



**China Council for International Cooperation on Environment  
and Development (CCICED)**

# **China and the Rise of Nature Markets**

**CCICED Discussion Paper**

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## Executive Summary

China and the Rise of Nature Markets provides a short overview of the emerging phenomenon of nature markets, in China and internationally. The paper examines China's distinctive position within the emerging and dynamic landscape of nature markets, highlighting the promising prospects, inherent challenges, and potential pathways that could enhance nature markets and advance China toward a thriving bioeconomy.

Through this lens, the paper aims to shed light on China's experience in the development of nature-positive policies and in the development of nature markets. This experience is both important and insufficiently known and must better be reflected in the international debates around emerging nature markets.

China and the Rise of Nature Markets has been prepared by NatureFinance in association with Syntao Co., Ltd. It draws on international debate, experience and related research, including the deliberations and recommendations of the Taskforce on Nature Markets that released its final report in August 2023, and the on-going engagement and research in support of G20 Global Initiative on the Bioeconomy established under Brazil's Presidency, including two pieces, The Global Bioeconomy – Preliminary Stocktake of G20 Strategies and Practices, and Financing the Bioeconomy, both prepared by NatureFinance in association with a coalition of twenty Brazilian-based civil and business organizations and coalitions.

This paper explores China's unique role in developing nature markets, especially how it integrates nature-positive policies into its economic and financial systems. Key questions include:

1. How is China developing nature markets to meet its biodiversity and climate goals?
2. What opportunities and challenges exist in the development of nature markets in China?
3. How can China align its nature markets with global frameworks, such as the Kunming-Montreal Global Biodiversity Framework?
4. What international and domestic partnerships are necessary to advance nature markets in China?
5. How can China leverage its bioeconomy and nature-based solutions for sustainable growth?

### Recommendations:

1. **Develop a Nature Markets Guide:** A guide in Chinese, drawing from international best practices, should be created to aid in establishing and strengthening nature markets. This guide would cover standards, definitions, data transparency, and financial tools.
2. **Enhance International Collaboration:** Establish a Chinese network of experts and institutions to engage in global efforts toward a "Nature Positive" framework. This initiative

would align China's nature markets with international objectives and foster a coherent strategy for nature-positive outcomes.

3. **Research and Pilot Projects:** More research is needed to identify opportunities in various sectors of China's economy. Pilot projects should test the viability of different nature markets, providing concrete examples for scale-up.

4. **Expand Biodiversity Credit Markets:** A guide for biodiversity credit markets should be developed, focusing on governance, monitoring, and benefit-sharing frameworks. China should participate in global initiatives such as the International Advisory Panel on Biodiversity Credits, emphasizing equitable access and governance.

5. **Explore Public-Private Finance Mechanisms:** Conduct a comprehensive review of public-private finance mechanisms, such as blended finance, to support the development of nature markets and investments in nature-based solutions. Innovative financial tools that reward nature-related performance should be explored.

By acting on these recommendations, China can address challenges such as the lack of standardized methodologies for biodiversity valuation and low profitability of nature-positive projects, solidifying its leadership in the global nature market movement.

**Key words:** China, Nature markets, Biodiversity, Green Finance, Bioeconomy, Kunming-Montreal Framework, Sustainable Development

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# China and the Rise of Nature Markets

## 1.1 Introduction

The past two years have witnessed an unprecedented sharpening of focus on nature as the foundation of planetary stability and health, as well as on the role of finance and markets in ensuring those outcomes. The adoption under the Chinese CBD Presidency of the Kunming-Montreal Global Biodiversity Framework<sup>i</sup> offers a multilateral framework for action, and has triggered an accelerated effort, all over the world, to put this agreement into practice. Perhaps of greatest interest and significance are moves to integrate considerations relating to nature into the operations of financial and capital markets as well as a widespread and growing interest in how the real economy might evolve to reflect the true value of nature (see also Annex 1 highlighting key finance-related targets from the GBF).

