



Interface Dialogue Finance and Biodiversity Results and insights of IDFB 3

Results and insights of the Content Sessions of IDFB 3 held as part of the G20 event “A Biodiversity Agenda for the G20 and the public Development Banks” on November 24th, 2021 and the CBD secretariat’s workshop “Aligning financial flows with the post 2020 global biodiversity framework” on December 9th and the reflection session for Parties, held on December 7th, 2021.

The IDFB

The gap in funding for biodiversity worldwide is estimated to be between 598 and 824 billion USD yearly. To fill this gap, the financial sector has to be involved in achieving an ambitious post-2020 Global Biodiversity Framework (GBF).

The Interface Dialogue Finance and Biodiversity (IDBF) is set up to bring together a group of 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.

Main takeaways of IDFB 3

Momentum

- The G20 recognises the specific roles that Public Development Banks and Multilateral Development Banks play in the transition to a sustainable economy. Since they are administering public money, they can lead the way in both reducing biodiversity-harmful expenditures and in allocating more resources to nature positive investments. G20 wants to develop an ambitious sustainable finance agenda, including biodiversity, and is calling for all CBD parties to adopt and implement an ambitious post 2020 Global Biodiversity Framework. G20 members underline synergies in public and private financial flows for climate and biodiversity and the need to strengthen those synergies to maximise co-benefits.
- At COP26 momentum was growing that climate change and biodiversity loss are two sides of the same coin instead of separate crises. CoP26 saw a lot of attention for nature and financial pledges for nature.
- A key message at the workshop on the financial sector organised by the CBD Secretariat was that the participation of all actors is fundamental including governments, business, the public and the private financial sector in developed and emerging markets. Many new initiatives on biodiversity taken by the financial sector.

Experimenting in Practice

- If Public Development Banks (PDB) and Multilateral Development Banks (MDB) have a specific contribution to make, then governments as their shareholders can play an important role. They can influence PDBs to mainstream biodiversity across their operations and investments. A portfolio-wide biodiversity stress test can for example be proposed, similar to those being done now for climate change. The G20 can play a catalytic role in bringing together governments, PDBs, and other stakeholders to advance this agenda.
- In the follow up of the G20 event, there should be attention for the creation of ‘one story’ on the topic of the alignment of financial flows. Also more common ground should be found on how alignment of financial flows can be operationalised.
- The workshop of the CBD secretariat also called for the importance of translating the adoption of a global biodiversity framework into concrete and practical action by the global financial sector.

Capacity building and knowledge generation

- An increasing amount of studies are indicating how much climate and biodiversity are interrelated and actual data have now been published. There is a growing recognition of the critical contribution that healthy ecosystems make in providing effective nature-based solutions to climate change;



- In response to expressed needs of Parties, the IDFB will introduce a new helpline/knowledge platform for Parties who are looking for more technical and practical knowledge as well as hands-on experience with regards to finance and biodiversity.

Participants

Parties to the CBD

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1. General developments on finance and biodiversity

Cooperation with the G20

The Italian G20 Presidency in collaboration with the UNDP and the Rome Centre for Sustainable Development organised the workshop "Building a Biodiversity Finance Agenda for the G20" on the 24th of November. The aim was to further discussions on biodiversity protection and the crucial role of finance in this. The Workshop highlighted that the Environmental Deputies Meetings and the Finance Tracks worked very closely throughout the Italian Presidency, and this was reflected in the Rome Leaders Declaration, where the G20 Members underlined the synergies in financial flows for climate, biodiversity and ecosystems, and the strengthening of those synergies to maximise co-benefits. Consensus was expressed on the fact that biodiversity and nature protection are closely connected with a crucial role of finance, and that achieving long-term goals requires transformational change in the way we value and invest in nature, in our societies and economies. The workshops underlined the role of both public and private financial flows as enablers and drivers of the global economy. They can stimulate, empower and enhance the actions of billions of citizens across the world, whose quality of life, livelihoods and security depend on nature.

