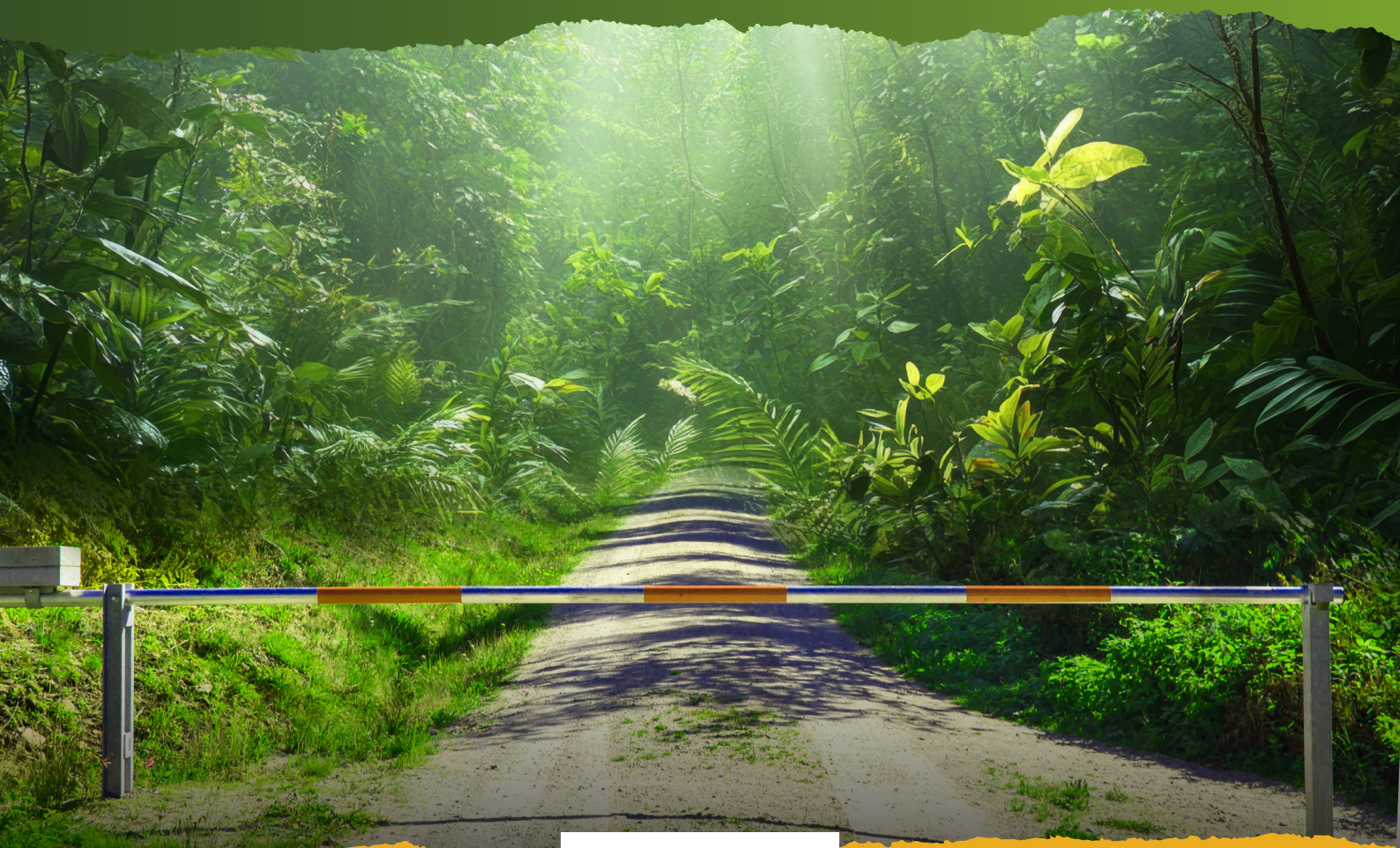


REGULATING FINANCE FOR BIODIVERSITY

What the Global Biodiversity Framework Must Deliver

Summary findings and recommendations from an
assessment of 11 strategically important jurisdictions



Governing finance is necessary for the GBF to succeed

The first global review of collective progress under the Global Biodiversity Framework (GBF), to be considered at COP17, is a critical test of whether governments are turning their commitments into effective action. The draft Global Report concludes that implementation must accelerate rapidly if the 2030 targets and mission are to be achieved. No target presents a fully positive picture, while action on the indirect drivers of biodiversity loss remains particularly weak.

