

**Session: Protecting the planet and building resilience**

**1. *Systems transformation***

The IPBES Global Assessment Report of Biodiversity and Ecosystem services (2019) identified the five major drivers of nature degradation: land use change, overuse and depletion of resources, climate change, pollution and invasive species. To address and reduce these drivers will require fundamental transformation across the economy, taking a systems approach to ensure that solving a problem in one area does not merely transfer the problem elsewhere. In their New Nature Economy report, the World Economic Forum have identified three major systems that need to be transformed to halt nature degradation – Food, land and ocean use; Infrastructure and the built environment; and Energy and extractives.

Since COP21 in Paris in 2015, the energy generation system has already undergone significant transformation, with renewables now becoming cost competitive and widely adopted. We can reapply lessons from the energy transition process to help halt and reverse nature loss. Key to the energy and climate transformation were consensus on the science (IPCC) and a clear apex target (1.5C), which allowed governments to agree a clear policy direction (the Paris Agreement) which has led to climate-friendly business solutions and investment.

We need the same for nature loss. The IPBES report provides a clear scientific assessment, but we still need alignment on an apex target for nature, and an ambitious post 2020 Global Biodiversity Framework and agreement.

There have also been calls for systemic change to the capitalist model itself, but the focus should be on how we redirect capitalism to accelerate the required transformations. The capitalist system needs to give better incentives - the cost of capital should be lower for companies and assets that achieve the transformations that people and the planet need. Ahead of Davos 2020, Peter Bakker, CEO of WBCSD, identified the required changes in his 'Triangle of Stakeholder Capitalism' (WBCSD, 2020a)

Science-Based Targets (SBTs): the SBTs for climate and biodiversity are now clear: net-zero carbon by 2050 and net-zero loss of nature by 2030 - business needs to focus on creating the pathways both individually and collectively in sectors and along value chains.

Task force on Climate-Related Financial Disclosure (TCFD): the TCFD recommendations are the most important and transparent leverage to link the big environmental risks to company decisions and capital market valuations, and should be made mandatory for all businesses everywhere. This will accelerate the speed and scale of transformation faster than any other measure.

Environmental, Social and Governance (ESG) information that all companies use in their disclosure to investors and other stakeholders needs to be standardised. The current fragmented approach prevents

comparisons of information. Fewer indicators that are materiality-based will create comparability and better inform capital markets.

## **2. Specific actions to drive transformation**

### **A forum for the system.**

Past attempts to look at economic sectors, or individual issues, will not deliver the systems transformations that are necessary, nor will attempts that do not bring together all of the relevant actors needed to identify, fund and deliver solutions. In the energy system transformation, having all parties coming together regularly at UNFCCC provided such as a forum, but until recently no such system-wide forum existed for food, land, diet and health. Separate organisations and discussions have been dealing with agriculture, farming communities, aquaculture, food, diet and health, but not together in a meaningful way. As a way to link up these actors and identify systemic improvements, The Food Systems Dialogues has been a promising initiative to ensure a joined-up approach. The upcoming Food Systems Summit in 2021 is another opportunity to ensure that food security, livelihoods, poverty eradication as well as halting nature degradation can be addressed together.

### **Private sector actions.**

Although system transformations also require the support and actions of governments, agencies, civil society and local communities, the private sector has a key role to play in sustainably using and restoring nature, in at least 3 ways:

#### Working through their own operations and value chain

Identifying, reducing, and avoiding impacts, innovating and implementing nature-based solutions and other opportunities will benefit nature and people. This involves setting and achieving ambitious science-based targets, to ensure that business operations respect planetary boundaries. Technology and use of scientific data are key here. Many businesses are in the forefront of developing new technologies to help better understand and monitor impacts and dependencies to avoid or reduce impacts. The One Planet Business and Biodiversity (OP2B) initiative for example, brings together over 20 companies that are scaling up regenerative agricultural practices, boosting cultivated biodiversity and diets through product portfolios and eliminating deforestation / enhancing the management, restoration and protection high-value natural ecosystems.

#### Ecosystem or landscape collaboration

Through collaborating with other actors in concerted landscape and seascape level planning approaches, it is possible to avoid impacts and ensure that preservation, conservation, restoration and enhancement of biodiversity, and the ecosystem services it delivers, occur. For example, the Soft Commodities Forum brings together companies trading agricultural commodities working with local communities and NGOs, and is focused on halting deforestation linked to soy production in the Cerrado region of Brazil,.

#### Implementing long term, systemic change

Becoming nature positive requires inclusion of meaningful Environmental, Social and Governance (ESG) factors in company internal decision making. Recent efforts have focused on including ESG in standard decision-making tools such as Enterprise Risk Management and Dynamic Risk Assessment (WBCSD, 2017, 2020b) . Incorporating such additional factors should lead to better decisions, hence to lower risk, which if communicated to investors and the capital markets, should lead to a lower cost of capital for

such companies. Hence more sustainable companies should become more successful and be rewarded as such. Evidence is mounting where companies have achieved a lower cost of capital linked to their sustainability performance. A key requirement is that the risks and dependencies on nature are clearly disclosed to the markets. Just as the TCFD has catalysed significant changes in disclosure of climate risks, there is now interest in developing a Task Force on Nature-related Financial Disclosure (TNFD) or expanding the TCFD to include broader risks than climate.