The G20 Countries attach great importance to strengthening shared learning and advancing on a closer examination of the relationship between finance and biodiversity as well as at their interface. Through the Environmental Deputies Meetings, the G20 examined both biodiversity and sustainable finance aspects. The Sustainable Finance Working Group, in the finance stream of the G20, developed a roadmap on sustainable finance for the G20 as a whole.

Attention to nature at COP26

Already at an early stage, the UK worked on putting nature at the heart of the COP26 presidency. Nature based Solutions are very tangible in this context, because they combine climate and biodiversity. Despite some push backs because COP26 was after all a climate convention COP, the inclusion of nature has been welcomed, and at COP26, as an international community we have gone further than ever before in recognising interactions between climate and biodiversity.

The Netherlands organised a side event on the climate-biodiversity nexus by showcasing four investment cases. Dutch financials ING, Dutch Water Bank, and FMO took part and agreed that climate and biodiversity are indeed interlinked. Consensus was expressed to not have climate accounting and carbon accounting separate from biodiversity accounting. If you start with



biodiversity, it will naturally include climate as well, because climate change is one of the big drivers. As such, the conclusion was that at the end of the day the two conventions – COP25 and COP15 should perhaps be more integrated

The CBD Secretariat workshop "Aligning financial flows with the post 2020 Global Framework"

On December 9th, the CBD Secretariat organised an online workshop with the financial sector. A key message was that, in line with COP-15 part 1 and COP26, the participation of all actors is fundamental, including governments, business, the public and the private financial sector in developed and emerging markets.

The workshop focused on the concept of aligning financial flows with the objectives of the Global Biodiversity Framework and how it can be operationalised. Concrete examples and projects were shared that are supported by public and private financial institutions. The workshop linked these actions to the needs of Parties in mobilising resources from all sources, including through biodiversity finance plans. Emphasis was also given to the role that regulatory and policy frameworks have to play in providing an enabling environment for the alignment of the private financial sector with biodiversity. The workshop also discussed the importance to translate the adoption of a global biodiversity framework into concrete and practical action by the global financial sector.

News from the financial sector

Finance For Biodiversity Pledge – new members

This initiative is a commitment of financial institutions to protect and restore biodiversity through their finance activities and investments. The Finance for Biodiversity Pledge now has 84 signatories, representing in total over €12.6 trillion in assets and 18 countries.

Mediterranean MPA Forum

For the third time in the Mediterranean, around 250 key players involved in the marine environment met from 28 November to 1st December 2021 in Monaco, to share their experiences, discuss and develop a joint work programme to improve, by 2030, the protection of the Mediterranean Sea. A lot of attention went to Nature-based Solutions that are essential to contribute to the mitigation and adaptation to climate change as was also highlighted during the recent UN Climate Change conference COP 26 in Glasgow.

Biodiversity Fund launched in the Netherlands

ASN Impact Investors in the Netherlands launched the ASN Biodiversity Fund, aimed at restoring and protecting biodiversity. The fund invests in projects and initiatives that make a measurable positive contribution to biodiversity. With this first Dutch investment fund in biodiversity restoration for private investors, the asset manager proves that financial returns can go hand in hand with nature restoration. ASN Bank is currently the second largest sustainability-driven bank in the Netherlands.

Biodiversity Index on the stock exchange

42HSBC Launches Indexes that screen firms for biodiversity risk. Investors looking for ESG strategies now have a new group of indexes that focus on biodiversity by excluding companies that are found to pose a threat to nature. The Euronext ESG Biodiversity Screened Index series has been launched by HSBC Holdings Plc., which developed the product together with Euronext NV and Iceberg Data Lab SAS.

2. Lessons and insights for the Global Biodiversity Framework

Role public development banks



We shared the outcomes of the first day of the G20 meeting on the role of PDBs. Since they are spending public money, they have a critical role to play in the CBD GBF to lead the way in both reducing biodiversity-harmful expenditures and in allocating more resources to nature positive investments. However, at present their role is not as clearly identified within the GBF as it could be. Governments, as shareholders, need to exert all their influence on PDBs, including MDBs, for them to mainstream biodiversity across their entire operations and investments, and to start applying portfolio wide biodiversity stress tests, similar to those being done now for climate change. The G20 can play a catalytic role in bringing together governments, PDBs, and other stakeholders to advance this agenda. The Italian Presidency developed an agenda and hopes this will be taken forward under the Indonesian Presidency

