



Interface Dialogue Finance and Biodiversity Results and insights of IDFB 11

Results and insights of the 11th IDFB session for Parties, hosted August 30th, 2022.

Introduction

Nearly 40% of the world's economy depends on the direct use of biodiversity and [70% of the world's vulnerable people 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 annually. To fill this gap, the financial sector must be involved to achieve 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 15th Conference of Parties (COP) of the CBD this autumn. The GBF will define targets and pathways for the conservation, restoration, and sustainable management of biodiversity for the next decade and beyond.

Interface Dialogue Finance and Biodiversity

The Interface Dialogue Finance and Biodiversity (IDFB) was set up in August 2021. It brings together Parties and representatives from financial institutions wanting to generate momentum around the exchanging of learnings, experiences, and best practices related to resource mobilisation and aligning the financial sector and financial flows with biodiversity-positive outcomes. The ultimate goal of the IDFB is to support Parties in designing and implementing a strong post-2020 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. Information regarding the IDFB and previous sessions can be found on the [IDFB website](#).

The IDFB aims to galvanise the transition towards including biodiversity in all financial decision making. The IDFB will run until the COP15 process has been completed with the adoption of the GBF. The dialogues are open for all governments and financial actors that are interested. The meetings are informal and are hosted mostly online or in a hybrid format. So far, the IDFB has facilitated 11 dialogues on biodiversity and finance. These sessions have helped to support countries in getting access to information, tools, and best practices for mobilising finance; and for using this information to strengthen the GBF.

Summary of the Main Takeaways of the 11th IDFB

Momentum

- Keynote Speaker Mr. Andrew Mitchell discussed the framework for climate-related financial disclosures (TCFD) and how this framework may be made mandatory in a number of countries under the EU Corporate Sustainability Reporting Directive (CSRD), pushing the financial sector to report on risks related to climate. Achieving the same outcome for nature by making mandatory the Taskforce for Nature-related Financial Disclosures (TNFD) framework for nature-related risk management in the near future would help to start changing the movement and direction of financial flows.



The Taskforce for Nature-related Financial Disclosures (TNFD) is a network working on the development and delivery of a risk management and disclosure framework for organisations to report and act on evolving nature-related risks. It ultimately aims to support a shift in global financial flows away from nature-negative outcomes and toward nature-positive outcomes.

- Participants of the IDFB 11 session broadly emphasized the importance of the standardisation of metrics and tools for measuring biodiversity impacts and dependencies in achieving the alignment of all financial flows. Important reference points are the EU Green Taxonomy, as well as the International Sustainability Standards Board (ISSB), and the upcoming European Sustainable Finance Disclosure Regulation (SFDR) that will be implemented from January 2023.
- At the OEWG3 (Geneva) and the OEWG4 (Nairobi) this summer Colombia presented to a group of countries and related organisations its NBSAP Accelerator Mechanism and Initiative which already has a number of members. Other countries and organisations are expected to join the Task Force in the lead up to COP15 in December 2022. This mechanism intends to provide effective cooperation for CBD Parties to give them access to a multi-stakeholder support network for receiving technical assistance, financial support, and knowledge and information sharing to help drive accelerated implementation of the GBF goals and targets. It will mobilize biodiversity action by supporting priority NBSAP actions on a country-driven basis.
- In September 2022, a number of leading international Non-Governmental Organisations (NGOs) including WWF, think tanks, coalitions and researchers, published a [call to action](#) for central banks and financial supervisors around the world to ensure the transition to a net zero and nature positive economy. They call on these actors to lead by example and provide necessary clarity and guidance to financial actors by publishing their own detailed transition plans, with clear quantifiable climate and biodiversity goals.

Developments in practice

- Nature Finance (previously known as the Finance for Biodiversity (F4B) Initiative) is developing a series of tools through which to measure and monitor the alignment of financial flows across flow types, sectors, and countries. The idea is to develop a Global Alignment Index, which will function as an interactive dashboard through which users can access data, policy, and recommendations at various scales and geographies to inform their understanding of alignment and to aid in tracking financial flows globally. This will be an essential step needed in order to move towards the alignment of financial flows with the GBF and COP, as IDFB members have emphasised repeatedly the need for such tools.
- The BIOFIN initiative intends to design and launch a novel program with the GEF that will offer support to those countries that have not received assistance to engage in the BIOFIN process for the development of their NBFs. This will empower a number of states to move towards developing their own NBFs and provide more assistance for them to do so. A number of eLearning resources on biodiversity finance are already available for interested parties through BIOFINs [educational webinars](#). BIOFIN is expected to expand its online learning materials in the future through expanding its [Massive Open Online Course](#) (MOOC) options to include a course on designing NBFs.



