

## **Interface Dialogue Finance and Biodiversity Results and insights of IDFB 6**

**Results and insights of the IDFB session for Parties, held on February 22<sup>nd</sup>, 2022.**

### **Introduction**

Nearly 40% of the world's economy depends on the direct use of biodiversity and 70% of the world's poor and vulnerable live in rural areas that depend directly on nature. The gap in funding for biodiversity worldwide is estimated to be between USD 598 and 825 billion yearly. To fill this gap, the financial sector must be involved in achieving an ambitious post-2020 Global Biodiversity Framework (GBF). Currently this new framework is being negotiated under the Convention on Biological Diversity (CBD) and is expected to be adopted at the 15<sup>th</sup> Conference of Parties (COP15) of the CBD this fall. The GBF will define targets and pathways for the conservation, restoration and sustainable management of biodiversity for the next decade and beyond.

The Interface Dialogue Finance and Biodiversity (IDFB) was set up in August 2021 to bring together Parties and financials willing to create momentum around exchange and learning from experiences and best practices that the financial sector has in aligning finance and biodiversity. The ultimate goal is to support Parties in designing and implementing a strong GBF that incorporates and maximises the effective use of public and private finance. The IDFB is organised by the Government of the Netherlands in close collaboration with the Government of the United Kingdom.

### **Interface Dialogue Finance and Biodiversity**

The ultimate goal of the IDFB is to galvanise the transition towards including biodiversity in all financial decision making. The IDFB will run until the COP15 process is completed with the adoption of the GBF. The dialogue is open for all governments and financials that are interested, will be informal and mostly online or hybrid. So far, The IDFB facilitated six dialogue sessions around biodiversity and finance, thereby facilitating support for countries in getting access to information, tools and best practices in mobilising finance; and using this information to strengthen the GBF.

### **Main takeaways of IDFB 6**

#### **Momentum**

- Biodiversity losses need to be understood and accepted as a material risk that requires the same attention as climate, we need to continue to promote innovation, integration, and dialogue.
- Financial institutions struggle to identify, measure and disclose biodiversity losses that are related to their operations due to a lack of standardised corporate reporting methods. This illustrates and underlines the importance of the TNFD framework.
- The private sector is asking for more guidance from finance ministries regarding alignment of subsidies and taxes to conservation and restoration goals, as more private investment is needed in nature restoration and conservation to overcome the public funding gap.
- Central banks and supervisory authorities are increasingly recognising the threat that biodiversity loss posed to macroeconomic stability as well as the stability of the financial systems that they oversee.
- According to a new report from the Central Banks and Supervisors Network for Greening the Financial System (NGFS), a range of challenges need to be overcome such as complexity of biodiversity, the lack of regulations and policy guidance, and limited tools to measure, disclose and manage nature-related financial risks.
- There is a need for further fiscal and policy reform to pave the way for integration of nature-based solutions (NBS) and nature-smart planning into national strategies, to address the market failures associated with biodiversity losses
- Ministries of finance must work in tandem with environment ministries, as well as other relevant ministries, to create holistic, integrated approaches that can improve understanding of the impacts of biodiversity losses across sectors, and in turn how these are managed.



- The World Bank presented the first findings of an upcoming report 'Nature-related Risks for Ministries of Finance: An Overview' and will have a lengthy list of recommendations for how ministries of finance can act to manage and mitigate nature-related risks. Ministries of finance should play a pivotal role in mitigating and managing nature-related risks through their policy, planning, and budgeting decisions.
- Finance for Biodiversity (F4B) has published an integrated transition framework that can be used by financial institutions to develop consistent climate and nature scenarios and transition plans. The framework will help financial institutions to integrate their approaches to climate and nature when assessing, reporting and acting on risks and opportunities.

