

COP16 Policy Expectations

Finance for Biodiversity Foundation members call on world leaders to urgently implement concrete actions to align financial flows with the Global Biodiversity Framework

9 October 2024

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The UN Biodiversity COP16 in Colombia is a pivotal opportunity to make strides towards halting and reversing nature loss by 2030 by ensuring effective implementation of the Kunming-Montreal Global Biodiversity Framework (GBF). The alignment of financial flows is a key part of this.

Under the Finance for Biodiversity (FfB) Pledge, 177 financial institutions from 28 countries, managing over €22 trillion in assets, have committed to contribute to the protection and restoration of biodiversity through their financial activities and investments.

The FfB Foundation has been an observer member of the UN Convention on Biological Diversity since 2021 and is a member of the Advisory Committee on Resource Mobilisation. We played an active role in supporting Parties to agree Goal D and Target 14, which require the alignment of public and private financial flows, in the GBF. We are urging and supporting governments to implement those aspects with the same level of ambition.

When implementing the alignment of private financial flows, it is critical that proper attention is given to the whole economy and not just the financial services element of it. The vast majority of private finance is directed towards businesses' economic activities and is for profit raising activities. This profit needs to be for both the businesses themselves and for the institutions behind the financing activities and investments, in order for economies to function properly.

Currently, the economic activities across many sectors and companies are leading to biodiversity loss and nature degradation. To address this situation, governments should take measures to price in externalities and enable better financial returns for businesses that adopt sustainable practices than those causing nature loss. Changing the regulatory landscape and economic incentives to encourage business behaviour that is good for nature and creates higher profits will go a long way to truly aligning private financial flows.

In order to achieve this, financial institutions and businesses require clear policy signals and sectoral transformation pathways that focus on transitioning underlying economic activities across operations and supply chains. Governments should create a policy and regulatory environment that enables the alignment of private financial flows and ensures sustainable use of biodiversity within the economy.

The FfB report "[Aligning Financial Flows with the Global Biodiversity Framework: Translating Ambition into Implementation](#)" provides further details about the policies that will support Parties in implementing the alignment of financial flows. Namely:

1. **Disclosure requirements:** Require companies and financial institutions to assess, monitor, and disclose their nature-related risks, impacts, dependencies, and opportunities (Target 15).
2. **Nature transition plans:** Mandate nature transition plans, based on sectoral transformation pathways, to ensure that companies address biodiversity risks and impacts across their value chains (Goal D and Target 14).
3. **Financial regulation:** Act with central banks and supervisors to manage systemic nature-related risks, such as by incorporating nature-related risks into stress testing and financial stability assessments (Goal D and Target 14).
4. **Economic incentives:** Align economic incentives for businesses and financial institutions with nature protection and restoration goals, including through sector-specific policies, subsidy reform, tax incentives, and market mechanisms, as well as leveraging public funds to attract private investments (Target 18 and Target 19).

The Resource Mobilisation Strategy, which is to be agreed at COP16, should provide Parties with a clear direction and actions that will enable them to implement the alignment of public and private financial flows with the goals and targets of the GBF (Goal D and Targets 14, 15, 18, and 19). There should also be clear mechanisms to monitor progress and hold governments to account for implementing these parts of the GBF. Specifically, we call for Parties at COP16 to ensure that:

- The Resource Mobilisation Strategy explicitly addresses all elements of the implementation of the alignment of private financial flows in relevant sections, including in the introduction and the enabling actions (see specific suggestions in Annex below).
- The Monitoring Framework includes a clear reference and meaningful indicators for the monitoring of the alignment of private financial flows and nature-related disclosure requirements.

National implementation strategies should include a coherent and comprehensive whole-of-government approach to mobilise action from the private sector. We believe that Finance Ministers in particular play a critical role in implementing the GBF in a whole-of-economy approach. Finance Ministers should also develop sustainable finance regulations and create economic incentives in order for financial institutions to recognise nature-related risks and contribute to nature positive outcomes. Working alongside environment ministers, they can ensure that these risks and opportunities are integrated across all economic sectors, mandate robust corporate disclosure requirements, and drive subsidy reform to eliminate harmful subsidies.

Voluntary private sector actions alone are insufficient; a supportive policy environment is essential to strengthen existing commitments from financial institutions. By fostering innovation, aligning incentives, and setting clear boundaries, governments can steer sectoral pathways towards reducing negative impacts, increasing positive impacts, and catalysing private finance at scale to bridge the current biodiversity finance gap.

We urge governments to demonstrate immediate leadership at COP16 to drive the necessary action from all stakeholders, including businesses and financial institutions, to halt and reverse nature loss by 2030.

Annex: Suggestions for the Resource Mobilisation Strategy document

We have three suggestions, two of which are additions to the main text and one is a footnote. The suggested text is below in **red bold**:

- Introduction (Page 2):

[*Alarmed* by the continued loss of biodiversity and the threat that such loss poses to nature and human well-being, and emphasizing that the effective implementation of the Framework is critically dependent on **aligning public and private financial flows and** increasing the mobilization of financial resources from all sources, domestic and international, public and private, with a view to closing the biodiversity financing gap and making adequate and predictable resources available in a timely manner for the effective implementation of the Framework,]

- Section II, Enabling Actions, 4(b) (Page 8):

Developing, updating and implementing national biodiversity finance plans or similar instruments, according to national needs, priorities and circumstances, with a view to **aligning public and private financial flows and** facilitating a significant increase in resource mobilization from all sources and to improving the information base for funding needs, gaps and priorities;

- We suggest that a footnote should be added to the paragraph referenced above, after where we pose the insertion of "aligning public and private financial flows" (Section II, Enabling Actions, 4(b)) as follows:

***the enabling actions for the implementation of the alignment of private financial flows should be done by reference to Annex II IV. Private biodiversity finance (4)**

This document has been developed within the Public Policy Advocacy working group of the Finance for Biodiversity Foundation and was compiled by Sonya Likhtman (Federated Hermes Limited), Emine Isciel (Storebrand Asset Management), and Suresh Weerasinghe (Aviva Plc), with the support of Natacha Boric and Jasmine Khatri (FfB Foundation).

We would like to thank everybody who contributed with co-reading and suggestions for these COP16 policy expectations.

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