



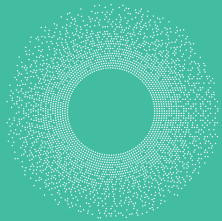
Global
Landscapes
Forum

Luxembourg 2019



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White Paper



Breakthroughs in
Sustainable Finance

How to Measure the Positive Impact on Biodiversity of an Investment?

This White Paper was produced by the Ministry of Agriculture, Nature and Food Quality of the Netherlands and CREM. The content of this GLF white paper is the sole responsibility of the authors.



How to Measure the Positive Impact on Biodiversity of an Investment?

Interactive Session, GLF Luxembourg 2019, November 30th, 14:00 - 15:15 UTC – Salle E

Speakers



Caroline van Leenders

Senior Process Manager
Sustainable Transitions,
Netherlands Enterprise Agency



Wijnand Broer

Partner at CREM

Schedule

14:00 – 14:10

Introduction by **Caroline van Leenders** on introducing biodiversity in the financial sector

14:10 – 14:30

Wijnand Broer and **Roel Nozeman** on biodiversity positive investments & footprinting; practical example of ASN Bank

14:30 – 14:45

Sylvia Wisniwski from Finance in Motion on a practical example of biodiversity conservation through an impact fund

14:45 – 15:15

Interactive discussion

Biodiversity Positive Impacts of Financial Institutions

Biodiversity loss and land degradation are two sides of the same coin and need to be addressed simultaneously. One of the root problems in degraded lands is the loss of biological diversity. Biodiversity is often threatened by competing land uses, one of the key themes that the Landscape Approach seeks to address. Investing in sustainable landscapes is often the solution to increase biodiversity and vice versa.

To increase investments in both sustainable landscapes and biodiversity, incorporating those concepts into the financial sector are necessary. Starting with methods to measure the impact of investments on those issues. By gaining insight into the often negative (indirect) impact that finance has on biodiversity, the basis is created to reverse this trend.

Definitions and tools need to be developed and agreed upon before financiers can incorporate biodiversity concerns into their daily decision making, serving as a first key step to familiarize the sector with the issues at stake.

Recently, the report on ‘Positive Impacts in the Biodiversity Footprint Financial Institutions’ was published. The project leading up to this report was financed by the Dutch Ministry of Agriculture, Nature and Food Quality and carried out by CREM and Pré Sustainability. This rapport discusses, among others, the Biodiversity Footprint Financial Institutions (BFFI) method.

The BFFI, applied by the ASN Bank, can measure the positive as well as the negative impacts of an investment portfolio on biodiversity. BFFI uses data from the [Exiobase](#) database to assess the environmental pressures resulting from economic activities that financiers invest in. Using pressure-impact models, these pressures are then translated into the impact on biodiversity.

The BFFI is not the only method available. Related initiatives include ‘STAR’, developed by IUCN, the Business & Biodiversity Offsets Program (BBOP), ‘IRIS+’ of the Global Impact Investing Network (GIIN), ‘ENCORE’ by the NCFI or initiatives such as the Platform Carbon Accounting Financials (PCAF) and Green Bonds. In short, a number of tools and impact assessment methodologies are already available.



Figure 1. The BFFI methodology (source)

Agreeing on terms and baselines

One of the challenges is agreement on a common terminology. How should positive impacts on biodiversity be defined? Can reducing negative impacts be considered as a positive impact? How should FI's report on these impacts and how to reach a 'net-positive-gain'? Furthermore, what baseline should be used, a pristine situation or the situation before the investment takes place? In the session at the GLF Investment Case in Luxembourg we will present the report and continue discussing the following aspects:

- Investments in the reduction of negative impacts (e.g. investments in pro-biodiversity measures in agriculture) can be used to compensate for negative impacts on a portfolio level to reach a no-net-loss but cannot be used to reach a net-gain.
- Biodiversity footprinting allows financial institutions to identify and manage trade-offs from an investment strategy based on carbon alone.
- To reward financial institutions that include multi-stakeholder, independent and biodiversity relevant standards in their investment criteria (e.g. FSC, MSC, RFA) a positive impact of these certifications should be included in the footprint, even if impact-data are still lacking.
- Reflect on how to increase involvement and buy-in among financial sector players.





Photo by Yayan Indriatmoko/CIFOR

Milestones for implementation

In 2020 the 15th conference of the Convention on Biological Diversity will take place. Its main theme is 'living in harmony with nature'. Apart from states, the ambition is to also include non-state actors, particularly financial actors. A number of initiatives have started to involve the financial sector.

1. A 'Platform for Biodiversity Accounting Financials' (PBAF) will be started to create a common ground with more financial institutions on biodiversity positive investments and footprinting. In PBAF, launched in 2017 by ASN Bank and Actiam, financial institutions share their insights and best practices regarding the implementation of biodiversity conservation objectives into their daily business, with a specific focus on biodiversity footprinting.
2. Financial institutions are encouraged to publicly underwrite several commitments at the CBD in 2020. The commitments as developed by [Business for Nature](#) will be taken as an example. Examples of such commitments are: declaring a biodiversity positive ambition, signing the Act4Nature, a pledge to consider biodiversity impacts in all decisions or endorsing the New York Forest Declaration.
3. Involvement of mainstream financial institutions in demonstrating the importance of nature and biodiversity for the finance sector. Primarily by sketching the risks for financial institutions if the current trend continues. The Dutch Central Bank is currently investigating to what extent biodiversity loss and financial instability are linked. A similar study is being conducted in the UK: [The Economics of Biodiversity: The Dasgupta Review](#). Results are expected in 2020.

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