### **3. Means of implementation and the global partnership for development:**

Successful implementation at scale requires identification of the current impediments, and interventions to overcome them. The Business for Nature coalition has proposed the following nature-positive measures to catalyse action and engagement, harness synergies and reduce trade-offs (see [www.businessfornature.org](http://www.businessfornature.org) )

**Adopting targets to reverse nature loss** -to provide direction and ambition.

*Businesses need long-term certainty to invest in changing business models. Concrete evidence-based targets informed by science are needed to provide clear direction and ambition for business action to reverse nature loss by 2030. These targets should be relevant and translatable from the global to the local level.*

- Adopting global targets and indicators informed by science to reverse the loss of nature and provide direction for business actions, including to a) significantly reducing production and consumption footprints; b) halting and reversing the loss of habitat and species and restore their resilience; c) conserving ecosystem services and; d) protecting natural areas appropriately respecting the rights, practices and wishes of indigenous peoples and local communities.
- Adopting strong implementation and ratchet mechanisms informed by science to increase action and ambition in the Post-2020 Global Biodiversity Framework of the Convention on Biological Diversity (CBD).

**Aligning, integrating and enforcing policies for nature, people and climate: Ensuring coherence**

*Climate change, nature loss and social inequality need to be solved together to achieve a just transition. Policy coherence and efficient implementation and enforcement at global, national and local levels is needed to create a level playing field that supports business action.*

This includes

- Bringing the UN Framework Convention on Climate Change (UNFCCC), the Convention on Biological Diversity (CBD) and the UN Convention to Combat Desertification (UNCCD) into alignment ahead of Rio +30 in coherence with the Sustainable Development Goals (SDGs) and the 2030 Agenda for Sustainable Development.
- Pursuing an integrated approach to Nationally Determined Contributions (NDCs), National Biodiversity Strategies and Action Plans (NBSAPs) and National Action Programs (NAPs) to combat desertification that recognizes the synergies, co-benefits and trade-offs to enable a just transition.

- Mainstreaming nature into all relevant policies, ministries and finance regulators' mandates, addressing the major direct threats to nature identified by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) (i.e. land/sea use change, direct exploitation of organisms, climate change, pollution, over-exploitation, invasive species, etc.), and stimulating investment and job creation.
- Ensuring the adoption and effective enforcement of environmental laws and standards, including by providing capacity building to countries worldwide.

### **Valuing and embedding nature in decision making and disclosure: Going beyond short-term profit and GDP**

*The value of nature for people and the economy needs to be visible and considered in decision making. Governments, companies and financial organizations would take better decisions if they used information 'beyond short-term profit and GDP' that includes impacts and dependencies on nature, as well as synergies and tradeoffs informed by science and planetary boundaries. The valuation may be qualitative, quantitative or monetary, to reflect the importance, value, and utility of natural capital, recognizing that nature's intrinsic value cannot be fully captured in economic terms.*

Policy action is required to:

- Develop and implement frameworks to integrate the value of nature in decision-making and global market mechanisms, including pricing the use of natural resources and ecosystem services, and penalizing the destruction of nature, while recognizing that the value of nature can never be fully quantified.
- Produce adequate national metrics such as a natural capital index or gross ecosystem product (GEP) to better enable countries to go beyond GDP and track progress on the SDGs by assessing and accounting for their impacts and dependencies on nature.
- Support and require business to internalize environmental externalities and integrate their impact and dependencies on nature in decision-making, risk management, supply chain management and external disclosure. This will require a) standardizing metrics, tools and guidance to undertake robust corporate natural capital assessments and accounting; b) promoting guidance on nature-related financial disclosures, and; c) providing contextual natural capital data from national statistical systems.

### **Reforming subsidies and incentive mechanisms: Financing a just transformation**

*The transformative change needed to reverse nature loss, climate change and inequality cannot be achieved without proper incentives and financial mechanisms. A systemic change is required in subsidies and incentives to reward business leadership to design innovative, circular and profitable business models that deliver positive long-term outcomes on nature.*

- Review, disclose and shift away from direct and indirect subsidies and tax policies that incentivize the degradation and over-exploitation of nature and redirect them towards sustainable use, resilience, restoration and circularity.
- Adopt mechanisms and quantifiable indicators to value ecosystem services delivery and reward sustainable natural resources management.

- Integrate nature and nature-based solutions into public procurement policies and infrastructure development guidelines and promote net gain requirements with adherence to the mitigation hierarchy for all major development sectors.
- Promote the rapid development and implementation of innovative financial solutions such as green financing, large public funds and blended finance schemes to finance nature including small and large-scale nature-based solutions.