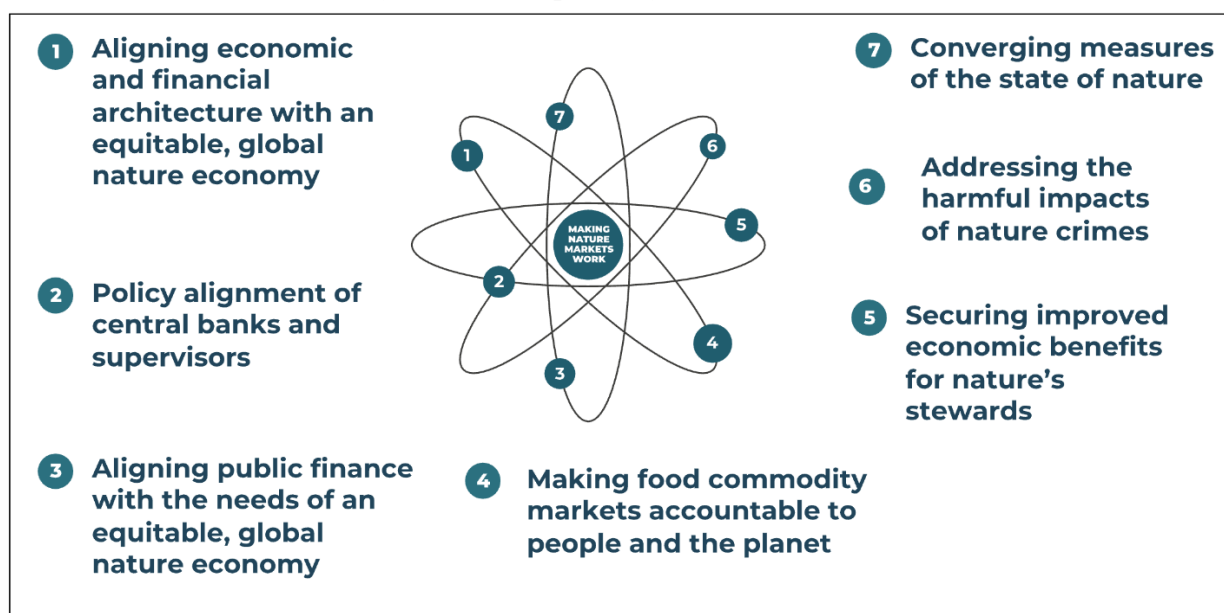
Beyond the recognition of nature's foundational importance, the world is witnessing an unprecedented, historical shift towards the **explicit pricing and trading of nature and nature-related goods and services in global markets**, both in the financial and the real economy, or what we term here 'nature markets'<sup>ii</sup>. This shift is driven by a series of factors, including a growing recognition of nature's value and state of decline, but also its role in supporting livelihoods, in emerging forms of economic activity, and, not least, its key role in action to counter catastrophic climate change.

This brief discussion paper – written by CCICED Special Advisor Mark Halle and NatureFinance, with inputs and advice from Syntao Green Finance - aims to set out a way of thinking about and understanding the growing role of nature both in finance and in emerging nature markets. It highlights key recent developments since CBD COP 15 in Montreal in December 2022 with a special focus on developments and opportunities in China. These are offered as a contribution not only to understanding a rapidly developing reality, but also to advance a coherent and convergent understanding of the opportunities and risks that evolving nature markets present as countries seek to meet their obligations under the Kunming-Montreal Global Biodiversity Framework.

## 1.2 The International Context

Several key facets of nature market development have accelerated in the past two years, signaling an important shift in perceptions on how nature relates to finance, market development and the real economy. Seminal among these is the foundational work of the high-level Task Force on Nature Markets<sup>iii</sup> whose report was published in August 2023. This report sets out a common understanding of what nature markets are and how their potential can be realized, in a sense structuring a global agenda around the challenge of sound nature market development. This has led to major international players taking a new interest in nature as the foundation of economic activity, as evidenced by the AIIB's 2023 report on "Nature as Infrastructure"<sup>iv</sup>.

