

STATE OF FINANCE FOR NATURE

Tripling investments in nature-based solutions by 2030

As countries and companies step up their commitments to fight the climate and nature crises, it is of paramount importance to use the post-COVID-19 recovery to scale-up finance and investment in nature-based solutions to restore degraded land and tackle the climate and biodiversity crises while creating jobs. UNEP, WEF and ELD are issuing a report called “*State Of Finance For Nature: Tripling investments in nature-based solutions by 2030*”, which will become the principal vehicle for presenting the results of a global analysis which tracks investment flows into nature-based solutions and identifies future investments needed to meet the biodiversity, climate and land restoration targets. The first report will be released at the [WEF Climate Breakthroughs: The Road to COP26 and Beyond](#) on 27 May 2021.

Key Findings

Initial findings on financial flows that contribute positively to nature-related activities and finance assets that address societal challenges reveal:

Nature: the key to achieving societal challenges

Structural transformation drivers must be built into the way in which we finance post COVID economic recovery packages. Investing in nature supports health, improves quality of life, and creates jobs.

The nature-finance nexus

Now is the time for collective action. By 2050, the total investment needs of nature will amount to USD 8.1 trillion, and will be over USD 536 billion annually. This projected total is almost four times the amount invested today. Tracking capital flows to nature has proven very challenging, so there is a need for a comprehensive system and framework for labelling, tracking, reporting and verifying the state of finance for nature.

Accelerate financial flows by valuing nature

USD 133 billion currently flows into nature-based solutions annually, with public funds representing 86% and private finance only 14%. This number is considerably smaller than the current trends in climate finance. By 2030, investments in nature-based solutions will need to at least triple in real terms if the world is to meet its climate change, biodiversity and land degradation targets.

Invest smarter: reimagine, recreate, restore

Restoration of natural vegetation and afforestation are essential to meet international targets. In turn, it is critical that annual investment increases between 2030 and 2050. By 2050, forest-based solutions alone will require USD 203 billion in total annual expenditure globally. The

most important component of annual investment needs is the cost of establishing new forests, as it accounts for 80% of total costs.

New modality to align public finance with nature needs

Nature-based solutions need to be introduced as a formal cross-cutting modality of investment with a formalized strategic plan and resources associated with it. For multilateral funds, this could be an additional result area, which in turn becomes more attractive for public financing.

Align private finance with public policy

Scaling up capital flows to nature to a level that can meet the targets of the three Rio Conventions & other commitments requires unlocking private finance at a far greater scale through blended finance, changes in fiscal and trade policies, and other incentives. Private finance only accounts for 14% of total flows to nature-based solutions.

Highlight good practices to:

- Build awareness of the merits and potential of investments in nature for countries.
- Support inclusion of nature-based solutions in current nationally determined contribution revisions, national adaptation plans and domestic sectoral legislation.

Open multi-stakeholder dialogue on opportunities to:

- Improve decision-making by increasing data availability
- Increase positive financial flows by de-risking & incentivizing
- Reduce harmful financial flows

Key Data

USD 133 billion currently flow into nature-based solutions annually, of which public funds represent 86% of total investment flows.

Over a third is invested by governments into protection of biodiversity and landscape through domestic budgets.

NbS investment is considerably smaller than climate finance and much more dependent on public funds:

- Finance into climate change: Private finance accounts for the majority of climate finance at around 56% (CPI, Global Landscape of Climate Finance 2019).
- Private climate investments reached an average annual amount of USD 326 billion (2017-2018).

By 2050, forest-based solutions will require total annual expenditure of USD 203 billion globally:

- Half of the estimated financing needs are for the management, preservation and restoration of forest assets.
- The scenario used in this study shows that NbS assets could increase by approximately 300 million hectares by 2050, relative to 2020.
- The cost of establishing new forests is the most important component of annual investment needs as it accounts for 80% of total costs.
- Under this investment scenario, carbon emissions from land use change fall and become net negative by 2035, falling further to minus 1.1 GtCO₂ per year by 2050.

The investment needs in 2050 reach over USD 536 billion / year, which is almost four times the amount invested today:

- Our conservative estimates suggest that investments in nature-based solutions will need to at least triple by 2030 (in real terms) if the world is to meet its climate change, biodiversity and land degradation targets.
- By 2030, investments in nature-based solutions would need to almost double to cover the costs related to forests alone. The additional costs of silvopasture, mangroves and peatland restoration bring investment needs to about four times the level of finance invested today.