

COP15 on biodiversity

The Convention on Biological Diversity

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- ◆ The 15th meeting of the CBD meets in December in Montreal
- ◆ Our mini-series explains the key biodiversity “need to knows”
- ◆ We start with how the whole CBD works and its aims

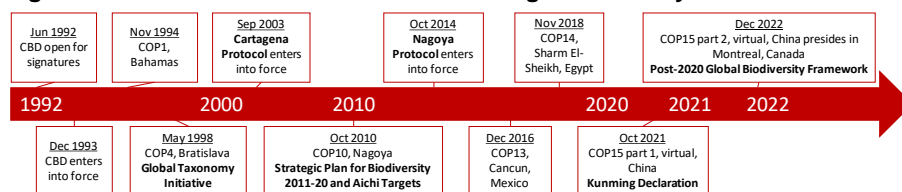
In the beginning: *In short, biodiversity concerns the variability of all forms of life and their interaction within an ecosystem. Since human beings are dependent on our ecosystems for sustaining life, how the resources are managed is of great importance to economies, societies, livelihoods and the wellbeing of the planet.*

What is CBD: The Convention on Biological Diversity (CBD) was adopted in 1992 and entered into force in 1993. The objectives of CBD are: “the conservation of biological diversity, the sustainable use of its components and the fair and equitable sharing of the benefits arising out of the utilization of genetic resources.”

Why CBD matters: Laying out the objectives is the simple part; implementing CBD in order to balance key principles as well as respect sovereignty and jurisdiction is much more challenging. It must cover *conservation, monitoring, cooperation, financial resources* and much more. It should be noted that CBD comes with sub-groups, bodies, reports and meetings – similar to the complexities of the UN’s Framework Convention on Climate Change. There are also a number of specific protocols that have been negotiated over the years that deal with particular aspects of CBD.

The basics: There are 196 [Parties](#) to the Convention on Biological Diversity. Notably, the United States has *signed* but *not ratified* the Convention; Iraq was the last Party to ratify (2009). There are two major sub-treaties: the **Cartagena Protocol** (on biosafety) which came into force in 2003, and the **Nagoya Protocol** (on access and benefit sharing) which came into force in 2014. It is a consensus-driven process which means that decisions are reached by the Convention as a whole (effectively unanimously). These decisions are guided by a host of sub-bodies and negotiating groups, the most notable of which are the subsidiary bodies on implementation and scientific advice. CBD tends to meet every two years although it was more frequent in the 1990s and COP15 has been delayed since 2020 due to the pandemic.

Figure 1: Timeline of the Convention on Biological Diversity



Source: CBD, HSBC

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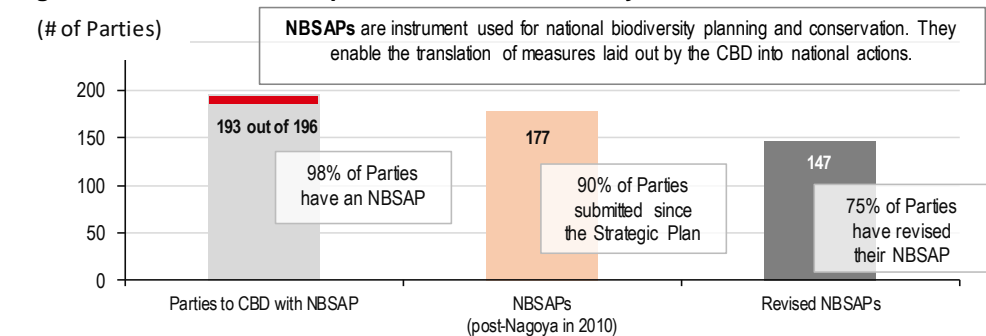
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Implementation and reporting: The various principles of CBD, covering areas such as the identification and monitoring of relevant issues, the conservation of various components, are supposed to be implemented at a Party (i.e. national) level through **National Biodiversity Strategies and Action Plans (NBSAP)**. In theory, these are supposed to be reviewed and revised periodically to incorporate the latest CBD decisions as well as be formally legislated into national laws and policies. Currently, 193 Parties have submitted at least one NBSAP (Fig 2). Success has been muted and biodiversity continues to deteriorate both globally and nationally.

Figure 2: Status of national plans to tackle biodiversity



Source: CBD, HSBC

Key outcome from Kunming: The first part of the COP15 meeting was held virtually during October 2021 and resulted in the **Kunming Declaration**. The declaration covers disappointment that previous targets have not been met, the recognition that biodiversity is closely linked to other environmental issues, the requirement for urgent action, and a call to action to **lay the groundwork for a successful part two of COP15**, especially the Post-2020 Global Biodiversity Framework (GBF).

COP15 part 1 thus mainly focused on building a foundation for the in-person (Part 2) meeting to take place in Montreal, Canada (7-19 December 2022). The overall ambition level of the GBF is still to be determined through targets and implementation; there needs to be a stronger approach to embed all the varying parts of the GBF (and not just certain targets such as protecting 30% of the planet by 2030). Similar to the Paris Agreement on climate change, the Post-2020 Global Biodiversity Framework would require more awareness (capacity building), technology and support as well as financial resources. The financial requirements are high with some estimates (Paulson Institute and Nature Conservancy) putting the figure at USD700bn per year. China announced the establishment of the Kunming Biodiversity Fund of CNY1.5bn (USD232m); it's a start but an order of magnitude away from estimates of what is needed.

What biodiversity means for investors

There are many linkages to other issues such as climate change, water and pollution. It means, for instance, that investors seeking to understand the implications of climate change, and invest in solutions and adaptation, should understand biodiversity too.

Our 2nd ESG Sentiment Survey finds that almost three-fifths of the respondents are not actively looking at biodiversity as an investment – yet. We believe the general awareness of biodiversity is far below that of climate change and there is a lack of obvious investment options available. Anecdotally, we are receiving many more client questions on biodiversity.

Companies are increasingly being asked how they consider biodiversity in business operations; disclosure is on the agenda; progressive investors are beginning to engage.

Client can access the full mini-series we have created in the run up to COP15 in Montreal, 7-19 December. We hope this mini-series will be useful as we cover various relevant topics related to the Convention on Biological Diversity.

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