



Interface Dialogue Finance and Biodiversity Results and insights of IDFB 13

Results and insights of the 13th IDFB session for Parties, hosted October 25th, 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 13 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 IDFB 13 Focus

This 13th session of the IDFB took a special focus on the current state of finance for nature and steps to take to green financial regulation. During this session, the central theme was: *the current state of the alignment of all financial flows with the goals and targets of the proposed text for the post-2020 Global Biodiversity Framework: Where do we stand and where do we want to go?* Representatives of the WWF Green Finance Unit and the UNEP Climate Finance Unit were invited to update the group on the current state of finance for nature, especially in regard to financial flows for Nature-based Solutions, and on insights into the steps which can be taken to green financial regulation and supervision.



Momentum

- Challenges of goal D were discussed during the 13th session. The current goal D text to align with the '2050 vision' was by many too ambiguous and the timeline until 2050 not ambitious enough to reflect the required urgency. Instead, a concrete link to GBF targets (in particular target 14 and 15) was proposed by, amongst others, WWF.
- WWF shared a number of key messages on greening financial regulations. Climate change and biodiversity loss are inherently linked to the core mandates of central banks and supervisors and should be at the forefront of risk assessments and investment impact metrics. A precautionary approach is needed, central banks and supervisors should focus on the most harmful businesses and sectors.
- This 13th session of the IDFB focused on the state of the alignment of all financial flows: where do we stand and where do we go. There was an active discussion on the usefulness of a common statement. The group discussed the urgency to increase efforts in the coming weeks, well before the Nature and Finance Day in Montreal on the 14th of December, to underline the importance of alignment of all financial flows across the negotiators.

Developments in practice

- The UNEP Finance Unit provided the group with preliminary information on the State of Finance report 2023; scaling up finance for Nature-based Solutions (NbS). The key findings were that NbS can cost effectively deliver on climate, biodiversity and land restoration targets, particularly if investments contribute to biodiversity (NBSAPs), climate (NDC) and restoration (LDN) targets. Much of the NbS finance gap must be filled by the private sector, both businesses and the financial sector, given government debt and fiscal constraints. Lastly, reform and repurposing of environmentally harmful expenditures is urgent - they are 3-7 times the volume of investment in nature and undermine efforts to conserve and sustainably manage biodiversity.
- The Dutch development bank Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden (FMO) has partnered with Climate Fund Managers (CFM), World Wildlife Fund for Nature Netherlands (WWF) and SNV Netherlands Development Organisation (SNV) to manage the Dutch Fund for Climate and Development (DFCD) on behalf of the Dutch Ministry of Foreign Affairs.

Capacity building

- 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.
- Many participants and experts that have engaged in the IDFB meetings have provided feedback to the IDFB team on the Common Ground paper. The idea was discussed that the paper needed to play a role well before the Finance and Biodiversity Day, to communicate the paper to involved - but also not yet involved - parties. 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.



Momentum

Update from WWF on Bankable Nature Solutions & Green Finance

In October, WWF released its 2022 edition of the bi-annually published Living Planet report. This report has provided updates on the state of globally biodiversity for the last 30 years and this year found that biodiversity has seen a 69% in species populations since the 1970s. WWF has also been working in recent years on financing green - mobilising and integrating nature in investment decision making, alongside identifying and developing projects that engage in the protection and conservation of nature. WWF is thus very supportive of Funds such as the DCFD of the Netherlands, as well as engaged with the TNFD and its work to develop a standardised framework through which financial institutions can better understand their relationships to nature and how to take action. WWF also emphasised the importance of a number of other initiatives and networks that are doing great work in leveraging finance, and for developing the building blocks, upon which we can build a nature-positive economy. Initiatives such as the Greening Financial Regulation Initiative which engages central banks, supervisors and policy makers to advance the integration of nature into financial regulations. To this end, the WWF released three reports:

- A technical background report on [transitioning to a net-zero and nature-positive economy](#),-
- A summary report providing a [roadmap for central Banking and Financial Supervision](#) calling for them to take up a more precautionary approach and integration of nature related risks and opportunities into financial supervision and collateral frameworks
- A [Call to Action for Central Banks](#) which was supported by over 90 NGOs, think tanks, coalitions, researchers, etc. with key messages on climate change and biodiversity loss as twin crises that will contribute to price and financial instability

Alignment of financial flows with the 2050 vision or the GBF targets?

