Business and Biodiversity Proposal

GEF 8 funding Window

11 May 2023

Intention of chat today

- To sketch outline of current thinking on the proposal
- Towards getting input, strategic direction
- To hear about the alignment with business sector priorities
- To explore how business can work with us in work around Target 15
- To agree on way forward

GBF PRIORITY AREAS FOR SA

TARGET 3 30X30 PROTECTED AREAS .	TARGERT 2: RESTORATION OF 30% DEGRADED LAND	TARGET 13 DIGITITAL SEQUENCE INFORMATION	TARGET 16 BUSINESS AND BIODIVERSITY.	RESOURCE MOBILISATION	MAINSTREAMING TARGET 14-16

GBF VISION

The vision of the Kunming-Montreal 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."

WHITE PAPERR :GOAL A POLICY OBJECTIVES: Expand representative protected and conservation areas. Integrate conservation areas into broader land- and seascapes. **TARGET 3 GBF**	**WHITE PAPER GOAL A POLCY OBJECTIVE:** Restore degraded ecosystems and implement threatened species recovery. **TAGERT 2 GBF**	**GOAL 3 POLICY OBJECTIVE:** Benefits are derived and shared from the use and development of South Africa's genetic and biological resources, without compromising the nation's interests. **GBF GOAL C & TARGET 13**	**ENABLER 1 POLICY OBJECTIVE:** Mainstream biodiversity across government and sectors of society. **TARGET 14-16**	**ENABLER 2 POLIC OBJECTIVE:** Mobilise resources and innovative financial mechanisms, to promote financial sustainability. **GBF GOAL B, T18-19**	**ENABLER 1 POLICY OBJECTIVE:** Integrated policy and practice across government and effectively implemented Multilateral Environmental Agreements. **GBF TARGET 14-16**

Towards a Sustainable Future: advancing the role of business in biodiversity

Proposed goal is to: Develop the enabling environment for business to play an increasingly positive role in the sustainable use and conservation of biodiversity thus strengthening the implementation of the new Global Biodiversity Framework through a whole of society approach.

Background

A number of barriers exist for business to make a positive contribution to biodiversity outcomes in South Africa, including:

- The information on economic dependencies on ecosystem is underdeveloped, which created lack of clarity for business on how to access relevant data and information, and what the reporting mechanisms are.
- Lack of clear policy environment, as the current sustainable finance paper does not address biodiversity.
- The emergent nature of this area of work – The Global Biodiversity Framework was ratified in December 2022, the Green Taxonomy only released in 2022 and the TNFD risk assessment framework is in beta version and still to be finalised.

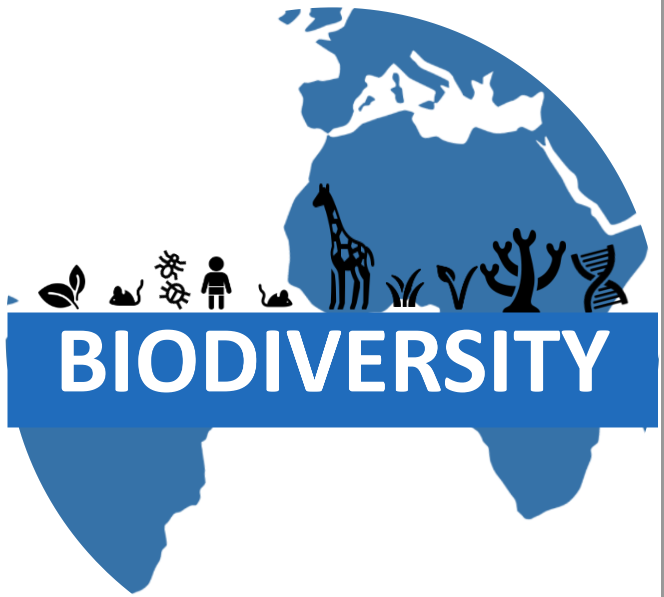
A GEF-8 investment in this project would extend a solid baseline summarised as follows:

- The work around financial mechanisms (included the blended finance roadmap, Amanzi Ethu Nobuntu, etc) started in the GEF 7 Ecological Infrastructure for Water Security Project
- The SANBI / French Development Agency baseline study on nature related financial risk (2023) which can be reviewed and updated for the purposes of this work
- The initial scoping study of TNFD readiness that was done through BIOFIN
- The business case and value proposition for Biodiversity Stewardship
- The long-term strategic approach to mainstreaming

