Peat nor Exploitation, it will certainly fail in its mission.⁹

Debt-for-nature swaps have been touted as an exciting solution to both the debt and biodiversity crises, but there are several concerns. These include (but are not limited to) low overall impacts on a country’s debt sustainability; questionable environmental impacts while potentially opening the door to ‘greenwashing’; distraction from the real need to address the debt crisis and developed countries’ obligations to provide financial resources to developing countries for biodiversity action; and a lack of transparency in decision-making processes on debt-for nature swaps.¹⁰

Sustainability-linked bonds rely on issuer-level sustainability targets that critics argue are often too weak, difficult to verify, or insufficiently punitive when missed. This has contributed to growing investor skepticism and a broader credibility crisis in the SLB market.¹¹

Harmful subsidies must be urgently stopped. But apart from direct subsidies, this should also cover, among others, harmful tax incentives, as well concessional finance provided among others by development banks.

⁷ <https://forestsandfinance.org/bank-policies/>;
<https://www.bankingonclimatechaos.org/>
<https://www.fairfinanceinternational.org/>
<https://forest500.org/rankings/companies/>

⁸ <https://forestsandfinance.org/publications/bobc-2024-regulate-finance/>

⁹ <https://forestsandfinance.org/news/tfff-must-adopt-strong-exclusion-criteria/>

¹⁰ <https://www.twn.my/title2/biotk/2024/btk240604.htm>

¹¹ <https://www.ft.com/content/1150763c-dbea-4650-8a54-32f893025c57?syn-25a6b1a6=1>

4. Recommendations

- a. The study should question the assumption that more money alone will be enough to protect biodiversity
- b. The study should highlight the urgent need for stronger (financial) regulations to halt harmful finance
- c. The study should question the merit of innovative finance and the impacts of the financialization of nature