



Interface Dialogue Finance and Biodiversity Results and insights of IDFB 14

Results and insights of the 14th IDFB session for Parties, hosted November 22nd, 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 14 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

The 14th session of the IDFB took a special focus on practical ways to organise the alignment of all financial flows with the goals and targets of the GBF. Saskia de Vries of the Dutch Central Bank presented how central banks and regulators can collaborate to align the financial sector with the GBF. Saskia, who also leads the Task Force on Nature-related Risks of the Network for Greening the Financial System (NGFS) presented the work that it is doing to help strengthen the global response required to meet sustainability goals. Best practices for using tools to measure and report on the (mis)alignment of financial flows were discussed. NatureFinance presented tools and approaches that it is developing to measure alignment of financial flows. The IDFB has prepared an overview on all relevant meetings related to biodiversity and finance. please find the overview [here](#) as well as attached.



Momentum

- The European Investment Bank (EIB) launched a new framework to support environmental sustainability during the COP27 United Nations climate conference in Sharm el-Sheikh, Egypt. Under the new framework, the EIB plans to mobilise increased financing for environmental sustainability projects and to accompany this with further activities in the green debt markets, the use of blended finance instruments, and technical assistance.
- Countries including Ecuador, Gabon, the Maldives, and the United Kingdom are asking governments who support ambitious action for nature to come together to endorse a 'Political Vision: A 10 Point Plan for Financing Biodiversity' to support its protection, conservation, restoration, and sustainable use. Countries are encouraged to endorse the Plan, and to contribute to building momentum for its CBD COP 15.
- Alignment of all financial flows will ultimately have to be achieved at the national level. All flows that are not currently in coherence with the goals of the GBF will need to be identified and brought in line with the GBF. National Biodiversity Strategy and Action Plans (NBSAPs) are the main means of implementation. They are obligatory for all countries which are signatories to the CBD under Article 6. As of 2022, at least 193 parties have developed an NBSAP.
- 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 parallel sessions with financial supervisors and central banks. The outcome of the finance and biodiversity day is not going to be another commitment, rather it will be a statement with a clear call to action.

Developments in practice

- Besides climate, nature has now been widely embraced as relevant to financial supervisors and central banks. The NGFS recently published a "Statement on Nature-related financial risks", which acknowledges that nature-related risks, including those associated with biodiversity loss, could have significant macroeconomic implications, and that failure to account for, mitigate, and adapt to these implications is a source of risk relevant for financial stability. The statement also announced the creation of an NGFS task force to mainstream the consideration of nature-related risks across the various NGFS streams of work in the coming years.
- NatureFinance is developing a tool to follow and thereby encourage more nature-finance alignment, to the tool is designed to track progress on alignment of both public and private financial flows and to help in identifying policy options to accelerate action to increase this alignment. A prototype of the tool, underpinned by the nature-finance Alignment Index, is launched at CBD COP15 in Montreal, and will provide an overview of the state of alignment globally, by type of flow, and at country and sector level.



Capacity building

This 14th session of the IDFB focused on practical ways to implement and realise the alignment of all financial flows with the goals and targets of the GBF. There was an active discussion and exchange on the many side events that are organised at COP15 and that are related to finance and biodiversity. The IDFB has prepared an overview on all relevant meetings related to biodiversity and finance. please find the overview [here](#) as well as attached.

- IDFB14 discussed the urgency to increase efforts in the coming weeks, especially ahead of and during the Nature and Finance day in Montreal on the 14th of December, to discuss and underline the importance of alignment of all financial flows with negotiating Parties.
- Many participants and experts that have engaged in the IDFB meetings over the past one-and-a-half year have provided feedback to the IDFB team on the **IDFB paper on alignment of all financial flows with biodiversity objectives**. This feedback was integrated into the paper in the last weeks, and the paper, which is a living document, will be shared on the IDFB website as well as via a group email before COP15 starts.

1. Momentum

Launch of the 10-point plan

Ecuador, Gabon, the Maldives, and the United Kingdom are asking governments that support ambitious action for nature to come together to endorse a 'Political Vision: A 10 Point Plan for Financing Biodiversity' to support the protection, conservation, restoration, and sustainable use of biodiversity. The aim is to galvanise political support for the actions that need to be taken across the whole of society and the global economy to close the nature finance gap in the next decade in support of an ambitious post-2020 Global Biodiversity Framework. Countries are encouraged to endorse the Plan, and to contribute to building momentum for it in the run-up to the CBD COP 15. The Plan defines a clear pathway for bridging the global biodiversity finance gap. It defines the role of all sources of finance (domestic, international, public, private) with a particular focus on how international public finance can support developing countries to build a nature-positive economy. The Plan will complement and support, not substitute, the formal CBD negotiations processes.

The European Investment Bank and risk measurement

The European Investment Bank (EIB) is moving toward the implementation of its COP26 commitment in Glasgow to step up support for nature plans. It does this by mobilising increased financing for environmentally sustainable projects and will accompany this with further activities in green debt markets, through the use of blended finance instruments, and by providing technical assistance. The new framework supports the operationalisation of EIB's COP25 commitment along with other multilateral development banks, to step up efforts towards the protection, restoration, and sustainable use of biodiversity. A special focus will be on support for pilot initiatives — for example a pilot concept for the establishment of high-integrity nature credit markets — that can deliver environmental sustainability impact at scale, with a view to replicating such solutions at a later stage.