***Exhibit 1: Seven Priorities for the Development of Nature Markets***



*Source: Taskforce on Nature Markets, 2023<sup>v</sup>*

Over the past year or two, a strong focus has been placed on the potential for biodiversity credit markets, both in relation to rethinking more established carbon credit markets and on their own<sup>vi</sup>. In many countries, interest in biodiversity credits have emerged from the increasing use of nature-based solutions in carbon credit markets, where action to protect or restore nature and ecosystem services has generated carbon credits. The emergence of stand-alone biodiversity credit markets is more recent. Finally, a related but independent track of work is emerging around the concept of the “bioeconomy,” including the G20 Initiative on the Bioeconomy (GIB) launched during the Brazilian presidency in 2024 and that is set to continue under South Africa’s presidency in 2025<sup>vii</sup>. This initiative looks beyond nature markets to an economy based on the sustainable use of biomass.

In short, nature markets are rapidly becoming a central focus in implementing obligations under the Kunming-Montreal Global Biodiversity Framework and offer a new way to frame and understand the link between nature and economic activity<sup>viii</sup>. This paper is focused on nature markets and does not extend to the growing interest in the bioeconomy, though the two are related.

Exhibit 2 below offers definitions of key terms, but see also Annex 2 for equivalent terms used in China.

### ***Exhibit 2: Key Terms and Definitions***

**Bioeconomy<sup>ix</sup>:** An economy where the basic building blocks for materials, chemicals, and energy are derived from the sustainable use of biological resources. It includes various sectors such as biomedicine, bio-agriculture, bioenergy, and environmental protection.

**Biodiversity Credit Markets<sup>x</sup>:** Markets designed to trade credits that represent actions or projects that conserve or restore biodiversity. They enable entities to invest in biodiversity-positive activities.

**Nature-linked Carbon Markets<sup>xi</sup>:** Markets that focus on trading carbon credits linked to conservation or restoration activities that enhance carbon sequestration in natural ecosystems, contributing to climate change mitigation.

**Gross Ecosystem Product (GEP)<sup>xii</sup>:** A metric for quantifying the economic value of goods and services provided by ecosystems, aiming to complement GDP by incorporating the value of natural resources and ecosystem services.

**Green Finance<sup>xiii</sup>:** Financing investments that provide environmental benefits in the broader context of environmentally sustainable development. Green finance instruments include green bonds and loans that support projects with positive environmental impacts.

**Task Force on Nature-related Financial Disclosures<sup>xiv</sup> (TNFD):** An initiative aimed at developing a framework for businesses and financial institutions to assess, manage, and report on their dependencies and impacts on nature, facilitating better decision-making regarding nature-related risks and opportunities.

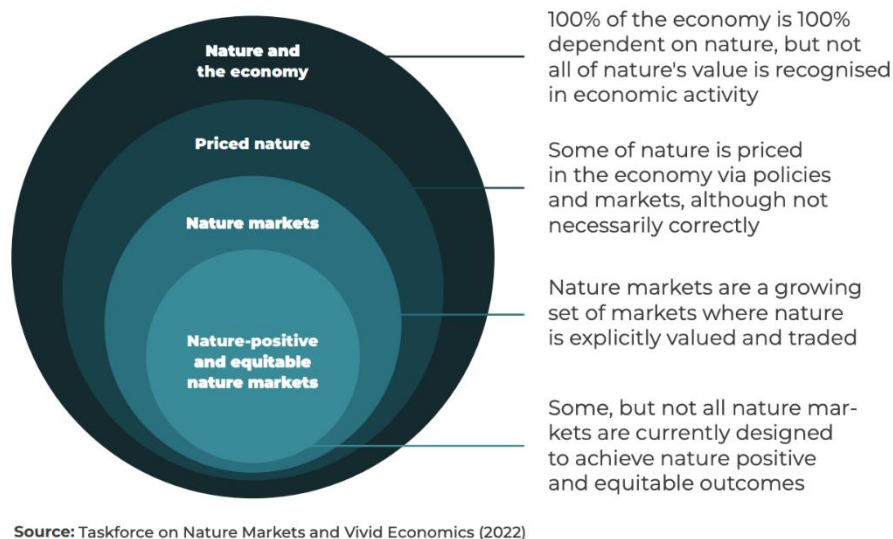
**Nature Positive<sup>xv</sup>:** Refers to outcomes, actions, or investments that contribute to the preservation, restoration, and sustainable use of natural resources and ecosystems, leading to a net positive impact on biodiversity and ecosystem services.