Finance is central to this implementation gap. Biodiversity protection, restoration, Indigenous stewardship and public environmental institutions remain seriously underfunded. Developing countries also face unmet international finance commitments, debt pressures and constraints on public spending. Governments must meet their public-finance obligations and strengthen the institutions and community-led action needed to implement the GBF.

But scarcity is only one side of the problem. Public and private finance already operates at enormous scale in ways that drive biodiversity loss. The United Nations Environment Programme estimates that USD 7.3 trillion flowed to ‘nature-negative’ activities in 2023, compared with USD 220 billion for ‘nature-based solutions’. This represents more than thirty dollars classified as ‘nature-negative’ for every dollar directed to ‘nature-based solutions’. For private finance, the ratio exceeds 200 to one.

Mobilising more finance for biodiversity cannot compensate for leaving much larger harmful flows untouched. Governments must also reform the public subsidies and incentives that support destruction and regulate private finance so that financial institutions cannot externalise severe ecological and social costs while retaining the returns.

Forests & Finance assessed relevant financial regulations in 11 strategically important jurisdictions. None of the assessed jurisdictions have regulations that fully, or even substantially, require financial flow alignment with the goals and targets of the GBF. Disclosure requirements are developing more quickly than restrictions on harmful finance, while biodiversity remains largely absent from monetary policy and prudential regulation.

The global review should help catalyse measurable commitments by Parties with coordinated action by finance ministries, central banks, supervisors and financial regulators. The fundamental challenge is not only how to mobilise more finance for biodiversity, but how to govern finance so that it no longer undermines the goals and targets governments have agreed.

Finance is flowing in the wrong direction

2023 Flows	Nature-negative (USD)	Nature-positive (USD)	Ratio
Total	\$7.3 trillion	\$220 billion	33:1
Public	\$2.4 trillion	\$197 billion	12:1
Private	\$4.9 trillion	\$23 billion	213:1

SOURCE: UNEP, *State of Finance for Nature 2026*. Ratios calculated from UNEP flow totals. UNEP’s categories are modelled estimates and should not be interpreted as independent verification that every underlying flow classified as nature-negative or as supporting nature-based solutions has been individually assessed.

Finance is already driving biodiversity destruction

Finance connected to tropical deforestation, ecosystem degradation and associated human rights harms continues to operate at enormous scale.

Forests & Finance tracks financing connected to 500 company groups involved in eight agricultural and forestry commodities and 14 metals and minerals in tropical forest regions. The findings are reported in the annual Banking on Biodiversity Collapse report. Between January 2016 and September 2026, research identified USD 894 billion in forest-risk-adjusted loans and underwriting. This included USD 531 billion connected to agro-commodities and USD 363 billion to metal and mineral mining. Of the total, USD 595 billion was provided from 2020 onwards, indicating continued financial flows into high-risk operations in tropical forest regions.

These figures are conservative. The research adjusts financial values to reflect the proportion attributable to a company's relevant sectors and geographic operations. Limited transparency across banks, capital markets and corporate groups means that the actual scale of finance connected to forest-risk activity is likely to be higher.

