

# World needs \$8.1 trillion investment in nature by 2050 to tackle triple planetary crisis

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A total investment in nature of \$8.1 trillion is required between now and 2050—while annual investment should reach \$536 billion annually by

2050—in order to successfully tackle the interlinked climate, biodiversity, and land degradation crises, according to the State of Finance for Nature report released today.

The report finds that annual investments in nature-based solutions will have to triple by 2030 and increase four-fold by 2050 from the current investments into nature-based solutions of \$133 billion (using 2020 as a base year).

The authors of the report—produced by the UN Environment Programme (UNEP), the World Economic Forum (WEF) and the Economics of Land Degradation (ELD) Initiative hosted by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) in collaboration with Vivid Economics—urge governments, financial institutions and businesses to overcome this [investment](#) gap by placing nature at the heart of economic decision-making in the future. They stress the need to rapidly accelerate capital flows to nature-based solutions by making nature central to public and private sector decision-making related to societal challenges, including tackling the climate and biodiversity crises.

## **Unlocking the potential of nature-based solutions to close the finance gap by 2050**

Structural transformations are needed to close the \$4.1 trillion finance gap between now and 2050, by building back more sustainably in the wake of the COVID-19 pandemic, but also by repurposing harmful agricultural and fossil fuel subsidies and creating other economic and regulatory incentives. Investing in nature supports human, animal and planetary health, improves quality of life, and creates jobs. However, nature currently only accounts for 2.5% of projected economic stimulus spending in the wake of COVID-19. Private capital will also have to be

scaled up dramatically to close the investment gap. Developing and scaling up revenue flows from ecosystem services and using blended finance models as a means to crowd in private capital are among the suite of solutions needed to make this happen, which also requires risk-sharing from private sector entities.

"Biodiversity loss is already costing the global economy 10 percent of its output each year. If we do not sufficiently finance nature-based solutions, we will impact the capacities of countries to make progress on other vital areas such as education, health and employment. If we do not save nature now, we will not be able to achieve sustainable development," said UNEP Executive Director Inger Andersen.

"The report is a wake-up call for governments, financial institutions and businesses to invest in nature—including reforestation, regenerative agriculture, and restoration of our ocean," she said, adding that countries and leaders of industry will have an opportunity to do so at the upcoming summits related to climate, biodiversity, land degradation and food systems, and in the context of the UN Decade on Ecosystem Restoration (2021-2030).

## **Investing smarter: Reimagine, recreate, restore**

Forest-based solutions alone, including the management, conservation and restoration of forests, will require \$203 billion in total annual expenditure globally, according to the report. That is equivalent to just over \$25 per year for every citizen in 2021. The report calls for coupling investments in restoration action with financing conservation measures. This could result in forest and agro-forestry (the combination of food production and tree growing) area increases of approximately 300 million hectares by 2050, relative to 2020.

The upcoming summits on climate, biodiversity, land degradation and

food systems, as well as the launch of the UN Decade on Ecosystem Restoration on June 5, 2021 provides an opportunity to harness political and business momentum to align the economic recovery with the Paris Agreement and the anticipated post-2020 Global Biodiversity Framework, and thus be consistent with limiting warming to 1.5° C above pre-industrial levels, as well as halting and reversing the loss of biodiversity.

## **Making nature a business and investment case**

The report's authors say the annual investment of the private sector in nature-based solutions was equal to \$18 billion in 2018. Private finance only accounts for 14%, including capital mobilized through sustainable agricultural and forestry supply chains, private equity investments, biodiversity offsets financed by private sectors, philanthropic capital, private finance leveraged by multilateral organizations and forest and other land use-related carbon markets.

In climate finance, private sector investment accounts for most capital flows (56% according to the Climate Policy Initiative). The scaling up of private capital for nature-based solutions is one of the central challenges of the next few years with a specific focus on investing in nature to support sustainable economic growth in the 21st century.

Investors, developers, market infrastructure makers, customers and beneficiaries can play roles in creating a market where nature-based solutions access new sources of revenue, increase resilience of commercial activities, reduce costs or contribute to reputation and purpose.

While a number of private sector-led initiatives have already emerged, the report stresses the need for companies and [financial institutions](#) to increasingly be part of the [solution](#) by sharing the risk and committing to

boost finance and investment in nature-based solutions in an ambitious way and with clear, time-bound targets. While investments in nature-based solutions cannot be a substitute for deep decarbonization of all sectors of the economy, they can contribute to the required pace and scale of climate change mitigation and adaptation.

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