#### **Joining forces for nature and empowering everyone to act: Engaging, enabling and collaborating**

- Integrate business commitments and sectoral plans on nature in national commitments.
- Conduct well-informed spatial planning and Strategic Environmental Assessments, incorporating important natural areas, including Key Biodiversity Areas, and inform national and sub-national development plans with specific consideration for the needs of vulnerable groups and local communities.
- Implement jurisdictional and landscape approaches through innovative multi-stakeholder collaboration models.
- Promote supply-chain and/or sectoral collaboration mechanisms such as multi-stakeholder and multi-sectoral platforms and joint action plans, in particular for high-impact sectors

*Transformative change requires that all public, private and civil society actors work together to deliver on commitments for nature and to implement solutions.*

#### **4. Covid-19 crisis**

##### **What have we learned from the COVID-19 crisis about the human-nature relationship and systemic risk?**

###### Recognition of interconnectedness.

The pandemic has demonstrated that a local epidemic can rapidly become a global pandemic, which in turn has become a logistics crisis, a travel, tourism and trade crisis, a slump in energy demand (with an unprecedented decrease in greenhouse emissions likely in 2020), leading to a major economic shock and likely the biggest recession since the great depression.

###### Need for resilience.

A global pandemic was predictable, following the experience of Spanish Flu, SARS and MERS, and was predicted in many global risk assessments, yet it still caught the world unprepared and had a larger impact than anticipated. This resulted, in part at least, from a lack of resilience in the system, which in turn relates to a lack of diversity. Diversity builds stability, and stability builds resilience. Over recent years, in the corporate world and elsewhere, a focus on efficiency and 'just in time' supply chains and manufacturing has taken diversity and redundancy out of the system, which has lowered resilience. Ecologists have long recognised that biodiversity leads to ecosystem stability, but the importance of

diversity for a resilient post COVID-19 recovery goes much further. We need to protect, conserve and sustainably use biodiversity to ensure healthy and resilient ecosystems which provide essential ecosystem services on which we all depend. We also need to increase diversity in our food supply, where 75% of the world's food is generated from only 9 plants and 5 animal species.

#### System change can happen, and it can happen fast!

System transformation has been championed by the WBCSD and many others for at least a decade (Vision 2050) but there have been concerns about how to get to tipping points and effect such changes. COVID-19 has demonstrated that seismic shocks can lead to rapid change across societies, in government intervention, new business methods and models, and citizen/consumer behaviour change. Consumer behaviour change is recognised as inherently difficult to achieve, and that the biggest changes come at marked discontinuities such as the present. Commentators now talk about a 'new normal' where new patterns of consumption, including new ways of working, reduced energy consumption, reduced travel, and increased digital connectedness can be part of more sustainable lifestyles. Key will be to find ways to incentivise these behaviours for all in society, to prevent a return to previous consumption patterns. Since the Rio Summit in 1992 there have been calls for more sustainable production and consumption, and while approaches such as eco-efficiency have led to more sustainable production, sustainable consumption has been more of a challenge. The zero draft of the CBD Global Biodiversity Framework calls for more sustainable patterns of consumption and 'new societal norms' without details of what these might be. Responses to the Covid-19 crisis may yet provide examples of the shifts sought.

Rather than a new normal, it has been suggested we have a 'new abnormal' (WBCSD, 2020c) where disruptions that trigger rapid and extreme outcomes, compared to the status quo, become increasingly common.

#### Nature is resilient.

The Covid-19 crisis has shown that when and where the pressures on nature and biodiversity are lifted, recovery can occur, and sometimes very swiftly. Improved air quality in cities such as Delhi and Los Angeles, improvements in the water quality in the canals of Venice with the visible return of many fish species and the sightings of birds and vertebrates within cities and urban areas are all evidence of the ability of nature to recover and regenerate.

#### **What immediate and long-term steps are needed?**

An urgent action is to stop the global health crisis becoming a global food supply crisis. Several organisations have raised the alarm that this could occur (e.g. FOLU 2020). WBCSD has mobilised its members in a COVID-19 Response Program, and as part of this is focusing on the resilience of Vital Supply Chains, starting with the food system. Involving 120 member companies and partners from across the food value chain, the aim is to analyze major risks caused or exacerbated by COVID-19 and develop a blueprint for a fairer, safer and more resilient food system in the future.

The second imperative is to ensure that post COVID-19 stimulus funding supports sustainable development for people, nature and climate. Countries are already formulating plans to revitalise stalled economies, with the idea of 'building back better', and calls have been made to ensure post- COVID-19 recovery funding addresses health, climate and economy together. This should be extended to ensure

that investments are also nature positive, so we have a benefit for people, climate and nature. One route would be to provide specific funding for nature-based solutions, using the broad definition of NbS, including NbS for Climate but also NbS for other benefits such as health, clean water, natural infrastructure, disaster prevention, and other ecosystem services.

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