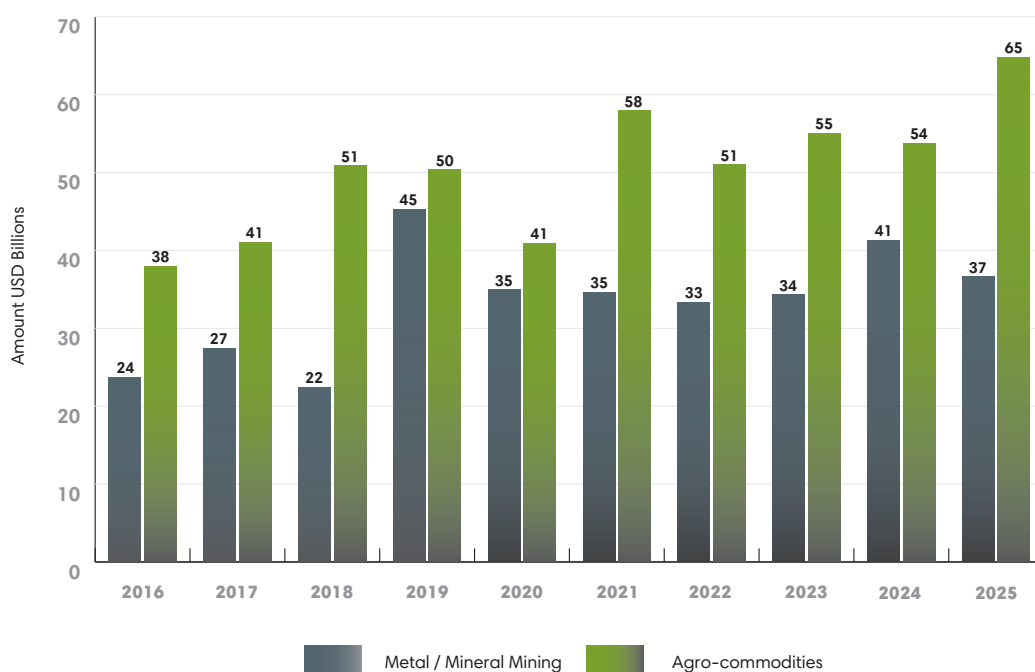
The impacts are not abstract. Between January 2020 and September 2026, banks provided USD 83 billion to Brazil's soy sector. Expansion continues to place the Amazon and Cerrado under pressure and is associated with land conflicts, rights harms and deforestation. A further USD 67 billion has flowed to Indonesia's pulp and palm oil sectors, where deforestation and peat drainage increase exposure to fires, floods and wider ecosystem disruption. Financing for metals and mining in tropical forest regions has also risen sharply, including for copper, lithium and nickel.

The costs are borne disproportionately by Indigenous Peoples, local communities, workers and others whose lands and livelihoods are affected. Deforestation, mining, pollution and infrastructure expansion are frequently associated with land conflicts, threats to defenders and failures to respect land and tenure rights and Free, Prior and Informed Consent.

Banks and investors are not passive intermediaries in these outcomes. Their lending, underwriting and investment decisions enable companies and activities to continue or expand. Voluntary policies, risk assessments and disclosure initiatives have not created adequate consequences for financing connected to serious biodiversity and human rights harm, and have not changed trends in forest-risk financing.

Financial regulation must therefore address the real-world impacts of finance, not only the financial risks that biodiversity loss creates for financial institutions. Transparency is necessary, but it must be explicitly connected to binding due diligence, safeguards, restrictions on harmful finance, accountability and remedy.

USD 894 billion in forest-risk credit (2016 - 2026)



SOURCE: *Banking on Biodiversity Collapse 2026*, Forests & Finance. Figures cover forest-risk-adjusted corporate loans, revolving credit facilities and underwriting for bond and share issuances identified between January 2016 and September 2026. Values are adjusted for relevant sector and geography. Incomplete 2026 figures are not represented in the graph but are included in the total.

Eleven jurisdictions where financial rules really matter

Forests & Finance assessed financial regulation in 11 jurisdictions that play important but differing roles in the financing of forest-risk activities. They include major producer countries, home jurisdictions of internationally significant banks and investors, financial centres and regional regulatory jurisdictions.

The jurisdictions assessed are Brazil, Canada, the Central African Economic and Monetary Community (CEMAC), China, the European Union, Indonesia, Japan, Malaysia, Singapore, the United Kingdom and the United States. Together, they provide a strategically relevant cross-section of the regulatory systems governing finance for agricultural, forestry and mineral activities associated with tropical deforestation, ecosystem conversion and human rights abuses.

The selection is not a ranking of the 11 largest sources of finance. Financial-flow data were one important consideration, alongside the role each jurisdiction plays in production, banking, investment, capital markets and cross-border financial regulation. Some jurisdictions perform more than one of these roles. Brazil and Indonesia, for example, are both major locations of forest-risk activity and important sources of domestic bank finance. The EU and CEMAC are assessed as regional regulatory systems, while several other jurisdictions are important homes for banks, investors or capital-market activity with impacts far beyond their borders.

Viewed by financier location, this credit is also highly concentrated. Between January 2016 and September 2026, financial institutions from the ten leading financier countries and regions provided approximately USD 840 billion, or 94%, of the USD 894 billion in forest-risk credit identified by Forests & Finance. Institutions headquartered in Brazil provided USD 249 billion, followed by the European Union with USD 138 billion, the United States with USD 111 billion and China with USD 89 billion.