BIODIVERSITY RELATED RISKS, DEPENDENCIES AND OPPORTUNITIES

Analytical framew

Physic



Transiti

WORKING paper

BANQUE DE FRANCE
EUROSYSTÈME

A "Silent Spring" for the Financial System? Exploring Biodiversity-Related Financial Risks in France

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August 2021, WP #826

ABSTRACT

This paper contributes to an emerging literature aimed at uncovering the linkages between biodiversity loss and financial instability, by exploring biodiversity-related financial risks (BRFR) in France. We first build on previous studies and propose an analytical framework to understand BRFR, emphasizing the complexity involved and the limited substitutability of natural capital. We then provide quantitative estimates of dependencies and impacts of the French financial system on biodiversity. We find that 42% of the value of securities held by French financial institutions comes from issuers that are highly or very highly dependent on one or more ecosystem services. We also find that the accumulated terrestrial biodiversity footprint of these securities is comparable to the loss of at least 130,000 km² of "pristine" nature, which corresponds to the complete artificialization of 24% of the area of metropolitan France. Finally, we suggest avenues for future research through which these estimates could feed into future assessments of physical and transition risks.[2]

Keywords: Biodiversity; Financial stability; Environmental risks; Scenario analysis; Financial markets and the macroeconomy; Valuation of ecosystem services.

JEL classification: C67, D81, E44, G32, Q51, Q57

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[2] We are very grateful to Joris van Toor for detailed comments and discussion of a previous version of this paper, and to Renaud Coronelet for his research assistance. We acknowledge suggestions, comments and contributions from Spyros Alogoskoufis, Théophile Azuelos, Bénédicte Augeard, Sebastian Bekker, Lukas Boeckelmann, Clément Bourgey, Pietro Calice, Valérie Chouard, Laurent Clerc, Odile Conchou, Naig Cozannet, Mathieu Delahais, Bertille Delaveau, Simon Dikau, Hélène Djoufelkit, Charles Dumas, Dominique Durant, Zakaria El Barri, Thomas Garcia, Sylvie Goulard, Alain Grandjean, Paul Hiebert, Charlène Kermagoret, Gilles Kleitz, Harkien Lantermange, Katie Leach, Harold Levrel, Emmanuelle Maincent, Jules Massin, Thomas Mélonio, Guillaume Normand, Marko Novakovic, Danijela Piljic, Pauline Poisson, Alfred Mbairadjim, Laura Parisi, Florence Robert, Nick Robins, Sibylle Rouet Pollakis, Sophie Salomon, Cécile Valadier, Lucas Vernet, Thomas Verges, Paul Vignat, Marie-Anne Vincent, Pierre-François Weber, and Lou Welgryn. We thank Carbon4 Finance, CDC Biodiversité, the Natural Capital Finance Alliance and UNEP-WCMC for providing us with access to data.

Nature-related risks and opportunities in South Africa A socioeconomic, financial and spatially-explicit assessment

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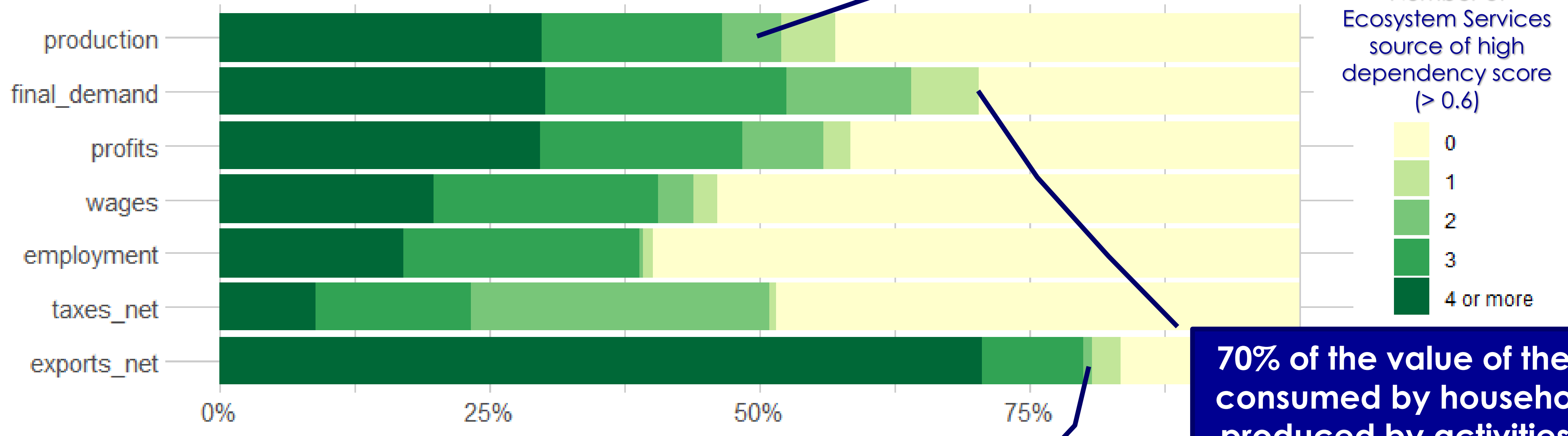
AFD
AGENCE FRANÇAISE DE DÉVELOPPEMENT