In relation to the GBF, WWF is involved in a number of actions. Firstly, the reducing and redirecting of harmful financial flows to nature, wherein they have looked at how to remove and reduce harmful incentives and subsidies and realign them using tools such as taxonomies. Secondly, WWF is engaging in work on the generation and mobilisation of additional financial resources from all sources for nature-positive initiatives. Lastly, they are involved in finding ways to increase the effectiveness of such approaches by aiding in developing capacities and creating biodiversity finance plans. During the IDFB 13, WWF emphasised the need for more direct and ambitious language to be used in the GBF, as currently the framework only calls for aligning of private financial flows with the 2050 vision. However, this is a rather vague and ambiguous goal which does not drive actors to set their own, ambitious targets at the required scale and level of urgency needed. Thus, WWF advocates for the wording on alignment to precise the need to align with the goals of the post-2020 GBF, rather than the 2050 vision.

Towards a Common Statement of the IDFB

The importance of developing a joint statement amongst participants of the IDFB in preparation for the COP15 was noted by numerous participants of the 13th IDFB session. Participants discussed how developing such a statement could help to advance and strengthen discussions in the short window available during the COP in December, and the need to utilise the available time left to work on this. To avoid spending the previous time available during the COP on arguments pertaining to figures and the amounts of finance that need to be mobilised, there is a chance now to work towards a consensus on such issues and address key issues in the build up to the COP. Using the time left in between IDFB 13 and the COP to build a collective message on the issue of how to address the financing gap for biodiversity and how to overcome this issue could be greatly beneficial to future discussion. Actors should also start thinking ahead to the future, and looking beyond the CBD process to consider how to support countries in their assessments of their national biodiversity finance gaps and how to implement the post-2020 GBF. However, in the meantime it is key to focus on building a consensus so that the position of the IDFB can be clearly communicated to negotiators before the COP.



Practical developments on finance and biodiversity

Update from the UNEP Climate Finance Unit on the State of Finance for Nature

The participants of the IDFB 13 were given a sneak preview of the 2022 version of UNEPs annual [State of Finance for Nature Report](#). These reports have been published each year to track current financial flows geared towards Nature-based Solutions (NbS) in order to estimate the actions and amounts of finance that need to be taken and mobilised in order to achieve the goals of the Rio Convention. This year's report shows that around 83% of current finance for NbS comes from the public sector, namely governments, in the form of ODA and domestic public expenditures, meaning only 17% - equivalent to US \$26 billion - currently comes from the private sector. This edition of the nature report focuses not only on nature-positive flows, but also on financial flows which are harmful to the environment as these flows are three to seven times larger than positive flows for nature. The report made clear that increasing financial flows for nature-positive projects and investments will not be enough to fill the gap in finance for biodiversity and to reduce nature loss, as to achieve this we must also tackle environmentally harmful flows, such as harmful subsidies. A second key take-away of the report was that, based on the analysis of the amount of finance which must be leveraged in order to achieve the land degradation neutrality and halting biodiversity loss by 2030s, mobilising large amounts of private finance for NbS is essential. As is the repurposing and redirection of environmentally harmful subsidies and expenditures so that they are better aligned with the goals and targets of the Rio Convention and post-2020 GBF. To achieve these ends, UNEP recommends seizing the opportunity offered by the COP15 to enshrine concrete and ambitious targets in the post-2020 GBF. Prioritising governmental expenditure reviews to ensure movement towards financing green, whilst increasing green finance by pushing financial institutions to reduce their nature-negative and environmentally harmful lending and investments is key. These actions can help in achieving transformational change of financial systems in an inclusive, just, and equitable manner. Aiming for alignment of investments and government expenditures with both GBF goals and targets and the provisions of the Paris Agreement is the ultimate goal.

