Protecting Biodiversity From Harmful Financing:

No Go Areas For The International Banking Sector

Briefing Paper 08

Iconic, Transboundary Ecosystems

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Friends of the Earth United States

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Lead editor: Friends of the Earth US

ABOUT FRIENDS OF THE EARTH US

Friends of the Earth United States, founded by David Brower in 1969, is the U.S. voice of the world's largest federation of grassroots environmental groups, with a presence in 75 countries. Friends of the Earth works to defend the environment and champion a more healthy and just world. We have provided crucial leadership in campaigns resulting in landmark environmental laws, precedent-setting legal victories and groundbreaking reforms of domestic and international regulatory, corporate and financial institution policies. Visit www.foe.org to learn more. Any errors or omissions in this report are the responsibility of Friends of the Earth U.S.

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Cover image caption:
The Arctic is a transboundary iconic ecosystem, which is under threat from harmful activities like fossil fuel extraction and pollution.

About the Banks and Biodiversity Briefing Paper Series

The Banks and Biodiversity Initiative advocates that banks and financiers strengthen their biodiversity policies and practices. In order to halt and reverse biodiversity loss, the Initiative calls on banks and financiers to adopt eight proposed No Go areas as an important step towards improving their biodiversity policies and practices. This briefing paper series aims to explain the importance of why banks and financiers must exclude harmful direct and indirect financing to industrial, unsustainable, and extractive activities which may negatively impact these critical areas. This briefing paper discusses No Go area 8 on iconic, transboundary ecosystems, which is Paper 08 of the series.

Proposed Banks and Biodiversity No Go Areas

In order to safeguard the rights of Indigenous and local communities in formally, informally, or traditionally held conserved areas – such as Indigenous and community conserved areas (ICCA), Indigenous Territories (TIs) or public lands not yet demarcated – as well as to better address and reflect the current crises of climate change, biodiversity loss, and emergence of zoonotic diseases, the Banks and Biodiversity campaign calls on banks and financial institutions to adopt a No Go areas in prohibiting any direct or indirect financing related to unsustainable, extractive, industrial, environmentally, and/or socially harmful activities in or which may potentially impact the following areas:

AREA 1: Areas recognized by international conventions and agreements including but not limited to the Bonn Convention, Ramsar Convention, World Heritage Convention and Convention on Biological Diversity, or other international bodies such as UNESCO (Biosphere Reserves, UNESCO Global Geoparks, etc.) or Food and Agricultural Organization (vulnerable marine ecosystems), International Maritime Organization (particularly sensitive areas), IUCN Designated Areas (Categories IA – VI)

AREA 2: Nature, wilderness, archaeological, paleontological and other protected areas that are nationally or subnationally recognized and protected by law or other regulations/policies; this includes sites which may be located in or overlap with formally, informally, or traditionally held conserved areas such as Indigenous and community conserved areas (ICCA), Indigenous Territories (ITs) or public lands not yet demarcated

AREA 3: Habitats with endemic or threatened species, including Key Biodiversity Areas

AREA 4: Intact primary forests and vulnerable, secondary forest ecosystems, including but not limited to boreal, temperate, and tropical forest landscapes

AREA 5: Free-flowing rivers, defined as bodies of water whose flow and connectivity remain largely unaffected by human activities

AREA 6: Protected or at-risk marine or coastland ecosystems, including mangrove forests, wetlands, reef systems, and those located in formally, informally, or traditionally held areas, Indigenous Territories (ITs), or public lands not yet demarcated, or Indigenous and community conserved areas (ICCA)

AREA 7: Any Indigenous Peoples and Community Conserved Territories and Areas (ICCAs), community-based conservation areas, formally, informally, traditionally, customarily held resources or areas, Indigenous Territories, sacred sites and/ or land with ancestral significance to local and Indigenous communities' areas where the free, prior, informed consent (FPIC) of Indigenous and Local Communities have not been obtained

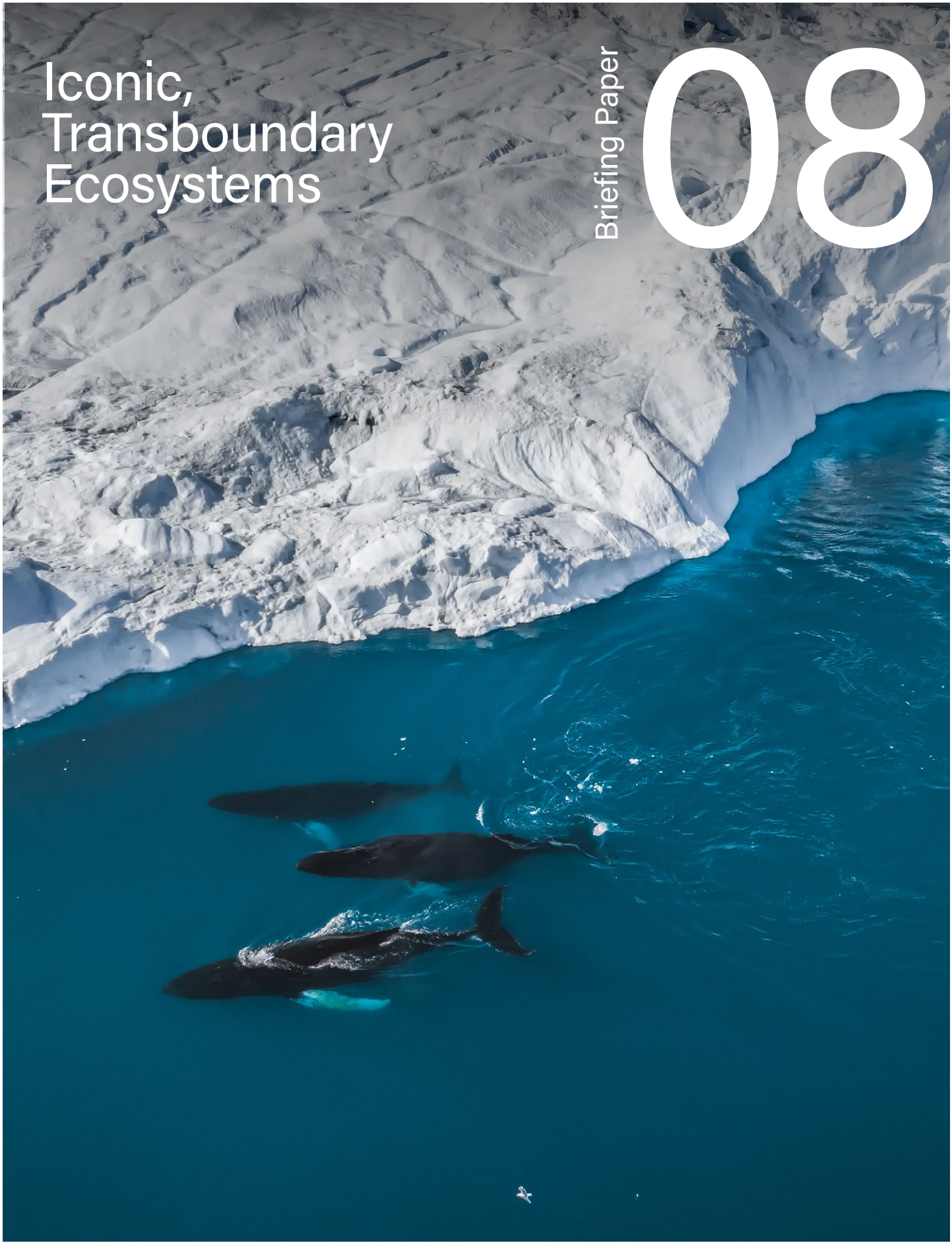
AREA 8: Iconic Ecosystems, defined as ecosystems with unique, superlative natural, biodiversity, and/or cultural value which may sprawl across state boundaries, and thus may not be wholly or officially recognized or protected by host countries or international bodies. Examples include but are not limited to the Amazon, the Arctic, among other at-risk ecosystems

Other international bodies have already recognized the value of developing No Go areas, such as the World Heritage Committee and the UN Environment's Principles for Sustainable Insurance Initiative (PSI). The Banks and Biodiversity No Go Policy also aligns with banks and financial institutions' current practice of following institutional Exclusion Lists for sensitive industries or areas, as well as global goals of preventing further biodiversity loss. Projects that do not fall within Exclusion Lists should still be subject to rigorous environmental and social due diligence, assessment, screening, planning, and mitigation policies and procedures[I].

I For more information on the Banks and Biodiversity Initiative, please see: www.banksandbiodiversity.org.

Iconic, Transboundary Ecosystems

Briefing Paper 08



Introduction

Iconic ecosystems are regions or habitats that are globally recognized for their ecological significance, unique characteristics, and cultural or historical importance. These ecosystems often hold a prominent place in conservation efforts and are renowned for their biodiversity, distinct landscapes, and ecosystem services they provide. Such iconic ecosystems include the Amazon, the Arctic, the Sundarbans, the Coral Triangle, and the Albertine Rift in East Africa.

These are ecosystems treasured for their ecological, aesthetic, and cultural value. They often serve as symbols of the natural wonders of our planet and emphasize the importance of conservation and sustainable management to protect these extraordinary habitats for future generations. A key aspect to keep in mind is that such iconic ecosystems are often transboundary in nature, meaning they cross national borders and therefore may be subject to different national and international agreements and protocols with regards to biodiversity and climate change mitigation. **Protecting iconic ecosystems demands protecting the entire ecosystem, rather than just pockets within one jurisdiction.**

In advocating that banks and financiers prohibit harmful financing to sectors tied to iconic ecosystems, this paper offers practical definitions of such ecosystems, taking into account their transboundary nature. In doing so, we hope these definitions can be used as a foundation for developing and implementing banks' policies and practices related to iconic, transboundary, ecosystems. In addition, this paper identifies complex challenges banks face in ensuring their financing does not cause or exacerbate negative community impacts across these ecosystems.

There is often a lack of formal protections and overarching management plans for such areas, which is reflective of the challenges posed by transboundary management among various host country governments. This is important because many existing international or national level agreements and protections tend to protect or recognize only part of an ecosystem, and not all of it.

