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Environmental, Social,
and Governance



COP 16: What you need to know

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Making peace with nature

The theme of COP 16, held in Colombia from 21 October 2024 to 1 November 2024, was “peace with nature”, referring to the need for global conservation and restoration of nature: for both intrinsic and economic purposes.

At COP 15 in 2022, the historic *Kunming Montréal Global Biodiversity Framework* (GBF) was adopted recognising the urgent need to respond to the accelerating loss of global biodiversity within species, between species and in ecosystems. GBF sets out long-term goals to be met by governments by 2050 to protect and restore, prosper with nature, share benefits fairly and invest and collaborate. These goals are further developed through “23 action-oriented global targets for urgent action over the decade to 2030”. Read more about it [here](#).

COP 15 was the goal-setting COP (or, more accurately “re-setting”, as GBF built on the Strategic Plan for Biodiversity 2011-2020) and COP 16 was intended to be the implementation COP recognising the need for clear and concrete action to achieve the GBF goals.

The tone at the beginning of COP 16 was optimistic. But by the end, optimism was replaced with disappointment. Agreement on many of the main negotiation themes remained elusive and COP 16 will be reconvened early in 2025 to close out the proceedings. But there were some successes. In this briefing we set out the main themes which were negotiated, their current status and consider how these themes apply to businesses.



The 2024 Living Planet Report found a **73% decline** in monitored wildlife populations over the last 50 years.



Why should businesses care?

There is a growing understanding of the importance of nature and biodiversity to businesses and economies and an understanding that stock markets do not exist in a vacuum independent of nature. Biodiversity underpins essential ecosystem services such as pollination, water management, including purification, and temperature regulation, all vital for human survival.

The latest *2024 Living Planet Report* reveals a 73% decline in monitored wildlife populations over the last 50 years and the latest update to the ICUN Red List of Threatened Species list *shows* that the number of threatened tree species is more than double the number of all threatened birds, mammals, reptiles and amphibians combined. This is catastrophic given that more than half of global GDP depends highly or moderately on nature according to *PwC* and a vastly larger proportion relies on functioning ecosystems to some degree according to *BloombergNEF*. Just in the UK, a *recent paper* by the Green Finance Institute found that biodiversity loss and environmental degradation created material risks for the UK economy and financial sector which could slow economic growth and result in GDP being 6% lower than it would otherwise be by the 2030s.

Many businesses clearly agree that there is a strong case for action on nature: the World Economic Forum's *Global Risks Report 2024* found that respondents to their global risks perception survey listed biodiversity loss and ecosystem collapse as the third most likely (severe) risk over a ten-year period. From a stakeholder perspective, the initiatives like the TNFD have garnered cross-sector support and there is a growing understanding that integrating climate change policies with nature protection and restoration is key to long term sustainability.



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My message on this Finance and Biodiversity Day is clear: if you destroy nature, you destroy the economy.

*Frank Elderson,
Member of the Executive Board of the
European Central Bank and Vice-Chair of
the Supervisory Board of the European
Central Bank*



Implementation and monitoring under GBF

At *COP 15*, relevant States agreed to publish updated National Biodiversity Strategies and Action Plans (*NBSAPs*) setting out their national strategies for conserving biodiversity (or how existing plans will be adapted to meet the goals of GBF) and action plans with relevant targets and the sequence steps needed to meet these targets before COP 16. But the vast majority of Parties have failed to produce new NBSAPs.

Despite the urgency for the delivery of NBSAPs and accountability for delivering them, no consensus was achieved at COP 16 in relation to submission of revised NBSAPs, alignment of plans with GBF, monitoring frameworks or review processes. Effectively, this means that there is no accountability for failure to meet commitments under GBF and agreements on this topic have been kicked down the road.



Indigenous peoples and local communities

A Permanent Subsidiary Body for Article 8(j) and a *new programme of work* on Indigenous peoples and local communities were agreed, marking some success for the conference. The Subsidiary Body is expected to enhance the participation and engagement on Indigenous peoples and local communities in all convention processes.

