

# COP 15 preview: the “Paris moment” for nature?

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**We expect biodiversity to be a major theme for investors in 2023, after the recent COP 27 formally acknowledged the link between the climate and biodiversity crises – as underscored by severe weather events this year. We hope that the upcoming COP 15 – a conference dedicated to biodiversity – will agree a global biodiversity framework for the coming decade that will live up to high expectations.**

## Key takeaways

- The focus of this year’s COP 15 is to adopt a globally agreed framework – the post-2020 global biodiversity framework – which could be a unique opportunity to reverse biodiversity loss and support climate action.
- While hopes are high that COP 15 could be the “Paris moment for nature” – echoing the progress made on climate in the Paris Agreement of 2015 – there are challenges to overcome around the mobilisation of finance for nature restoration.
- The good news is that a successful COP 15 could be a springboard for greater integration of natural capital into investment decisions and opportunities.

While COP 27, the better-known climate conference, has seized the headlines recently, attention will soon turn to COP 15, the dedicated conference on biodiversity. The first part of the CBD COP 15 (to give it its full name) took place virtually from 11-15 October 2022 and focused on the development of the post-2020 global biodiversity framework.

1. <https://whc.unesco.org/en/news/2349>.

The ambition is to put the world on a path that secures nature for future generations. The Kunming Declaration<sup>1</sup>, a political declaration aimed at demonstrating political ambition, was adopted during the high-level segment of the conference.

The second part of the CBD COP 15 will take place in Montreal, Canada from 7-19 December, under the Chinese COP presidency in coordination with the Canadian government. The conference will see a gathering of representatives from 196 governments.

## What is COP 15?

COP 15 stands for the 15<sup>th</sup> Conference of the Parties (COP 15) of the Convention on Biological Diversity (CBD). Adopted in 1992, the CBD is the first global agreement to cover all aspects of biological diversity, focusing on three main objectives:

- The conservation of biological diversity
- The sustainable use of the components of biological diversity
- The fair sharing of the benefits arising out of the utilisation of genetic resources

## Why is COP 15 so important?

Biodiversity is integral to the "planetary boundaries" topic, which addresses how we will sustain our global population in a higher temperature world. This topic is one of Allianz Global Investors' three core sustainability themes (together with climate change and inclusive capitalism). Natural capital – the world's stock of natural assets – is being harmed by human activity at an unprecedented rate, impacting the functioning of ecosystems and the ability to provide basic life-support services.<sup>2</sup>

The primary aim of COP 15 is to adopt a globally agreed framework known as the post-2020 global biodiversity framework. This move would represent the most significant event for the natural capital agenda this decade.

The first draft of this framework was published in July 2021<sup>3</sup> and was built on the lessons learned from the failure of the Strategic Plan for Biodiversity 2011-2020 and its Aichi Biodiversity Targets. Those targets were not fully met, and natural degradation accelerated. The intention is to create the nature equivalent of the Paris Climate Agreement, with an ambitious plan to halt and reverse biodiversity loss by 2030 and achieve net targets by 2050.

The post-2020 framework differs from its predecessor in being more "outcome-orientated", with four long-term 2050 goals related to conservation, sustainable use of biodiversity, fair benefit-sharing and adequate means of implementation of the vision. In addition, there are 21 action-orientated targets for 2030. See some examples of the targeted outcomes below.

### Examples of goals of the post-2020 global biodiversity framework

- Protecting at least 30% of the planet's land and marine areas by 2030, especially areas of particular importance for biodiversity.
- Preventing or reducing the rate of introduction and establishment of invasive alien species by 50%.
- Reducing nutrients lost to the environment by at least half and pesticides by at least two-thirds and eliminating plastic waste discharge.
- Using ecosystem-based approaches to contribute to mitigation and adaptation to climate change.
- Redirecting, repurposing, reforming or eliminating incentives harmful for biodiversity in an equitable way, reducing them by at least USD 500 billion per year.

Biodiversity intersects with many other sustainability topics, such as the impact that land loss has on communities. Reflecting these social factors, the framework acknowledges the need for appropriate involvement and empowerment of women and youth, and recognition of the crucial role indigenous peoples and local communities play in the implementation of the framework.

## What are we hoping for at COP 15 – or expecting?

We think the three thematic days covering biodiversity themes at COP 27 set the scene rather than advanced the cause. At COP 15, we hope for – and, indeed, expect – a positive final agreement on the framework to halt biodiversity loss.

However, a key question, and one where regulation may play a part, is around the financing of biodiversity conservation and restoration. Today, it is estimated that the public and private financial flows that are harmful to biodiversity are at least five to six times higher than the finance for preserving biodiversity.<sup>4</sup> This topic will also extend to the direction and redirection of subsidies, especially for low-income countries.

To achieve a progress in this area, clear guidance will be needed on how companies can operate while being nature-positive – or at least not nature-negative. We believe this guidance will be framed by the evolution in biodiversity data, risk identification and management, disclosures and possibly regulation.

This year has already seen the introduction of formal biodiversity screening and reporting requirements into investments. A successful COP 15 should propel biodiversity into greater focus for 2023, where the measurement and screening for biodiversity – as well as the engagement around this topic and its integration into investment decisions – will likely evolve rapidly and significantly. This is likely to be reinforced by recommendations from the Taskforce on Nature-related Financial Disclosures, which are scheduled to be released next year and aim to enable organisations to report and act on nature-related risks.

2. <https://www.worldbank.org/en/topic/natural-capital>.

3. <https://www.cbd.int/doc/c/abb5/591f/2e46096d3f0330b08ce87a45/wg2020-03-03-en.pdf>.

4. World Bank, The Economic case for Nature World Bank Document <https://openknowledge.worldbank.org/bitstream/handle/10986/35882/A-Global-Earth-Economy-Model-to-Assess-Development-Policy-Pathways.pdf?sequence=1&isAllowed=y>

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