Defining iconic, transboundary, ecosystems

Iconic ecosystems are defined by the Banks and Biodiversity Initiative[1] as "ecosystems with unique, superlative, natural, biodiversity, and/or cultural value which may sprawl across state boundaries, and thus may not be wholly or officially recognized or protected by host countries or international bodies. Examples include to the Amazon, the Arctic, and the Albertine Rift, among other at-risk ecosystems." This proposed definition essentially aims to improve and ensure ecosystem integrity due to the oftentimes competing economic and conservation approaches of host country governments, which share resources, and thus management responsibilities, of such iconic places.

Establishing exclusionary policies for iconic, transboundary, ecosystems can be an effective way for banks and financiers to harmonize institutional climate and biodiversity targets by protecting the key ecosystems with high climate regulatory and biodiversity values simultaneously. Many iconic, transboundary, ecosystems are already recognized on a global scale through international designations or agreements. At the same time, many may not yet be officially recognized via international frameworks or designations. It is important for banks and financiers to consider the impacts of their financing in jeopardizing or maintaining the integrity of these ecosystems as a whole, in addition to direct project impacts. While banks and financiers may consider indirect and cumulative impacts, it is critical to explicitly require clients to consider and anticipate impacts on the overall ecosystem, especially in iconic, transboundary, cases. **For instance, there is often a lack of formal protections and overarching management plans for such areas, which is reflective of the challenges posed by transboundary management among various host country governments. This is important because many existing international or national level agreements and protections tend to protect or recognize only part of an ecosystem, and not all of it.** The Amazon rainforest is a good example, where the longstanding fragmentation of its forests via various competing host country demands, has led to weak regulation on deforestation. This has resulted in a range of serious biodiversity and community issues, as well as resulting in the region moving from a global carbon sink to carbon emitter.[2]

Ensuring whole ecosystem integrity, especially for transboundary ecosystems, should be a key principle in financiers' institutional policies. Financial institutions should require funding proposals and assessments to evaluate cumulative, ecosystem-wide impacts prior to awarding financing, and prohibit financing to activities which seriously and negatively impact ecosystem integrity[3]. Financiers must not only assess the impacts of a singular project or activity within a single region, but also consider the impacts of the upstream, midstream, or downstream projects and activities that are required or dependent on the financed activity throughout an entire region.

International norms and standards have long recognized the need for unique attention to critical, transboundary, ecosystems. The Convention on Biological Diversity (CBD), an international treaty focused on biodiversity conservation, underscores the importance of transboundary conservation and cooperation. **The CBD recognizes the special need for joint management and conservation efforts for ecosystems that transcend national boundaries. It emphasizes the ecological connectivity and interdependence of ecosystems, especially those with high biodiversity value.**

The United Nations Environment Programme (UNEP)[4] also recognizes the significance of transboundary ecosystems and emphasizes the need for their conservation and sustainable use. Their work on transboundary conservation refers to the importance of iconic ecosystems and highlights the role of international cooperation. **UNEP acknowledges the unique value of transboundary ecosystems and the need for collaborative efforts to protect and manage these areas, many of which are critical for regulating the climate, conserving biodiversity, and sustaining Indigenous and local communities.**

Assessing transboundary risks

Iconic, transboundary ecosystems often present transboundary issues due to their geographic location spanning multiple countries. The definition and conservation of these ecosystems can pose challenges that require consideration of international law and cooperation among relevant stakeholders, including governments and NGOs. It is important for banks and financiers to be aware of these challenges, as failure to address these issues can lead to serious financial, operational, or legal risks, among others, for banks, financiers, and their clients. These include:

JURISDICTIONAL CHALLENGES: Iconic ecosystems often cross national borders, leading to questions of jurisdiction and authority. Multiple countries may claim ownership or have differing legal frameworks for managing and protecting these areas. Resolving jurisdictional issues requires international cooperation, negotiation, and adherence to international laws and agreements.

CONSERVATION COOPERATION: Effective conservation of iconic ecosystems necessitates collaboration among nations, and anticipating that financed activities do not jeopardize or impede such conservation efforts. This includes sharing scientific research, data, and expertise, implementing coordinated management strategies, and establishing transboundary protected areas or cooperative management agreements. It also includes taking existing or future conservation efforts into account when evaluating the viability of proposed financing requests.

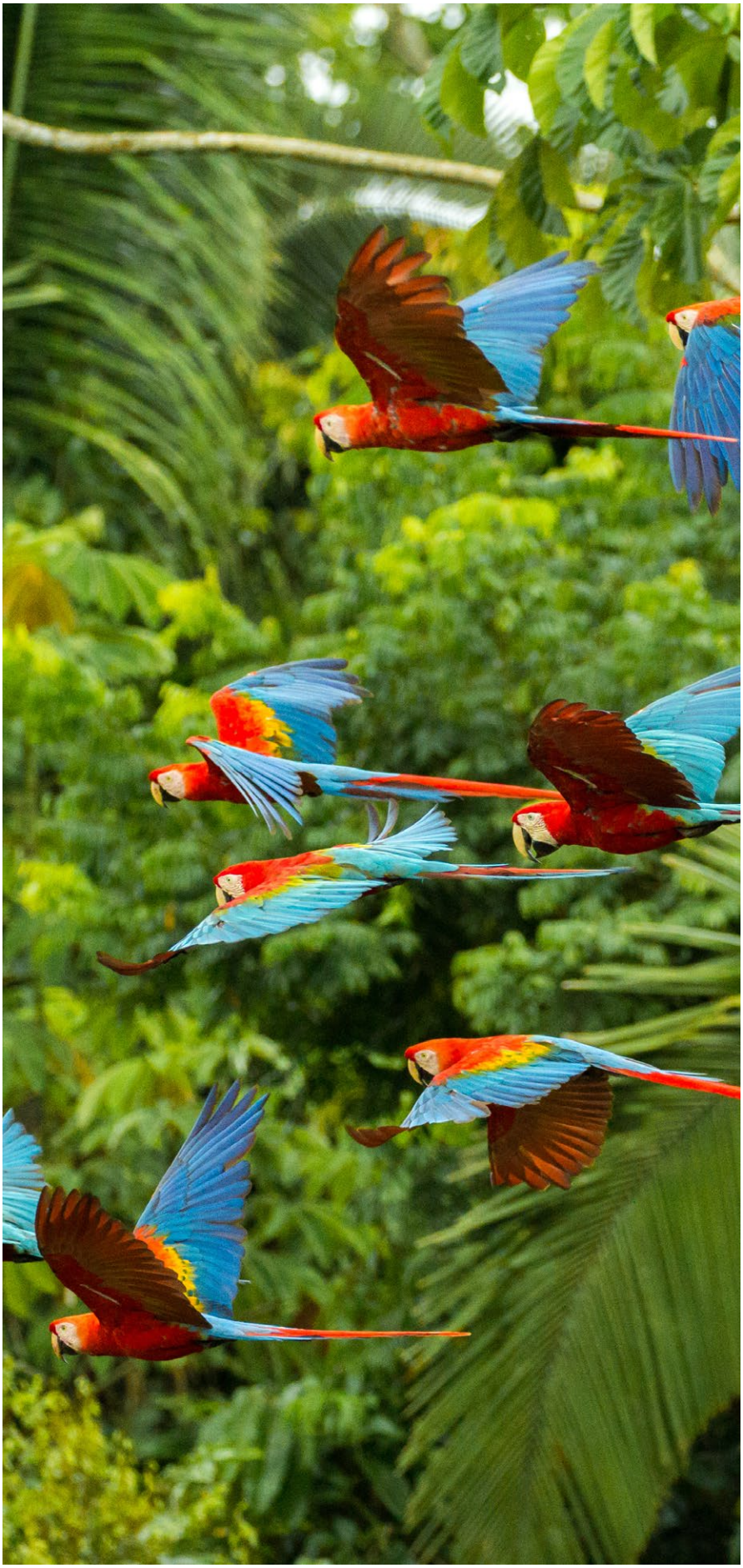
INTERNATIONAL LAWS AND AGREEMENTS: International laws and agreements provide a framework for addressing transboundary conservation issues. For example, the Convention on Biological Diversity (CBD)[5] encourages countries to cooperate in conserving shared biodiversity, while the Ramsar Convention[6] focuses on the protection of wetlands, including those that may be transboundary. Bank compliance with these agreements specific to the iconic ecosystem can help ensure conservation efforts are consistent, and effective, and respected.

SUSTAINABLE RESOURCE MANAGEMENT: Iconic ecosystems often face challenges related to sustainable resource management. This includes issues such as overfishing, illegal logging, poaching, agriculture, and the impacts of infrastructure development. Cooperative approaches are needed to regulate resource extraction, enforce regulations, and promote sustainable practices to prevent ecological degradation and protect the rights of local communities. While host country governments are responsible for sustainable resource management, it is important for banks and financiers to invest in activities which align with sustainability goals, and to prohibit financing to clients with a known record of failing to act responsibly and sustainably.

STAKEHOLDER ENGAGEMENT: In transboundary contexts, involving a diverse range of stakeholders is crucial for successful ecosystem management. This includes engaging local communities, Indigenous peoples, NGOs, and relevant governmental bodies from all countries involved. Requiring free, prior, informed consent among all impacted stakeholders thus becomes even more critical in decision-making processes in order to ensure the incorporation of local knowledge, respect for human rights, and the implementation of sustainable practices, as well as respecting community rejection of a proposed activity at any time or stage of a project. Historically, the failure of ensuring FPIC from Indigenous Peoples or local communities in all stages of a financed activity often breeds social conflicts, especially in cases involving transboundary impacts.

Given these challenges associated with protecting transboundary ecosystems, banks need to recognize the risks associated with only narrowly accounting for one government's interests in a particular transboundary ecosystem, instead of all potential stakeholder interests.

However, there is increasing recognition of the serious environmental, social, and political risks of investing in activities located impacting in transboundary ecosystems. For instance, China's National Development and Reform Commission prohibits overseas activities which involve transboundary water risks. In the case of the Egiin Gol Dam in Mongolia, which was located in a transboundary river basin, the China Export-Import Bank distanced itself from the proposed dam following concerns of the dam's negative transboundary water impacts[7].



The Arctic and the Amazon: Iconic, Transboundary Ecosystems Threatened by of harmful bank financing

The Arctic region and the Amazon rainforest are two of the most important iconic, transboundary, ecosystems for a variety of reasons. They are crucial regulators of global climate, and are also host to a huge range of biodiversity and Indigenous Peoples. However, corporate industrial activities in these regions are destroying biodiversity, threatening the livelihoods of Indigenous Peoples and local communities, while at the same time accelerating regional and global climate change. Below, the Arctic and Amazon are discussed within the context of the multiple, recurring sectoral threats facing these ecosystems.