Physical risks

<u>Direct</u> dependencies of seven socioeconomic indicators to ecosystem services

Half of South Africa's output is produced by economic activities highly dependent on at least 2 different ecosystem services

South Africa Socio-economic indicators from GLORIA database

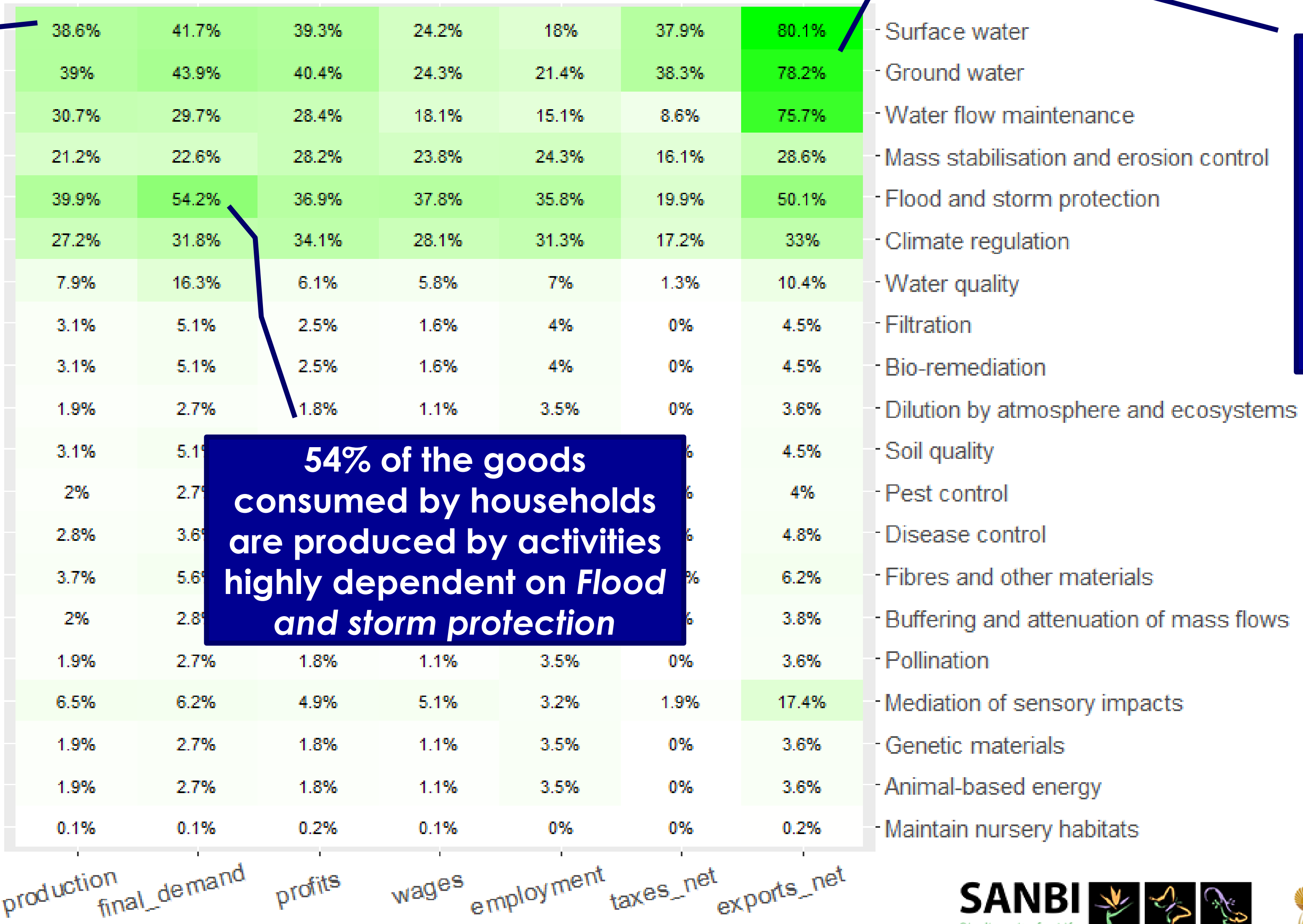


70% of the value of the goods consumed by households are produced by activities highly dependent on at least one ecosystem service