Capacity building

- The EU Business @ Biodiversity Platform and the Finance for Biodiversity (FfB) Foundation recently published updated guides to biodiversity risk, impact, and dependency measurement approaches and to provide guidance to financial institutions for finding a measurement approach that best fits their organisation and needs. These are the [Assessment of Biodiversity Measurement Approaches for Businesses and Financial Institutions](#) of the EU Business @ Biodiversity Platform (2021), and [The Guide on Biodiversity Measurement Approaches](#) (2nd Ed.), from Finance for Biodiversity (FfB) Foundation, 2021).
- The Science Based Targets Network (SBTN) is a network which builds on the momentum generated by the Science Based Targets Initiative by bringing together experts from different backgrounds to develop methods for setting integrated targets. In 2020 the SBTN announced their draft technical guidance for companies to set science-based targets for nature, which is now available for [public comment](#). This guidance will enable businesses to assess and prioritise which environmental issues to set targets on, for which parts of their business - and then set targets, beginning with freshwater quantity and quality. Once finalised, this guidance will form the basis of SBTN's first release of SBTs for nature in early 2023, which will also include initial land targets, followed by biodiversity and climate.
- Three IDFB sessions remain in the run-up to the COP15. We will use these moments to discuss topics crucial to the success of the COP and to creation of a strong GBF, such as implementation, capacity building, and the role of NBSAPs and NBFs as starting points for financing biodiversity and translating the goals of the GBF to local-level action.
- The IDFB will help the CBD Secretariat to organise a Biodiversity and Finance Summit during the COP15 in Montreal. Involving relevant financial actors in such a summit will create more understanding and impactful action on the topic of alignment.
- The first draft of the Common Ground paper: *Finding Common Ground on the Alignment of All Financial Flows* that has been in development over the summer period by the IDFB has been shared with all IDFB members and other interested organisations and experts. It was written with inputs and knowledge shared by a number of participants and experts that are engaged in the IDFB. M Members of the IDFB are now invited to provide feedback on this paper and share it with the IDFB secretariat.

1. Momentum

TNFD's roadmap towards COP15

Andrew Mitchell, one of the co-founders of the Taskforce on Nature-related Financial Disclosures (TNFD), presented the objectives of the TNFD as well as the TNFD's link to the GBF. The Task TCFD consists of 34 individual Taskforce Members representing financial institutions, corporates and market service providers with US\$19.4trn in assets. The TNFD Co-Chairs, David Craig and Elizabeth Mrema, lead the Taskforce. The Taskforce focuses primarily on Climate, whilst the Taskforce on Nature-related Financial Disclosures (TNFD) acts on behalf of nature. It is not just focusing on biodiversity but aims for to protect and enhance nature-based infrastructure that keeps the earth safe, including tropical forests and oceans.



Financial institutions and companies are still missing the information they need to understand how nature impacts immediate financial performance or the longer-term financial risks that may arise from the organisation's interactions with nature. Better information will play a key role in allowing financial institutions and companies to incorporate nature-related risks and opportunities in their strategic planning, risk management, and asset allocation decisions.

The TNFDs approach is both science- and market based. The TNFD creates and delivers a risk management and disclosure framework for organisations to foster knowledge sharing and collaboration on nature-related risks and opportunities. The TNFD forum involves over 600 institutions, representing civil society and expert groups, as well as governments and corporations. On the release of their second prototype framework, the TNFD outlined overall guidance and metrics to be consulted by global stakeholders with the first framework being released at the end 2023. Currently around 90 pilots are underway to test the beta-framework, with financial institutions across geographies and sectors to ensure it meets the ambitious needs of the market.

Increasingly, frontrunner businesses and financial institutions are beginning to connect climate- and nature-related risks. The climate summit COP26 in 2021 marked a significant shift, as nature was part of the climate discussions at a greater scale than ever before. Nature-based solutions to curb greenhouse gas emissions and to strengthen adaptation to the impacts of climate change are increasingly recognised as viable solutions by private institutions. Nature-positive approaches are an important strategy through which to achieve net-zero CO₂ emissions. Increasingly, organisations seek to translate their wariness of the interlinkages between nature and climate into solutions across their business operations.