On Thin Ice: The Arctic

The Arctic, by its geographical nature, is a transboundary, iconic ecosystem, which is under threat from both climate change and the impact of human activities including fossil fuel extraction and pollution via shipping routes. The Arctic spans across Canada, Sweden, Greenland, Finland, Iceland, Denmark, Norway, Russia, and the United States.

The region is at risk due to the impact of climate change in particular because of the catastrophic rate of loss of sea-ice in the region. Ice free summers in vast regions of the Arctic are set to be a reality as early as the 2030s[8]. The disappearing ice in turn attracts further exploitation of the region via fossil fuel exploration and extraction, as well as increased shipping[9].

Furthermore, as the sea-ice retreats year by year (with new record lows in 2023[10]), more heat is absorbed by the underlying ocean, rather than being reflected back into the atmosphere. This leads to a process known as Arctic amplification where the region is heating faster than anywhere else on Earth[11]. **The impact of this regional heating and sea-ice loss is having hugely detrimental impacts on biodiversity across the Arctic, as well as hampering the lives and livelihoods of Indigenous communities there.**

The Arctic region is at risk due to the impact of climate change in particular because of the catastrophic rate of loss of sea-ice in the region. Ice free summers in vast regions of the Arctic are set to be a reality as early as the 2030s.

Because of the uniqueness of the Arctic, many organizations and groups have called on banks to proactively develop policies which prohibit financing to activities in the region, with some banks beginning to recognize the importance of protecting the ecosystem. For instance, Bank of America, UniCredit, and Mizuho have Arctic exclusions. However, there is still room for stronger protection, as these existing policies tend to only apply within the Arctic Circle[12]. This means that additional oil and gas assets and fossil fuel developments in the entire Arctic region are not yet excluded from bank financing.

Banks and insurance companies with a policy or commitment to protect the Arctic National Wildlife Refuge from fossil fuel development

29 BANKS

ABN AMRO (Netherlands)
Bank of America (United States)
Bank of Montreal (BMO Financial Group) (Canada)
Barclays (United Kingdom)
BBVA (Spain)
BNP Paribas (France)
CaixaBank (Spain)
CIBC (Canada)
Citigroup (United States)
Commerzbank (Germany)
Commonwealth Bank of Australia (Australia)
Crédit Agricole (France)
Credit Suisse Group (Switzerland)
Deutsche Bank (Germany)
Goldman Sachs (United States)
JPMorgan Chase (United States)
Morgan Stanley (United States)
National Australia Bank (Australia)
Natixis (France)
NatWest Group (formerly RBS) (United Kingdom)
Royal Bank of Canada (Canada)
Santander (Spain)
Scotiabank (Canada)
Société Générale (France)
Standard Chartered (United Kingdom)
TD Bank Financial Group (Canada)
UniCredit Group (Italy)
Wells Fargo (United States)
Westpac Banking Corporation (Australia)

16 INSURANCE COMPANIES

AIG (United States)
Allianz (Germany)
AXA (France)
AXIS (Bermuda)
Generali (Italy)
Hannover Re (Germany)
Hiscox (U.K.)
KBC (Belgium)
MAPFRE (Spain)
Munich Re (Germany)
QBE (Australia)
Suncorp (Australia)
SCOR (France)
Swiss Re (Switzerland)
Talanx AG (Germany)
Zurich (Switzerland)

Arctic oil exploration is fraught with risk. The unwillingness of 29 banks and 16 insurers to finance these projects is a clear signal of the major risks to the companies and banks involved in such projects.

CASE STUDY 1:

National Petroleum Reserve - Alaska

The Western Arctic, or National Petroleum Reserve (NPR-A), is a vast 23 million acres of land threatened by oil and gas projects like the ConocoPhillips Willow Project[13], a massive oil and gas drilling proposal located in Alaska. If completed, the project would extract more than 160,000 barrels of oil per day for the next 30 years.

According to a dataset compiled by the Banking on Climate Chaos project, at least 17 banks have financed ConocoPhillips between 2016 and 2022, with Bank of America and JPMorgan being the top two, followed by TD Bank, Wells Fargo, and Credit Suisse[14].

The project proposal includes up to 199 wells, 27 miles of roads, 365 miles of pipelines and other development. It would create a significant disturbance to critical lands, waters, and ecosystems that support a number of communities and species within and boarding the area.

Notably, the region is a host to migratory caribou, an important resource for Alaskan Native communities in the region, in addition to other species that are located in the biologically rich area, including geese, loons, salmon, polar bears and bowhead whales.

CASE STUDY 2:

New shipping routes through the Arctic

Increased shipping activities in the Arctic has raised concerns regarding its impact on the environment, biodiversity, and Indigenous Peoples. One notable case study that highlights these concerns is the expansion of shipping routes through the Northwest Passage, an Arctic a sea route that connects the Atlantic and Pacific Oceans through the Canadian Arctic Archipelago.

Historically, the region has been covered in ice for most of the year, making navigation difficult. However, due to the impact of climate change and reduced sea-ice cover, the Northwest Passage has become increasingly accessible to shipping vessels, resulting in more maritime activity in the area and increased risks to Arctic biodiversity, including polar species like walruses and narwhals.

A 2018 study[15] assessed which marine mammals are most vulnerable to threats associated with increased ship traffic, such as collisions and noise pollution. The study found that 42 out of 80 sub-populations of seven Arctic species are at risk from regular shipping through the Northwest Passage and the Northern Sea Route near Russia.

Furthermore, exploration of new oil and gas in the Arctic will contribute to increased shipping in the region, with Nordic banks financing fossil fuel development in the Arctic. According to Banktrack, since 2020 Nordic banks have provided US$ 8.8 billion in loans to 36 companies conducting significant Arctic oil and gas activities. The largest financiers were DNB (US$ 3.2 billion), SEB (US$ 2.1 billion), Nordea (US$ 1.3 billion), and Danske Bank (US$ 1.1 billion)[16].

CASE STUDY 3:
Arctic National Wildlife Refuge - Alaska

The Arctic National Wildlife Reserve (ANWR)[17], is an area of almost 20 million acres which encompasses several different ecological regions and is home to a wide range of diverse Arctic wildlife. Like the NPR-A, the refuge has significant importance to hundreds of species, including migratory caribou and other wildlife which provides sustenance and cultural importance to local tribes and communities.

Although the area was long untouched by fossil fuel activities, in 2017 the Trump administration announced it auctioned off nine leases for oil and gas development. In 2021, the Department of Interior called for a temporary halt of all activities under the oil and gas lease sales, issuing a review of any potential environmental impacts. Regardless, this temporary halt does not indicate a stop to future lease sale. Due to widespread local Indigenous and community opposition, 29 global banks, and 18 international insurers have adopted a policy or committed to protect the Arctic Refuge from fossil fuel development, including Chase, Wells Fargo, Citibank, among others[18].

The complexity of defining and visualizing the Arctic

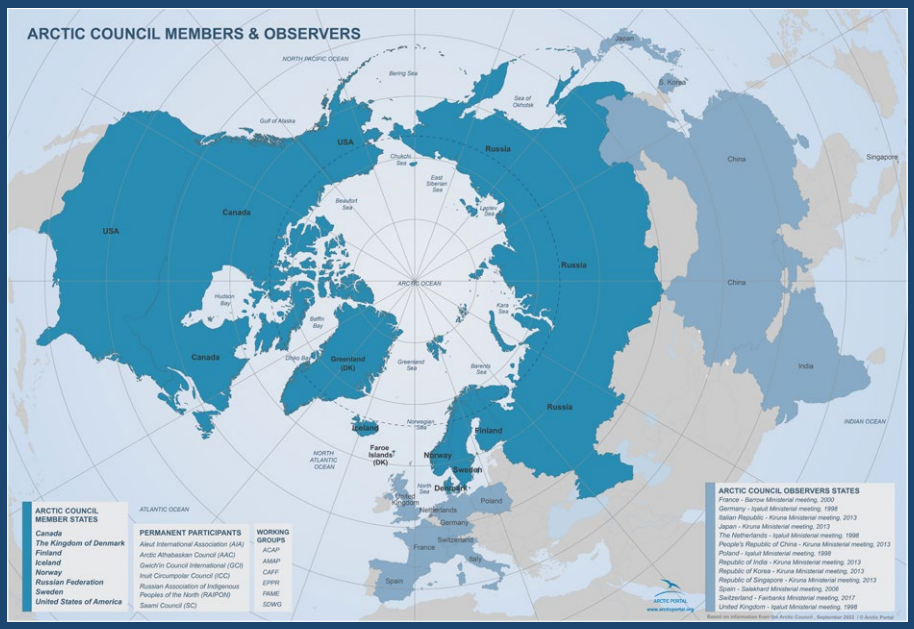
Governed by divergent host-country policies and only soft law at the international level, the Arctic receives sparse protections. As a transboundary ecosystem that sprawls across eight state boundaries, the Arctic is becoming more and more a politicized space where geopolitics plays out. **As it is often a reflection of political and economic interests, it is important for banks to recognize the multiple methods which exist for mapping the Arctic region. This is particularly important to note as the use of different maps or interpretations can influence how biodiversity loss, climate change, and the conversion of Indigenous lands, are identified, framed, and potentially addressed.**

How and who to regulate in the Arctic depends on the delineations of geopolitical boundaries, protected areas, and areas held or used by Indigenous Peoples and local communities. For instance, the Arctic Council is widely referenced for its maps of the Arctic region. However, many of the Council's maps are strictly geopolitical, showing the territories of the Arctic member states.[19] These neglect the region's ecology, including information about the Arctic's changing climate and biodiversity that is crucial for political and financial decision-making.

