

Proposed plan of action for aligning financial flows with the vision, goals and targets of the Global Biodiversity Framework

Finance and Biodiversity Day at COP15 of the Convention on Biological Diversity
Montreal, Canada - 14 December 2022

Representatives from financial sector organisations¹ with high ambition on sustainability, globally, gathered on 14 December 2022 at Finance and Biodiversity Day, a parallel event to the second part of the 15th Conference of the Parties (COP15) to the Convention on Biological Diversity (CBD) in Montreal, Canada.

The purpose of this event was to build alignment and shared ambition on aligning financial flows with the shared vision, 2050 goals, and 2030 targets of the Global Biodiversity Framework, expected to be adopted as outcome of COP15.

Human activities, including economic activities enabled by the financial sector through a vast array of financial and investment services, have already led to the loss of vast amounts of species, habitats, natural capital and ecosystem benefits worldwide². Scientific evidence shows that nature loss is further accelerating at unprecedented rates in history. The global crisis of nature loss, amplified by that of climate change and pollution, create an array of risks³ that threaten the stability and resilience of the world's economy and society.

As an enabler of economic activity, the financial sector has an essential role to play in addressing this crisis and achieving the shared vision of the Global Biodiversity Framework to be adopted at COP15: putting the world on a path to reversing nature loss by 2030, and "living in harmony with nature" by 2050.

Yet, today, a dominant proportion of global financial flows⁴ supports activities that harm, rather than protect, nature. Finance aiming to create positive outcomes for nature⁵ represents a small fraction of overall flows. There is limited consideration in financial policymaking and investment decision-making of the need to protect, regenerate, and make sustainable use of, nature.

Increasingly, political leaders, financial organisations and investors step up to address this challenge⁶. However, voluntary action cannot by itself bear full and sustained results. The world needs an ambitious Global Biodiversity Framework to be adopted at COP15. This needs to be actively implemented by countries, to catalyse a collective transition to an economy that protects, regenerates, and make sustainable use of nature.

Negotiators at COP15 should adopt an agreement that creates the clarity and action to align all economic actors, including financial institutions, to halt and reverse nature loss, contribute to nature-based solutions to climate change and other sustainable development challenges, whilst supporting a just and equitable ecological transition.

From the viewpoint of the financial sector, a robust agreement would: emphasize the imperative of aligning financial flows with the shared vision, goals and targets of the Global Biodiversity Framework ; promote the assessment and disclosure of nature-related risks, dependencies and impacts (particularly for large and transnational businesses and financial organisations, as well as others with significant risks, dependencies and impacts on nature); and enable the development of a global pipeline of nature-positive projects and investments.

A proposed plan of action is presented in Appendix 1. This plan is for consideration by actors within the whole of the financial sector, including private and public financial institutions, supervisory entities, and policymakers. Collectively, they have the power to set society on a transition to reverse nature loss and achieve a shared vision of "living in harmony with nature".

Beyond COP15:
Proposed plan of action for aligning financial flows
with the targets and vision of the Global Biodiversity Framework

Robust, cohesive and rapid action is needed to set the world on a path to achieving the 2030 targets and 2050 vision of the Global Biodiversity Framework. The following plan of action is proposed to relevant stakeholders within the financial sector, as well as from corporate investors.

This plan of action needs to be supported by policy and regulatory action from governments, as well as specific effort from public and private financial institutions to mainstream the consideration of nature and align financial flows. We recommend that it is implemented rapidly, yet progressively, in the perspective of a just transition, and supported by constructive public-private dialogue.

