



## Interface Dialogue Finance and Biodiversity Results and insights of IDFB 12

### Results and insights of the 12<sup>th</sup> IDFB session for Parties, hosted September 27<sup>th</sup>, 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 15<sup>th</sup> 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.

#### Momentum

- The Finance for Biodiversity foundation (FfB) has sent a letter to the Coalition of Finance Ministers for Climate Action to call on them to push for the integration of nature-related impact and dependency disclosures to be integrated into national reporting frameworks, and for them to help push for language on the implementation of the alignment of all financial flows to be included in the GBF.
- Wolfs company provided an insight into the importance of raising attention on the topic of landscape thinking and landscape-level approaches to biodiversity finance and goal setting. The need for landscape-level planning and cooperation amongst multiple stakeholders and ministries was emphasised as being a helpful approach to enhancing the management of biodiversity.



- The CBD Secretariat shared during this IDFB session an overview of the key topics that will be covered during the Finance and Biodiversity day on December 14th. There are a great number of side events planned for the COP15 in December that will cover the topic of finance and biodiversity, including a high level segment with ministries of finance, as well as 3 parallel sessions with financial supervisors and central banks.

### **Developments in practice**

- BIOFIN has a number of tools and resources available for aiding in the understanding of how to design and implement national finance plans and different finance solutions. Their [catalogue](#) of finance solutions and e-learning module '[Biodiversity Finance](#)' are available for free online. Furthermore, participants of the IDFB were introduced to a seven-step process that countries can follow to better align their national policy and fiscal frameworks to the new GBF.
- The OECD provided an update on their roadmap to COP15 as well as their reflections on NBFPs. An upcoming A soon-to-be-released OECD report will present the methodologies and approaches that have been used across countries to date, to identify and assess the incentives, including subsidies, harmful to biodiversity at national level, and provide good practice insights for other countries wishing to undertake similar national level assessments. Such studies are an important first step in order to identify priorities for action and to align incentives and finance flows towards biodiversity goals and targets.

### **Capacity building**

- This 12th session of the IDFB focused on the topic of National Biodiversity Finance Plans (NBFPs) and the role that they can play in accelerating the alignment of all financial flows. Participants of the IDFB answered the question of *how NBFPs can play a role in the acceleration of the alignment of financial flows?* During this session, it was acknowledged that NBFPs are critical tools of importance for achieving alignment at the national level and translating goals into actions. Starting assessments of the state of finance in relation to biodiversity at the national level can help countries in moving towards (re)directing financial flows towards more nature-positive outcomes, and in designing more biodiversity-positive national budgets
- Many participants and experts that have engaged in the IDFB meetings have provided feedback to the IDFB team on the Common Ground paper. This feedback will be integrated into the paper in the following weeks, and a second draft will then be shared with IDFB participants again in the near future.



## 1. Momentum

### *Update from the Finance for Biodiversity (FfB) Foundation & letter to the Coalition of Finance Ministers for Climate*

After being engaged as an observer with the CBD for over one and a half years, and having contributed recommendations to several of the Open-ended Working Group (OEWG) meetings, FfB has found that the definition of alignment of financial flows as it currently stands in the GBF is still very much centred around the concept of resource mobilisation. Taxonomies, including the EU taxonomy and other regulations, currently only address the private finance sector and not the public finance sector. This remains an urgent topic to be addressed. Hopefully National Biodiversity Finance Plans (NBFPs) can help with implementation at the national level. In order to help drive attention towards this issue, the FfB has hosted a public policy working group with institutions that want to do better on integrating nature-related risks. During these policy group meetings, institutions have pledged to set global targets on nature, and to disclose the impacts of their activities and investments on nature before 2025. The FfB have attended the Open-ended working groups in Geneva and Nairobi with a really strong message regarding the reduction of negative impacts on nature and the need for increasing nature-positive funding. The focus is thus on Goal D, Target 14 and Target 15 of the GBF, with the intention to get the language on aligning public and private financial flows included in these targets. Though FfB hoped that this language would be included in goal D, it was removed in Nairobi and was moved to the text of the vision 2050: living in harmony with nature, target 14. Thus, the next step for the FfB in the run up to COP15 is to advocate to keep this text in the GBF.

Furthermore, the FfB has sent a letter to the Coalition of Finance Ministers for Climate Action as they have just launched a report on nature related risks and potential policy actions. The FfB has engaged the finance ministers of a group of 77 countries that have been active on the topic of alignment of financial flows. FfB has been working to engage these ministers ahead of COP 15 in order to request they be present at the COP. They do this to ensure that these ministers go to their governments and negotiation teams to push for this language to be included in the text of the GBF. FfB has emphasised the need for implementation of the alignment of all financial flows to be a part of national finance plans and for setting disclosure regulations for biodiversity impacts and, eventually, dependencies. Furthermore, the FfB has called for the integration of nature related risks into regulatory frameworks.

