

# Financialization of Nature

A virtual workshop



Virtual Workshop

## Financialization of Nature, Green Investments and Biodiversity Conservation: Transformative Change or Veneer for the Status Quo?

(Narrative Report)

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## Contents

Summary	2
Introduction	2
PANEL I: Financialization of nature and biodiversity conservation	4
From financial risk to financial harm: Exploring the Agri-finance Nexus and Drivers of Biodiversity Loss	4
Thin and shallow: Financial instruments for biodiversity conservation and their outlook	5
A reflection on the way capital affects social justice outcomes and indigenous communities	6
Biodiversity and financialization in the Caribbean	7
Discussion	8
PANEL II: Belt and Road Initiative (BRI) as a case study to shed light on how large transnational development initiatives promote the financialization of nature and the longer-range implications of such trends for life on the planet	10
Financialization of Nature with a Focus on the Belt and Road Initiative (BRI)	10
Key Pathway to a green and Low-Carbon BRI	11
Financing Sustainable Development: Environmental and Social Responsibility of BRI and Anti-BRI investment; Civil Society Perspective	11
Tracing the Link Between Infrastructure-led Development, Urban Transformation, and Inequality in China's Belt and road Initiative	12
Discussion	13
PANEL III: Green investment and the financialization of nature for Territories of life of indigenous peoples and local communities	15
Radical ecological democracy; alternative solutions for nature conservation	15
International Policy and Commodification of Nature	17
Regen Foundation enDAOment Program; Aspects, relationships, Dynamics	18
Discussion	19

## **Financialization of Nature, Green Investment and Biodiversity Conservation;**

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### **Summary**

On the 14<sup>th</sup> and 15<sup>th</sup> April, the Department of Asian and North African Studies (DSAAM), Ca' Foscari University of Venice, the CHINGREEN project and the ICCA Consortium held a workshop titled “Financialization of Nature, Green Investment and Biodiversity Conservation”. The workshop – designed as a ‘parallel’ event to the COP15’s Convention on Biodiversity (CBD) – was organized as an informal and complementary space for a critical inquiry into the ongoing process of financialization of nature and its social-ecological implications and the establishment of concrete ways to guarantee the functioning of life-sustaining ecosystems in their complexity and against multiple current threats.

### **Introduction**

Globally, the combined effects of industrial capital expansion and anthropocentric development programs have led to the widespread destruction of natural habitats and to the violation of fundamental human rights, specifically, the rights of indigenous peoples and communities whose livelihoods and self-fulfillment intertwine with the health of the territories they inhabit. Increasingly, international organizations are not only recognizing that the degradation and loss of biodiversity is leading to the expansion of “patterns of discrimination,” and “inequality and marginalization of indigenous peoples, local communities, [and] peasants”<sup>1</sup> but also that urgent intervention is needed in the direction of a rights-based approach towards nature conservation.<sup>2</sup>

At present, however, the main actions responding to the environmental and biodiversity crisis seem to have materialized through the mobilization of more financial capital, furthering the ongoing process of financialization of nature—a process which capitalizes on natural elements, assigning a property title to natural resources against collective rights over the territory and with no consideration of the social function of the land. Particularly in developing countries, we are witnessing a rush of public-private capital (PPCs) and corporations that generate profit on the newly generated ‘natural capital’ to offset their overuse, degradation, and contamination of the environment. These green assets are often traded in financial markets based on contracts signed between corporations and states, local authorities, or the communities themselves.

The unfolding of these trends is amplified by transnational development initiatives that provide the economic, institutional, and material framework needed to promote green investments and finance. The most notable among such schemes is the China-led Belt and Road Initiative (henceforth BRI). Originally aimed at promoting growth across Eurasia through infrastructural

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<sup>1</sup> Resolution 46/7 of the UN Human Rights Council on human rights and the environment (March 2021).

<sup>2</sup> Thematic workshop on Human Rights in the post-2020 Global Biodiversity Framework, 2020, Human Rights in the post-2020 Global Biodiversity Framework: Options for integrating a human-rights based approach to achieve the objectives of the Convention on Biological Diversity.

development, BRI has been gradually equipped with a portfolio of ‘green’ projects, incentives, and investments, whose impacts are going to be far-reaching – for both people and nature. Some of these investments are in renewable energy projects, which are also generating carbon credits, and accounted as part of the receiving countries’ Nationally Determined Contributions (toward a country’s carbon reduction commitment). According to new research on hydropower investment from BRI, there are 49 dams funded by BRI in 18 countries, including 14 free-flowing rivers—the new Living Planet Report 2022 shows an astonishing 83% global decline of freshwater species populations.

Against this backdrop, the workshop brought together a community of scholars, practitioners, and activists to question and assess the social-ecological logic and impacts of these new financial mechanisms. The workshop consisted of three panels. The first dealt with the logic of the **“financialization of nature” and the broader social-ecological impacts of green finance**. The second panel focused on the **Bell and Road Initiative (BRI) as a case study to shed light on how large transnational development initiatives promote the financialization of nature and the longer-range implications of such trends for life on the planet**. In the third panel, we focused specifically on cases of **green investment for nature and biodiversity conservation impacts on territories of life of indigenous peoples and local communities**. This report is a brief description of the presentations and discussions of the workshop.

