

Feedback on the CBD/SBI Study on safeguards in biodiversity finance mechanisms

Forests & Finance Coalition
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We welcome the opportunity to provide feedback on the CBD Study on safeguards in biodiversity finance mechanisms (CBD/SBI/6/INF/18). The study has the important goal of identifying good practices and lessons learned, as well as opportunities for improving implementation of the guidance. However, we are concerned about the fact that the study did not consult with civil society, in order to obtain a better understanding of what is working and what not.

We call for a follow up study that seeks feedback from Civil society organizations and indigenous and traditional communities, to identify the effectiveness of safeguards and to draft recommendations based on them.

1. Methodology based on self-assessment of institutions

The methodology of the study is solely based on the auto-evaluation of institutions on if/how they have implemented the guidance on safeguards in biodiversity finance mechanisms. In terms of a methodological approach, this only allows the study to draw conclusions on financial institutions *perceptions* of implementation. It is not a methodology that would allow objective conclusions to be drawn on the actual implementation itself which would require, at minimum, triangulation across different sources. A basic precept of social science research, for example, would recognize the different experience, expertise, potential biases or perceptions of different stakeholders. The way the survey was set up, it did not allow space for civil society, indigenous and traditional communities and other third parties, to share their perspective on the implementation of these guidelines by different institutions. This may result in an overly optimistic view on the success of the implementation of the safeguards.

2. Examples of lack of implementation of the guidance

If the study had included feedback from stakeholders on the effectiveness of the implement from the safeguards, the conclusions might have been different.

For example, the IFC, which responded “Yes” to all elements of the questionnaire, has a long track record of financing projects that are very detrimental to biodiversity. This includes industrial livestock and agriculture projects, hydroelectric dams, mining and fossil fuels projects. These projects are often approved despite objections from impacted communities and civil society.

Websites like “IFC exposed” or “Stop Financing Factory Farming” provide multiple examples.¹

The IFC tends to make narrow impact assessments, assessing only the impacts of the ringfenced project, without assessing the impacts of the company as a whole and its supply chain or the impacts of the sector as a whole. It also does not compare the impacts to a “no project” alternative and it does not prioritize projects that could enhance biodiversity, over those that impact it.²

The GEF and the UNDP, which both responded positively to all questions, have been criticised by civil society for financing monoculture tree plantations, which are also called ‘green deserts’ by grassroots, due to their lack of biodiversity.³

UNEP, which also gave itself a green card, has received a civil society complaint for financing a corporate initiative on nature related financial risk reporting, and failing to ensure the active participation of civil society.

Verra also gave itself an outstanding score, despite the big controversies it has been involved in and the claims that “more than 90% of rainforest carbon offsets by biggest certifier are worthless”.⁴

3.Recommendations - How can the Voluntary Guidelines be strengthened?

- a. Prepare a follow up study to consult with civil society about their assessment of the effectiveness and shortcoming of safeguards in biodiversity finance mechanisms
- b. Based on these findings, prepare a proposal with a revised and strengthened text for the Voluntary Guidelines on safeguards in Biodiversity financing mechanisms, so that they address the identified shortcomings and can serve as a guidance for best practices
- c. Review and update the recommendations from this study, so that they are in line with the new findings

¹ <https://ifc-exposed.org/> ; <https://stopfinancingfactoryfarming.com/>

² https://foe.org/wp-content/uploads/2023/06/SFFF_ClimateMisalignment_final.pdf
<https://static1.squarespace.com/static/687512ad52c772117ab6bb20/t/68bb2a91b945290f372ceba7/1757096594009/sfff-report-banks-version-pdf-1-1.pdf>

³ <https://globalforestcoalition.org/gef-undp/>

⁴ <https://www.theguardian.com/environment/2023/jan/18/revealed-forest-carbon-offsets-biggest-provider-worthless-verra-aoe>