A. Prepare :setting a clear and consistent environment to catalyse action

All	<p>Recognise and emphasize the importance of nature loss as a source of systemic risks for organisations, the economy and society, and adhere to the shared vision, 2050 goals and 2030 targets proposed in the Global Biodiversity Framework.</p> <p>Recognise and leverage on the linkages between nature action and climate action in the perspective of mainstreaming and financial flows alignment.</p>
Government policymakers	<p>Adhere to the 10 Points Plan for Financing Biodiversity , strengthening recognition of the imperative to reverse nature loss by 2030, mainstreaming nature in policies and regulations, fiscal policies, economic incentives and subsidies, social and economic development planning, trade policies, climate-change and energy transition plans, poverty reduction strategies, overseas development assistance, at all relevant levels of government.</p>
Financial supervisory entities and central banks	<p>In line with the mandates defined by their government supervisory authorities, establish prudential requirements and reporting requirements for financial organisations on their exposure to, and management of, nature-related risks, impacts and dependencies, taking into consideration the ongoing works of the Network for Greening the Financial System (NGFS) and recommendations from the joint NGFS-INSPIRE working group on biodiversity and financial stability.</p>
Public and private financial institutions and corporate investors	<p>Build an organization culture that recognises the need for action on nature to reduce negative impacts, support activities with positive impacts, and achieve a sustainable use of natural capital – building on the recognition that nature-related risks, impacts and dependencies within value chains and asset portfolios threaten the resilience and long-term value creation of organisations.</p> <p>For private financial institutions, prepare for compliance with future requirements stemming from policymakers, regulators and supervisors. In the meantime, strengthen voluntary action, adhering to a relevant</p>

	<p>sector initiative for building commitment on biodiversity in finance, such as the Finance for Biodiversity Pledge, Principles for Responsible Banking, Principles for Responsible Insurance, Principles for Responsible Investment.</p> <p>For public financial institutions and public development banks, in accordance with their government mandates and their mission to invest in support of a wider set of social and economic development objectives, strengthen their contribution to the goals of the Global Biodiversity Framework in their strategies and operations, “taking into account the ongoing work of the International Development Finance Club (IDFC) and the Finance in Common coalition.</p>
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B. Implement: taking action to align financial flows with the shared vision of the Global Biodiversity Framework

Government policymakers	<p>Further referring to the 10 Points Plan for Financing Biodiversity, Increase international financial resources towards biodiversity by mobilizing new, additional, predictable and timely resources from all sources to developing countries, taking into account developing country’s National Biodiversity Strategies and Action Plans (NBSAPs).</p> <p>Ensure that official development assistance flows do not harm biodiversity, and make use of all relevant opportunities to generate positive outcomes for nature, climate, and socio-economic development.</p> <p>Use financial and policy levers to mobilise biodiversity finance domestically, including through appropriate fiscal policies, green financial products, investment in green infrastructure and other nature-based solutions, payment for ecosystem services, and high integrity carbon markets to incentivize private financial flows.</p> <p>Reduce, ultimately eliminate, and repurpose, public incentives that are harmful to biodiversity, including regulatory, fiscal and trade incentives, in a socially just and equitable way, directing incentives towards activities that contribute to the shared vision, goals and targets of the Global Biodiversity Framework, making incentives positive or neutral for biodiversity by 2030.</p>
Financial supervisory entities and central banks	<p>In line with the mandates defined by their government supervisory authorities, enforce and through effective leadership and public-private dialogue, facilitate the implementation of prudential requirements on exposure to nature-related risks and impacts.</p>
Public and private financial institutions and corporate investors	<p>Assess, monitor, report upon, and disclose nature-related risks, dependencies and impacts, using voluntary science-based approaches such as under development by the Taskforce on Nature-related Financial Disclosures (TNFD), also aligning wherever applicable with regulatory disclosure requirements.</p> <p>Assessment and leverage opportunities to make investments with positive outcomes for nature, noting the ongoing emergence of guidance on investments that contribute to protecting and restoring nature (such as that</p>

	<p>being developed by the International Union for the Conservation of Nature and its Resources – IUCN) and the need to build consensus on a taxonomy of “nature positive” investments.</p> <p>Develop, adopt, and align with, science-based targets to reduce exposure to risks, dependencies and negative impacts, and generate positive outcomes, leveraging wherever possible on opportunities to build synergies between climate action and nature action. This should use recognized guidance such as that being developed by the Science-Based Targets Network (SBTN).</p> <p>Develop and promote financial solutions in support of activities with positive outcomes for nature, including nature-based solutions for combined action on nature and climate mitigation and adaptation. Build competitiveness, attractiveness, and work towards scaling-up those activities, making the most relevant use possible of public-private blended financial approaches and other innovative financing approaches.</p> <p>Reduce negative impacts to nature through engagement with companies, sector- and ecosystem -based policies (including exclusion policies), and effective, science-based application of internationally recognized safeguards.</p> <p>For public financial institutions and public development banks, mainstream biodiversity with a view to ambitiously scaling up biodiversity finance, using tools such as IDFC Toolbox on Integrating Biodiversity into Strategies and Operations of Development Finance Institutions</p>
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C. Supporting the mainstreaming of biodiversity through effective engagement

