

Financial institution letter to the Finance Ministers Coalition for Climate Action

*This letter is coordinated by the Finance for Biodiversity Foundation,
with 103 financial institutions – representing 19 countries and over €14 trillion in assets –
now signatories to the Finance for Biodiversity Pledge*

20 September 2022

Dear Finance Minister,

We applaud the "Bending the Curve of Nature Loss" report from the Coalition of Finance Ministers for Climate Action¹. The report demonstrates the urgent need for governments and regulators to address nature-related financial risks. Some of the most significant measures that influence biodiversity are local, and you control levers that can make a major and immediate contribution to reducing nature loss and mitigating the resulting risks. However, there are global actions that also need to be taken.

The economic transformation required to protect biodiversity and safeguard the natural systems that our economies and financial systems depend upon to function cannot be left to the voluntary actions of relatively few private actors. At COP15 of the UN Convention on Biological Diversity, the final negotiations on the Global Biodiversity Framework (GBF) will occur and new goals for biodiversity action will be adopted by your governments. It is critical that the new goals require urgent regulatory action, much like we have seen from the Paris Agreement and the subsequent climate-related regulations at the national level.

In order to achieve this, we call on you to support the alignment of public and private financial flows with the goals and targets of the GBF as a key policy aim, globally and locally. We urge you to send a strong signal within your government before COP15 that aligning financial flows is critical. It should be about both financing green and greening finance, meaning that positive financial flows are increased and financial flows that harm biodiversity are reduced.

We ask you to ensure that the alignment of public and private financial flows with the goals and targets of the GBF is represented by your delegation to the CBD and that a firm position is taken by your government in the negotiations at COP15. We also stress that greening finance will need to complement and not replace the immediate and urgent need to substantially increase finance from all sources, domestic and international, public and private, for biodiversity.

¹ [Bending the Curve of Nature Loss - \(financeministersforclimate.org\)](https://www.financeministersforclimate.org/), June 2022

Specifically, we ask that your country’s delegation support the existing and negotiated text below in the following parts of the GBF, based on the Draft Recommendations of the Co-Chairs following the Fourth Meeting of the Open-Ended Working Group in Nairobi 21-26 June 2022²:

- In Goal D *“the alignment of all public and private financial flows with the 2050 vision”*
- In Target 14 *“aligning all public and private activities, fiscal and financial flows with the goals and targets of the GBF”.*
- In Target 15 *“Take legal, administrative or policy measures to ensure that all business and financial institutions (a) through mandatory requirements regularly monitor, assess, and fully and transparently disclose their dependencies and impacts on biodiversity along their operations, supply and value chains and portfolios, in order to reduce negative impacts on biodiversity, increase positive impacts, reduce biodiversity-related risks to business and financial institutions.”*

To give effect to these global policy aims reflected in the GBF, there is a need for national action on the alignment of public and private financial flows, so therefore this text need to stay and be adopted in the final version at COP15.

We encourage you as Coalition to promptly take concrete steps to implement this text on a national level, once it is confirmed in the GBF as part of existing policy and regulatory measures being delivered to support green finance. Some of the immediate implementation steps that you might wish to consider include:

- Setting **Disclosure Regulations**, requiring that all financial institutions assess their impacts and dependencies on nature, using global standards such as upcoming Taskforce Nature Related Disclosures (TNFD) and actions to ISSB Sustainability standards, to incorporate biodiversity disclosures on a national level and support greater global consistency.
- Requiring **Transformation Pathways** for the finance sector, obliging financial institutions to publish plans as to how they will reduce their negative biodiversity impact and increase their positive impact.
- Integrating nature-related risks next to climate-related risks into **Regulatory Frameworks** for financial institutions (e.g., in regulatory requirements relating to prudential or institutional governance standards).
- Supporting **Central Banks and Financial Supervisors** to play a role in shaping private finance sector action. For example, the Dutch central bank, which has quantitatively mapped the physical and transition risks of domestic biodiversity loss, estimates that 36% of Dutch financial institutions are highly dependent upon at least one ecosystem service.
- Creating **Economic Incentives** for businesses and the finance sector to incorporate nature into decision-making, such as aligning economic incentives with sustainable practices.

² [Outcome OEWG-meeting on the Global Biodiversity Framework text in Nairobi](#), 26 June 2022

Taking these types of positive steps will strongly support the ideas in your "Bending the Curve of Nature Loss" report. Prompt implementation of what we hope will be a clear hook in Goal D of the GBF, and reflected in targets 14 and 15, for the alignment of public and private financial flows will have a significant impact on addressing the biodiversity crisis.

The Finance for Biodiversity Foundation is collaborating with the Secretariat of the Convention on Biological Diversity and other representative platforms on a dedicated Finance Day during the COP15 in Montreal, Canada on 14 December 2022. As part of this day, we would like to invite you to participate in a roundtable with CEOs from global financial institutions to discuss the points raised in this letter.

We look forward to your response to this letter. You can contact Ms. Anita de Horde, anita.de.horde@financeforbiodiversity.org, Coordinator of the Finance for Biodiversity Foundation.

Sincerely,

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