## PANEL I: Financialization of nature and biodiversity conservation

(Moderator: Dr Giulia Dal Maso)

This first panel was intended to unpack the process defined as “**financialization of nature**” in order to acquire a clearer picture on how finance has become compatible with nature and its complexity. It aimed to investigate the way in which the **market has started to “value” nature** and how this new system of **valuation** situates in the wider transformation of capitalism. Through this panel we explored how the green climate finance nexus is constituted at an institutional-financial level, its criticalities and what we can do to transform it and possibly forge different approaches to conservation.

### *From financial risk to financial harm: Exploring the Agri-finance Nexus and Drivers of Biodiversity Loss*



The first speaker on the panel was **Katie Kedward**, an Economist and Policy Fellow in Sustainable Finance at the Institute for Innovation and Public Purpose (IIPP) at UCL. Katie’s presentation focuses on how financial policy makers and financial institutions approach the environmental crisis and biodiversity loss. She explains how the way financial actors diagnose biodiversity loss reflects the market’s lack of information and the mispricing processes that produce “**externalities**”. In their view, such asymmetries should be addressed through the production of a plethora of new measures aimed at filling the information gap through the creation of environmental disclosures, risk modeling, new financial instruments, and a new set of “nature based” asset classes. These market-led attempts point towards a broader effort to quantify biodiversity-related financial risks. However, the problem is that the notion of **physical risk** (resulting from direct damage to insured assets by weather and climatic events) as well as of **transitional risk** (resulting from the general move of insured actors to a low carbon economy) are both subjected to a condition of **radical uncertainty** making it impossible to assign meaningful probabilities and, therefore, methods of quantification.

Not only are market quantifying strategies unable to capture the “unknown unknowns” of the natural world, they **cannot be relied upon to capture all relevant tail risks**. This further points to a trade-off between optimizing research/modeling versus intervening with imperfect knowledge. In addition, biodiversity methodologies are very complicated and by the time they are correctly implemented, it might be too late. Overall, Katie shows how risk measurement initiatives alone are insufficient and argues for the need to push for **precautionary policy** action to avoid the catastrophic consequences of no/delayed action. She then focuses on the **agri-finance nexus case study**. Her research has revealed that finance-oriented practices such as maximizing agricultural land productivity and capital gains and implementing large scale production are systemically associated with land use change and intensive agricultural practices that drive biodiversity loss and degradation. Katie

explains that these findings clearly indicate the extent to which the financial sector indirectly contributes to the threat of breaching critical ecological tipping points, which would pose systemic macro financial risks.

She then concludes that these findings indicate that central banks and supervisors should focus their attention on encouraging the avoidance of such practices by employing a prudential toolkit encompassing 1) the reform of institutional relations connecting macro-financial and socio-ecological systems, and 2) the recognition that finance and nature are spatial phenomena that are highly influenced by the North/South divide and the larger asymmetries of power concerning low-income countries. In this sense, her research highlights that there should be an overall reckoning that all these processes escape transparent/regulated capital market structures and require greater coordination with other (non)financial actors such as government departments, including environment agencies as well as international financial agencies.

### ***Thin and shallow: Financial instruments for biodiversity conservation and their outlook***



The second presentation was given by **Prof. Jessica Dempsey** and **Audrey Irvine** for the Geography Department, University of British Columbia. The presentation was based on the papers: a) Dempsey, Jessica, Audrey Irvine-Broque, Jens Christensen, Patrick Bigger. "*Thin and shallow: Financial instruments for biodiversity conservation and their outlook*" NGFS report study group. Working paper (draft), and b) Dempsey, Jessica, Audrey Irvine-Broque, Patrick Bigger, Jens Christiansen, Bhumika Muchhala, Sara Nelson, Fernanda Rojas-Marchini, Elizabeth Shapiro-Garza, Andrew Schuldt, and Adriana DiSilvestro. "*Biodiversity targets will not be met without debt and tax justice.*" *Nature ecology & evolution* 6, no. 3 (2022): 237-239.