Reflections from the NBSAP Accelerator Task Force

Colombia is seeking to collaborate with CBD Parties, as well as organisations including the TNFD, to establish strategic alliances that can put a focus on implementation once the post-2020 GBF has been adopted in Montreal. Collaboration can also help in finding middle ground on the creation of innovative solutions that ensure the achievement of GBF ambitions whilst accelerating the implementation of NBSAPs.

At the OEWG4 in Nairobi last June, Colombia presented its NBSAP Accelerator proposal to a group of countries and related organisations. This innovative mechanism is similar to the NDC Partnership in that it channels resources, technical assistance and capacity building to support developing countries in accelerating the implementation of the Post 2020 Global Biodiversity Framework. In Nairobi, Colombia invited Parties and stakeholders to join the NBSAP Accelerator Task Force, an informal group that supports Colombia in developing the proposal to be adopted at COP15. The current members of this Task Force are: Antigua & Barbuda, Australia, Belgium, Canada, Chile, China, Costa Rica, Cuba, Czech Republic (EU Presidency), European Commission, France, Gabon, Germany, Japan, Kenya, Mexico, Norway, Peru, Sweden, Switzerland, United Kingdom, Alliance International for Biodiversity-CIAT, BIOFIN, Conservation International (CI), The Nature Conservancy (TNC), and WWF. Other countries and organisations are expected to join the Task Force in the lead up to COP15.

Matchmaking platforms are necessary for leading stakeholders to exchange knowledge and best practices from its members. It is important to establish project pipelines for biodiversity-positive actions at the national level for investable projects and to complement the resources available under the CBD financial mechanism, the GEF, and other related funds.



2. Practical developments on finance and biodiversity

Reflections of Cameroon - Africa's key positions for the OEWG/COP15

In August 2022, the African Group of Negotiators were meeting in Libreville to prepare the African Position for submission to the African Ministers of Environment, for their endorsement. Regarding the UN climate conference (COP27) to be held from 6 to 18 November in Sharm el Sheikh, Egypt, Ministers emphasised the need to:

- recognise the special needs and circumstances of Africa under the Paris Agreement.
- call up on developed countries to fulfil promised finance commitments and for COP27 to set an ambitious new goal for 2025, including Loss and Damage and a Just Transition financing framework to support developing countries.
- support African countries to leapfrog fossil-heavy development models while enhancing energy access.

In preparation for the UN Biological Diversity Conference (UNCBD-COP15) - to be held from 7 to 17 December 2022 in Montreal, Canada – Ministers have reiterated that the post-2020 global biodiversity framework must include a solution for sharing the benefits arising from the use of digital sequence information on genetic resources. At the meeting last August, Ministers underlined the need to close the financial gap to ensure implementation of the goals and target of the framework and called for the establishment of a global biodiversity fund.

Nature Finance roadmap towards COP15

The Nature Finance Initiative (previously known as the Finance for Biodiversity Initiative) has been working on the development of a better understanding of alignment, and how aligned (or misaligned) financial flows are with nature, and what nature-positive means. These are important challenges in contemporary debates on the alignment of all financial flows. Defining what we are aligning against, and methods through which we can measure this alignment, will help to clarify and increase the alignment of global financial flows with nature and the goals of the GBF. In order to be able to measure and align, we need standardised tools, targets and metrics which enable us to take a cross-sector approach to the topic of biodiversity and the alignment of financial flows.

This is why Nature Finance is developing a series of tools to help enhance understanding of what alignment really looks like at the moment at various scales, and will likely complement the work that the TNFD is doing on this topic. This kind of robust quantitative approach is needed by businesses, financial institutions and other market participants in order to assist them in starting on the pathway towards nature-positive alignment of their financial flows. This kind of tool would also allow countries to understand how to assess their policy and financial budget and decision-making processes so as to encourage and promote the nature-positive alignment of finance and to aid in their understanding of how to implement this on the ground. Creating such tools would also enable us to track progress over times and geographies and provide campaigners with a means through which to hold countries and corporations to account.

Nature Finance sees potential in creating a Global Alignment Index which can look at various financial flows and sectors across countries. This kind of scale can help to provide an indication of the level of alignment of different sectors, countries, and types of financial flows that can show that these flows are not yet where they should be. The intention is to develop such a tool as an interactive dashboard through which interested parties can access all types of data related to alignment of financial flows. The aim is to develop this dashboard in time for the COP15, with annual updates released to track trends over time, and to provide policy, commentary, and recommendations.



