

UN CBD COP16 – CFMCA Dialogue with Stakeholders – Meeting Note

Role of Ministries of Finance in achieving commitments set out in the Global Biodiversity Framework

29 October 2024 | Cali, Colombia

Following the [12th Ministerial Meeting](#) discussion of the Coalition of Finance Ministers for Climate Action (the Coalition) in Washington D.C. on 23 October 2024 on scaling up nature finance, Coalition members attending the Convention on Biological Diversity (CBD) COP16 in Cali, Colombia, discussed the critical role of Ministries of Finance (MoFs) in achieving commitments set out in the Global Biodiversity Framework (GBF).

The Coalition recognizes the substantial economic and financial consequences of biodiversity loss, and the need to mainstream nature into economic, fiscal, and financial policies, coupled with possible broader institutional and economic reforms. With over half of the world's GDP being dependent on nature and its services according to research,ⁱ biodiversity loss and ecosystem degradation are continuing at an alarming rate,ⁱⁱ affecting macro-economic and financial stability.ⁱⁱⁱ In order to protect natural capital and to meet global goals for climate and biodiversity,^{iv} we need to focus on bridging the financing gap for biodiversity, with some countries noting this means changing socioeconomic dynamics (such as consumption patterns of developed countries) transforming the financial system. These changes would enable all parties to the CBD, especially developing country parties, to access long-term public funding for their sustainable development.

The Coalition has expanded its work on nature over the past years, enabling action through its membership by building capacity on nature-related risks and financing opportunities. The Coalition's 2022 report^v recognizes the need for MoFs to develop an integrated approach to managing climate- and nature-related risks. The Coalition's 2023 flagship guide for MoFs^{vi} recognized the important role of nature and natural capital in economic, fiscal, and financial policies.^{vii} Since 2022, the Coalition has been conducting capacity building activities on nature-related data, reporting and disclosure, nature capital valuation and nature investments, as part of its [2024-2025 Work Program](#).^{viii}

As highlighted in its 2024 [Climate Action Statement](#),^{ix} Coalition members are implementing the GBF by taking concrete actions since its adoption in December 2022. Coalition members are integrating GBF targets and commitments in financial strategies, taxonomies, and budgeting frameworks; improving disclosure frameworks and access to nature-related data; scaling nature financing through innovative financial instruments; and addressing subsidies harmful to biodiversity.

The critical role that MoFs play in achieving commitments set out in the GBF was a focus of the discussion during the Coalition's high-level event at CBD COP16 (29 October 2024), as well as at the preceding Ministerial Meeting in Washington, DC (23 October 2024). MoFs are often in key positions to design vital tools, instruments and policies to protect nature, increase nature investing and encourage the inclusion of sustainability considerations into the financial decisions of both public and private stakeholders.^{x,xi} *The discussions in Cali and Washington D.C. revolved around GBF Goal D, which focuses on closing the biodiversity finance gap of \$700 billion per year and aligning financial flows with the GBF^{xii} and the 2050 vision,^{xiii} and targets particularly relevant for MoFs:*

- Target 14: Mainstream biodiversity in policies, regulations, planning and development process, and align fiscal and financial flows with the GBF
- Target 15: Policy measures to enable businesses and financial institutions to assess, monitor and disclose biodiversity-related risks, impacts and dependencies
- Target 18: Identify and repurpose \$500 billion per year of subsidies harmful to biodiversity, and deploy nature-positive incentives

- Target 19: Increase financial resources from all sources to \$200 billion per year, including by encouraging and leveraging private finance to invest in biodiversity and optimizing co-benefits with climate finance

On Target 14, MoFs are expected to contribute to GBF implementation by raising awareness on the importance of nature for the economy; integrating biodiversity into policies, regulations and development plans; supporting the update of National Biodiversity Strategies and Action Plans (NBSAPs); and leveraging synergies with climate policies and Nationally Determined Contributions (NDCs). In collaboration with central banks, MoFs should also assess financial stability risks and consider prudential frameworks for reducing exposure to nature-related financial risks.

On target 15, MoFs might mandate disclosure on nature-related risks and impacts for corporates and financial institutions, referencing frameworks or standards, like the European CSRD, the ISSB or the TNFD; as well as adopt or adjust taxonomies and reporting requirements for nature-related co-benefits in green investments. Some countries noted that robust and transparent nature-related data, accessible to all, in particular to low- and middle countries, can improve risk management and sovereign credit profiles, and lower future debt servicing costs.

On target 18, MoFs usually play a key role in identifying and reducing harmful incentives in sectors like agriculture, fisheries, forestry, transport, energy, water, land use, housing and construction. These incentives can be repurposed to support conservation and restoration, sustainable agriculture, and a circular economy. Subsidy reforms might consist of a package of measures—including public acceptance and credibility, complementary measures to price-based instruments, social protection and compensation, carefully sequenced reforms, and reinvestment strategies.

On target 19, MoFs are typically in a lead role in creating an enabling environment for financial system reform, and design financial policies to address the twin challenges of climate change and biodiversity loss. Strengthening multilateral development bank (MDB) and other development finance institutions' (DFI) mandates, improving nature finance effectiveness, and developing innovative financial solutions for nature, including blended finance instruments, thematic bonds, and driving innovation in insurance markets,^{xiv} can be seen as key tasks. Early investments in nature could prevent and reduce future economic costs, thus ensuring long-term fiscal stability. Scaling nature finance requires collaborative efforts from MoFs, policymakers, and stakeholders across the public and private sectors, and National Biodiversity Finance Plans (NBFPs) can assist this process.