The new programme of work is intended to ensure “meaningful contribution” of Indigenous peoples and local communities towards the objectives of the GBF and to embed rights, contributions and traditional knowledge into the global agenda.



Finance for nature

One thing which all States can agree on is the need for financing to restore and conserve nature and biodiversity. However, it is harder to get agreement on which States will contribute these funds and how the funds should be distributed.

There was failure to reach agreement on a financial mechanism to distribute funds: with some countries advocating for a dedicated global financing instrument for biodiversity to manage funds from COP 16 and others arguing that the existing Global Biodiversity Framework Fund (GBFF) which was established through the Global Environment Facility (GEF) was sufficient. Although eight governments pledged \$163m additional funding for the GBFF, this fell far short of what is needed and there were no private sector pledges to the fund.

No strategy was agreed to raise the remainder of the monies required and neither was the Convention on Biological Diversity budget for the next two years approved. But there was a ray of light in the establishment of the “Cali fund”, section on “Benefit sharing: Cali fund establishment”.



Environmentally-harmful subsidies

Target 18 of the GBF seeks to reduce and eliminate the large amounts of environmentally-harmful subsidies being paid each year, using the savings to fund nature-positive incentives.

BloombergNEF sets out that an estimated \$2.6 trillion is spent on subsidies which accelerate the production or use of natural resources or undermine ecosystems (the largest group of these are fossil fuel subsidies) – this estimate has been revised upwards by \$800 billion since 2022.

Despite efforts there was little progress on this topic.

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Benefit-sharing: “Cali fund” establishment

One of the successes of COP 16 has been the establishment of the so-called “Cali fund”.

It was agreed at COP 15 that the benefits from digital sequence information on genetic resources (DSI) should be more equitably shared. DSI describes genetic information which is now often available on open source libraries and which may be downloaded and used by companies for commercial gain.

At COP 16 it was agreed that companies, such as pharmaceutical, biotechnology, animal and plant breeding and other industries benefitting from DSI, should contribute a percentage to the “Cali fund”. Academics, public research institutions and other entities using DSI but not directly benefitting would be exempt.

The contribution to the fund would be voluntary and the main driver for contribution would presumably be reputational gain. The fund was not made mandatory, as companies in the affected sectors were concerned that 1-2% of profits would curtail and possibly prevent innovation and research altogether. In the areas of drug and food production this could be detrimental to society.

Funds paid into the Cali fund are *intended* to be used to support the self-identified needs of Indigenous peoples and local communities as well as capacity building and technology transfer.



Agreement approved to conserve ecologically significant marine areas

To end on a positive note...

On 31 October 2024, a global agreement to conserve ecologically or biologically significant marine areas (EBSAs) in international waters was approved at COP 16. The agreement has been eight years in the making and strengthens global ocean governance by identifying and conserving EBSAs based on a scientific criteria. The agreement intends to facilitate the conservation of marine biodiversity while respecting the rights and jurisdictions of States.

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EBSAs are areas of the ocean that have special importance in terms of ecological and/or biological characteristics, eg as essential habitats, food sources or breeding grounds for particular species.

Convention on Biological Diversity



Next steps

Negotiations are ongoing and we understand that more talks are likely to occur in early 2025 to close out the COP 16 session.

COP 29 officially started on 11 November 2024 in Baku. There have been many discussions at COP 16 and beyond about the artificial schism which exists between the COPs of the sister Rio Conventions: climate change, biodiversity loss and desertification.

To have a chance of succeeding with any of these global challenges, it is increasingly recognised that climate, biodiversity and natural resources need to be tackled together as part of the same problem understanding when trade-offs are made. This is why it is crucial to ensure that voices on nature, particularly via the inclusion of Indigenous peoples and local communities, are heard at all COPs. We are watching the progress of COP 29 closely, and hope to see better integration across these topics take urgent shape, in both mitigation and adaptation focused discussions.

To find out more, see [here](#) for the UN round-up on COP 16.



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