# [***Biodiversity loss 'threat to financial stability'***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:653R-G2D1-DY93-M0DN-00000-00&context=1516831)

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**Body**

One thing that has been underscored as nations try to thrash out an international ***biodiversity*** agreement is that even big business and the financial sector agree the world needs to act decisively to save nature from human destruction.

Almost 200 countries are due to adopt a global framework this year to safeguard nature by mid-century, with a key milestone of 30 percent protected by 2030.

These ambitions require new approaches to ***biodiversity*** funding and a rethink of the huge sums spent on subsidies harmful to nature, according to observers.

Last week a report by central bankers, financial supervisors and academics said the scale of the economic threats from the ***biodiversity*** crisis had only recently begun to be appreciated.

AFP spoke to Nick Robins, a professor at London School of Economics and co-chair of the NGFS-INSPIRE Study Group on ***Biodiversity*** ***Loss*** and Financial Stability behind that report.

This interview has been edited for clarity and concision:

Q: What is the potential impact of ***biodiversity*** ***loss*** on economies?

A: ***Biodiversity*** ***loss*** is a threat to financial stability. I think people are now realising ***biodiversity*** ***loss*** and nature degradation are important issues in their own right but they are also deeply interconnected to climate change.

It is important to start thinking about the ways these two threats come together. Not least because some of the drivers of this problem are the same -- land use change and deforestation -- and because healthy ecosystems are really important for resilience to physical shocks.

Q: How did the report suggest central banks and financial institutions should approach ***biodiversity*** ***loss***?

A: With central banks the importance is prudence. Being prudent is actually looking at the evidence base and taking action ahead of time, so that you don't get irreversible risks which you can't manage and you can't control.

We need to invest in a healthy climate and invest in nature, because otherwise at some point the flows of ecosystem services will be disrupted.

This key idea is that we are undermining the resource base for our prosperity. Many assume that soils, freshwater and the oceans are inexhaustible but actually these are not necessarily secure. They rest on conserving ***biodiversity***.

Q: What are the structural problems in the financial system that are harming nature?

A: We have a whole series of systemic failures -- policy failures, market failures, institutional failures -- which are leading to this degradation. And clearly, with climate change, with all these environmental issues, we need to make sure that the things we buy in markets are actually based on a sustainable use of nature, with prices telling the ecological truth.

The architecture by which we manage our economies is just not up to speed. GDP (gross domestic product) is not always a helpful measure now because it is not rooted in the physical realities of the planet.

Q: What are financial institutions looking at in the UN ***biodiversity*** process?

A: It's been rising as an environmental policy issue, a conservation issue, a scientific issue. And clearly this year, we all hope there's going to be a very big step forward in terms of the governmental response with the global ***biodiversity*** framework. All this makes ***biodiversity*** a priority financial issue.

We have the draft ***biodiversity*** framework, which has a number of different targets, and one of those does highlight the need to align financial flows with what they call ***biodiversity*** values.

It shows that financial flows across the system are important. It's not just the billions of conservation finance, it is the trillions across the financial system.

We also need businesses and the financial system to assess, report and disclose their impacts and dependencies on ***biodiversity***.

A third area is impact. How can we ensure that financial institutions can credibly allocate capital, lending, investments to conservation finance, which can have a positive impact? But also we need to ensure that financial institutions are reducing their negative impact on ***biodiversity***.

Q: How can central banks learn from their experiences in assessing climate change risks?

A: The commitment from the Network for Greening the Financial System to address nature-related financial risks is a real landmark.

Because of the work over the past five years to take on climate risks, I think that the response within the financial system to ***biodiversity*** ***loss*** can be quicker. We don't have to go through the same learning curve. We can build on some of the things we've done before.

Clearly, ***biodiversity*** is a very complicated issue. But we've got a toolbox. We don't have to sort of start from scratch.

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