

COP16: The Takeaways

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My COP experience in a couple of words. Both for biodiversity credits and more.

Hey friends 🙌

No big unique analysis this time. Just some thoughts that stuck during my two weeks at COP16 in Cali, Colombia.

Let's get to it.

Colombia

Okay, first of all, this might've been the most fun I had in two weeks. Ever. Meeting many hundreds (no joke) of internet friends and colleagues in real life cannot be put into words. I've waited for two years to attend a biodiversity conference. Worth it. People are SO friendly and (as far as I could tell) virtually everyone came here for the right reasons. Everyone who came to say hi - please know that I am grateful.

Second of all, Cali (and Colombia!) - you are amazing. It took you less than two weeks to have me drop my ticket back to Europe and stay here. For how long? No clue :)

But time for some observations.

Biodiversity credits

Credits, metrics & other buzzwords

You could see a very clear trend - if you add “credits” or “metrics” to the title of the event, you will predictably attract more attendees. It worked like a charm. Obviously, joke’s on me since I do a lot of credit and metric work. But even I was surprised by how these words were able to draw in the crowds. It makes me wonder though - did we miss some conversations that were just as important just because they didn’t have the hot keywords?

The religious credit wars

The conflict finally left LinkedIn and reached real life. There was way more pro biodiversity credit activity but you had big pro and anti credit events taking place at the same time. Both sides made some great points. I might explore that deeper in a future piece. One part I did miss was both of them having an honest conversation together.

Offsetting - the quiet behemoth is still here

Although publicly most biodiversity credit schemes & NGOs still don’t support offsetting, the market reality is different. Many don’t see the market reaching meaningful size if offsetting is not part of it. Obviously, what matters are biodiversity outcomes, not market size. But the tension around offsetting is not fading any time soon.

National momentum

We saw quite a couple of biodiversity credit announcements from the governments:

- Finland plans to set up a voluntary biodiversity credit framework beyond their current national offsetting regulations. They would be the first country in the EU to do so.
- Colombia plans to rely on regulated carbon & biodiversity credit markets to meet its financing targets for NBSAP. I’m not sure in what way the Colombian government will use these markets but that’s a big demand signal. I wonder if more countries will follow the lead.
- Mexican state of Colima launched the first nature market in the country, with the support of a voluntary biodiversity credit scheme.

For the pro market folks, this activity is crucial. Without a clear governmental involvement, the voluntary biodiversity credit markets will likely end up many times smaller. And likely many times less trusted by the buyers. Buyers want these governmental market guarantees.

Voluntary announcements

Unsurprisingly, there were plenty of announcements from the voluntary market:

- Terrasos announced their biggest voluntary credit sales yet. I don't know the exact numbers but from my napkin math, it's probably not above 5 figures. Might be totally off though.
- Schemes are officially launching: Verra, Qarlbo Biodiversity, SeaTrees & others. Verra's was the most anticipated one. I only skimmed through it but didn't see any surprises.
- IAPB, BCA & WEF launched their framework on high integrity biodiversity credit markets. The markets are both very new and voluntary. Not a great combo if you want folks to trust the market. Agreeing on a common set of soft rules is a good first step to gain that trust. This framework could become just that, especially if we get more clear framework implementation guidelines. If it does, it would help both buyers and sellers to (somewhat) verify what quality in this market looks like.
- South Pole entered the Colombian habitat banking space. That means direct competition with the 800lb gorilla in this market - Terrasos. South Pole is a well-resourced environmental markets veteran. I don't think they'd enter the market if they didn't think they had a good chance to build a strong position here. Super curious to see where this goes.

What does all of this mean for biodiversity credits?

I'm sure I missed some important announcements but the idea remains the same - a lot of action still dominated by the supply side. No large (e.g. 7-figure) voluntary corporate purchases just yet.

The voluntary side of the market is staying strong. The vision of integrating nature into our financial system is just too tempting for many market-based folks. The biggest signal for me was the country-level progress though. Both buyers and sellers are looking into governments to de-risk biodiversity credits.