## **Drivers of Nature Market Development**

Beyond the recognition of nature’s foundational importance, the world is witnessing an unprecedented, historical shift towards the explicit pricing and trading of nature and nature-related goods and services in global markets, both in the financial and the real economy. This pivot towards such ‘nature markets’ – in which an explicit economic value of nature is identified and can be traded – is being catalyzed by **four main drivers**: public awareness and citizens’ intrinsic valuing of nature; the increasingly visible negative impacts of nature’s fragile condition; a growing understanding of the dependence of economic assets on nature; and an explosion of cheap and timely biodata making clearer the true condition of nature<sup>xvi</sup>.



### ***Exhibit 3: Distinguishing Nature in Markets***



This shift is also driven by a recognition of nature’s role in supporting livelihoods, in emerging forms of economic activity and, not least, its key role in action to counter catastrophic climate change. This international pivot is in evidence in a wide variety of national contexts and is reflected in national policies, regulations and institutional arrangements, but there are signs of a growing convergence as countries seek to fulfil their international obligations under the Kunming-Montreal Global Biodiversity Framework and as debates on nature finance and emerging nature markets increasingly form part of international debates and negotiations, from the World Economic Forum to the G20 and G7, the forums convened by multilateral development organizations, including ADB and AIIB, and in market-oriented processes such as the TNFD.

### **What do Nature Markets in China Currently Look Like?**

China's approach to nature conservation has undergone a significant transformation, from primarily tackling pollution and restoring ecosystems to integrating nature within its economic framework. This shift reflects a change in how natural assets are valued and managed. Starting in the late 1990s, China focused on restoring its degraded ecosystems and waterways, investing heavily through public funds. Initially, this effort was underpinned by government actions and financing, with around 45% of the funding coming directly from the central government and another 35% through allocations to local governments<sup>xvii</sup>.

Despite this heavy reliance on state funding, there has been a noticeable shift towards involving both social and international financial contributions. This is achieved by exploring market-based mechanisms for ecological finance, aiming to broaden the sources of funding for biodiversity conservation<sup>xviii</sup>. A key milestone in this journey has been the establishment of nature markets. These were triggered in 2004 with

the transfer of rights for agricultural land use, seeing a transfer rate of 35.4%<sup>xi</sup>. This was followed, a decade later, by the transfer of timberland rights, which occurred at a rate below 10%<sup>xx</sup>. Another innovative step has been the trading of ecosystem asset usage rights, including the trading of carbon credits<sup>xxi</sup>. Although still in its preliminary stages, this has begun to take shape through pilot projects.

A crucial development in this evolutionary process is the integration of nature-centric projects into China's national green taxonomy. This move has effectively attracted private investment towards ecological initiatives, a development strengthened by the growing sector of green finance. This evolution represents a groundbreaking shift in China's approach to nature conservation, showcasing a model that not only emphasizes restoration and protection but also seamlessly integrates nature into the economic system<sup>xxii</sup>.

China's approach to ecological conservation has been evolving to significantly incorporate market-based mechanisms, as highlighted by the central government's directives. These directives call for the enhancement and establishment of markets concerning the environment, ecology, and energy sectors. A special emphasis is placed on forming unified national markets for various nature assets, signaling a shift towards a more favorable environment for the burgeoning nature markets. The foundation for these nature markets within China is still in its formative phase, with concerted efforts being channeled into five primary areas<sup>xxiii</sup>.