Investment holdings are particularly concentrated. Investors held approximately USD 494 billion in forest-risk-adjusted bonds and shares connected to the selected company groups as of September 2026. US-based institutions accounted for approximately USD 281 billion, followed by institutions based in the European Union, United Kingdom and Malaysia.

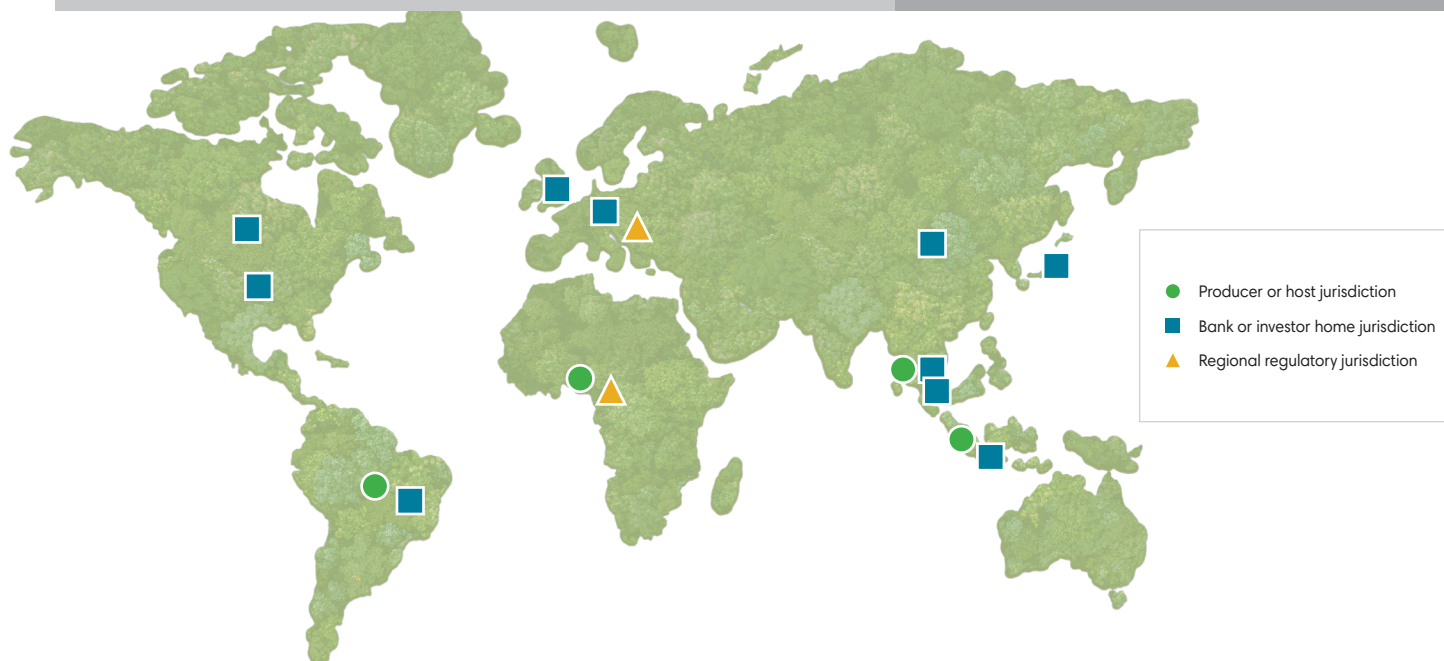
This concentration means that regulatory reform in a relatively small group of jurisdictions could influence significant volumes of forest-risk finance. Policy reform should extend beyond conventional banking supervision. It should also include monetary policy, prudential regulation, capital markets, corporate reporting, taxonomies, due diligence, anti-money-laundering frameworks, public finance and environmental and human rights protections.

Credit, January 2016–September 2026

- USD 894bn total credit identified
- 94% of this total from just 10 jurisdictions
- 55% increase in forest-risk minerals credit since 2016
- 71% increase in forest-risk agro-commodities credit since 2016

Investment holdings September 2026

- USD 494bn in identified bonds and shares
- USD 281bn held by US-based institutions
- USD 112bn of total attributed to company activities in Brazil



SOURCE: *Regulating Finance for Biodiversity: What the GBF Must Deliver*, Forests & Finance, 2026; *Banking on Biodiversity Collapse*, Forests & Finance, 2026.