Conversely, the Arctic Monitoring and Assessment Program (AMAP) produces scientific-based maps, which shows the Arctic's major eco-regions.[20] Still, this is only one dimension of the Arctic's geography. Some maps exist that locate protected areas in the region, pulling from IUCN and UNEP's World Database on Protected Areas.[21] **It is therefore fundamental that banks cross-reference a variety of maps and sources to identify and avoid any risks, across their operations, to the region's terrestrial, coastal, or marine protected areas.**

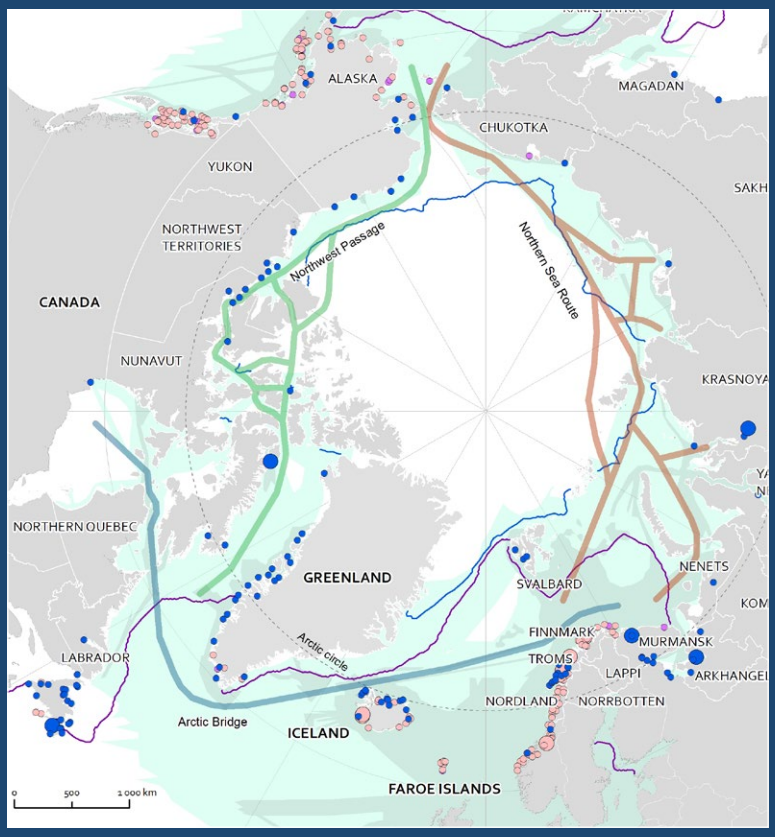
Furthermore, there is a lack of representation of Indigenous settlements on Arctic maps, making these groups easier to ignore when developers and investors are planning extractive projects. Considering that many areas held or used by Indigenous Peoples are not afforded formal protection, banks should also note that while there are some maps of Indigenous Peoples' territories, there may also be gaps in such maps depending on their purpose and scope. For instance, the Arctic Council has developed a map of Arctic Indigenous languages[22] while Nordregio, a leading Nordic research institute within the broad research fields of regional development, policy and planning, developed a map of Indigenous populations [23]. **At the same time, while maps can be helpful in initially identifying potentially impacted communities, banks and their clients must still conduct thorough due diligence in verifying the presence of communities, and also ensuring communities are engaged meaningfully and appropriately based on international norms, host country law, and relevant customary laws or procedures.**

These complexities underscore the necessity that banks must consider how maps and their sources can visualize - or render invisible - particular environmental and social issues.[24]



The Arctic, by its geographical nature, is a transboundary, iconic ecosystem, which is under threat from both climate change and the impact of human activities including fossil fuel extraction and pollution via shipping routes. This map shows the political boundaries of the Arctic Council Member States and Observers within the Arctic.

Source: The Arctic Council.



Arctic Sea Transport Route and Ports

Harbors - size[1] and ice restrictions

- Large & medium
- Small & very small
- Ice free harbor
- Ice restricting entrances some periods of year
- No data on ice conditions

Vessel traffic[2]

- Main areas
- Secondary areas

[1] Harbor size is based on World Port Index's classification that uses several applicable factors, including area, facilities, and wharf space

[2] Based on AIS vessel tracking data from 2017. Main areas are areas with remarkable traffic. Secondary areas refers to areas with less traffic.

Ice conditions

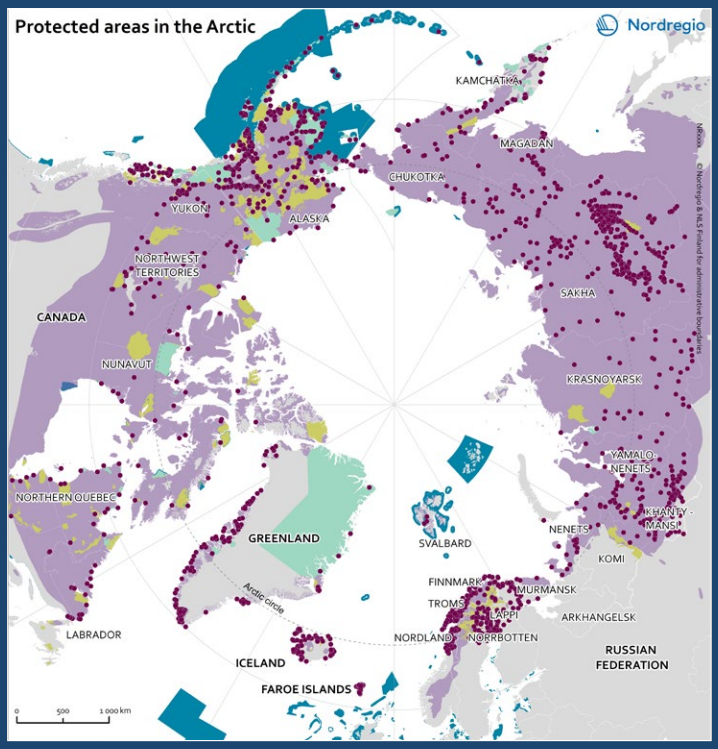
- Average sea ice extent for September in 1981-2010
- Average sea ice extent for March in 1981-2010

Regions included:
US - Alaska; CA - Yukon, Northwest Territories, Nunavut, Newfoundland & Labrador, Northern Quebec; GL; IS; FO; NO - Nordland, Troms, Finnmark, Svalbard; SE - Norrbotten; FI - Lappi; RU - Komi, Arkhangelsk, Nenets, Khanty-Mansi, Yamalo-Nenets, Krasnoyarsk, Sakha, Kamchatka, Magadan, Chukotka.

Data source: Marine Traffic, NOAA, Nordregio, NSIDC, World Port Index (NGA) 2017

Shown here are the shipping routes and ports across the Arctic. Historically, the region has been covered in ice for most of the year, making navigation difficult. However, due to the impact of climate change and reduced sea-ice cover, the Northwest Passage has become increasingly accessible to shipping vessels, resulting in more maritime activity in the area and increased risks to Arctic biodiversity, including polar species like walruses and narwhals.

Source: Nordregio.



Arctic settlements in 2017

Protected areas

Terrestial

Coastal

Marine

Permafrost extent

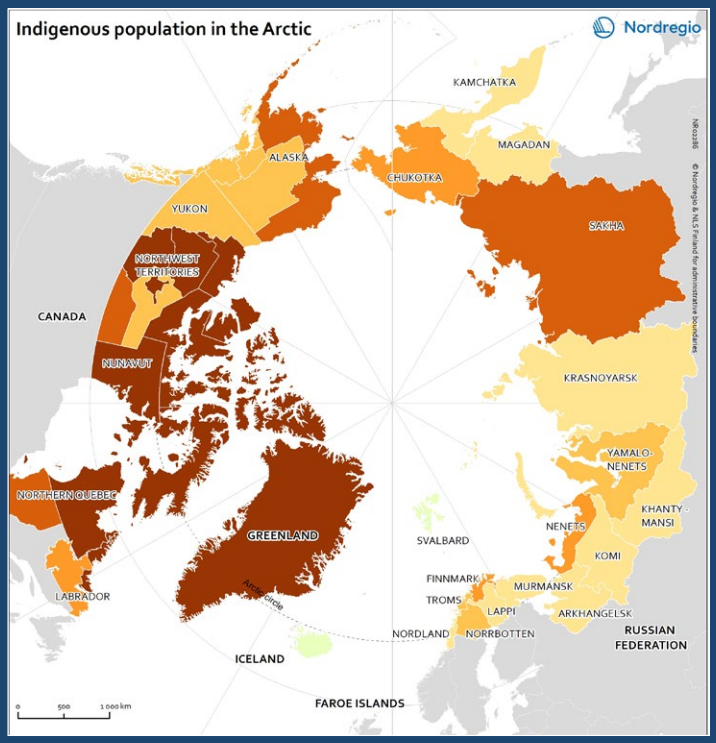
Permafrost extent

Regions included:
US - Alaska; CA - Yukon, Northwest Territories, Nunavut, Labrador, Northern Quebec; GL; IS; NO - Nordland, Troms, Finnmark, Svalbard; SE - Norrbotten; FI - Lappi; RU - Komi, Arkhangelsk, Nenets, Khanty-Mansi, Yamalo-Nenets, Krasnoyarsk, Sakha, Kamchatka, Magadan, Chukotka.

Data source: Global database from the World Database on Protected Areas (WDPA) IUCN and UNEP-WCMC (2019) [2018.04.27]. Cambridge, UK: UNEP-WCMC. Available at www.protected-planet.net. Permafrost extent from Brown, J., O. Ferrians, J. A. Heginbottom, and E. Melnikov. 2002: Circum-Arctic Map of Permafrost and Ground-Ice Conditions, Version 2. Boulder, Colorado USA. NSIDC: National Snow and Ice Data Center. [2019.01.04]

This map shows protected areas in the Arctic, including terrestrial, coastal, and marine areas. As a transboundary ecosystem that sprawls across state boundaries, the Arctic is becoming more and more a politicized space where geopolitics plays out. It is therefore fundamental that banks cross-reference a variety of maps and sources to identify and avoid risks caused or associated with their financed activities in the area.

Source: Nordregio.



Indigenous populationas a share of total population, in %

No Indigenous population

< 5

5 - 25

25 - 50

50 - 75

> 75

People included:
Alaska: Alaska Natives (Iñpiat, Yupik, Aleut, Eyak, Tlingit, Haida, Tsimshian, and a number of Northern Athabaskan cultures); Canada: First Nations, Inuit and Métis; Greenland: Inuit; Finland, Norway, Sweden: Sámi; Russia: The Indigenous small numbered peoples of the North, Siberia and the Far East, Komis and Takuts

Regions included:
US - Alaska; CA - Yukon, Northwest Territories, Nunavut, Newfoundland & Labrador, Northern Quebec; GL; IS; NO - Nordland, Troms, Finnmark, Svalbard; SE - Norrbotten; FI - Lappi; RU - Komi, Arkhangelsk, Nenets, Khanty-Mansi, Yamalo-Nenets, Krasnoyarsk, Sakha, Kamchatka, Magadan, Chukotka.