***Exhibit 4: Developing Foundations of Nature Market***

<b>Initiative</b>	<b>Description</b>
<b>Reforms on Property Rights System</b>	Aiming to facilitate the flow and trading of natural resource assets by breaking down existing barriers.
<b>Biodiversity Monitoring Systems</b>	Nationwide efforts to build more comprehensive systems for monitoring biodiversity.
<b>Monetary Accounting for Nature Resources</b>	Piloting the accounting of nature resources in monetary terms, including the Gross Ecosystem Product (GEP) and related standards.
<b>National Trading Platforms</b>	Development of trading platforms for asset markets and carbon credits to facilitate more efficient transactions.
<b>EOD Project Pool</b>	Bridging project developers with investors and showcasing viable business models, with two batches of projects already published.

Recent policy developments have focused on integrating biodiversity conservation into the framework of green finance, with measures targeting the listing of qualified projects in the catalogues for green bonds,

insurance, and industries. Additionally, stock exchanges, led by the China Securities Regulatory Commission (CSRC), have initiated drafts for mandatory disclosures on biodiversity-related information by public companies. These efforts are complemented by updates in the policies for nature-related carbon credit trading, highlighting China's commitment to developing a robust policy framework supporting the growth of nature markets.

Private sector momentum and interest in addressing biodiversity crisis and exploring the nature market in China is strong, buoyed by strong government support for the topic. Research from PwC China and WEF shows that "more than three quarters of companies in China's Hang Seng Index (HSI) and over half those in the China Securities Index (CSI) 100 mention biodiversity in their ESG reports. Over half of HSI companies and more than one third of CSI 100 companies have made some sort of commitment towards mitigating biodiversity risks or impacts." (Source: Towards Nature Positive: Corporate and Financial Institution Practices in China, World Economic Forum, December 2023)

China's involvement in international initiatives such as the Global Biodiversity Framework (GBF), Task Force on Nature-related Financial Disclosures (TNFD), Network for Greening the Financial System (NGFS), and the Global Financial Alliance for Net Zero (GFANZ) reflects its commitment to playing a significant role in the global discourse on biodiversity. During the 15th Conference of the Parties (COP 15) to the Convention on Biological Diversity (CBD), 36 Chinese banking and financial institutions, along with 24 foreign banks and international organizations, issued a joint declaration supporting biodiversity conservation. This declaration highlights the growing recognition and commitment of the financial sector in China towards environmental sustainability. China also promotes research and international cooperation through technical seminars and policy encouragement, with significant contributions from the People's Bank of China. Furthermore, the leadership of PBoC in the G20 sustainable finance working group and the development of the G20 Sustainable Finance Roadmap exemplify China's active role in advancing global sustainable finance and nature-related disclosures.

## **Upside Opportunities and Comparative Advantages**

Currently, nature markets appear to have the potential to replicate the success of the CleanTech boom in climate initiatives in China. The intersection between nature markets and the broader climate and bioeconomy sectors is highlighted through the strategic utilization of nature assets. Research by AIIB indicates that as efforts to meet climate targets intensify, the role of nature-based solutions, particularly those involving carbon sinks, will become increasingly crucial. Furthermore, the development of the bioeconomy, with nature assets as a core component, presents distinct market opportunities <sup>xxiv</sup>.

China's projected market opportunity is estimated at \$3 billion by 2025<sup>xxv</sup>. The bioeconomy market potential is substantial, with the emerging bioeconomy estimated at RMB 20.8 trillion, constituting 18.1% of China's GDP in 2021, and predicted to reach RMB 27.2-30 trillion by 2027 and RMB 38.1-50 trillion

by 2035.<sup>xxvi</sup> The projected growth of segments within China's bioeconomy includes biomedicine, bio-agriculture, and bio-manufacturing, with varying annual growth rates across conservative and robust scenarios, as outlined by the NDRC & Tsinghua report in 2024. Additionally, an optimistic scenario anticipates a significant expansion in the biomanufacturing market, potentially exceeding 50 trillion RMB by 2035.