From mobilising finance to governing finance

The draft Global Report on progress towards GBF implementation identifies a persistent disconnect between formal biodiversity policy and effective implementation. It finds particularly weak progress in addressing indirect drivers of biodiversity loss, aligning fiscal and financial flows, reducing business impacts and reforming harmful incentives.

Targets 14, 15, 18 and 19 provide important, though incomplete and insufficiently implemented, entry points for a coherent agenda to govern finance.

Yet national implementation remains far behind these commitments. According to the draft Global Report only 40% of Parties have national targets that address the alignment of fiscal and financial flows under Target 14, even to some extent. Even among national targets self-assessed as being closely aligned with Target 15, 66% show no significant change or insufficient implementation progress. The 2025 Target 18 milestone for identifying harmful incentives was likely missed, while only 27% of Parties' national targets address the commitment to reduce harmful incentives. The Target 19 international-finance milestone was also likely missed, while collective and non-market approaches remain particularly poorly represented in national targets.

Mobilising resources remains essential, especially international public finance for developing countries. But Target 19 cannot substitute for financial alignment, accountability and harmful-incentive reform. Private and innovative finance mechanisms must be subject to robust environmental and social safeguards and cannot replace public-finance obligations or effective regulation.

The GBF will not be implemented by environment ministries alone. Finance ministries, central banks, financial supervisors, regulators and public financial institutions must be brought into national planning, implementation and review.

GBF Target	Target description summary	Global Review Progress
 Target 14: Align activities and financial flows	Calls for biodiversity to be integrated into policies and regulations and for relevant public and private activities, and fiscal and financial flows, to be progressively aligned with the goals and targets of the GBF.	National targets from 40% of Parties address financial-flow alignment, at least to some extent
 Target 15: Govern business and financial impacts	Provides a basis for legal, administrative and policy measures concerning businesses and financial institutions, including monitoring, assessment and disclosure of biodiversity-related risks, dependencies and impacts, in order to progressively reduce negative impacts.	66% of Parties' closely aligned national targets show no significant change or insufficient implementation progress.
 Target 18: Reform harmful incentives	Calls for the identification and elimination, phasing out or reform of incentives harmful to biodiversity in a proportionate, just, fair, effective and equitable way, while reducing them by at least USD 500 billion annually by 2030 and scaling up positive incentives.	2025 identification milestone likely missed
 Target 19: Mobilise resources for implementation	Calls for adequate, timely and accessible resources from all sources, in accordance with Article 20 of the Convention. This includes international and domestic public finance, private finance, collective action, Mother Earth-centric action and non-market approaches.	2025 international-finance milestone likely missed

The financial regulation implementation gap

The assessment examined whether financial regulations in 11 jurisdictions translate GBF commitments into rules capable of changing financing and investment decisions. The results show a substantial implementation gap. No jurisdiction has regulations that fully, or even substantially, require financial flow alignment with the goals and targets of the GBF under the assessment criteria. Few assessments indicated even partial binding requirements; all others reflected limited, voluntary or absent requirements. Financing of deforestation and ecosystem conversion remains largely unrestricted, just-transition obligations are almost entirely absent, and developing disclosure requirements still fall short of full transparency over financial flows and their biodiversity and social impacts.

Target 14 provided the assessment starting point because it calls for biodiversity to be integrated into policies and regulations and for public and private financial flows to be progressively aligned with the GBF. The authors then developed three normative criteria further informed by GBF Targets 1 (land and sea spatial planning), 10 (sustainable productive industries) and 15 (corporate biodiversity disclosure) and by the Framework's wider rights, participation and implementation principles. These criteria are more specific and, in some respects, more demanding than the literal wording of the selected targets. The assessment measures alignment with the author-developed criteria, not formal legal compliance with individual GBF targets.

Assessment criteria

Target 1-informed criterion: Financial regulations do not allow financing of, or investment in, activities or companies responsible for deforestation or the conversion of natural ecosystems.

Target 10-informed criterion: Financial regulations require financial institutions to support a just transition in agriculture, aquaculture, fisheries and forestry in ways that uphold the rights of workers, peasants, fisherfolk, Indigenous Peoples and traditional and local communities.