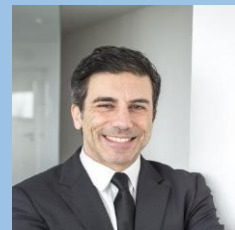
Jessica and Audrey's presentation starts with an overview of the financial mechanisms across all asset classes designed to positively impact biodiversity such as Eco tourism, REDD+, Carbon Market etc. They highlight how most attempts to entice private capital to fund biodiversity conservation face persistent limitations, and the fact that recently applied return-generating biodiversity finance interventions remain marginal in size with unclear and unproven impact. They also state that while there is an ongoing debate aimed at overcoming these challenges, there is little evidence to suggest that the current moment differs from the attempts started in the past thirty years that have so far allocated private finance for biodiversity through financial products. Their research shows that market solutions do not adequately respond to systemic biodiversity risks. They draw attention to a series of restrictions that exist despite the hype currently surrounding green finance: 1) investments in biodiversity risk remain low and only a small percentage (0.5 of total capital) is invested in green private equity and green bonds; 2) there is only limited use of science-based metrics or monitoring for biodiversity impact finance; 3) the geographical distribution of investments does not always match areas with high biodiversity and most investments flow towards the

North; 4) vested project with positive biodiversity and social outcomes are difficult to replicate and cost due to high transaction costs and low returns and liquidity; 5) many mechanisms rely on blended finance and de-risking; 6) efforts to make biodiversity investable are not new (see for example Rio 1992 CBD).

Audrey points out that approaches to financing biodiversity conservation tend to focus on funding gaps and lack of financial resources, while there is an urgent need to tackle the underlying political and economic drivers at the heart of these problems. She states that the research on finance and biodiversity commissioned by the CBD concluded that private finance alone “will never be sufficient for meeting all of the challenges of achieving the post-2020 global biodiversity framework.”

Audrey then draws attention to a wider-reaching report, which they published with the third world network, proposing alternative measures that consider debt and austerity as the first impediment to public spending, including financial resources for conservation and biodiversity. Instead of seeing the role of the financial system with respect to biodiversity conservation in terms of flows going in and out, she believes that transformative measures should seek to advance tax reform and debt justice, particularly in relation to the sovereign and ecological debt of developing countries that has not yet been compensated by developed countries. She concludes that we should start asking what kind of nature-positive global economy we want to achieve by considering who is most exposed to climate change and biodiversity risks, long related to uneven forms of development and colonialism.

***A reflection on the way capital affects social justice outcomes and indigenous communities***



**Andrea Armeni** is the Co-founder of Transform Finance, an NGO. His presentation reflects on the way capital affects social justice outcomes and indigenous communities, and in particular, what it means to give finance a role in promoting biodiversity. Andrea begins by explaining that his interest stems from witnessing the encounter between indigenous communities formerly exploited for gold, rubber, and other natural resources and a wave of investors coming in to finance carbon projects. To the indigenous leaders, it was one and the same – “carbon” which doesn’t belong to them any more than gold does. Andrea stresses how these interventions were top down and deeply disconnected from local needs and aspirations. Here money doesn’t mean much and there is no logic of accumulation. Often, these types of projects take the community out of the web of exchange and solidarity with other communities. Andrea then asks whether this deep disconnection meant that we need to give up on the idea of capital for social and environmental good?

The important point is to ensure that these communities retain agency regarding their decisions. He gives the example of a project in Mexico in which communities succeeded in expressing the way they wanted wind energy implemented and distributed. We need to

remove the assumption that investors know what should be done and what these communities want. Common development outcomes such as more jobs, more income, are not always the guiding impact goals of the indigenous communities. Andrea stresses that just because some problems have been caused by finance, it doesn't mean that finance will not be capable of addressing and solving them. Capital can only be a tool, not an end. However, so far, we have seen the deployment of "green" capital running parallel to processes of extraction and violation of cultural sites and special ecosystems (see the report here <http://transformfinance.org/briefings/2017/4/25/renewable-energy-managing-investors-risks-and-responsibilities>).

Any type of financial intervention for biodiversity needs to involve the communities concerned, using translation to understand what they need and disintermediation to enable them to express their decisions more directly. Andrea explains that the problem for him is that the financialization of nature runs hand in hand with the privatization of the public sphere, in the sense that decisions traditionally made in the public sphere are delegated to the private actor and investors have too much decision power over what should be financed. Projects are driven only by the principle and value of profitability, which is put above those of the communities. This, indeed, distorts every other form of intervention led by other values. Furthermore, it is important to note that financial decision makers are not the ones who will bear the burden of their decisions. If a project fails, most investors will only lose money (often not theirs), while nature and the local communities will be massively impacted and disrupted by a market logic at odds with their form of living.

### *Biodiversity and financialization in the Caribbean*



**Marc Brightman** is a Professor in the Department of Cultural Heritage, at the University of Bologna. Marc begins his presentation by asking what financialization and biodiversity really are. He advances the hypothesis that both financialization and biodiversity have common features that reside in the origin of writing and accounting. Following Geoffrey Bowker, he states that these are antique and powerful practices of quantification, inherently linked to civilization's concern with defining and measuring variety, and establishing how to value it. In the end times, because of their capacity to account for all life, quantification techniques are considered to possess eschatological and mythic features. He then explains how the current and dominant interpretation of biodiversity within the policy framework of the OECD programmatic definition of sustainable development endorsed by the World Bank, IMF, and WWF is structured around the idea that "biotic diversity" has long had economic, and even financial dimensions (IUCN 1980), given that variety is considered to provide both "insurance" and "investment" benefits as it can guarantee 'the maintenance of options for future generations.' Within this framework he asks: "Is biodiversity being financialized, or



are biodiversity accounting and financialization two aspects of a wider phenomenon, part of audit culture?”