### *Update from Esther Wolf of Wolfs Company and the importance of Landscape-level platforms for coordination and cooperation*

Wolfs Company has been conducting research into landscape finance and making biodiversity targets more spatially explicit to provide a better understanding of the relationship of various current and potential investments in terms of spatial coverage and how these investments are coherent in impact. Each landscape has its own need for a range of financing mechanisms, which are context specific and require coordination between stakeholders. The landscape provides spatially explicit place based actions to enrich the design of both the NBSAP and NBFPs. Thus, integrated landscape finance can create synergies amongst available funding sources on landscape level to enhance integration between management activities and conservation activities through the use of common targets across integrated cross sectoral and multi stakeholder landscape management methods. The development of territorial, regional multi-stakeholder platforms for national diversity planning, such as in the Northern Albertine Rift Conservation Group in Uganda, create an enabling environment for cooperation at the landscape level. The creation of these intersecting platforms facilitates the cooperation and coordination between the different actors, and the platforms allow for landscape wide coordination on



the distribution of funds and helps amplify progress towards national biodiversity targets. Governments can create awareness by putting effort into the integration and coordination of top down policies throughout the landscapes whilst defining clear rules among government agencies to implement strong monitoring enforcement frameworks. Governments can really benefit from the integrated landscape approach to better align, understand, and coordinate what is happening at the landscape level. This landscape thinking can help to better structure policies, and to enhance learning about good governance structures that can help to increase funding and better distribute the funds in a way that is more about a region, a location or a specific biodiversity ecosystem.

#### *Biodiversity Finance Day at COP15: Update from the CBD Secretariat*

On the 14th of December at COP15, the CBD Secretariat will organise a Biodiversity Finance Day. This Biodiversity and Finance day will be an open event with room to accommodate 300 participants.

The Finance and Biodiversity day has three objectives:

1. **Advocacy:** Send a strong signal to the parties and to the COP negotiators about the interest that members of financial sector have in a strong and ambitious GBF.
2. Provide a platform for participants from the financial sector to communicate about their work, showcase their achievements, express commitments, and to share lessons learned and perspectives on how to integrate biodiversity policymaking and financial decision making in the GBF.
3. Work towards a common agreement and alignment on next steps on how to best implement the commitments to work towards the 2030 milestones related to finance, and how this would align with the 2050 vision.

The agenda will include high-level sessions with senior decision makers, and public and private finance institutions. The afternoon will feature a number of breakout sessions. The Biodiversity Finance Day will address many issues that have been addressed during IDFB sessions. The agenda will be made publicly available in the coming weeks. Sessions will be organised with financial supervisors and central banks on systemic risk and on developing the right landscape for financial supervision of the sector to be transformed. There will also be sessions with participation of finance ministers on challenges, opportunities, best practices and economic and financial instruments.

There will be breakout groups on various topics ranging from integrating or improving the integration of biodiversity within domestic policies and national biodiversity plans, aligning climate net zero pathways with the vision of the framework, scaling up green finance, and tracking and measuring impacts, risks and dependencies.



## 2. Practical developments on finance and biodiversity

### *BIOFIN finance and learning tools*

BIOFIN has developed a number of tools that are available online to aid parties in understanding the process of developing and designing National Biodiversity Finance Plans (NBFPs) and for parties to develop an overview of available identified finance solutions that are possible. The BIOFIN methodology for developing NBFPs is available on the BIOFIN website, and is not something static, as BIOFIN continues to work on improving and enhancing it. The framework is intended to allow every country to make their own version of it and implement it in a way that suits their national context. Furthermore, the BIOFIN catalogue of finance solutions, which covers every financing mechanism that they have identified throughout the process of helping numerous countries and parties to develop their NBFPs have been added to this platform. Finally, BIOFIN have also developed an e-learning module that is available freely online as a self-taught course available in four languages that anyone can join at any time. In the future, up to 100 countries that received GEF funding for NBFPs will start to go through the process of developing these plans in detail. BIOFIN plans to organise a Massive Open Online Course (MOOC) in 2023 or 2024 with the intention of developing a learning community where countries can use the online course and connect with one another throughout the NBFP development process. Numerous webinars will be made available and there will be the possibility to engage in peer to peer experience

A seven-step process was shared countries can follow to align their national policy and fiscal frameworks to the new GBF: (1) Agree on global targets for the GBF (2) Adopt them to the national level through an update of the NBSAP (3) collect baseline data on national finance flows and the policy framework (4) develop a national biodiversity finance plan (5) integrate national targets into national and local level public budgets (6) work with the private sector, NGOs, local communities to integrate the national targets (7) M&E, learning, scaling up.

### *OECD: Sharing insights and good practice to align incentives and finance towards biodiversity objectives*

In 2021 the OECD published the report: *Biodiversity, natural capital and the economy: A policy guide for finance, economic and environment ministers*, which covered the topics of alignment of financial flows including environmentally harmful subsidies. The report provides insight into how to help align public financial flows and how to embed biodiversity in the financial sector. In addition to highlighting the need to reform environmentally harmful support, including subsidies, the report highlights the critical need to scale up the incentives that promote biodiversity conservation and sustainable use (i.e. called positive incentives in proposed Target 18 of the GBF). These positive incentives are critical policy instruments that enable to reflect the true values of biodiversity in economic and financial decision-making, and are therefore able to help address the pressures on biodiversity. They include fiscal instruments (taxes, fees and charges, environmentally-motivated subsidies) as well as payments for ecosystem services and biodiversity offsets.