Target 15-informed criterion: Financial regulations require transparent disclosure of financing and investment portfolios and of the biodiversity and social impacts associated with these flows.

Jurisdiction	Target 1 Informed Criterion	Target 10 Informed Criterion	Target 15 Informed Criterion
Brazil	Light red: Restrictions apply to parts of government-controlled rural credit, but not comprehensively to ordinary lending or capital-market products.	Light red: Sustainability policies are partially required, though financial institutions are not required to support a rights-based just transition.	Light red: Institutions report on risk management, but not their financing flows or the biodiversity and social impacts they finance.
Canada	Dark red: No financial regulation was identified that prohibits finance for deforestation or ecosystem conversion.	Light red: Some transaction-specific environmental and rights protections apply, but there is no broad financial-sector just-transition duty.	Light red: Climate and sustainability reporting is partial and does not reveal complete portfolios or their biodiversity and social impacts.
CEMAC	Dark red: No financial regulation was identified that prohibits finance for deforestation or ecosystem conversion.	Dark red: No regulation requires financial institutions to support a just transition or uphold affected groups' rights.	Dark red: No portfolio-wide disclosure requirement covers financing flows and their biodiversity and social impacts.
China	Light red: Green classifications and risk-management measures exist, but there is no portfolio-wide restriction on financing ecosystem conversion.	Light red: Green bonds may support transition, but social criteria are weak and ordinary and overseas finance remain insufficiently covered.	Yellow: Corporate disclosure standards are moving towards mandatory application, but full disclosure of financial flows and financed impacts is absent.
European Union	Light red: Sustainable-finance rules classify activities but do not prohibit financing ecosystem conversion; the EUDR excludes finance.	Light red: Regulation encourages environmental transition but does not require financial institutions to support a rights-based just transition.	Yellow: Binding biodiversity disclosures exist in parts of the framework, but coverage and transparency of investment flows and impacts remain incomplete.

Overall conclusions

Recognition has not become alignment. Biodiversity increasingly appears in sustainable-finance strategies, disclosure systems and taxonomies, but rarely in binding rules governing entire portfolios.

Managing risk to finance is not enough. Most frameworks focus on the financial risks that environmental change creates for institutions, rather than the impacts that financing has on biodiversity and people.

Implementation and enforcement are decisive. Closing the gap requires binding obligations, clear supervisory expectations, credible sanctions, regulatory capacity and rights-based accountability and remedy.

Score	Short Label	Expanded Meaning
Green	Portfolio-wide alignment	Binding and enforceable regulation requires portfolio-wide alignment, supported by adequate disclosure, due diligence and enforcement.
Yellow	Partial binding requirement	Binding action is required, but coverage, ambition, implementation or enforcement remains incomplete.
Light Red	Limited or voluntary	Measures are voluntary, narrowly scoped or limited primarily to risk awareness, classification or disclosure.
Dark Red	No meaningful requirement	Relevant regulations contain no meaningful requirement addressing the criterion, or no relevant measure was identified.

Jurisdiction	Target 1 Informed Criterion	Target 10 Informed Criterion	Target 15 Informed Criterion
Indonesia	Dark red: No financial regulation prohibits financing companies involved in deforestation or ecosystem conversion.	Light red: Sustainable finance plans, sector guidance and taxonomies address biodiversity and some social safeguards, but do not require a rights-based just transition.	Light red: Institutions report direct sustainability impacts but need not disclose portfolios or the impacts of the companies they finance.
Japan	Dark red: No banking or securities regulation prohibits finance for companies converting natural ecosystems.	Dark red: Regulators do not require banks or investors to support a biodiversity-related just transition.	Light red: General sustainability and climate disclosure exists, but biodiversity, social impacts and full financial flows remain inadequately covered.
Malaysia	Light red: Financial regulation addresses climate and some nature-related risks, but does not require institutions to avoid harmful financing.	Light red: Principles address some Indigenous Peoples' rights and exclusions, but do not require a rights-based just transition.	Light red: Climate-related exposure reporting is required, but nature impacts and complete financing flows are not disclosed.
Singapore	Light red: Environmental-risk guidelines address deforestation and land conversion but do not prohibit related finance.	Light red: High-risk sectors and some social issues are recognised, but no instrument requires support for a just transition.	Light red: Sustainability and environmental-risk disclosures apply, but not full portfolios or their biodiversity and social impacts.
United Kingdom	Light red: Biodiversity is recognised in stewardship and risk frameworks, but no binding exclusion or finance-sector forest-risk rule exists.	Dark red: Financial regulation does not require or specifically promote a just transition in agriculture, fisheries or forestry.	Yellow: Sustainability disclosure and anti-greenwashing rules exist, but remain climate-focused and omit comprehensive biodiversity and social-impact reporting.
United States	Dark red: Financial regulations do not prohibit investment in companies involved in ecosystem conversion.	Dark red: There is no sustainable-finance taxonomy, investment-level due diligence requirement or financial-sector just-transition obligation.	Light red: Holdings and ESG fund disclosures exist, but investors need not report biodiversity or social impacts.