He then goes on to examine the case study of the Belize Blue Bond which was ‘founded on its biodiversity wealth, and it is this natural capital that continues to support today’s economy’ and key ecosystem services and has a total of 118 globally threatened species. The bond is presented as a win-win solution to not only addressing biodiversity but also Belize’s sovereign debt problem. Marc describes the overall financial structure of the bond, presenting the actors involved and explaining that the issuer– the Nature Conservancy Fund – claims to be capable of restructuring these issues by filling a 5 mn\$ per year conservation funding gap. This is mainly achieved through a securitization vehicle permitting the purchase of the bond debt by allowing the creation of a fund with a biodiversity conservation and restructuring capacity. Marc points out that even if these conditions are written in the arrangement of the bond, “the everyday life of biodiversity” is not specifically financialised. This means that outcomes regarding specific biodiversity goals are not tied to financial arrangements. Marc concludes the presentation by noting the extent to which a semi-private actor like The Natural Conservancy Fund has acquired a quasi-governmental status despite the autonomous structure of the Fund for a Sustainable Future and that while this kind of ring-fencing of government spending for conservation may be positive, it certainly carries a whiff of neo-colonialism.

## ***Discussion***

1. Do you have data supporting the idea that the reallocation of capital would be more effective via economic incentives/financialization rather than traditional environmental regulations? What is the risk that incremental market-based mechanisms displace/ replace other more important and effective policy tools, rather than complementing them?

**Katie:** This incremental market-led approach is not going to be effective, so we are supportive of financial regulations with more of a market- shaping role.

2. Do you see a loss of national sovereignty in the future of Belize in terms of “biodiversity property,” and therefore in terms of national resources?

**Marc:** It is hard to answer this but given that the purpose of this arrangement is to protect biodiversity wealth, and politically this action is a way to protect their sovereignty, it almost seems that national economic sovereignty becomes dependent upon natural conservancy.

3. How can financial markets handle the radical uncertainty associated with biodiversity science and the sixth extinction of species, when markets have been shown to be only capable of managing risk = the lowest form of uncertainty when all outcomes and related probabilities are known? In other words, beyond the obvious environmental

integrity question, doesn't biodiversity market finance create high financial stability risks?

**Jessica:** Particularly given the weak form of monetizing or oversights over the risk forms to avoid biodiversity and the lack of regulatory science-based approach to debt, there is the risk that a market-based approach would create more stability risk— as there is a lot of green washing. So the lack of regulatory oversight in terms of claims that we are nature positive and science based approach does itself create risk because it creates the illusion finance is doing something to protect biodiversity loss but it is not.

4. I don't know much about finance, but I have worked with communities, so why do we need finance to intervene in something connected to biodiversity, which is something connected to nature and culture. How can we recognize the needs of indigenous people and communities in a way that is not driven by practices of commodification and privatization?

**Audrey:** To the point of seeing biodiversity separated from community is a move which responds to a risk-based framework, there have been counter movements and many organizations and civil societies have reacted to it.

**Marc:** Biodiversity is an approach to something we can call “non-human nature” but as an approach it lends itself very well to quantification and commodification. The point of biodiversity finance should be to prevent the commodification of ecosystems but then someone would argue that by doing this you can help preserve it. The example of the blue bond shows that even if the bond is created as an instrument which is supposedly going to lead to marketization and economization of biodiversity, it is not biodiversity itself which is financialized, but environmental governance.

## **PANEL II: Belt and Road Initiative (BRI) as a case study to shed light on how large transnational development initiatives promote the financialization of nature and the longer-range implications of such trends for life on the planet**

(Moderators: *Prof. Daniele Brombal, Mengmeng Cui*)

The second day of the workshop was pursued through the second panel, which was conducted in four parts: an introduction by Prof. Brombal, as the moderator, two presentations on the Belt and Road Initiative (BRI), and two other presentations on the risks and challenges of the BRI, concluded with a discussion session.

### ***Financialization of Nature with a Focus on the Belt and Road Initiative (BRI)***



Prof. Christoph Nedopil Wang from the *Green Finance and Development Centre at Fudan University* was the first speaker. He gave a brief history on the evolution of BRI, and the associated mechanisms and overall governance model, and explained the initiatives, framework and mechanism for a green BRI and biodiversity conservation.

Chris focused on the key sectors that are growing fast under BRI and therefore can be targeted to support green BRI and biodiversity conservation. He pointed out that energy and transport sectors are the core infrastructure of BRI, accounting for more than 60% of the engagements. He also pointed out the shift in energy investment from fossil fuels to renewables, resulting in passing the threshold of having more renewable energy investment in 2020 and the complete stop of coal funding in 2021. Based on a research study by Ma Jun, in the energy sector, the “best in class scenario” can deliver the climate goal required to remain below a 2 degree increase; however, in the transport sector, even the best in class scenario will not be able to meet the climate goal. Linear infrastructure has major biodiversity risks in terms of deforestation and other factors identified in a report carried out in 2020.