### Experimenting in practice

- BIOFIN has seen efforts to develop financial products which incentivize sustainable use of biodiversity and nature-based solutions across different sectors such as agriculture, fishery and forestry in countries such as Peru, Costa Rica and the Philippines. More financial products like these need to be developed to further incentivize a transition.
- BIOFIN has found that in general, ministries of agriculture spend more than any other ministry on biodiversity. Such findings help with future relevant stakeholder mapping, and with direction of finance for nature to the right places.
- Involvement of other ministries in the development of green budgets and regulations to internalise negative externalities have helped to create understanding of where public funding is going, and how to best align it with nature-positive investments.
- In France, Article 29 of the French Law on Energy and Climate, mandates that financial institutions disclose and manage climate and biodiversity risks. It was prepared jointly by the French Treasury Department and the Ministry for the Ecological Transition. Officers from the French treasury carried out the upstream technical and strategic analysis and in-depth consultations prior to the drafting of this text.

### Capacity building and knowledge generation

- For financial institutions to have an increased understanding of the impact of biodiversity in investments, there is a need for improved data, a framework to integrate biodiversity and nature into business strategies, a shared definition of biodiversity itself, as well as reporting metrics and tools so that they can eventually move on to management of physical and transition risks of biodiversity loss.
- Finance and other relevant ministries need capacity development at the national level, and ministries themselves should become "bio-lingual" so that biodiversity experts understand how the financial system works, and financial experts understand the extent of effects of biodiversity loss to the financial system.
- Financial institutions need to understand the feedback and compounding effects between their nature and climate risks. Scientific and technical papers on financing a sustainable economy need to focus more on the links between climate and biodiversity.



For more information on the  
IDFB, please visit:  
<https://www.idfb-dialogue.org/>

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## Next steps

- Mobilising resources is good, but aligning financial flows is better: Aligning public and private financial flows involves a much larger volume of resources, about \$400 trillion, spread over financial and capital markets.
- Increased amounts of available and comparable data, alongside established definitions for biodiversity, and relevant measuring and reporting tools need to be developed for financial institutions to become more aware of the importance of biodiversity for their operations.
- Many Parties are challenged to keep track of the many meetings, reports, tools and initiatives related to the risks of biodiversity loss to financial institutions.

**In response to these expressed needs, the IDFB launched a website and a helpline for Parties who are looking for technical and practical knowledge as well as hands-on experience with regards to finance and biodiversity. The link to the website: <https://www.idfb-dialogue.org/> & email address: [info@idfb-dialogue.org](mailto:info@idfb-dialogue.org)**

**On the 19th of March, the IDFB is organising a side event as part of the CBD sessions. It will be the seventh session that we organise and it will be the first in-person session**

## Participants of IDFB 6

### *Parties to the CBD*

Agueda de Burgo (Government of Cabo Verde)  
Ahmed Abdallah (Government of Egypt)  
Anna Karamat (European Commission)  
Aurelien Girault (Government of France)  
Bethany Ridley- Moran (Government of UK)  
Catarina Trendafilova (Government of Canada)  
Chloe Johnson (Government of UK)  
Hasan Hafeez (Government of UK)  
Henna Haapala (Government of Finland)  
Ines Verleye (Government of Belgium)  
Loic Viatte (Government of Sweden)  
Lucretia Landmann (Government of Switzerland)  
Monique Akullo (Government of Uganda)  
Moustafa Fouda (Government of Egypt)  
Nith Chin (Government of Cambodia)  
Odile Conchou (CBD)  
Paudyal Dhananjaya (Government of Nepal)  
Waldemar Coutts (Government of Chile)

Yuval Tchetchik (Government of S-A)  
Yuzo Yagai (Government of Japan)  
Caroline van Leenders (Government of the Netherlands)  
Jan Willem den Besten (Government of the Netherlands)

### *Observers*

Emine Isciel (Storebrand Asset Management)  
Anita de Horde (Finance for Biodiversity Foundation)  
Jeremy Eppel (F4B)  
Jorien van Hoogen (Nature^Squared)  
Eli Morrell (Nature^Squared)

### *Presentations*

Arthur Campredon (Ministry of Finance, France)  
Mariana Bellot (BIOFIN)  
Samantha Power (World Bank Group)  
Nepomuk Dunz (World Bank Group)  
Olga Gavryliuk (World Bank Group)  
Sjoerd van der Zwaag (DNB)



For more information on the IDFB, please visit:  
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Please send us your feedback or question for our expert panel to:  
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