Data source: Canada (2016), Greenland (2017), Russia (2010): NSIs; Finland & Norway & Sweden: Nordregio estimated base on data from National Sámi parliaments; Alaska (2016): Department of Labor and Workforce Development Research & Analysis Section; Russia: Census 2010

There is a lack of representation of Indigenous settlements on Arctic maps, making these groups easy to ignore when developers and investors are planning extractive projects. Considering that many areas held or used by Indigenous Peoples are may not be formally protected or recognized, banks should also note that while there are some maps of Indigenous Peoples' territories, such as this one produced by Nordregio, there may also be gaps in such maps depending on their purpose and scope. Banks should conduct thorough due diligence in identifying potentially impacted communities.

Source: Nordregio.

Losing the forest for the trees: The Amazon

The Amazon rainforest covers most of the Amazon basin across South America, with the majority in Brazil, as well as Colombia, Bolivia, Ecuador, French Guiana, Guyana, Suriname, and Venezuela. The rainforest is host to a large biodiversity with approximately 10% of the known species on Earth located there. This includes an estimated 400 billion individual trees. Furthermore, 30 million people live in the region, an estimated 10% of whom are in Indigenous populations.[25]

Indigenous Peoples and their practices have shaped the growth of the Amazon over long time scales. **It is often assumed that the Amazon is "pristine" in terms of not being touched by humans, but there is evidence of Indigenous practices and cultures having shaped and helped the Amazon to grow. A recent study showed how thousands of years of human occupation in the Amazon basin has influenced modern-day patterns of Amazonian biodiversity[26].**

This biodiversity, as well as the cultures and livelihoods of Indigenous groups, is now seriously under threat. According to MapBiomas, an NGO consortium composed of non-profits and Brazilian universities who use satellite imagery to monitor the destruction of natural environments, **nearly two million acres of the Amazon rainforest burned in November 2022, an increase on the same time a year earlier.**

Deforestation is a major problem because of its detrimental effect on climate. Forests, like oceans, are well known carbon sinks in regulating atmospheric carbon levels. **In terms of climate impact, the Amazon has been designated a climate tipping point[27], essentially meaning that once a certain threshold of deforestation, coupled with regional warming, is reached, the region is set to become a savanna, which will trigger further climate tipping points globally. This transition to savanna has already happened in many subregions of the Amazon.**

If and when this transition occurs throughout the entire region, there will be a massive impact on biodiversity and the livelihoods and cultures of Indigenous Peoples. Their dependency on forest resources for food, fuel, and housing are key elements in their vulnerability to deforestation. As well as agriculture, deforestation is also a prerequisite for oil drilling, and mining, throughout the region.

As with the Arctic case studies above, the case studies below aim to show how a transboundary ecosystem like the Amazon has long been threatened by multiple, simultaneous, ongoing sectoral threats, many of which are supported and enabled by the financial sector.

CASE STUDY 1:
Oil drilling in the Ecuadorian Amazon

In 2021, Ecuador's president Guillermo Lasso issued a decree[28] that ushered in reforms aimed at doubling oil production. Many of those expansion projects are slated for extraction in undeveloped parts of the Amazon rainforest. For instance, the country is currently expanding drilling in protected areas such as the Yasuní National Park, a UNESCO Biosphere Reserve and home to the Tagaeri and Taromenane Indigenous communities. Fossil fuel proponents are building roads in intact primary forests, and in areas near Indigenous peoples living in voluntary isolation. Oil concessions that span approximately 7.5 million acres or 3 million hectares (30,000 square kilometers) of rainforests are slated to be auctioned off this year.

To make matters worse, aging infrastructure, erosion, and poor pipeline right-of-way (ROW) decisions have contributed to oil spills like the recent January 2021 pipeline rupture, as well as the April 2020 spill that affected hundreds of thousands of Indigenous peoples in Ecuador. These disasters are recurring. **The country is averaging two oil spills per week, and given the complicated topography of pipeline routes that cross dozens of seismic faultlines and face severe regressive erosion, devastating oil spills are likely to remain a persistent issue.**

Citi is the main bank providing financing to corporations active in the Amazon oil and gas industry, with an estimated total of 42 billion USD in deals[29]. This includes over 14 billion USD in direct lending, mostly to state oil companies such as PetroEcuador. Investments in oil expansion in Ecuador has flowed into drilling in Yasuní National Park[30]. In 2016, oil production in the Ishpingo, Tambococha, Tiputini (ITT) fields (Block 43), began with 23 new wells, and by the end of 2017, production had increased 5-fold from 3 million barrels to over 16 million.

CASE STUDY 2:
Mining in the Brazilian Amazon

The Volta Grande Project is being carried out by Belo Sun Mineração, a subsidiary of the Canadian Belo Sun Mining Corp, which is seeking to install its facilities in the municipality of Senador José Porfírio, in the state of Pará. If implemented, the Volta Grande project will be the largest open-pit gold exploration in Brazil, and the final blow to the region of Volta Grande do Xingu in the state of Pará, already hit by the Belo Monte hydroelectric plant. The Royal Bank of Canada is a financier of Belo Sun[31].

The company plans to build a huge infrastructure, including two open pit mines, a landfill and a tailings dam, just a few kilometers from the Xingu River. According to studies by independent researchers, there are real risks that the tailings dam could break and introduce chemical compounds such as cyanide, arsenic, lead and aluminum, causing the contamination of all water sources in the area. The mine will be installed on top of a complex network of streams that are vital to life on the Xingu River.

None of these aspects are being properly addressed by the company in its environmental impacts assessment, nor is the cumulative and synergistic relationship of these impacts with Belo Monte. Belo Sun has been trying for years to win legal battles and faces constant suspensions of its licenses[32] due to violations of rights of Indigenous Peoples and other traditional communities in the region.

The implementation of the Volta Grande project could mean the death of the Xingu River, the ecocide of a vital region for life on Earth. The direct and indirect social and environmental impacts of the Volta Grande project fall, above all, on the hundreds of riverine people, fishermen, small farmers and Indigenous communities that live in the region. In addition to the Juruna, Arara and Xikrin Peoples, Volta Grande is home to many Indigenous Peoples and several riverine and traditional communities. Despite the advanced stage of project licensing, most of these communities were not properly consulted.

There are videos[33] of the Vila Ressaca, and the Kuruaya Indigenous Land (not yet demarcated), struggling against mining.

Belo Sun's interests are not limited to the area currently subject to licensing. The company holds dozens of applications in the region, 11 of which interfere with Indigenous lands—all are for gold ore exploration. The two Indigenous lands that overlap these the company's 11 application requests are the Arara da Volta Grande do Xingu and Trincheira Bacajá.

CASE STUDY 3:
Industrial agriculture across the Amazon region

Industrial agriculture across the Amazon - which involves huge deforestation in order to clear areas for cattle ranching and soybean monoculture - has been devastating for biodiversity and Indigenous Peoples, especially over the past two decades as the industry has accelerated its activities. The negative impact includes enhancing climate change via destruction of the forest as a carbon sink, as well as the culture and livelihoods of the people who live there[34].

Research shows that the top five development banks have spent more than $4.6bn in the factory farming sector, globally, over the past 10 years[35]. As reported by the Guardian in 2021[36], the Inter-American Development Bank was considering a $43m loan for Marfrig Global Foods, the world's second largest beef company, under the guise of promoting "sustainable beef". Numerous reports have linked Marfrig's operations to illegal deforestation in the Amazon.

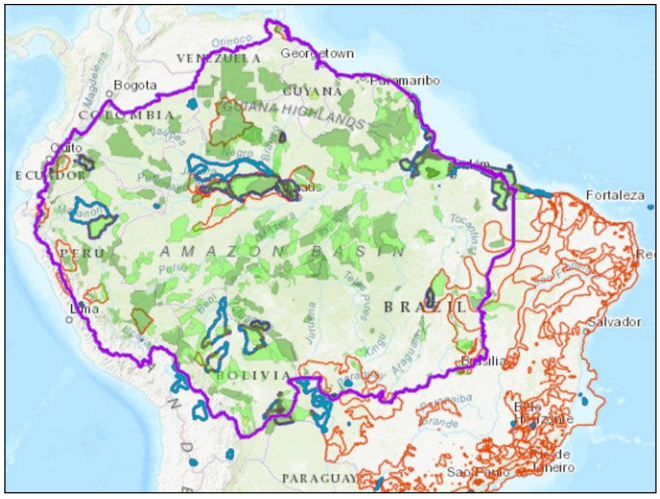
Richly biodiverse Amazon ecosystems are being destroyed at an accelerating rate. Forests are being transformed into pastures for an ever expanding cattle herd, or transformed into large crop fields in order to feed farmed animals. Unsurprisingly, Brazil is one of the largest emitters of greenhouse gases on a per capita basis, with deforestation for agricultural purposes a major contributor[37].

National Boundaries in the Amazon

Amazon Boundary

National Boundaries

Protected Natural Areas in the Amazon



National protected natural areas

Direct use

Direct and indirect use

Indirect use

Amazon Boundary

Ramsar Site

Biosphere Reserve

Indigenous Territories in the Amazon

Indigenous Territories

Indigenous Reserve Proposal

Indigenous Reserve or Intangible Zone

Officially Recognized Indigenous Land

Indigenous Land without Official Recognition

Amazon Boundary

As a vast transboundary ecosystem, the Amazon spans across multiple political jurisdictions, protected areas, and Indigenous territories, as shown in these three maps. As a result, protecting the Amazon has been piecemeal and ineffective, with Indigenous Peoples and forests under simultaneous threat from industrial agriculture, mining, logging, and oil development, all of which are worsening the climate crisis. The Amazon has been designated a climate tipping point – once a certain threshold of deforestation, coupled with regional warming, is reached, the region is set to become a savanna, which will trigger further climate tipping points globally. This transition to savanna has already happened in many subregions of the Amazon.

