



18 July 2024

Financiers' pressure on governments is an obstacle to transition: the case of biodiversity

Biodiversity threatened

The loss of biodiversity is continuing, as we have already had the opportunity to report [\[read\]](#). The causes of this trend are several. The most frequently mentioned are climate change (itself a consequence of human activities [\[read\]](#)), changes in land use (particularly through deforestation), as well as the consequences of the production technologies used on agricultural land linked to the growing use of toxic chemicals [\[read\]](#).

Inaction and lack of 'political will'

People also often mention government inaction, explaining it by an alleged lack of 'political will', a concept that seems to us, at hungerexplained, rather vague and ambiguous [\[read p. 4/5\]](#).

The analysis conducted by three organizations¹ shows that government inaction in the area of biodiversity loss has little to do with an alleged lack of will. Rather, it shows that governments' behaviour is the result of the very concrete pressure that is being exerted on them by powerful economic and financial actors.

Causes of biodiversity loss

To start with, it is worthwhile to revisit somewhat more systematically the causes of the reduction of global biodiversity with the help of the report ('Exporting Extinction' [\[read\]](#)) that sums up the outcomes of this analysis

For the authors of this work, it is extractive activities that are the main causes of biodiversity loss. Using 5 case studies, they show how changes in land use resulting from the development of mining, oil and gas extraction, forestry and industrial agriculture, degrade biodiversity. The recall that already in 2019, the United Nations had estimated that 90% of global biodiversity loss was caused by

¹ The think tank [Climate and Community Project](#) (CCP), the [Centre for Climate Justice](#) (CCJ) of the University of British Columbia and the [Third World Network](#) (TWN), an independent non-profit international research and advocacy organisation.

these activities [\[read\]](#) that are also the sources of growing inequality in world population. The authors then reflect on what pushes governments of poor countries to continue to approve, subsidises and expand activities that are known to be detrimental both to biodiversity and to their populations.

The explanations they find to this paradoxical behaviour include the well known idea that the continuation of these activities is due to the fact that they benefit local elites – who often constitute the main constituency of the regime – and contribute to fund a large part of state budget of the concerned states, while creating jobs for the population.

Governments under pressure of financial actors and international financial institutions

To this reason, they add the generally less well-known role played by pressures exerted on governments: these are made of economic but also of structural and international political pressures.

According to the authors, government decisions are often made under the influence of the global monetary and financial system that makes extractive activities necessary to maintain financial stability of the country.

Evidently, the more a state is weak, the more it is unable to resist such pressures that, in fact, maintain it in a situation of subordination. Politically marginalised and structurally weakened, these countries are obliged to continue – or develop – the extractive nature of their economic strategy, while their population is condemned to endure its social, economic, environmental and health consequences. They do it to preserve the attractiveness of the country for investors (increasingly financial operators), earn foreign exchange required to import some essential goods and comply with the rules established by international financial organisations (such as the IFM and the World Bank) that manage economic crises.

Financial or ecological stability? The dominating economic system made its choice

Thus, the authors identify the contradiction between, on the one hand, financial and economic stability of the country, and, on the other hand, ensuring its ecological stability. This is a contradiction that we already had the opportunity to raise on hungerexplained. The authors find that as long as the structure of economic and financial system remains unchanged, it will be impossible to find a path towards ecological stability, and they lament that, in the arenas where ecological stability is being discussed, the issue of the financial system is not really dealt with,

For us, this reality shows that, beyond soothing speeches, the real priority concern of the dominating economic system that rules the world is that of an economic and financial nature, and not environmental or social. This way of fixing priorities is incompatible with a sustainable development which should combine

in a balanced way objectives of economic, social and environmental sustainability. This is the harsh reality that hides behind the [Sustainable Development Objectives](#) rhetoric, even though these objectives were adopted all countries in the world in 2017.



Pressure exerted on governments are familiar to those who have been somewhat associated to the economic management of a country. They are made of some sort of more or less explicit conditionalities, of more or less direct links that may exist between, on the one hand, a funding or investment agreement and, on the other hand, changes sought in economic policies implemented by the country.

The table below illustrates this situation in the 5 case study countries presented in the report.

Country	Sector focus for case study	Percentage of export revenue (2018-2022 average)	Examples of domestic actions that have supported this sector
Argentina	Industrial soy agriculture	25 %	Dissolution of agricultural regulatory boards, dismantling of national forest conservation agency, preferential exchange rates for soy exports
Colombia	Fossil fuels, including coal	50% for fossil fuels, 18% for coal	Entered into international investment treaties that protect ongoing extraction, increased mining titles for coal
Democratic Republic of the Congo (DRC)	Metals mining	84 %	Resource-backed loan agreements that expand mining, failure to enforce laws meant to prevent forced evictions due to mine expansion

Country	Sector focus for case study	Percentage of export revenue (2018-2022 average)	Examples of domestic actions that have supported this sector
Jamaica	Bauxite and alumina	42 %	Mine approvals in a highly biodiverse region, opposing community concerns of constitutional violations related to the mine, appealing court injunctions pausing mine construction
Papua New Guinea (PNG)	Metals mining, oil and gas	82 %	Preferential tax treatment for extractive sectors, re- opening gold mine closed due to environmental and social concerns

Source: adapted from [Exporting Extinction](#), p. 11.

An example of how finance is an obstacle to transition

This work conducted on the impact of finance on biodiversity is a clear example of how the development of finance has become an obstacle to the transition towards a more sustainable economy that we highlighted in an earlier article on the food transition [[read pp. 11–13](#)].

This behaviour, however, is not new and we already mentioned similar cases several decades ago in Africa where the [New Alliance for Food Security and Nutrition](#) of the G8 imposed policies in the domains of land ownership, seeds and intellectual property [[read here](#) and [here](#)], and in Vietnam where foreign investors supported by international aid and finance organisations demanded a new price and investment policies in the sugar subsector [[read box on page 4](#)].

Once more, we must witness that reality and narratives do not match and that dominant behaviour leads us directly towards a non-sustainable world where intertwined crises will be much more violent than what we experience in 2024!

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To know more:

- Dempsey, J., et al., [Exporting Extinction: How the International Financial System Constrains Biodiverse Futures](#), The Centre for Climate Justice, Climate and Community Project, and Third World Network, 2024.

Selection of past articles on [hungerexplained](#) related to the topic:

- [The “food and agricultural transition” is ongoing – Nine changes tell us to what kind of world it is leading us](#), 2023.

- [Agrochemicals: French authorities undisturbed by evidence on negative impact of industrial agriculture](#), 2023.
- [The loss of biodiversity continues, boosted by climate change](#), 2022.
- [Governance: united to decide or divided to be ruled?](#) 2022.