

Catalyzing Nature Markets

March 2021



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About Finance for Biodiversity

Finance for Biodiversity (F4B) aims to increase the materiality of biodiversity in financial decision-making, and so better align global finance with nature conservation and restoration. F4B is advancing five workstreams that create and amplify the feedback signals that increase the value of biodiversity in private and public financing decisions:

- **Market efficiency and innovation:** including a leadership role in the Task Force on Nature Related Financial Disclosure, and support to a number of data and fintech-linked initiatives
- **Biodiversity-related liability:** with a particular focus on the place of extended environmental legal liabilities for financial institutions, as well as financial policy and regulatory initiatives.
- **Citizen engagement and public campaigns:** advancing data and fintech-led instruments to catalyse shifts in citizen behaviour as consumers, savers, pension holders, insurers and capital owners.
- **Responses to the COVID crisis:** advancing measures and advocacy linked to stimulus and recovery spending, and the place of nature in sovereign debt markets.
- **Nature markets:** catalysing nature markets by developing new revenue streams and robust governance innovations.

F4B has been established with support from the MAVA Foundation, which has a mission to conserve biodiversity for the benefit of people and nature. F4B is also funded in part by the Gordon and Betty Moore Foundation through The Finance Hub, which was created to advance sustainable finance.

For more information, visit www.f4b-initiative.net.

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Catalyzing Nature Markets (CNM)

Finance for Biodiversity (F4B) aims to increase the materiality of biodiversity in financial decision-making, and so better align global finance with nature conservation and restoration. It is a dual-purpose platform, both implementing its own activities across five work streams and making grants to support others to undertake work in these areas. F4B has recently launched the **Catalyzing Nature Markets (CNM)** program to promote and accelerate the development of markets for nature based services.

Nature markets are markets for products, services and attributes which relate to nature's integrity. So far, these markets (e.g. trading carbon offsets, ecosystem service payments, extraction quotas, etc.) have only captured a small fraction of potential revenue flows. They are constrained by structural obstacles including legitimacy of the traded products and claims (design, verification, tracking) and the eligibility of sellers (ownership of nature) and buyers (citizen agency), as well as the efficiency and trustworthiness of the trading platforms.

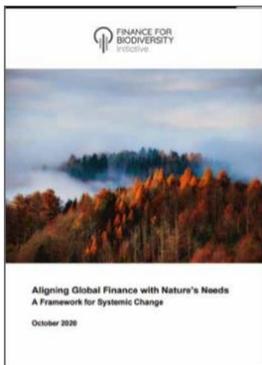
Nature markets are critical to addressing global crises like climate change and biodiversity collapse, which will be difficult to overcome without a market exchange that can efficiently match varied demand for nature's services (e.g. clean water) with a clear and trustworthy source of supply (e.g. payment for ecosystem service markets).

Now is a good time to push. Transactional complexity is no longer a problem – it has been cracked by existing e-commerce and supply chain management platforms. Sensing technologies allow precise measurement and verification of nature performance and attributes, enabling the value of natural systems to be turned into tradable assets and services. Voluntary and mandatory carbon and REDD+ markets are a top priority for the Climate Change COP26 in Glasgow in November 2021, with strong potential tie-ins to the biodiversity agenda. Finally, the twin crises of COVID 19 and climate change have sharpened the financial industry's focus on natural risk (such as zoonotic diseases).

Over the next 18 months, CNM will accelerate these changes in several ways. We will articulate an improved, compelling nature market narrative. We will promote digital technologies that can help can measure, register, track, verify, and trade product and their attributes. We will promote product standardization as well as protocols for verification, tracking and data access. We will support innovative market designs which open up nature markets to entirely new classes of buyers and sellers. And we will invest in the governance and institutional integrity of emerging exchanges such as voluntary carbon markets.

Our success will be defined by (1) creating new solutions, platforms, opportunities, and tools in service to high-momentum nature market initiatives, (2) establishing a new community of practice which will take forward the cause of market creation at an accelerated pace and (3) supporting the launch of the next generation of investment platforms and nature exchanges.

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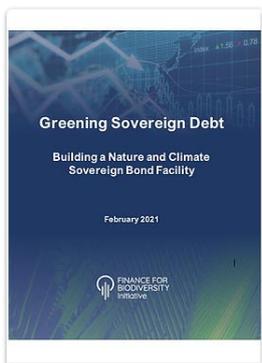


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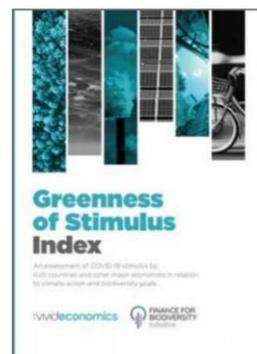
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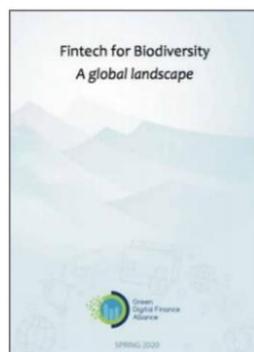
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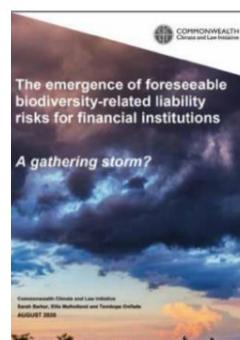
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