The Dutch Fund for Climate and Development (DFCD)

The Dutch Fund for Climate and Development (DFCD) enables investments in projects aimed at climate adaptation and mitigation in developing countries. The DFCD forms an important additional instrument for the Dutch government's efforts in contributing to the Paris Agreement and the Sustainable Development Goals (SDGs). The FMP and CFM, alongside WWF NI and SNV will manage this fund on behalf of the Dutch Ministry of Foreign Affairs. The Dutch Ministry of Foreign Affairs has made available €160 million to increase the resilience of communities and ecosystems most vulnerable to climate change. The objective is to use this €160 Million to leverage a further €500 million in private sector investment. The DFCD will focus on several high impact investment themes, including climate-resilient water systems, water management and freshwater ecosystems, forestry, climate-smart agriculture, and restoration of ecosystems to protect the environment. The fund will be structured with three separate but operationally linked facilities, each with a specific sub-sector focus and role across the project lifecycle. Furthermore, the consortium will adopt a 'landscape' strategy for deal origination and execution. This strategy allows consortium parties to actively source and develop private sector investment opportunities for other consortium parties in-and-around, in the vicinity of, as well as downstream from, their own investment activities.

The Roadmap to a Nature Positive Economy

The [roadmap](#) to a Nature Positive Economy is a proposal to establish a process which builds consensus and political buy-in on the reforms needed to the international economic and financial system in order to help achieve the Post 2020 Biodiversity Framework goals and targets, alongside the 2030 Agenda for Sustainable Development and the Net Zero Transition. The proposed process will likely take several



months and should set out: i) A clear 'vision' of what an equitable, nature positive economy looks like. ii) The economic governance reforms and architectural building blocks necessary for an equitable transition to a nature-positive economy, alongside the net zero transition. iii) A strategic and forceful plan for implementing these reforms, including milestones and the roles of key stakeholders and right holders from top-down to bottom-up.

Capacity building and knowledge generation

Biodiversity Finance Day at COP15

During the COP15, on the 14th of December, the CBD will organise a Finance and Biodiversity day. Please find the program [here](#). The COP itself will commence on the 7th of December, and will conclude on December 19th with the week-long fifth Open-ended Working Group. Before the conclusion of the COP, this Biodiversity and Finance day will be a dedicated full day that will function as an open event with room to accommodate a capacity of around 300 participants.

Next steps : IDFB Common Ground Paper

Over the last two weeks, feedback was integrated into a second draft of the paper which will be shared with IDFB participants for further comments and improvements during the 14th IDFB session on 22nd of November. As was communicated earlier, we really would like this paper to be a **living document** that will continue to be updated as we move forward in the coming month and build momentum on the topic of alignment in advance of the COP 15. Participants are encouraged to reach out with any comments, questions, and other inputs that you wish to give. The IDFB team aims to fully finalise the paper before COP 15 and will add it to the IDFB website for all interested participants to review the paper.

Participants of IDFB 13

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Basile van Havre (Government of Canada)
Chhin Nith (Government of Cambodia)
Mostafa Fouda (Government of Egypt)
Prudence Tangham Galega (Government of Cameroon)
Valeria Trendafilova (Government of Canada)
Yuval Tchetchik (Government of South Africa)
Caroline van Leenders (Government of the Netherlands)
Jan Willem den Besten (Government of the Netherlands)

Observers

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Nicolas Poolen (WWF NL)
Odile Conchou (CBD)
Eli Morrell (Nature^Squared)
Jorien van Hoogen (Nature^Squared)
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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