The EIB has developed a number of risk and impact measurement tools that will support its environmental sustainability efforts. Project assessments will now take into account benefits for biodiversity and support for ecosystems in order to better integrate environmental considerations. In addition, the EIB is exploring different biodiversity foot-printing methodologies to better identify the physical biodiversity risks associated with its projects, and is expanding its climate risk screening methodology to incorporate environmental risks in an integrated manner.

Financial institutions attending the COP15

A delegation of 26 financial institutions representing the Finance for Biodiversity Foundation (F4B) including Aviva, Federated Hermes Limited, Manulife and Storebrand Asset Management will join COP15 in Canada. This group of financial institutions will call on global leaders to agree on an ambitious outcome and effective measures to reverse nature loss in this decade and ensure ecosystem resilience. Today the Public Policy Advocacy Working Group of F4B launched the third position paper with suggestions for the goals and targets of the framework.

2. Practical developments on finance and biodiversity

The Network for Greening the Financial System's Statement

The NGFS is a group of central banks and supervisors which, on a voluntary basis, are willing to share best practices and contribute to the development of environment and climate risk management in the financial sector. The aim is to mobilise mainstream finance to support the transition toward a sustainable economy. The NGFS brings together 108 central banks and supervisors as well as 17 observers. Together, they represent five continents and over 85% of global greenhouse gas emissions. They are responsible for the supervision of the global most important banks and two thirds of global systemically important insurers. Besides climate, nature has now been widely embraced as relevant to financial supervisors and central banks. The NGFS recently published a "Statement on Nature-related financial risks", which acknowledges that nature-related risks, including those associated with biodiversity loss, could have significant macroeconomic implications. The report shows that failure to account for, mitigate, and adapt to these implications is a source of risks relevant for financial stability. The statement also announced the creation of an NGFS task force to mainstream the consideration of nature-related risks across the various NGFS workstreams in the coming years. The NGFS holds the position that nature-related financial risks should be considered by central banks and supervisors for the fulfilment of their mandates. The statement also announces the creation of an NGFS task force to mainstream the consideration of nature-related risks across the various NGFS streams of work in the coming years. These announcements by the NGFS follow the finalisation of the work carried out by the joint Study Group on 'Biodiversity and Financial Stability' that published in November 2022 the report "Central banking and supervision in the biosphere: An agenda for action on biodiversity loss, financial risk and system stability"



Tools being developed by NatureFinance

NatureFinance (formerly Finance for Biodiversity initiative - F4B) is currently working on developing a Tool to promote greater nature-finance alignment, including to track progress on alignment of both public and private financial flows and to help in identifying policy options to accelerate action to increase their alignment. A prototype of the Tool, underpinned by the nature-finance Alignment Index, is being launched at CBD COP15 in Montreal, and will provide an overview of the state of alignment globally, by type of flow, and at country and sector level. Building on this during 2023, NatureFinance will develop an interactive Dashboard that will be accessible online and will enable actors to base their nature-related goal setting upon a quantitative framework that is both strong and credible. A series of pilots of the Tool will be undertaken in 2023 to refine and improve its value for both private and public financial institutions, and for governments, to [quantitatively assess](#) alignment so that they can plan for a nature-positive transition. Later in 2023 NatureFinance will draw on the results derived from the development of the Tool, including the pilots, to produce a Policy Paper with insights and recommendations on how to accelerate progress on nature-finance alignment.

3. Capacity building and knowledge generation

IDFB 15 at COP15

One more IDFB session will be organised at the COP15 in December. We will use this last session to discuss topics crucial to the success of the COP and to the 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. We will present the IDFB paper on the Alignment of All Financial Flows that the IDFB team has written with input from IDFB members and interested organisations and experts.

It was written with inputs and knowledge shared by a number of participants and experts that have been engaged in the IDFB over the last 1,5 year, as well as with input from reviewers that provided feedback. During the last (15th) IDFB session, members of the IDFB will be invited to study this paper and share their thoughts on it with the IDFB secretariat.

Participants of IDFB 14

Adriana Paluka (Government of Czech Republic)
Chhin Nith (Government of Cambodia)
Dhananjaya Paudyal (Government of Nepal)
Mauricio Gamez (Government of Mexico)
Maximilian Bayer (Government of Germany)
Mostafa Fouda (Government of Egypt)
Sophie Morel (Government of Seychelles)
Valeria Trendafilova (Government of Canada)
Caroline van Leenders (Government of the Netherlands)
Jan Willem den Besten (Government of the Netherlands)



Observers

Jeremy Eppel (Nature Finance)
Zemke, Lydia (NatureFinance)
Matthew Doncel (Nature Finance)
Odile Conchou (CBD)
Saskia de Vries (DNB)
Eli Morrell (Nature^Squared)
Jorien van Hoogen (Nature^Squared)
Natalie Borcea (LNV)

The IDFB website has a repository of documents that focus on resource mobilisation, transition in the financial sector and the alignment of all financial flows with biodiversity objectives. It also supports 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

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