80% of net exports are generated in sectors highly dependent on at least two ecosystem service

Physical risks

<u>Direct</u> dependencies of seven socioeconomic variables to specific ecosystem services



38% of the SA economy production is highly dependent on *Surface Water*

80% of South African net exports are generated by activities highly dependent on *Surface water* (but also 78 % on ground water, 75% on flow maintenance…)

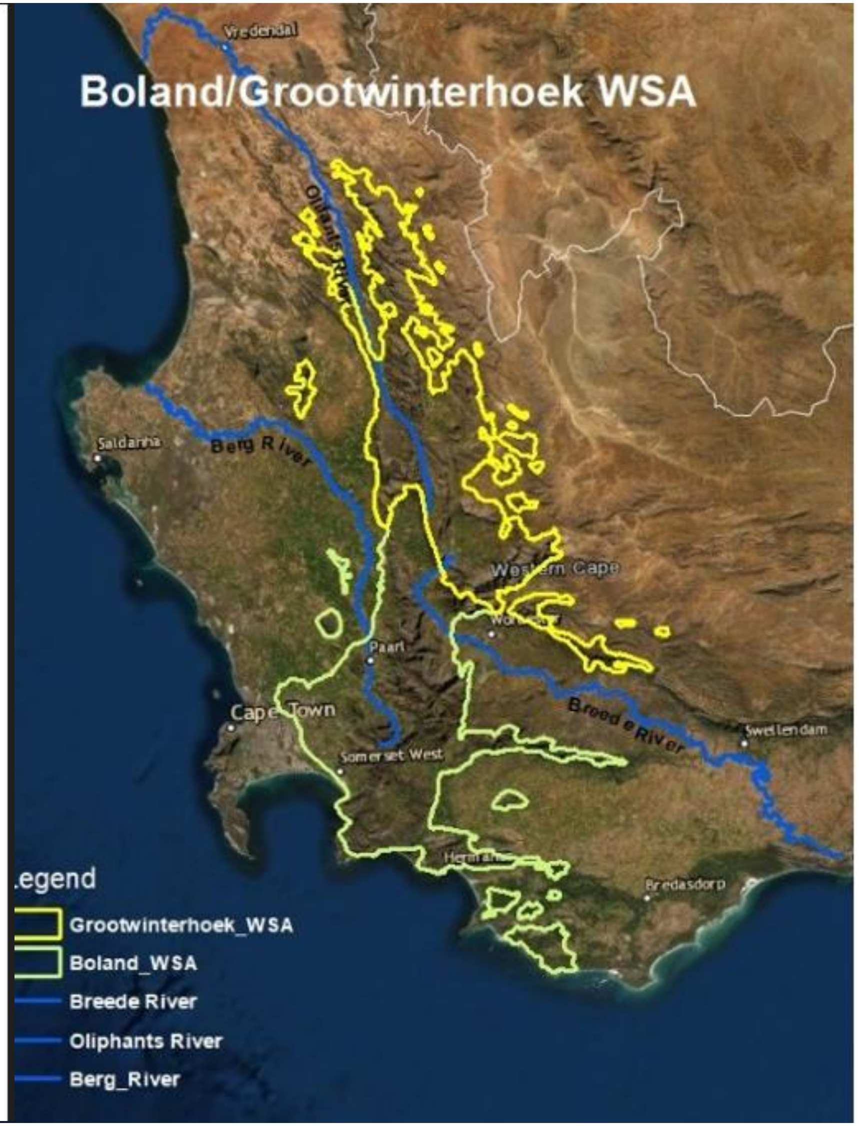
54% of the goods consumed by households are produced by activities highly dependent on *Flood and storm protection*

EI4WS has unlocked blended Finance Projects in Critical Catchments

1. Amanzi Ethu Nobuntu business plan
2. DUCT Collaboration Agreement to allow support Work on the catchment
3. Establish Amanzi Ethu Nobuntu NPC (registered entity)
4. Support the implementation of the business plan

Empower. Monitor. Restore. Together.