## **What are the Current Challenges and Gaps?**

The establishment of nature markets in China faces numerous challenges and gaps, complicating the country's efforts to integrate nature-positive projects into its economic framework. These challenges – mirrored across the globe - encompass a range of issues spanning from financial incentives to regulatory frameworks and international collaboration. One prominent challenge is the lack of unified accounting methodologies, which hampers the accurate valuation of biodiversity impact and carbon credits. This absence of standardized approaches complicates the pricing of nature resources and the internalization of externalities, which may impede effective decision-making processes<sup>xxvii</sup>. Furthermore, constraints related to data and methodology exacerbate the situation. Inadequate monitoring systems and restricted access to transparent data impede the assessment of nature-positive projects. Additionally, the still limited capacity of corporations and financial institutions to identify, assess, and manage biodiversity risks further complicates matters, creating uncertainties in project evaluations and investment decisions<sup>xxviii</sup>.

Moreover, the perceived (and often real) low profitability of nature-positive projects presents a significant barrier. The substantial investment requirements and extended project cycles deter private investors, leading to a reluctance to engage in such initiatives. This results in a limited pool of available capital for nature-positive endeavors, hindering their scalability and impact<sup>xxix</sup>. Another issue is the incomplete nature of trading mechanisms, which restricts the participation of stakeholders and limits the variety of tradable products. Without efficient and inclusive trading platforms, the potential benefits of nature-positive projects cannot be fully realized, impeding their integration into mainstream financial markets<sup>xxx</sup>.

To address these challenges, it is imperative to integrate biodiversity considerations into the risk management systems of financial institutions. Mandating biodiversity information disclosure under existing green finance requirements can enhance transparency and accountability, fostering greater awareness and understanding of biodiversity risks among stakeholders<sup>xxxi</sup>.

Happily, progress in transparency and disclosure is rapid and accelerating, and a robust “Biodiversity Operating System” is beginning to form, comprising taxonomies, common definitions, data, transparency & disclosure, methodologies, tools, policies, and regulations. Of note are efforts to design and build an open access biodata forum, for example under the TNFD-hosted Nature Data Public Utility initiative.

Leveraging synergies with major initiatives such as the Construction of Ecological Civilization, Beautiful China, and the G20 Initiative on Bioeconomy can catalyze progress. The Beautiful China Initiative, aligned

with the principles of Ecological Civilization, emphasizes environmental management and climate change mitigation, laying the groundwork for sustainable bioeconomic activities. Similarly, the G20 Initiative on Bioeconomy promotes a transition to a more sustainable economic model, aligning with the goals of the Beautiful China Initiative in green industrial transformation and pollution control<sup>xxxii</sup>, including an effort to articulate a set of High-Level Principles guiding the transition to a bioeconomy. By capitalizing on these synergies and addressing the identified challenges, China can advance its efforts towards establishing robust nature markets, fostering environmental sustainability, and driving green economic development.

## Recommendations for Further Work

A workshop in Beijing on 26 August 2024 reviewed a draft of this paper and discussed steps to take the topic forward both in China and internationally. Some 15 leading Chinese and China-based experts discussed a range of actions, further research, and concertation aimed at accelerating the emergence and functioning of nature markets in China, laying the foundation for greater attention to the development of a broader bioeconomy. Among these are:

1. **Prepare a quick guide** – in Chinese – to the establishment and strengthening of Nature Markets in China – drawing on best practice internationally, elements of successful nature markets, short cuts, step-by-step actions, etc. This should include a full roadmap for building a basic nature finance “operating system” – including data, definitions, standards, taxonomies, disclosure mechanisms, financial instruments, policies, and regulations. The guide should discuss the terminology used in China and internationally to describe such notions as nature markets, biodiversity credits, etc. to ensure common understanding. It should also advise on how to draw the notion of nature markets into China’s green finance framework.
2. Establish a Chinese network of institutions and experts to **participate in international efforts towards the development of a “Nature Positive” framework** (equivalent to the Net Zero carbon target), aimed at achieving the overall ambition of the Kunming-Montreal GBF as well as appropriate goals and targets. Cooperate with efforts to refine and pilot tools that help measure and assess the alignment of private and public financial activities with nature positive outcomes. Explore the value of a Nature Positive ambition or goal in laying out a framework into which the many existing but not always coordinated policies relating to nature markets might be drawn together, coordinated, and linked to China’s leading environmental policy frameworks, e.g. Beautiful China, Gross Ecosystem Product, etc.
3. Conduct further research into the **potential for nature markets in China**, sizing the potential in different sectors of the real and financial economy. This should include the identification of pilot projects on specific nature markets that appear to have particular potential, and an articulation of the enabling financial economy markets needed to progress nature markets

at scale.

4. Develop a **practical guide in Chinese to Biodiversity Credit Markets**, drawing on international best practice and existing guidance material – covering design and governance of biodiversity credit markets, baseline and “biodiversity lift” measurement, monitoring and verification, design of benefit sharing, policy and regulatory tools, the challenges associated with offsets, South-South cooperation potential, etc. Explore how China can most advantageously participate in international alliances and networks around the development of biodiversity credit markets, and in particular the International Advisory Panel on Biodiversity Credits (IAPB). A particular focus should be placed on governance and stewardship of biodiversity markets<sup>xxxiii</sup> and best practice in addressing issues of rights, fair economic rewards, and equitable access to markets. Identify a handful of potential pilot projects that can test the validity of biodiversity credit markets in China.

5. Conduct a comprehensive **review of Public-Private finance mechanisms** – including blended finance – in China and internationally to support the development of nature markets, investment in nature-based solutions and the transition to an economy based on equitable and nature-positive outcomes.

6. Based on the work by AIIB and others on “Nature as Infrastructure”, conduct further **research on natural infrastructure**, nature-based infrastructure models, the policies and regulatory basis for expanding their use, experience from pilot projects around the world, and how to overcome obstacles that continue to discourage the use of nature-based infrastructure when in competition with more classical approaches to infrastructure development.

7. Develop a paper on existing and **emerging financial mechanisms based on rewarding nature-related performance**. These include a wide range of approaches, including sovereign and private bond, debt swaps, performance-based loans, and the development of a series of fintech-based derivative tools. The paper should look at both Chinese and international experience and include a discussion of incentive mechanisms leading to a high probability of the performance targets (e.g. drawn from the Kunming-Montreal Global Biodiversity Framework) being achieved.

## Conclusions

China's journey towards the full recognition of the role of nature in economic activity is marked by significant strides in integrating nature markets into its economic framework. With the emergence of nature markets, China stands at the forefront of a transformative movement towards sustainable economic practices. Through strategic initiatives and investments, China has laid the groundwork for leveraging its natural assets to drive green economic development. However, challenges such as the lack of unified accounting methodologies and low profitability of nature-positive projects persist, necessitating concerted

efforts to address these barriers. By capitalizing on tax incentives, expanding carbon markets, investing in nature-based solutions, enhancing policy frameworks, innovating financially, fostering international cooperation, and ensuring top-level coordination, China can navigate the transition into a bioeconomy successfully. With a comprehensive toolkit at its disposal, China is poised to lead the way towards a more sustainable and resilient future, where economic advancement converges harmoniously with ecological stewardship on a global scale.