All	<p>Strengthen public-private and wider stakeholder dialogue on nature, supporting the effective mainstreaming of nature within decision-making, and set the world on a transition to reversing the loss of, regenerating, and making sustainable use of, nature.</p> <p>Carry out and promote an appropriate level of engagement with indigenous people, local communities, and relevant groups within society, in the perspective of equitable access and benefit sharing.</p>
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Reference

1. “Financial sector” in this document means public policymakers, financial supervisory entities and central banks, public development banks and fiduciaries (multilateral, regional, bilateral and domestic), private financial institutions (banks, insurance, other asset owners, and asset managers), and multilateral organisations involved in international biodiversity finance and Overseas Development Aid (ODA) transfers.
2. The 2022 edition of the World Wildlife Fund (WWF) Living Planet report shows an average 69% decline in the relative abundance of monitored wildlife populations around the world between 1970 and 2018, with freshwater species populations having seen the greatest overall global decline (83%) – Source: *WWF (2022) Living Planet Report 2022 – Building a naturepositive society*, https://www.lpr.awsassets.panda.org/downloads/lpr_2022_full_report.pdf.

Seventy-five per cent of the land surface is significantly altered, 66 per cent of the ocean area is experiencing increasing cumulative impacts, and over 85 per cent of wetlands (area) has been lost. Across much of the highly biodiverse tropics, 32 million hectares of primary or recovering forest were lost between 2010 and 2015. Source: *Intergovernmental Panel on Biodiversity and Ecosystem Services (IPBES) (2019): Summary for policymakers of the global assessment report on biodiversity and ecosystem services of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services*, <https://ipbes.net/global-assessment>
3. \$44 trillion of economic value generation – more than half of the world’s total GDP – is moderately or highly dependent on nature and its services and is therefore exposed to nature loss. Source: *World Economic Forum (WEF) (2020): Nature Risk Rising*, https://www3.weforum.org/docs/WEF_New_Nature_Economy_Report_2020.pdf
4. Overall global financial flows in which the needs of biodiversity are rarely, if ever, taken into account, include: US\$ 350 trillion of funds managed by global capital markets; consumer spending of over US\$ 50 trillion annually; and, global debt, which reached US\$ 226 trillion in 2020 – Source: *Supplementary information on effective and feasible pathways for closing the biodiversity finance gap: a note by the panel of experts on resource mobilization*, <https://www.cbd.int/doc/c/d6df/7cc2/0fe75538dc7109ed9d866c9f/sbi-03-inf-47-en.pdf>
5. Approximately USD \$143 billion per year, higher estimate. Source: , *The Paulson Institute, The Nature Conservancy, and the Cornell Atkinson Center for Sustainability (2020) : Financing Nature: Closing the global biodiversity financing gap*, <https://www.paulsoninstitute.org/conservation/financing-nature-report/>
6. As exemplified by the [Kunming Declaration of the Parties to the CBD](#), the [Leader’s Pledge for Nature](#), the [10 Points Plan for Financing Biodiversity](#), the [COP26 Multilateral Development Bank’s Joint Statement on Nature](#), the [International Development Finance Club’s Common Position Paper on Biodiversity](#), the [Statement on Nature-Related Financial Risks](#) by the Network for Greening the Financial System, the [Finance for Biodiversity Pledge](#), the [Statement from the Private Financial Sector to the Conference of the Parties to the Convention on Biological Diversity](#), the [Principles for Responsible Investments](#), the [Principles for Responsible Banking](#), and the [Principles for Responsible Insurance](#)