Chris also introduced the institutional structure intended to encourage green finance under BRI, which includes a wide range of agencies and regulators, making it difficult to navigate and to identify who's responsible for what. However, the regulators are demanding more green finance from the investment banks, although until now what “green” means has been left largely to the hosting countries to define. New clarifications regarding what is actually intended by “green” are contained in guidelines recently issued by the Ministry of Finance on the joint-implementation of BRI. There is also a new “traffic light” system that has been implemented since late 2021, classifying call projects into red, amber, green categories based

on their environmental performance. In addition, a number of Chinese banks have adopted 7 investment principles, although they still fall short of international best practice principles.

### ***Key Pathway to a green and Low-Carbon BRI***



Dr Jianyu Zhang, from the *BRI Green Development Institute* started his presentation recognizing the SDGs and the long-standing agreement on sustainable development since the 1972 Stockholm conference. He emphasized the opportunities and challenges of BRI in a turbulent world that is far from meeting our SDG targets. He agreed with Chris regarding the possibilities of meeting the carbon reduction target in the energy sector through investments in renewable energy. He also identified biodiversity conservation along the 6 economic development corridors as a key challenge. He introduced the BRI International Green Development Coalition that was set up to help address some of the challenges. He further introduced the three pathways under BRI to develop green finance.

### ***Financing Sustainable Development: Environmental and Social Responsibility of BRI and Anti-BRI investment; Civil Society Perspective***



After a brief introduction and update of BRI from Chris and Jianyu, Eugene Simonov and Elia Apostolopoulou gave their view on some of the BRI projects and activist activities, issues and difficulties they have uncovered and encountered.

Prof. Eugene Simonov from the *Rivers without Boundaries (RwB) Coalition* and School of Humanities and Social Sciences, University of New South Wales Canberra described the current state of environmental protection and conservation and the international background of capitalism, unrealistic SDG goals, China's strategy going global and the latest war, all of which have caused significant impacts and stress for the environment.

It is against this background that BRI has brought great fears as well as high hope. While BRI promises an ambitious vision, it is lacking environmental safeguards and public participation. Although extensive multinational efforts have been made since 2016 to address some of the concerns and challenges related to BRI at a program and cross-border level, they have not succeeded in creating transboundary collaboration. The Russia-Mongolia-China corridor action plan was ignored in the actual implementation and other attempts to create a program-level green plan along the various corridors have failed for different reasons, some of which may have to do with the loose nature of BRI implementation and the lack of feedback loops

built into its implementation plan. Secondly, environmental protection was not an important factor in BRI initially and the implementing countries lack environmental goals. Lastly, increasing authoritarianism may also prevent any improvement in BRI governance from happening. Prof. Simonov emphasized that the Chinese entities are more focused at project level with the aim of improving “quality of project”.

The civil societies came together and prepared a list of 60 projects under BRI that do not meet their quality requirements. There is another risk with China's financial investment in hydropower, which is still expected to be significant. There is also concern that other countries are competing with China on infrastructure investment, driving the same unsustainable development pattern.

***Tracing the Link Between Infrastructure-led Development, Urban Transformation, and Inequality in China's Belt and road Initiative***



Prof. Elia Apostolopoulou from the Cambridge Institute for Sustainability Leadership was the next speaker. She began by emphasizing the scale and importance of BRI, which is the biggest infrastructure investment in recent decades. One of the important characteristics of BRI is the combination of large infrastructure with urban development, resulting in significant alteration of landscape and environment both in urban and rural places. Her presentation focused on the impact on ecosystems and livelihoods.

The first case study is Colombo Port City, where a large port and high-end financial city are being built despite major opposition and local resistance. The impact on local people and fishermen is already visible. No comprehensive EIA was carried out. Land grabbing is also taking place and pushing local people out.

The second case came from Greece, where COSCO is building a port as one of the key entry points into Europe. Local impacts include noise and air pollution. There are also significant impacts on local marine ecosystems. The plan for the expansion of the port was not based on

any strategic EIA. This was a rare case where the court decided that the project should be stopped.

The next case is from Nepal, the China-Nepal railway. There seems to be no feasibility study and communication with local communities is not taking place. The railway route goes through a national park where the snow leopards live.

The last project is from Peru, where there is a similar situation involving a lack of EIA and communication, and major impacts upon the local environment.

In conclusion, there is very little public consultation and communication among these projects. None of the national governments has taken steps to halt the projects.

## ***Discussion***

- 1. Regarding the holistic approach in BRI, democratic and bottom-up policy making is one of the milestones of good governance. What is their position in BRI projects? To what extent are the roles and rights of peoples and communities considered in initiative plans? It doesn't seem they are taken into consideration at all.*

**Jianyu:** When I mention holistic approach, it doesn't just apply to bottom-up participation, I am referring mainly to the standards BRI projects have to follow. Also Green BRI needs to be put in the context of SDGs, which have been agreed globally. Also COVID has changed a lot of things, China has stopped investing in coal-fired power plants. I'm also familiar with the 60 projects. There is a Green BRI Ecological Database that was established for people to acquire more information on BRI projects. Currently there is more push from inside but not from outside. Also, BRI has been loosely defined so it needs a clearer definition.