COP26; some insights for biodiversity

A lot of financial pledges for nature were made at COP26. But even though they are of big importance, harmful subsidies are not high on the agenda yet. It could be one of the topics for the IDFB to look at more closely. Harmful subsidies include two main categories: those for agriculture and those for energy. In other words, what the food subsidies are for the CBD and COP15, the energy subsidies are for the UNFCCC and COP26. Hence, what can we learn from the fossil fuel subsidy discussion at COP26; and in turn apply it to the food and agricultural subsidies at COP15? In practice, there is also more data emerging on the relationship between climate change and biodiversity. The negotiated text on COP26 commits to eliminating fossil fuels subsidies, but not agricultural subsidies.

The question arises now how we should continue to translate that into the CBD COP, in terms of actual negotiations and broader interactions. Perhaps, momentum and linkages can be developed by creating a roadmap from COP 15 to COP27. By recognizing synergies, especially in the context of resource mobilisation, you could achieve the same things with less money. How can we increase momentum by recognizing synergies is important.

One language

The topic of alignment of all financial flows with the objectives of the GBF – and how it can be operationalized – is receiving increased attention in the CBD process. In the financial sector itself, alignment is on the agenda at different areas and levels. One of the important topics on the agenda is the need to build one narrative. Moreover, the operationalisation of this narrative becomes increasingly important, by sharing concrete examples and projects supported by public and private financial institutions and key partners. We are currently in a transition phase of experimenting, learning, sharing, finding common ground and standardisation. How do these developments relate to our concept of alignment? And can the GBF be instrumental in helping alignment in overall sector progress? And what do we say to financials who ask us what to align with?

Climate & Biodiversity Alignment

Climate summit COP26 saw financial institutions, business and the public sector progress in connecting the nature and climate agendas and in the standardisation of sustainability disclosures. After two weeks of negotiations and events, the COP26 climate summit unfolded with delegates from almost 200 countries adopting the Glasgow Climate Pact. Important, several nature-related references feature in the final agreed text of the Glasgow Climate Pact. In the preamble, governments 'note the importance of ensuring the integrity of all ecosystems, including in forests, the ocean and the cryosphere, and the protection of biodiversity.' The adaptation section notes the negative impact climate change has on nature. The mitigation section 'emphasizes the importance of protecting, conserving and restoring nature and ecosystems to achieve the Paris Agreement temperature goal'. This explicit connection between the climate and nature agendas is more pronounced in the Glasgow Climate Pact than it was stated in the Paris Agreement.

We have learned from the first IDFB session with the GEF that investment proposals that combine climate and biodiversity have lower overall finance risk. Moreover, an increasing number of



individual countries' climate plans now include nature-based solutions. 92 percent of updated government's climate pledges mention nature, up from 82 percent in a previous assessment.

3. Next Steps

Helpline/Online Platform

During the G20 meeting and the online CBD Secretariat workshop, the need was discussed for finding a way for Parties to engage in informal knowledge sharing when it comes to translating progress on the topic of financial alignment into the design of a strong GBF. In response to this expressed need, the IDFB is planning to develop a new helpline or knowledge platform for Parties who are looking for technical and practical knowledge as well as hands-on experience with regards to finance and biodiversity. This proposed IDFB helpline can channel questions to experts and expert organisations such as Finance for Biodiversity Initiative, the Finance for Biodiversity Pledge and Biofin. It can help deepen and broaden the generation of knowledge and exchange within the IDFB. In addition, it can help to find a way to translate what the IDFB is learning into concrete examples, peer reviews and applicable knowledge.

Links to related documents and websites:

- [UN Climate Change Conference 2021. Climate & Biodiversity- An Impact Assessment Perspective](#)
- [Glasgow Climate Pact - COP26](#)
- [Finance For Biodiversity Pledge](#)
- [State of Finance for Nature - UNEP WEF](#)
- [CBD website - workshop Alignment of financial flows with Biodiversity Goals](#)

For feedback and more information please contact:

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