Source: Red Amazónica de Información Socioambiental Georreferenciada (RAISG) *under RAISG's* Terms of Use policy. *Indicators are translated to English by Friends of the Earth US.*

Amazon Boundary

- Under exploration
- Under exploitation
- Potential
- Under application
- No Information
- Indigenous Reserve Proposal
- Indigenous Reserve or Intangible Zone
- Officially Recognized Indigenous Land
- Indigenous Land without Official Recognition

As seen in this image, current and proposed oil blocks are eating away at the Amazon. According to recent research, 1,647 Indigenous territories and 52 protected areas are affected by encroaching oil lots in Bolivia, Ecuador and Peru, in which some are subsumed entirely within concessions.

Source: Red Amazónica de Información Socioambiental Georreferenciada (RAISG) under RAISG's Terms of Use policy.

The Amazon Exclusion Policy

Like the Arctic, the uniqueness of the Amazon has galvanized civil society, scientists, and Indigenous Peoples to call on the financial sector to prohibit harmful financing to the region. The Amazon Exclusion Policy[38] is a commitment to end financing and investment for any oil and gas activity in the Amazon biome. It is a policy solution that responds to clear calls for action from Indigenous Peoples in the Amazon and the world's leading climate scientists. Indigenous leadership led the successful passage of a measure[39] recently approved by the International Union for the Conservation of Nature (IUCN) calling for 80% of the Amazon to be protected by 2025. This was in recognition of its significance as a home to thousands of Indigenous Peoples, a major carbon sink for global CO_2 emissions, and as one of the most biodiverse regions in the world.

Included in this IUCN measure was a demand for all financing of extractive activities in the Amazon to end. This commitment to end financing of oil and gas in the region is consistent with the recommendations of the latest IEA and IPCC reports, which clearly state that there is absolutely no way to avoid catastrophic temperature increases above 2 degrees Celsius by the end of this century without an immediate end to fossil fuel expansion.

The Amazon is critical to global climate regulation. **However, due to longstanding, continued financing of extractive activities in the region financed by banks, the Amazon is now at a tipping point, poised to become a climate change accelerator as it converts from being one of the world's largest carbon sinks to a carbon emitter. Depending on future emission scenarios and deforestation policies in the region,** the threshold to tipping point will likely be crossed within the next fifty to two hundred years.

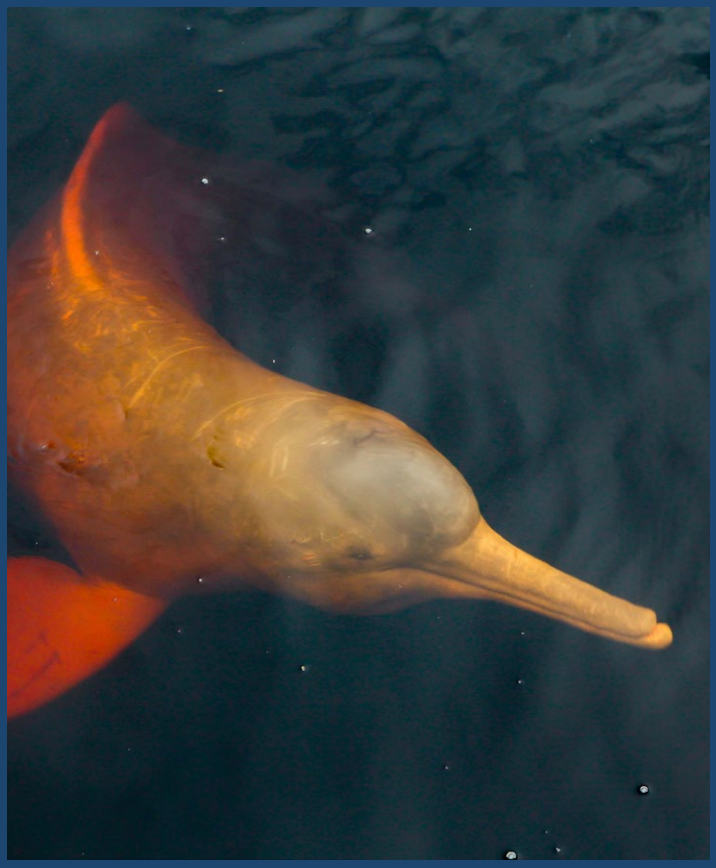
The Amazon Exclusion Policy includes the following three commitments:

1. An immediate commitment (as soon as possible and by the end of 2023 at the latest) to not finance or invest in the expansion of any oil or gas activities in the Amazon biome.
2. A commitment to end, by 2025, financing for any and all companies currently engaged in oil or gas activities in the Amazon biome, for the purpose of facilitating the responsible wind-down of operations.
3. A commitment to exit all loans, bonds, shareholdings, letters of credit, and revolving credit facilities for all oil and gas activities originating in the Amazon biome by the end of 2023.

Following campaigning from Indigenous leadership and environmentalist groups, **several major banks have begun to recognize the increasing risk involved in oil and gas exploitation in the Amazon, and have begun to restrict finance to the industry. In early 2021, BNP Paribas, Credit Suisse, and ING released commitments to exclude new Ecuadorian Amazon oil from their trading activities[40]. Societe Generale committed to exclude oil from the Ecuadorian Amazon, labeling hydrocarbons from the region as unconventional and citing the importance of protecting its biodiversity[41].**

Intesa also expanded its definition of unconventional oil and gas[42] to include that extracted from "fragile ecosystems that represent an important heritage in terms of biodiversity, have a decisive role in regulating the planet's climate and that can be irremediably damaged in emergency situations such as, for example, in the event of an oil spill".

BNP Paribas[43] further committed to exclude financing for any oil and gas companies with operations in the Amazon, with some exceptions. While some banks have begun to take initial steps towards a geographical exclusion of Amazon oil and gas, a critical mass of bold leadership and uptake within the international banking sector is still absent.



The role of Indigenous Peoples in protecting iconic, transboundary, ecosystems

The importance of Indigenous and local communities in protecting iconic ecosystems and biodiversity in transboundary regions, cannot be underestimated. There are many examples of communities uniting to protect their lands and defend their culture and livelihoods.

Many iconic ecosystems are biodiversity hotspots, and it is well recognized that Indigenous Peoples are found to be the best stewards of those areas. Moreover, most high biodiversity regions left in the world overlap with the lands of Indigenous Peoples, meaning the two are inextricably linked. Protecting biodiversity requires the protection of Indigenous Peoples, and vice versa. These Indigenous Peoples and local communities can, and do, often come together in opposing harmful projects. However, positive, sustainable outcomes for affected communities remain the rare exception rather than the norm, as tackling large well-funded corporations is at best challenging, if not outright dangerous to those who face retaliation and harassment for speaking out. So it is essential that banks and financiers develop and establish relevant Indigenous Peoples policies which require free, prior, informed consent so that the rights of Indigenous Peoples are respected.

An example of an ongoing effort made by Indigenous communities is that of the Peruvian Indigenous Movement. In June 2023, the Indigenous communities achieved a victory against Amazon extractivism following an outcry from Peruvian civil society and international human rights groups.[44] Peru's Congress voted against a law that sought to eliminate the reserves for Indigenous People in Isolation and Initial Contact (PIACI). While the case demonstrates the strength of Indigenous movements in tackling issues affecting their regions and livelihoods, extractive companies and proponents are still pushing a package of anti-environmental legislation through Peru's Congress, which could put the entire Amazon at further risk. **Banks and financiers can play a critical role in supporting efforts to protect the Amazon by prohibiting harmful financing to extractive sectors which do not have the support or consent of Indigenous Peoples or local communities in iconic, transboundary ecosystems like the Amazon.**

Other iconic, transboundary ecosystems at risk

In addition to the Amazon and the Arctic, there are many iconic transboundary ecosystems in need of protection. Below are three case studies exemplifying why financiers should be careful not to support projects which degrade and destroy other iconic ecosystems in the world.

CASE STUDY 1:
The Rampal Thermal Power Plant in the Sundarbans

The Sundarbans is the world's largest contiguous mangrove forest, straddling the borders of India and Bangladesh. The area is widely considered an iconic ecosystem because it is "one of the most biologically productive of all natural ecosystems," supporting a wealth of diverse flora and fauna.[45] In both countries, the Sundarbans are recognized separately as UNESCO World Heritage sites and Ramsar sites. In 1987, UNESCO recognized India's Sundarbans National Park as a World Heritage site. In 1997, Bangladesh's Sundarbans site was also officially recognized as a World Heritage site[46]. The related Ramsar site in India is the Sundarban Wetland, whereas in Bangladesh it is the Sundarbans Reserved Forest (SRF)[47]. The area is a web of complex ecosystems, including tidal waterways, mudflats, and mangrove forests.