### *Annex 1: The Kunming-Montreal Global Biodiversity Framework Nature Markets*

TARGET	DIMENSION	ACTION
Target 14: Mainstream biodiversity in policies, regulations, planning and development processes, to align financial flows with the vision, goals, mission and target of the GBF	MAINSTREAMING AND POLICY INTEGRATION	<ul style="list-style-type: none"> <li>• Build internal awareness and capacity on the importance of nature for the economy</li> <li>• Integrate consideration of biodiversity in policies, regulations, development plans</li> <li>• Align financial decisions with the vision, goals and targets of the GBF</li> </ul>
	NBSAP AND NDCS	<ul style="list-style-type: none"> <li>• Support the update of NBSAPs</li> <li>• Leverage on synergies with climate and Nationally Determined Contributions (NDCs)</li> </ul>
Target 15: Encourage and enable businesses to monitor and disclose biodiversity-related risks, impacts and dependencies	FINANCIAL STABILITY AND PRUDENTIAL ACTION	<ul style="list-style-type: none"> <li>• Evaluate risks to financial stability</li> <li>• Establish prudential framework for reducing exposure to nature-related risks</li> </ul>
	BUILDING TRANSPARENCY AND COMPLIANCE THROUGH DISCLOSURES	<ul style="list-style-type: none"> <li>• Establish mandatory disclosure requirements for corporates and financial institutions</li> <li>• Adopt / strengthen taxonomies and reporting requirements for nature-related co- benefits in &lt;&lt;green&gt;&gt; investments</li> </ul>
Target 18: Identify and repurpose \$500 billion per year of harmful incentives, including harmful subsidies	REPURPOSE INCENTIVES TOWARDS POSITIVE ACTIVITIES	<ul style="list-style-type: none"> <li>• Identify and reduce harmful incentives.</li> <li>• Repurpose them toward positive incentives</li> </ul>
Target 19: increase financial resources from all sources to \$200 billion per year by 2030	ENABLE RESOURCES MOBILIZATION TOWARDS CLIMATE AND BIODIVERSITY	<ul style="list-style-type: none"> <li>• Support the reform of the financial system architecture in the context of the sovereign debt crisis and the crisis of nature loss</li> <li>• Strengthen the mandates of Development Finance Institutions on nature</li> <li>• Support development with enhanced governance of innovative financial solutions</li> </ul>

Source: Adapted from *High-level Roadmap for Aligning Financial Flows with the Kunming-Montreal Global Biodiversity Framework*, published by UNEP FI<sup>xxxiv</sup>

## Annex 2: Comparative Chinese and International Framework

Type	Category	Segments	(Similar) Terms used in China
Credit markets	Nature-related carbon credits	<ul style="list-style-type: none"> <li>Nature-related voluntary carbon credits</li> </ul>	<ul style="list-style-type: none"> <li>Carbon offset credit /carbon sink trading <ul style="list-style-type: none"> <li>forest carbon sink trading</li> <li>wetland carbon sink trading</li> </ul> </li> </ul>
Derivative markets	Financial products	<ul style="list-style-type: none"> <li>Nature-related insurance</li> </ul>	<ul style="list-style-type: none"> <li>Green Insurance <ul style="list-style-type: none"> <li>ESG risk insurance</li> <li>green industry insurance</li> </ul> </li> </ul>
		<ul style="list-style-type: none"> <li>(others)</li> </ul>	<ul style="list-style-type: none"> <li>Green Finance: Green Loan, Green Bond, Green Investment <ul style="list-style-type: none"> <li>Blue Finance</li> <li>Biodiversity Finance</li> </ul> </li> </ul>
Asset markets	Real assets	Agricultural land rights	Agriculture land operating right transfer
		Timberland rights	Timberland operating right transfer
		Water rights	Water rights (incl. extraction right, irrigation right, use right) water use right trading
		Biodiversity IP	Generic resource IP
Intrinsic markets	Products	Hard and Soft commodities	Hard and Soft commodities
		Legal and illegal wild species trade	Legal and illegal wild species trade
		Genetic Materials	Generic resources
	Conservation	Payment for Ecosystem Services	Ecological compensation Eco-product/ecological value realization
	Access	Wildlife Tourism	National park

Source: Syntao Green Finance<sup>xxxv</sup>



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