- 2. About the traffic light system: can you tell us more about which projects are flagged as not green?*

**Chris:** The traffic light system distinguishes projects using a red, amber, green system. Red projects are projects causing environmental harm in any of the three dimensions: pollution, biodiversity, and climate. Green projects don't have significant environmental impacts and can have a positive environmental impact. For example, hydro projects are usually a red project, but can be upgraded to a green project if all the environmental impacts are mitigated and managed well. Also, projects that are cutting through biodiversity areas or have other environmental impacts would all be categorized initially as red projects, until these environmental impacts are minimized and mitigated. With regard to social inclusion, BRI projects are implemented in a very different way. The logic of the development is informed by the Chinese approach, where the government gives the "go ahead" without necessarily going through public consultation. In the traffic light system, there are requirements on social inclusion and the reporting requirement plays an important role. The Chinese SOEs looking

for finance from international financial institutions often find it challenging to comply with social inclusion requirements. A lot of learning needs to happen.

3. *Are local governments even interested in implementing control mechanisms to assess the green imprint of BRI projects? Are local communities more involved/empowered in this phase of development?*

**Chris:** What has happened in some cases is that the local communities and local court system have together worked out a way to stop the ones that are not environmentally friendly. The first one is the Lamu coal fired power plant with investment from ICBC. It was already under construction, and the court deemed the EIA not up to standard and created a lot of risks for Chinese investment that had already spent a lot of money on it. So the environmental risks have to be calculated into the investment. In many of these countries, EIA is very easy to obtain but it's not sufficient, and the courts may take it down. So it's not enough to just do the local EIA but you have to do an EIA up to international standards to reduce risks.

**Elia:** There is a vagueness regarding BRI mentioned by Jianyu. This is constantly used as an argument, whether a project is BRI or not. For the case studies we have looked into, they are all listed with memorandums and other official documents so there is no vagueness in these projects. There are local governments that are opposing the projects in the Greek project. The EU has an unclear attitude when it comes to BRI. But the public debt in Greece makes it more complicated. It is not an exception of the law but a matter of politics.

4. *Are there any promising examples where local opposition to projects translated into concrete/transformational alternatives?*

**Eugene:** There are many examples where local communities have prevented bad projects from going ahead. Examples of transforming BRI projects into much better alternatives are very rare (in my experience).

**Elia:** I think the local communities and human rights groups are very helpful, supporting indigenous groups in their resistance. The local communities are very important in this. But we also need to remember this mega infrastructure and corridor development is global and we have a number of other initiatives from the US and EU.

**Eugene:** In general, when it comes to national governments, we have seen that they have no interest in a green BRI. We also have not seen the Chinese government putting these documents in front of the national governments to ask for suggestions. The Chinese government knows that these countries are ill-prepared. I only have one example in Mongolia where a bad project was replaced by a good project, where a hydro power project was stopped in the Lake Baikal area and the money was put into providing drinking water in Ulaanbaatar. However, this decision was probably made without the involvement of civil society.

## PANEL III: Green investment and the financialization of nature for Territories of life of indigenous peoples and local communities

(Moderator: Ali Razmkhah)

As custodians of nature, indigenous peoples and local communities (IPLCs) have criticisms and concerns regarding the financialization of nature and green investment. In their view, these economic-based solutions are concepts created to address environmental problems through a capitalist framework. These initiatives do not necessarily reflect the integrated and holistic relationship between nature and custodians of territories of life and often do not respond to their needs and realities. This is also a very nascent concept in many regions, and more dialogue and discussions with custodians must be carried out, based on their experiences, in order to understand the implications, opportunities, and challenges raised by these initiatives. The third panel of the workshop was a reflection on these concerns. With this aim, in this panel, Ashish Kothari ([Kalpavriksh](#)), Ameyali Ramos Castillo ([ICCA Consortium](#)), and Gijs Spoor ([Regen Network](#)) were invited to share their knowledge, thoughts and experiences.

### *Radical ecological democracy; alternative solutions for nature conservation*



The first speaker was **Ashish Kothari**. He focused his presentation on nature commodification and radical alternatives to this approach. Ashish started by picturing the various ecological crises such as climate change and biodiversity loss and, more importantly, the alienation of the relationship between human beings and the rest of nature resulting from modernization.

Then, he introduced and explained two significant responses to these crises, among others, from the mainstream system (nation-states, governments, private corporations, etc.). The first one is protected areas, a top-down method for protecting nature, based on governmental powers over the indigenous peoples and local communities on their territories and forming some illusion of set islands of protection that can save nature.

The second one has been emerging in very recent years. Since the mainstream system can no longer ignore biodiversity loss and the crisis of the ecosystem, they planned to respond to this through the commodification and financialization of nature, such as carbon trading, ecosystem services, REDD, REDD+ and even the concept of the green economy and to some extent SGDs.