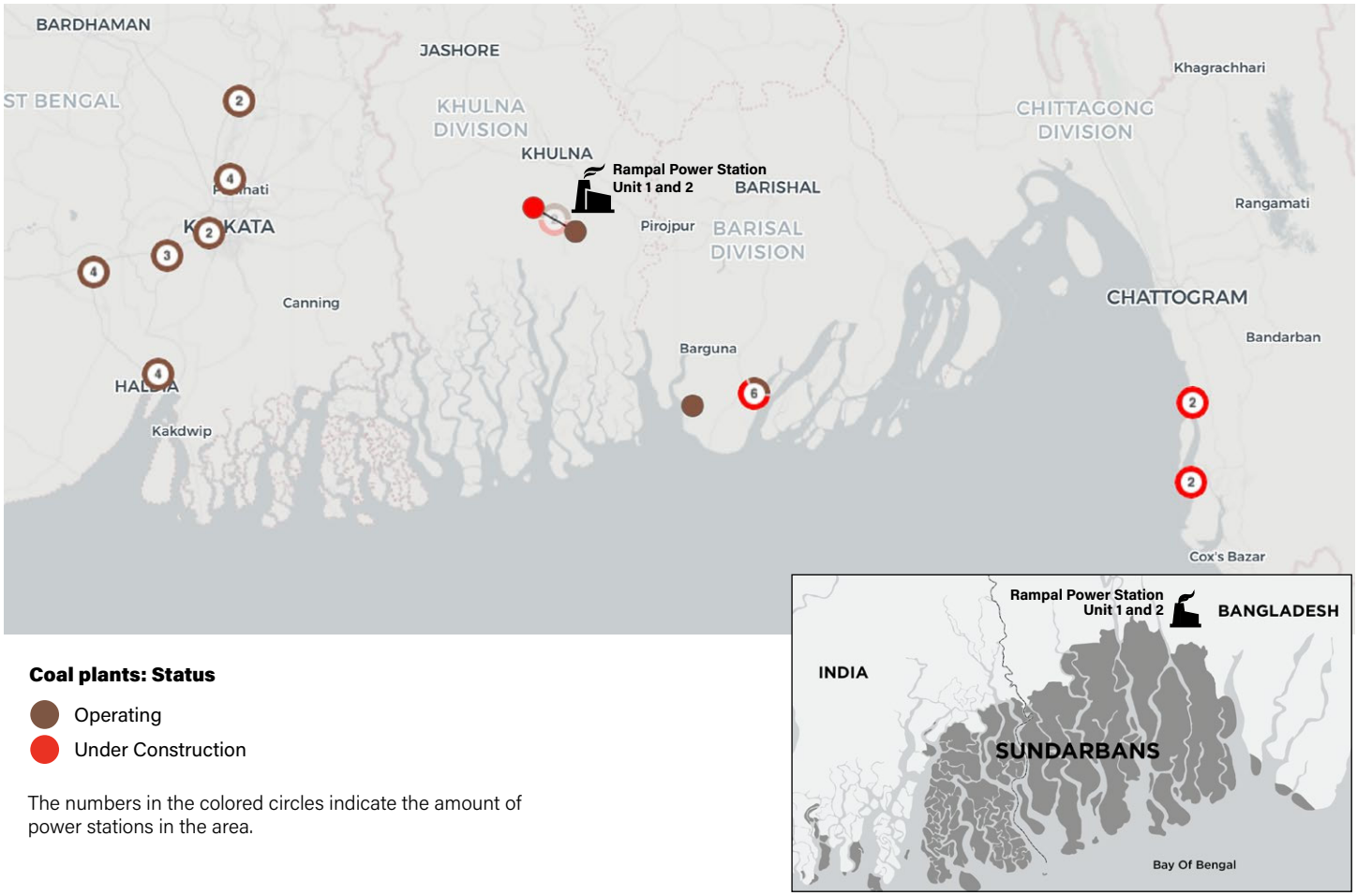
Considering mangroves have the "highest rates of carbon sequestration compared with any other ecosystem, terrestrial or marine," the Sundarbans is a critical region for its climate regulatory value.[48] For instance, a study found that the Indian Sundarbans sequestered 2.79 teragrams of carbon annually in 2010 which was 0.64% of fossil fuel emissions and 1.54% of total carbon emissions from coal based power plants in India that year.[49] Furthermore, the area provides a habitat for 334 plant species and 693 species of fauna wildlife, including several species categorized as threatened by the IUCN Red List, such as the endangered Royal Bengal Tiger and endangered Ganges and Irrawaddy dolphins. Millions of people depend on the Sundarbans for their livelihoods as fishermen, honey gatherers, and wood-cutters, as well as for protection from extreme weather, such as storms, cyclones, and tidal surges.[50]

The proposed Rampal Thermal Power Plant[51] is located just 14 kilometers from the boundary with the Sundarbans. The project has received widespread criticism[52], particularly as it directly violates the guidance of the Indian Environment and Forest Ministry, which does not permit a thermal power plant to be within a 25 km vicinity of any protected forest. However, warnings from UNESCO and public disapproval have not stopped Rampal's developers, the National Thermal Power Company (NTPC) of India and the Bangladesh Power Development Board (BPDB), or its financier, Indian Export-Import Bank, from proceeding with the project.

As detailed in UNESCO's reactive monitoring mission[53] of the World Heritage site in Bangladesh, there are numerous anticipated repercussions related to the Rampal power plant. It is estimated that the plant will generate over one million tons of coal ash per year, likely to contain toxic pollutants, which can cause acid rain that harms soil and kills fauna and flora. This would pollute the area's water sources, which are intricately connected to the Sundarbans Reserved Forest in Bangladesh. The plant would likely reduce freshwater inflow to the Sundarbans due to increased consumption by the plant and associated infrastructure. Increases in ship traffic to import coal and other construction materials to the plant will not only drive accidental coal and oil spills from cargo ships, but also require continuous dredging of the Pashur River to maintain a shipping route.

In addition to the Rampal coal power plant, these irreplaceable forests are threatened by the development of numerous coal-fired power plants, which are endorsed by the Bangladesh government and enabled by bank financing. Among those closest to the Sundarbans are the Payra, Sena Kalyan Sangstha, Patuakhali, Khulna, Barisal, Haldia, and the Hiranmaye power plants,[54] whose air, water and ash emissions, as well as accident-prone coal transport, threaten the Sundarbans.[55]

Coal-fired power plants near the Sundarbans



The Sundarbans are a UNESCO World Heritage site. However, they are closely surrounded by clusters of coal power plants. For instance, the Rampal Power Project is located only 14 kilometers away from the Sundarbans boundary, thus violating the Indian Environment and Forest Ministry's guidance that prohibits a thermal power plant to be located within a 25 km vicinity of any protected forest. Despite warnings from UNESCO, as of January 2023, Unit 1 of the powerplant is operational, while Unit 2 is under construction. The project was financed by the Indian Export-Import Bank.

Source: Global Energy Monitor, Global Coal Plant Tracker, accessed on July 12, 2023.

CASE STUDY 2:
The Coral Triangle

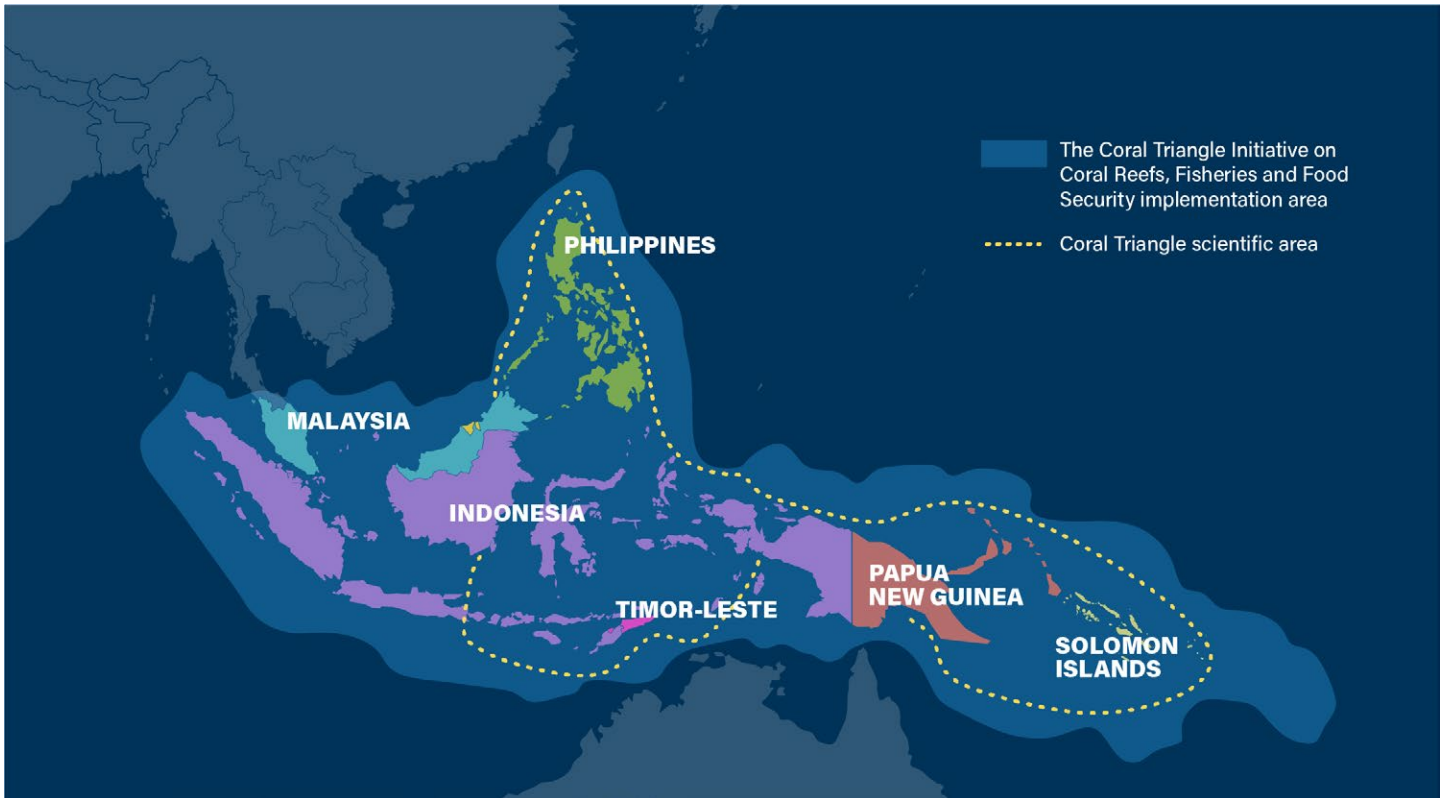
The Coral Triangle is one of the planet's richest areas of marine life and coral diversity, with over 6,000 species of fish, and 76% of the world's coral species[56]. Resources from the area directly sustain more than 120 million people, across six countries; Indonesia, Malaysia, Papua New Guinea, the Philippines, the Solomon Islands and Timor-Leste[57]. The region is iconic because of its biodiversity significance and its cultural heritage, and is truly transboundary by nature.

But shipping, pollution, illegal fishing, unsustainable tourism, and climate change are fast eroding the region's biodiversity and its resources. As the region's role in economic development grows, it is becoming increasingly threatened by a boom in fossil fuel activities, and pollution via shipping routes.

The Verde Island Passage, located in the Philippines - within the Coral Triangle - which connects the South China Sea with busy shipping routes through the archipelago, is the site of increasing Liquified Natural Gas (LNG) activity, with investments from Shell[58] and the San Miguel Corporation. Plans to build at least 6 LNG terminals and 27 gas-fired power plants are already on the table[59].

According to the 2023 Banking on Climate Change report, produced by environmental NGOs analyzing financial data, Standard Chartered was a leading financier for San Miguel Corporation over the past five years. HSBC and Barclays provided finance to Shell[60]. Filipino activists have urged HSBC, Barclays, and Standard Chartered to restrict financing for LNG projects, which they say will only further damage marine life in the area with increased marine traffic.