What governments and financial regulators must do

Governments have committed through the GBF to align financial flows, address business and financial impacts, reform harmful incentives and mobilise resources for implementation. Delivering these commitments requires coordinated action by legislators, finance and environment ministries, central banks, supervisors and financial regulators. The following reforms should be adapted to national circumstances while maintaining clear, binding and measurable outcomes.

1. Embed financial alignment in GBF implementation

National targets, NBSAPs, Biodiversity Finance Plans and, where relevant, NDCs and other planning processes should include measurable, time-bound commitments to integrate biodiversity and human rights into monetary policy, banking and investment regulation, capital markets and public finance. Governments should establish clear responsibilities across institutions and report progress through national and global review processes.

2. Make financial flows and their impacts visible

Banks, investors and companies should be required to disclose their financing relationships and portfolios, together with associated biodiversity and social impacts. Requirements should include corporate-group information, relevant geolocation and traceability data for high-risk sectors, and progress against transition plans. Disclosures should be standardised, publicly accessible and capable of independent verification, including through information provided by affected communities and civil society.

3. Establish binding due diligence and financing rules

Financial regulation should require due diligence across corporate groups, supported by sector-specific requirements for activities associated with deforestation, ecosystem conversion and human rights harm. Requirements should include client engagement, escalation and time-bound corrective action, with restrictions on financing where severe impacts remain unresolved. Rules should cover lending, underwriting, investment and other relevant financial channels to prevent harmful activity merely shifting between markets.

4. Use prudential, supervisory and monetary tools

Regulators should require financial institutions to assess both risks to finance and the impacts of finance on biodiversity and people (double materiality). This should inform transition plans, supervisory review, stress testing, capital and exposure requirements and concentration limits. Within their mandates, central banks should integrate biodiversity into collateral, refinancing and asset-purchase frameworks and their own portfolios. Decisions should reflect issuer- and asset-level performance, rather than relying solely on green or sustainable labels.

5. Reform harmful incentives and align public finance

Governments should identify and eliminate, phase out or reform harmful subsidies, tax incentives, guarantees, public lending and other support in line with Target 18. Public finance should not lower costs or transfer risks for activities that undermine biodiversity goals and human rights. Reform should be just and should strengthen public and community institutions, social protection and alternative livelihoods rather than shifting costs onto workers, small producers or affected communities.

6. Put rights, participation and remedy at the centre

Human rights, labour rights, land and tenure rights, Free, Prior and Informed Consent and just-transition requirements should apply across financing, not only to products claiming sustainability alignment. Indigenous Peoples, local communities, workers, women, youth and civil society should participate meaningfully in the design and oversight of financial rules. Affected people and civil society should have access to information, independent grievance mechanisms and effective remedy, while environmental and human rights defenders must be protected.

7. Make requirements binding and enforceable

Voluntary guidance should be replaced or reinforced by binding requirements, measurable portfolio-level obligations and credible enforcement. Supervisors should have the expertise, data and resources required to assess compliance, supported by scientific bodies and rights-holders. Consequences should be proportionate and dissuasive, including enhanced supervision, capital measures, financial penalties, board accountability and, in the most serious cases, licensing consequences. Existing protections should be defended against deregulation and strengthened over time.

Read the full assessment: The complete report presents the methodology, evidence, detailed regulatory findings and jurisdiction-specific recommendations for Brazil, Canada, CEMAC, China, the European Union, Indonesia, Japan, Malaysia, Singapore, the United Kingdom and the United States.

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