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THE FINANCIAL SECTOR AND THE POST-2020 GLOBAL BIODIVERSITY FRAMEWORK

**A workshop convened by the Secretariat of the Convention on Biological Diversity,
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PROPOSALS FOR KEY ACTIONS
FOR ALIGNING GLOBAL FINANCE WITH BIODIVERSITY POLICY

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1- **Align Public Financial sector with Biodiversity**: Multilateral and bilateral development banks should transparently align all public finance to biodiversity-related policies, goals and commitments, by:

- Developing a ***biodiversity strategy*** (Policy + Implementation Strategy + means of measuring progress), included in or alongside their climate strategy or ESG strategy.
- Reducing and eliminating projects that have a negative impact on biodiversity by applying internationally accepted ***biodiversity safeguards***, including IFC Performance Standard 6, to their lending, auditing and publicly reporting on their compliance to these standards, and that of their clients.
- Carrying out ***stress tests*** of their portfolios on biodiversity, addressing both risk and impact and disclosing the results.
- ***Supporting governments at all levels and businesses,*** through their policy dialogue, financing, technical assistance and activities or operations, to (i) implement the commitments and outcomes from COP15, (ii) develop and implement robust environmental and social safeguards, (iii) mobilise private finance for investments in nature and to raise the volume of finance for nature-related programmes with additional concessional finance.
- Engaging with sectors, companies or business models responsible for biodiversity loss to transition them towards Nature-positive and address the drivers of biodiversity loss. This includes assessing portfolio and sector impacts and dependencies on Nature to understand exposure and setting targets to manage the risk.
- ***Increasing the financing of nature positive projects/operations.***
- Allocating ***30% of their climate finance to biodiversity positive activities*** such as Nature based Solutions.

2- **Governments, regulators, central banks** support/enable financial institutions in integrating biodiversity/Natural capital into their business and financial decision-making by:

Governments:

- Working with the financial sector (and other stakeholders) to the development and implementation of ***national biodiversity finance Plan***.
- Strengthening or developing ***regulatory measures as well as tax incentives and capacity development.***
- Eliminating or realigning ***subsidies and taxes*** to be nature positive with a just transition for indigenous peoples and local communities, youth, women, civil society, lower-income households, and the most impacted people.
- Requiring financial institutions ***to disclose*** on their biodiversity risks, impacts, dependencies and opportunities and support them by adopting disclosure requirements.
- Developing standardized ***science-based targets, metrics and indicators*** to measure impacts and dependencies on biodiversity.
- Developing tools such as "***nature investment plans***" (national list of nature-positive projects) to help financial institutions and investors to develop a market,
- Adopting a common ***taxonomy*** on biodiversity (following EU and other taxonomies),
- ***Developing blended finance, technical assistance funds*** (in line with FIs processes in terms of guaranties and procurement times) ➔ a large-scale global accelerator fund for blended biodiversity finance,
- Developing and scaling up incentives for ***biodiversity restoration investments***.

Central banks and regulators

- Analysing, for central banks, the ***systemic risks*** of their financial sector linked to biodiversity, using appropriate methodology, such as that used by DNB.
- Better assessing, managing and reporting on nature-related financial risks as part of their supervisory duties.
- Including Nature-related risks in the ***credit rating at national and business levels***.
- Publicly explaining (for financial governance institutions, including financial regulators and monetary authorities, standards setters, and those with fiduciary responsibilities for financial assets) the past and likely impacts of their decisions and actions on biodiversity.

3- **Align Private Finance with Biodiversity-related Public Policy:** Financial institutions and investors should ensure that their (relevant) activities are consistent with biodiversity-related public policies, goals and commitments, such as the (future) national biodiversity finance plan, by:

- Developing a ***biodiversity strategy*** (Policy + Implementation Strategy + means of measuring progress), included in or alongside their climate strategy or ESG strategy.
- ***Engaging their investees*** (corporate & industry, sovereigns) to develop biodiversity strategies and to transition to nature-smart practices.
- Engaging with sectors, companies or business models responsible for biodiversity loss to transition them towards Nature-positive and address the drivers of biodiversity loss. This includes assessing portfolio and sector impacts and dependencies on Nature to understand exposure and setting targets to manage the risk.
- Framing and managing their ***risks, dependencies and impacts*** on biodiversity through harmonized or compatible approaches.
- Reducing and eliminating projects that have a negative impact on biodiversity by applying, for Private Equator banks, internationally accepted ***biodiversity safeguards***, including IFC Performance Standard 6, to their lending, auditing and publicly reporting on their compliance to these standards, and that of their clients
- Increasing the ***financing of nature positive projects/operations*** through the development of:
  - market-pipelines resulting from initiatives like incubators, pilots, accelerator funds, seeds funding…. as developed by countries, IUCN/CPIC, BIOFIN, public development banks, NGOs, ….
  - adequate financial innovations and/or new investment vehicles (green bonds, blended finance, new asset classes, debt facilities).
- ***Measuring and disclosing*** their **nature-related financial risks and opportunities**, according to the TNFD or similar reporting framework.
- Allocating ***30% of their climate finance to biodiversity positive activities*** such as Nature based Solutions.