General observations

COP negotiations outcomes

From what I see, "biodiversity" scored a couple wins:

- Voluntary multilateral mechanism for the sharing of benefits from the use of digital sequence information (DSI) was created.
- A new permanent body for Indigenous Peoples and local communities under the CBD's Article 8(j) will be established.

It experienced more road bumps though:

- We made no tangible progress on monitoring our 2030 biodiversity goals.
- We didn't reach an agreement on \$20bn/year mobilization to nature by 2025 (nor \$30b/year by 2030). I wonder how did we ever get to these numbers in the first place? These are peanuts.
- Disappointing National Biodiversity Strategies and Action Plans (NBSAPs) submissions: reportedly ~80% of countries failed to submit plans.

For a startup guy, this is a painfully slow process.

My biggest personal negotiation-related takeaway was that almost no one was talking about it. Virtually none of my private sector & NGO colleagues mentioned the negotiations. Every evening I was wondering if I was the clueless one here and everyone was privately following the negotiations or if.. no one was following it. Not sure.

Having said that, dear negotiators - you are the real MVPs. Having heard stories of how much of a physical and mental grind this two-week process is for you, I bow my head low. Win or lose, the folks outside the room have all the respect for you.

The house of bubbles

A friend called me a spider in a web a few months ago. I love spiders, so I did my best impression of one by trying to attend as many different types of events as I could: blue zone, green zone, the Bloom conference, Indigenous-led events, the GLF Investment Case Symposium - you name it. My takeaway - we're still mostly hanging out in echo chambers. Academics with academics, tech folks with tech folks, finance folks with finance folks, NGOs with NGOs, Indigenous folks with Indigenous folks, you name it.

When I see people rejoice at how amazing it is to have these cross-sectional conversations, I get a bit confused. I've only seen a couple of such events but I hope there were way more.

Now, as a "biodiversity credit guy", I saw just how easy it was to fall and stay in that credit and metric bubble. I should've done more to break out of it. Probably the same is true for others as well.

One bubble I did not expect was the Indigenous one. Everyone talks about how important the Indigenous Peoples are in conserving nature. The least one could then do is go up and chat to some of them when they see them, right? That's not what I saw. The row of Indigenous stands in the Blue Zone was virtually always empty when I was passing through.

I got the chance to shake some of their hands and practice my broken Spanish. Were there cultural differences? Of course. Did I enjoy hanging out with them? Hell yes. The next day, one leader even sent me some pictures from his homeland of Cofán.

Big private sector interest

It was easy to forget we had negotiations happening next door while talking about ways to scale private money for nature and different technologies that can assist with that. And that was in the Blue Zone. What about the Green Zone? There you can completely forget about the official COP.

Where is all the media publicity about COP?

All I can see in my LinkedIn feed is COP16. But what about a non-convert?

An anecdote: my mom was digging for COP news in Lithuania. She finally found something - in a small obscure farmer's newspaper. Now I know that many big newspapers have published a piece or two about it but it still feels awfully quiet outside my bubble. And I'm aware that much of the West (& beyond) is living in the pre-US election environment. But still. I can only imagine how quiet biodiversity COPs were before 2022.

We don't see nature enough

Here we were, ~20,000 folks talking about biodiversity 24/7 for two weeks. I wonder how many of us left the city borders to explore any of that biodiversity around us. I was lucky enough to be invited by some friends who took care of everything (hands down the best evening of the conference). What if I had to organize my own trip? Would I have done so? Honestly, I doubt it.

Either way, this was one of the rare moments where I did get to breathe in nature - the thing I'm thinking about all the time. Not doing so felt so wrong the whole time. I hope my time in Colombia will change it. 🙌

Final words

These two weeks have been a mixed bag personally: unforgettable times and incredible conversations together with this consistent irritation that we're not doing enough and a mild aftertaste of hypocrisy. I remain a skeptical optimist though.

Cheers!