The Coral Triangle



The Coral Triangle scientific area, or the Coral Triangle, is a transboundary marine area that spans six countries. These six countries partnered to create the Coral Triangle Initiative on Coral Reefs, Fisheries, and Food Security (CTI-CFF), which aims to protect marine and coastal resources by establishing and effectively managing a regional Coral Triangle Marine Protected Area System. Within the Coral Triangle is the Verde Island Passage, known as the "center of the center" of marine biodiversity. However, it is being threatened by increasing LNG activity financed by Standard Chartered, HSBC, Barclays, and others.

In February 2023, the Princess Empress oil tanker sank off the east coast of Mindoro island, adjacent to the passage, releasing 800,000 litres of industrial oil[61] into the sea. The 75-mile slick devastated hundreds of fishing communities[62] on Mindoro, leaving many local people requiring medical treatment.

This is not the first time that a vessel carrying highly polluting fuels leaked its contents into the passage's waters. Looking ahead, further potentially devastating industrial projects, including fossil fuel power plants and other LNG terminals, are planned for development in the region[63]. With each project, more shipping vessels will pass through the passage providing further risk of similar situations arising in the future.

A changing global climate also threatens coastal communities and imperils fragile reefs in the region. The challenge ahead is to develop sustainable solutions for the Coral Triangle's inhabitants while protecting one of the most iconic habitats on Earth.

CASE STUDY 3:
The Albertine Rift

The Albertine Rift region in East Africa, forming part of the western Great Rift Valley, is transboundary by nature as it straddles the borders of the Democratic Republic of Congo, Rwanda, Burundi, Uganda and Tanzania, stretching over a distance of 1,000km. The region is characterized by mountains and valleys, with higher elevations supporting afromontane and sub-montane forests, grasslands, and afroalpine moorlands.

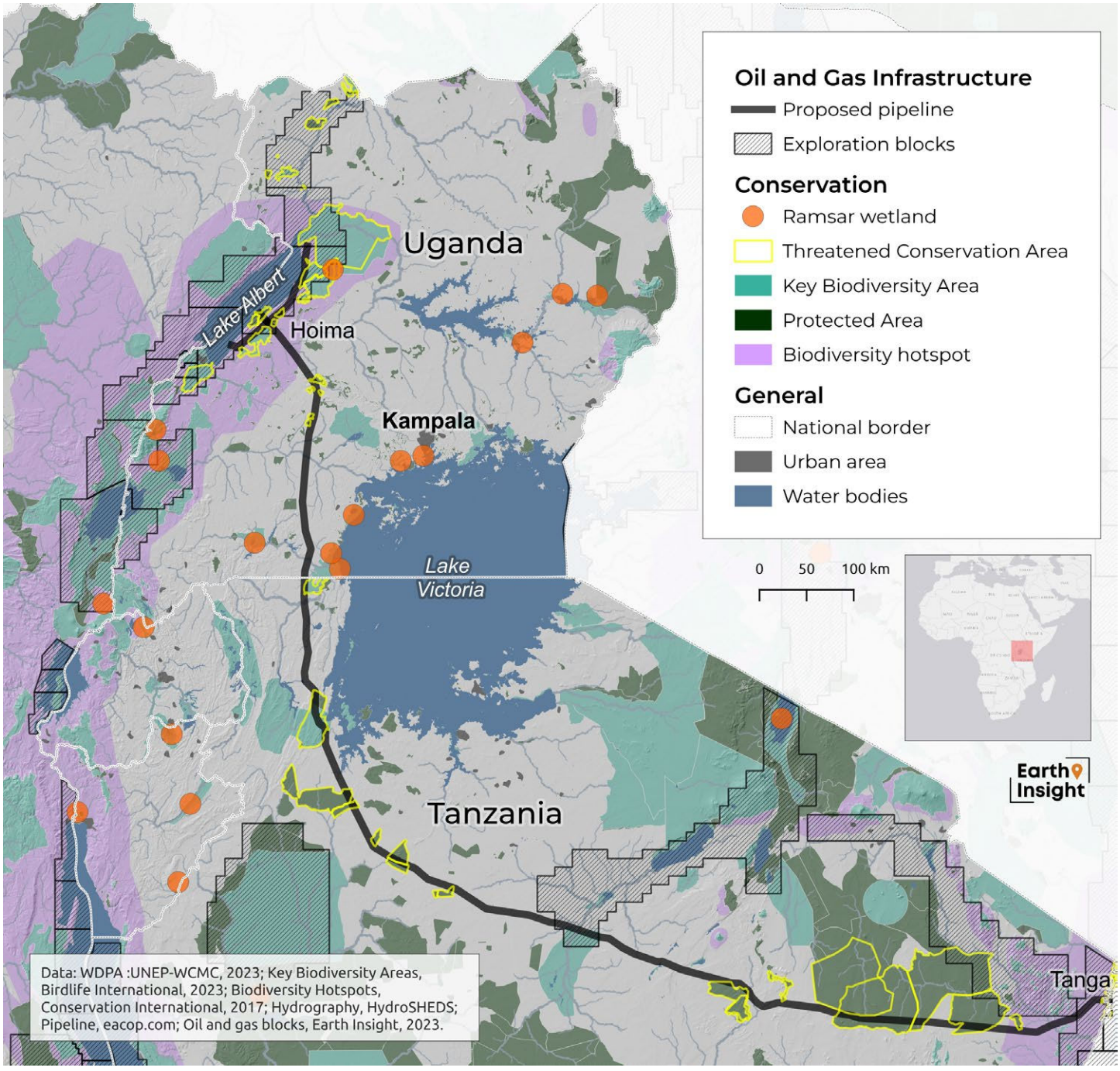
The region is also an iconic biodiversity hotspot, with more than half of Africa's birds, 40% of Africa's mammals and about 20% of its amphibians and plants[64]. It is home to more than 500 species of plants and animals found nowhere else on the planet, including 163 terrestrial vertebrates unique to the area. Lakes in this region have incredible fish diversity and at least 350 species of plant are unique to the region.[65] There are more threatened and endemic species here than in any other region of Africa, and as a result it has been designated a crucial ecoregion by the World Wildlife Fund, and an Endemic Bird Area by BirdLife International[66]. It is home to the endangered mountain gorilla, lions, primates, hippopotamuses, elephants, and butterflies, amongst others.

However, the region is currently threatened by the development of the East Africa Crude Oil Pipeline (EACOP), which will stretch 900 miles from Lake Albert to Tanzania's Indian Ocean port of Tanga, passing through elephant, lion, and chimpanzee habitats and 12 forest reserves, and crossing more than 200 rivers and thousands of farms before reaching the Indian Ocean[67].

EACOP's development is being led by French oil company TOTAL together with China's CNOOC. Pipeline construction for the project is expected to require a US$2.5 billion project loan. Although the loan is yet to be finalized, the following banks are acting as financial advisors: Standard Bank and Industrial and Commercial Bank of China[68].

The pipeline is planned to carry 216,000 barrels of crude oil per day, and will require heating to 50 degrees Celsius (122 degrees Fahrenheit), because the oil is low in sulphur and will

otherwise solidify in the pipe (this requires a huge amount of energy). If built, EACOP is expected to trigger a massive expansion of the oil industry in East Africa. **NGOs estimate the carbon footprint of the oil, once burned, will be roughly that of Denmark, and thousands of farmers will lose their land.**



The proposed East African Crude Oil Pipeline (EACOP), which runs partially through the transboundary ecosystem of the Albertine Rift, would pass through and threaten numerous areas that are critical for the region's endangered species and local communities, including Ramsar wetlands and Key Biodiversity Areas. South Africa's Standard Bank and Industrial and Commercial Bank of China (ICBC) are serving as financial advisors to the project.

Source: Courtesy of Earth InSight.

Conclusion

This briefing paper highlights the importance of biodiversity and Indigenous communities in iconic, transboundary, regions. Preserving these regions is crucial for ecosystem integrity and the well-being of local communities. However, these ecosystems face significant risks and challenges which require international cooperation and action, especially with regards to investment from financiers.

Conserving biodiversity in transboundary regions is essential for ecosystem resilience. At the same time, Indigenous Peoples and local communities in transboundary regions play a vital role in sustainable resource management. Recognizing their rights and supporting their traditional knowledge is key to ensuring their well-being and the preservation of cultural heritage.

In conclusion, protecting biodiversity and supporting Indigenous communities in transboundary regions requires global commitment and collaboration. By recognizing their importance and taking action to prohibit harmful financing impacting these areas, banks can help ensure the long-term sustainability and ecosystem integrity of unique regions critical for regulating the climate, conserving biodiversity, and sustaining communities.

KEY TAKEAWAYS

- Banks and financiers must strengthen protections of iconic, transboundary ecosystems in order to prevent the fragmentation of such areas.
- The Banks and Biodiversity Initiative recommends that banks and financiers draw on our proposed definition of iconic, transboundary, ecosystems as those "with unique, superlative natural, biodiversity, and/or cultural value which may sprawl across state boundaries, and thus may not be wholly or officially recognized or protected by host countries or international bodies."
- Banks and financiers should prohibit harmful financing to iconic, transboundary ecosystems, particularly the Amazon, Arctic, Sundarbans, Coral Triangle and Albertine Rift, amongst others. This requires that due diligence processes account for robust, accurate, assessments which account for ecosystem integrity and ecosystem fragmentation risks.
- Current and historical bank financing has already led to the fragmentation and devastation of iconic, transboundary, ecosystems critical for climate regulation and biodiversity conservation, including the Amazon, Arctic, Sundarbans, Coral Triangle, and Albertine Rift, amongst others.

- While some banks have established limited protections on the Amazon and Arctic, particularly among commercial banks, the international banking sector writ large should develop explicit and strong policies to protect iconic, transboundary, ecosystems.
- Banks should reference and assess multiple sources in decision making around investments in iconic areas. In particular, different approaches to Arctic mapping are important and banks should be aware to assess various sources when assessing the risks of a particular proposed project or activity there.
- Establishing exclusionary policies for iconic, transboundary, ecosystems can be an effective way for banks and financiers to harmonize institutional climate and biodiversity targets by protecting key ecosystems with high climate regulatory and biodiversity values simultaneously.
- Indigenous Peoples and local communities play a critical role in protecting climate regulatory and high biodiversity ecosystems.
- Banks and financiers should improve or establish strong Indigenous Peoples policies which protect the rights to self-determination and sovereignty.
- Banks and financiers should require free, prior, informed consent as a right to Indigenous Peoples, and as a best practice for consulting local communities.

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