In his view, such initiatives are distinguished by key elements. The first element is the dominant linear understanding of the development process for all regions and people. In



SDGs and sustainable growth, we still can see the dominant concept of Western welfare and living standards for economic growth.

The second element involves modernizing the government and politics that have been pursued over the last couple of hundred years worldwide through the building of the nation-state model of governments. The next element is ignoring the massive impact of the colonial era. The fourth element is relying on technology and that technology can solve problems, for instance, geo-engineering, and other massive technologies that we hope we can achieve in the future. The next element is the continuation of the structured form of racism, patriarchy, and other kinds of discrimination. The last point is the neo-colonial approach to knowledge and culture. The central discourse on conservation is based on modern science, ignoring the fact that we have multiple different forms of knowledge, many of them with thousands of years of history. They might have many more effective solutions for nature crises than modern science. If we follow recent international and global negotiations (like CBD or IUCN), all these elements have dominated the new approaches, such as nature needs half, 30by30, nature-based solutions, and others.

After this explanation, Ashish began to elaborate the alternatives. He made the point that, starting 20 years ago, we have had more evidence that indigenous peoples and local communities and their holistic relationships with their territories of life can be one of the most fundamental solutions for facing the climate crisis.

He named these community-based solutions as radical transformations beyond just conservation and as radical alternatives for the current political economy and political governance systems in both nation-states and global governance systems, which have failed in many aspects.

From Ashish's point of view, the other element of radical alternatives is the economic level and the need for a democratic economy, which means challenging the capitalist systems by challenging the economic power of both government and capitalist entities. It means the localization of economic relationships and economic self-reliance. He introduced examples of attempts worldwide like the economy of commons or the economy of solidarity.

Then Ashish explained the fourth element of the radical alternatives that is re-asserting the diversity of knowledge and culture systems through a movement in India known as radical ecological democracy. As part of this concept, all people impacted will be part of the decision-making process (local and global decision-making). We are also responsible for the rights of other people and other species.

## *International Policy and Commodification of Nature*



The second speaker was **Ameyali Ramos**. She spoke about the international policy framework on biodiversity conservation and the role of commodification and financialization of nature there, specifically in the Post-2020 Global Biodiversity Framework (GBF) process. She started with an introduction to the UN Convention on Biological Diversity (CBD) and its various aspects, especially the process of the Post-2020 GBF. Ameyali mentioned that the main ambition of this new framework was to prepare a transformative plan for biodiversity conservation, and its overarching message is to live in harmony with nature. It is hoped that the new framework can lead us to a new ecological civilization. Next, she depicted several new trends emerging in the global biodiversity framework, such as the 30by30 and nature needs half, payments for ecosystem services and some other trade-offs and market and money payback initiatives that have raised some red flags and concerns.

Ameyali explained that the IPLCs and the relevant CSOs and NGOs have serious concerns about the current framework and about how we are talking about the value of biodiversity and the contribution of nature to people and what that value means. Her presence and participation in GBF negotiations has shown her that the dominant discussion is around economic value. She made the point that although many related concepts, such as net-zero, Nature-Based Solutions (NBS), and nature positive ecosystem services seem exciting concepts when seen from a distance, their actual results on the ground have led to severe concerns. For instance, while the concept of the NBSs developed in both climate and biodiversity discourses is very positive on paper, so many questions are raised about power relations, governance of nature, and their impacts and outcomes in the field.

In addition, IPLCs and the relevant CSOs and NGOs are also concerned about the increasing involvement and participation of the private sector in Post-2020 GBF, even in the negotiation process and proposal of solutions. In this matter, Ameyali clarified that, while there may have been some positive results, their presence would strengthen a capitalist view on the value of nature and biodiversity.

She then talked about the language of the framework and the importance of considering the contribution of people to nature rather than merely taking nature as a consumable entity. The absence of this language and of the concepts of the equity and rights of communities within the framework of GBF have emerged as some significant concerns for the custodian IPLCs.

She then explained the position of IPLCs regarding nature and biodiversity conservation, making the point that solutions to tackle the climate and biodiversity crisis already exist. The custodians of the territories of life have been conserving biodiversity worldwide. Fortunately, there is a growing tendency to recognize their role in nature conservation, but we need more

than just recognition, and their rights and their government institutions stewarding nature (which is beyond conservation) also need to be recognized.

Due to this capability and ability, many IPLCs announce that we do not need new concepts like NBSs or carbon offset solutions. Moreover, even though some experts argue that NBSs will work if they are just safeguarded, the previous experiences and consequences of similar ideas show that the problem is not simply about having or not having safeguards.

In the next part of her presentation, Ameyali criticized the conventional multilateral decision-making system in the global biodiversity framework. She believes that this is not working, and that we need a transformative change in this regard.