Reflections of BIOFIN in Mexico

BIOFIN Mexico has worked closely with the National Banking and Securities Commission (NBSC) in the development of strong regulations on integrating climate ESG standards into the Mexican financial sector. The NBSC is focusing on climate because investors have shown a high level of interest in climate, as is illustrated in the [declaration](#) by investors to governments and policy makes on the climate crisis in 2021. A number of corporations will begin to make disclosures based on the TCFD framework. BIOFIN Mexico recognises the importance and urgency of tackling biodiversity and sustainable use of services, and acknowledges that there is a need to try and develop a scientific base through which it is possible to measure financial flows and inform and mentor the private financial sector on how to move towards the alignment of all financial flows. With this in mind, it is important to consider the further development of the International Sustainability Standards Board, which has a mandate over the development of sustainability-related financial reporting standards. This can be a helpful reference point as an increasing number of financial authorities are looking into what standards, regulations, and financial requirements to develop.

BIOFIN process

Onno van den Heuvel provided session participants with an overview of the BIOFIN process and the core five steps this process entails. The first of which involves a scan of the existing finance landscape of a country to create an overview of the existing mechanisms, harmful subsidies, and main drivers of biodiversity gains and losses at the national level. This is followed by the second step, where the key actors identified in the first step are focused on in order to calculate how much of their financial flows are going towards biodiversity-positive interventions. This helps to generate an understanding of the total national spending on biodiversity-positive impacts. The third step is helped by this information, as then a financial needs assessment can be conducted where the cost of implementing the GBF at the national level and the cost of implementing the respective NBSAP can be calculated. This baseline date is then used to inform the fourth step: the designing of the National Biodiversity Finance Plan (NBFP). These plans must identify financing actions for public and private actors, and for traditional, national, and international finance streams. These plans should identify where financial flows need to be directed towards and biodiversity-positive interventions. The final, fifth, step entails the implementation of the selected finance solutions that were developed in the previous steps.

Currently, around 41 countries are already involved in the BIOFIN initiative, with more than 30 having reached the fifth step and being in the process of implementing their identified finance solutions. The finance solutions database developed by BIOFIN houses over 150 different potential financial solutions that can be chosen from, or countries are able to develop and add new solutions. BIOFIN are working with the GEF to develop a plan for helping countries which have not previously received support for making these NBFPs so that they are able to receive support in the future for these. They will together develop a new integrated global program to support the 100+ countries that would be eligible for such a program and encourage interested countries to reach out to them. In the future, it may be possible to develop a training academy for interested parties, though it is already possible for interested parties to sign up for the BIOFIN eLearning modules already available online. BIOFIN plans to expand its eLearning offerings with a MOOC on how to design an NBFP.



3. Capacity building and knowledge generation

Biodiversity and Finance Day at COP15

The IDFB is working with the Secretariat of the CBD on the organisation of the upcoming Biodiversity and Finance summit at COP15 in Montreal this December. The summit will bring together key stakeholders from governments, the public and private financial sectors, and other organisations. The aim is to develop their understanding of how to realise the alignment of all financial flows with the goals of the GBF. The Common Ground paper on alignment of all financial flows will be used to further this agenda. We will gather all expertise and knowledge produced during the 11 IDFB sessions that have been organised so far to inform the program of the Biodiversity and Finance Day. We will also use the remaining IDFB sessions ahead of COP15 to further strengthen this momentum towards COP and emphasising the practical elements of implementation of the alignment of all financial flows.

IDFB 12 and the Common Ground Paper.

The next IDFB session will take place on the 27th of September 2022. After the close of IDFB 11 on August 30th, the first draft of the Common Ground paper was shared with a number of interested parties that are members of the IDFB. Members are invited to provide feedback and are encouraged to reach out with suggestions, ideas or insights that they believe should have a place in this living document. We also welcome links to relevant papers and other publications. After incorporating all input, the document will be finalized, shared with the IDFB network, and eventually presented at the Biodiversity and Finance Summit at the COP15.

Participants of IDFB 11

Parties to the CBD

Charlie Makin (Government of UK)	Sebastian Acosta Triana (Government of Colombia)
Christa Ratte (Government of Germany)	Yuval Tchetchik (Government of South Africa)
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Observers

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Link to Helpline and Website



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 helpline on the IDFB website: <https://www.idfb-dialogue.org/index.php/helpline/> & email address: info@idfb-dialogue.org