Boland Groot Winterhoek Collective



Building resilience through landscape platforms

- Position public spending towards ecological resilience
- Remove barriers to entry for private sector EI investment
- Working with and learning from landscape partners
- Share lessons between initiatives across the Province

The GEF-8 investment would build from the following partnerships:

- The work on the SECO funded project aimed at providing insight, capacity-building and support for the financial sector on nature-related risk and to further tailor ENCORE to meet needs – moving from awareness to action in SECO priority countries (SA is one of the priority countries)
- The business network of the National Business Initiative

Key partners

forestry, fisheries & the environment
Department: Forestry, Fisheries and the Environment
REPUBLIC OF SOUTH AFRICA

SANBI
Biodiversity for Life
South African National Biodiversity Institute

UNDP

DBSA
DEVELOPMENT BANK OF SOUTHERN AFRICA
Building Africa's Prosperity

NBI
National Business Initiative

AFD
AGENCE FRANÇAISE DE DÉVELOPPEMENT

UN environment programme | finance initiative

UN environment programme WCMC

Global Canopy

Strategic Objectives

1. To strengthen the enabling environment for the role of business in biodiversity

- Strengthening policy certainty and coherence through:
  - Co-development of appropriate policy guidance for domestication in SA
  - Capacitation of key roleplayers in international good practice
  - Stakeholder mapping
  - Ensure biodiversity and its multiple values are incorporated into financial sector policy
  - Support GBF implementation re LTAM
  - Support development of business and biodiversity review of chapter of nbsap

- Address Information architecture – strengthen pathways for multidirectional flows of information sharing
  - Build the link in to NCA
  - Enable engagement with biodiversity data for improved decision making
  - Provide clarity on alignment with international and national data, info, tools
- The development of strategic platforms for collaborative working arrangements

2. To enhance financial institution and private sector participation in sustainable resource use and conservation through supporting the implementation of the relevant reporting and compliance frameworks and approaches

Anticipated result: An integrated process for financial institutions to measure and disclose biodiversity and climate impacts of current investments and consider these impacts in future investment decisions

Key sub components

- Strengthening and expanding upon Nature Related Risk and dependency work
  - Through further studies in to the current status in South Africa
  - Ensuring policy alignment ito development and implementation
- To work with business to begin reporting nature-related dependencies, impacts, risks and opportunities, and changing business practices
  - A suite of headline indicators drawn from natural capital accounts that provide standardised metrics for reporting framework on nature-related risks, impacts and dependencies.
  - Support the development and implementation of TNFD and other related frameworks
- Development of a public private support structure and the enabling of appropriate COPs,
- Capacity development

3. To pilot pathways for business to invest in the conservation and sustainable use of biodiversity through enhancing biodiversity positive investment

Anticipated result: A private/financial sector that provides support towards the conservation outcomes

Key subcomponents:

- Through the creation / support to catchment scale CoPs aimed at mobilising blended finance investment
- Through industry led support to improved land management and biodiversity stewardship
- Capturing case studies and lessons learnt on blended finance mechanisms
- Bankable projects/ Biodiversity investment platform support
- Through engagement in strengthening the application of the mitigation hierarchy and strengthened environmental authorisations, particularly with regard to biodiversity offsets

4. Enhance public sector work in Biodiversity expenditure coding

Anticipated result: A combined climate and biodiversity budget tracking exercise which will be mainstreamed to enhance climate and biodiversity outcomes.

- To better manage biodiversity, one would need to know how much being spent on biodiversity, and indeed on what is harming it. This remains a challenge for most countries.
- To overcome such a challenge, biodiversity expenditure coding or tagging can be adopted. This is a tool that can bring a host of long-term benefits to a country, such as influencing more and better investments in biodiversity protection, improving the recording and monitoring of how public money impacts the environment, and helping biodiversity performance indicators track progress towards national and global biodiversity goals.
- Simply put, adding coding to expenditures for biodiversity means public departments must indicate if any of their spending is linked to nature. In turn, this allows the government to gather thorough intelligence on where public budgets are helping, and perhaps even harming, nature.

Key considerations and questions

1. How can we best partner with the business community in:

- the development process
- the larger range of work related to nature related risks, dependencies and opportunities
- Work around target 15 of the GBF

2. Which other areas of focus would facilitate synergies in priorities?