After reading a poem by one of the ICCA Consortium members (If for a human person the most critical part of the body is the heart, what would it be for the planet earth?), Ameyali talked about the IPLCs as the custodians of nature and about their worldviews and cosmovision of their relations with nature. She insisted that the market-based solutions are not in line with this cosmovision since they divide and exclude humans from nature.

On the one hand, concepts like NBS are vague. Although it does not mean that all their results and impacts are necessarily negative, we should consider that there are significant concerns about implementing these concepts. On the other hand, they are primarily north-based notions and pursue the mainstream anthropocentric view of nature.

At the end of her presentation, Ameyali shared the internal experience of the ICCA Consortium co-work with its members based on the magnificent richness and diversity of the localized solutions of every single custodian IPLC in every single territory of life. She emphasized that the relation of IPLCs with nature is not about mere conservation but about self-determination and self-governance, and about allowing the communities to decide about themselves and their territories of life. Therefore, we need a transformative change, and this change does not come from the global scheme. It comes from the grassroots.

### *Regen Foundation enDAOment Program; Aspects, relationships, Dynamics*



As the last speaker in the panel, **Gijs Spoor** started with an introduction to the ecosystem of his work in the enDAOment program (DAO is the acronym for decentralized autonomous organization) in the Regen Foundation, speaking about data entrepreneurship, blockchain, and the potential of this initiative to take control of data and information from the government and transfer it to the people, including IPLCs, rather than to Google and Amazon.

As a significant challenge, he mentioned the market and trading aspects of his work. He believes that despite some concerns about involving the market, it is a required element in

work and life since we all need to have some income for our lives, conserving nature, and pursuing and advocating our rights.

Therefore, this initiative can allow communities to make income based on their wealth, knowledge, and production. At the same time, they can play a game designed by themselves, based on their values in their territories, rather than just following rules already laid down by the market. He provided the example of communities, especially the young generation, who can support their families' livelihoods and share nature's spiritual values with other groups by using these technologies, bringing new stories, and finding new alliances and partners. In his view, the datafication of everything is a fact that is emerging in every aspect of human life, and it can be an opportunity for communities and for their CBOs to take ownership of their relevant data and protect their data sovereignty.

Then he spoke about tokens and how some are already related to biology and biodiversity and the benefits of initiatives in the Regen Network intended to allocate 30% of tokens to non-commercial stakeholders and regenerative communities to be managed by the communities. Thus, with this new initiative, communities can earn some income to meet their short-term needs, and with data sovereignty, they can re-shape their power relations with other stakeholders. The 30% model has been designed through a specific algorithm, and the idea is that through controlling this portion of the blockchain (tokens), they can control the whole system.

However, Gijs also mentioned some challenges. The major challenge concerns cultural clashes between tech people and communities. Most of the time, communities lack the skill levels required to work in this context. And at the same time, tech people lack knowledge of biodiversity, ecosystems and the communities. Therefore, it would be problematic to transfer them to the new initiative. The second challenge is the nature of the market and how we can tackle and manage the relations with other stakeholders. The third challenge is how we can be skeptical and creative simultaneously.

## *Discussion*

In the **discussion** section, audiences and participants shared their points and asked questions. The first question was about the massive and inefficient energy use of regular blockchain systems like Bitcoin. In response, Gijs explained their system in Regen Network (Proof of stake) that is fundamentally a different mechanism that uses much less energy than the proof of work mechanism (as in the regular system).

The following discussion was about the issue of inclusiveness in the Crypto sphere, the complexity of the language of crypto, the legal challenges for data ownerships, the nature of

cryptocurrency and its ‘vagueness for this community-based nature-friendly work, and finally, the “interest” generated, a token price vulnerable to market fluctuations.

Then Daniele Brombal and Ashish discussed the readiness and willingness of communities to implement and pursue the radical alternatives regarding transformative changes. In this, Ashish raised three significant points that we need to consider.

The first one is how we should present the radical alternative to the communities. If we present them in an academic form, it does not work. If we say that this is part of your heritage and your traditional knowledge, it is not going to work. Nevertheless, suppose we can tell the story of the people who were able to work in the local economy and local social systems, and to transform them in an attractive, dignified, and ruminative way. In that case, those stories at least could be another alternative narrative for stories of well-being coming from the mainstream system. One of the most important things is the exchange programs for this aim.

The second option is designing a hybrid system. This system combines parts and aspects of traditional livelihoods and knowledge with modern systems. There are dozens of examples around the world in this regard. Furthermore, the third part is the policy issues. The more we can push for policy shifts, the more significant opportunities for localizing initiatives we will have. The next part of the discussion was about the role of language and the potential to shape the spiritual transition (an Eco-linguistic approach).

Ameyali stressed on the importance of language; based on this fact, most of the potential efforts aimed at bringing about transformative changes rely on stories and narratives and how they are presented. Thus, the eco-linguistic paradigm plays a crucial role in making stories such as living in harmony with nature, stewardship, and custodianship of IPLCs and the value of their traditional knowledge more visible and acceptable. She also mentioned the second eco-linguistic aspect, which is diversity rooted in biocultural diversity.