At COP16, the Coalition and its partners brought together MoFs, heads of international development organizations and CEOs of leading finance organizations for the first time. The discussion during the Coalition's high-level event on 29 October 2024 emphasized the need for a whole-of-government approach to address key targets and goals of the GBF on the alignment of financial flows within existing budgets and available resources, and, in particular, to include finance ministries into the design and implementation of NDCs and NBSAPs. The participants agreed that it is essential to embed nature and climate considerations across all policies and investments, as well as to step up efforts on scaling up financing for nature.

MoFs have important policy levers at their disposal and need to play a greater role in international biodiversity policy discussions, as well as in implementing the GBF in their own jurisdictions, as appropriate. MoFs are expected to play a key role in implementing the GBF by taking actions under the targets 14, 15, 18 and 19, and by proactively engaging with other sectoral ministries, the private sector, civil society, research communities and other relevant stakeholders. The Coalition stands ready to support this effort including by bringing together relevant stakeholders for future follow-up discussions, strengthening climate and nature-related capacities of MoFs, sharing knowledge, best practices and country experiences, as well as connecting members' needs with support from Institutional Partners.

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- ⁱ Approximately \$44 trillion in economic value depends moderately to highly on nature, which is more than half of global GDP. Source: World Economic Forum. 2020. Nature Risk Rising: Why the Crisis Engulfing Nature Matters for Business and the Economy. https://www3.weforum.org/docs/WEF_New_Nature_Economy_Report_2020.pdf
- ⁱⁱ [Recent assessments](#) of the state of biodiversity show that biodiversity loss and ecosystem degradation are continuing at an alarming rate.. The [Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services \(IPBES\)](#) states that biodiversity decline poses at least as great a threat to humanity as global warming.
- ⁱⁱⁱ Research by the [European Central Bank](#), the [Network of Central Banks and Supervisors for Greening the Financial System \(NGFS\)](#), the [World Economic Forum](#) and an earlier study by [DNB/PBL](#), show that in addition to climate risks, biodiversity loss can lead to material risks and consequences, both at company level as well as for macro-economic and financial stability. As such, financial institutions need to improve and sustainably manage their impacts, dependencies, risks and opportunities in relation to both biodiversity and ecosystem services
- ^{iv} Biodiversity loss and climate change are highly interdependent and reinforce each other, according to the [Intergovernmental Panel on Climate Change \(IPCC\)](#), as underscored by a [report on the climate-biodiversity nexus in financial decision-making](#). Financial institutions can take into account the possible location-specific synergies and trade-offs when making.
- ^v Power, Samantha; Nepomuk Dunz, and Olga Gavryliuk. 2022. An Overview of Nature-Related Risks and Potential Policy Actions for Ministries of Finance: Bending the Curve of Nature Loss. Coalition of Finance Ministers for Climate Action, Washington, D.C. © Coalition of Finance Ministers for Climate Action.
- ^{vi} https://www.financeministersforclimate.org/sites/cape/files/inline-files/Strengthening%20the%20role%20of%20Ministries%20of%20Finance%20in%20driving%20action_Framework%20and%20guide%20FULL%20REPORT.pdf
- ^{vii} The Coalition of Finance Ministers for Climate Action. Strengthening the Role of Ministries of Finance in Driving Climate Action: A Framework and Guide for Ministers and Ministries of Finance (2023). https://www.financeministersforclimate.org/sites/cape/files/inline-files/Strengthening%20the%20role%20of%20Ministries%20of%20Finance%20in%20driving%20action_Framework%20and%20guide%20FULL%20REPORT.pdf
- ^{viii} https://www.financeministersforclimate.org/sites/cape/files/inline-files/CFMCA_2024-2025%20Strategic%20Work%20Program_6.pdf
- ^{ix} <https://www.financeministersforclimate.org/events/12th-ministerial-meeting> - edit the footnote once CAS is published
- ^x Finance Ministries actions to implement the Global Biodiversity Framework and halt and reverse nature loss. 2023. <https://blogs.worldbank.org/en/psd/finance-ministries-actions-implement-global-biodiversity-framework-and-halt-and-reverse-nature>
- ^{xi} Coalition of Finance Ministers for Climate Action. An Overview of Nature-Related Risks and Potential Policy Actions for Ministries of Finance: Bending The Curve of Nature Loss. 2022. https://www.financeministersforclimate.org/sites/cape/files/inline-files/Bending%20the%20Curve%20of%20Nature%20Loss%20-%20Nature-Related%20Risks%20for%20MoFs_2.pdf
- ^{xii} UNEP Finance Initiative. 2023. High-level roadmap: Aligning financial flows with the Kunming-Montreal Global Biodiversity Framework. <https://www.unepfi.org/publications/high-level-roadmap-aligning-financial-flows-with-the-kunming-montreal-global-biodiversity-framework/>
- ^{xiii} The vision of the Global Biodiversity Framework is a world of living in harmony with nature where "by 2050, biodiversity is valued, conserved, restored and wisely used, maintaining ecosystem services, sustaining a healthy planet and delivering benefits essential for all people." <https://www.cbd.int/gbf/vision>
- ^{xiv} Such as parametric insurance. The instrument provides fisherfolk with immediate economic relief in case of adverse weather and direct damages caused by tropical cyclones to fisheries assets, thus promoting not only food security, but also resilient livelihoods dependent on marine natural capital, and reducing the risk of overexploitation.