A number of countries are also involved in green budgeting with the OECD, such as France, which initiated in 2017 the OECD Paris Collaboration on Green Budgeting. The objective of Green Budgeting is to use the tools of budgetary policy-making to help achieve environmental goals. This includes evaluating environmental impacts of budgetary and fiscal policies and assessing their coherence towards the delivery of national and international commitments. Green budget tagging is the process of examining public domestic financial flows to identify what is positive and what is negative in terms



of greening the agenda. France, for example, has undertaken green budget tagging to identify positive and negative finance flows in their national budget. The EU, for example, has undertaken biodiversity budget tagging and has established a target for biodiversity in their Multiannual Financial Framework (MFF). The OECD is currently undertaking work examining the different approaches used across various countries and the lessons learned.

### 3. Capacity building and knowledge generation

#### *The alignment of all financial flows and National Biodiversity Finance Plans (NBFPs)*

This 12th session of the IDFB took a special focus upon the link between NBSAPs and the alignment of all financial flows for the new global biodiversity framework. The focus was thus on how NBFPs can be designed in such a way that they take on, and maybe even actively drive, the alignment of all financial flows. Secondly, the questions of how the different actors within the financial sector can contribute to the acceleration of the alignment of financial flows, and how these actors can understand the ways in which their investments can contribute to the operationalization and implementation of the GBF, were topics of discussion. There have been many positive developments in recent years in the way that nature has been brought into mainstream considerations regarding the aligning global finance with the goals of the GBF. The issue of alignment requires multidimensional approaches, looking at both the positive and negative flows, as well as the development of multi-stakeholder approaches that engage both the public and private sectors and the environment and finance communities. In this session of the IDFB, the critical importance of NBFPs as a tool through which to realise the implementation of the alignment of financial flows was acknowledged.

Conducting national assessments of public domestic flows relevant to biodiversity helps to identify the amount of funds that are relevant to biodiversity and nature. Starting these assessments can help countries in moving towards (re)directing financial flows towards more nature-positive outcomes, and in designing more biodiversity-positive national budgets that lead to the better alignment of financial flows with the GBF and its goals and targets. NBFPs are an important tool through which to translate and implement alignment at the national level, and BIOFIN has conducted excellent work so far in aiding a number of countries to assess their financial flows, with the intention to design national budgets that are more in line with positive outcomes for nature. At the national level, NBFPs and targets are required to facilitate access to all available domestic financing and drive the implementation of the GBF goals and targets at the national level. To accelerate the alignment of financial flows, there are a number of suggestions parties can follow that the IDFB suggests, including:

- Engaging in the BIOFIN process for assessing the biodiversity gap at the national level
- Conducting an investigation into negative impacts of subsidies related to biodiversity
- Asking financial regulators to account for the financial risks related to biodiversity losses in the financial sector of your country
- Starting a dialogue with Ministries of Finance on policy actions relating to alignment
- Developing blended finance structures for investing in nature
- Creating and engaging in a learning platform with financial institutions on the interlinked issues of climate change and biodiversity loss



### *Update on the Common Ground Paper*

The IDFB presented the timeline for finalising the common ground paper. A number of participants and experts have provided their inputs and comments on the first draft. Over the next two weeks, this most appreciated and valued feedback will be integrated into a second draft of the paper which will then be shared with IDFB participants again for further comments. The paper is a living document that will continue to be updated in the coming months as we move forward and build momentum towards COP 15. Participants are encouraged to reach out with their comments, questions, and other inputs that they wish to give. The paper will be launched and disseminated at COP 15 in Montreal.

### **Participants of IDFB 12**

Ahmed Abdallah Abdelmaksoud (Government of Egypt)  
Charlie Makin (Government of the United Kingdom)  
Chhin Nith (Government of Cambodia)  
Denis Matatiken (Government of the Seychelles)  
Helene Perier (European Commission)  
Laura Camille Bermudez (Government of Colombia)  
Lucretia Landmann (Government of Switzerland)  
Mathieu Giquel (Government of Czech Republic)  
Mauricio Gamez (Government of Mexico)  
Maximilian Bayer (Government of Germany)  
Monique Akullo (Government of Uganda)  
Mostafa Fouda (Government of Egypt)  
Nokutula Mhene (Government of South Africa)

Prudence Tangham Galega (Government of Cameroon)  
Yuval Tchetchik (Government of South Africa)  
Caroline van Leenders (Government of the Netherlands)  
Jan Willem den Besten (Government of the Netherlands)

#### Observers

Anita de Horde (Finance for Biodiversity Foundation)  
Katia Karousakis (OECD)  
Camille Maclet (CBD)  
Esther Wolfs (Wolfs company)  
Onno van den Heuvel (BIOFIN)  
Eli Morrell (Nature^Squared)  
Jorien van Hoogen (Nature^Squared)  
Natalie Borcea (LNV)

### **Link to Helpline and Website**



**Please visit the IDFB 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](mailto:info@idfb-dialogue.org)**