

1 Comissioned by GPC, Finance Earth conducted a market review of global **Nature-based Solutions (NbS)** transactions to understand the status of investment into NbS and identify pathways for accelerating and scaling the development of this emerging asset class.



3 Investment into NbS can be grouped into six key sector themes.



5 Most of the investors identified are based in Europe and North America, but many are more active in other regions.

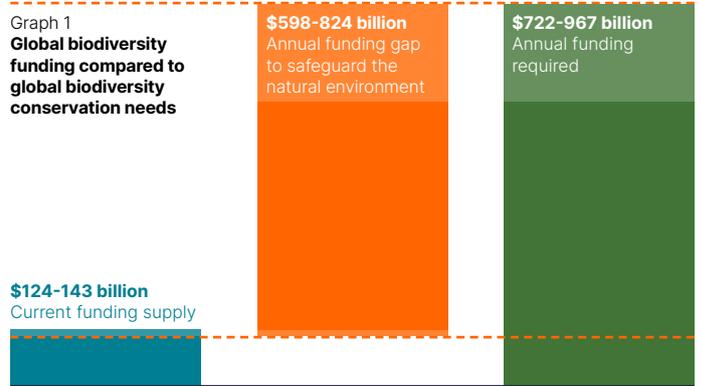


6 Investment must be accelerated and scaled to meet the growing challenges posed by the climate and biodiversity crises.

Common barriers to investing in this emerging asset class include:

- The majority of NbS projects are early-stage in their commercial maturity and often sub-scale for investment.
- Lack of capacity and investment expertise among project developers prevents the development of the required volume and scale of NbS.
- Limited common definitions, metrics and standards prevents effective comparison of NbS investment outcomes and shared learnings.
- Blended finance is effective for mobilising investment into nascent NbS markets but is not well-understood or attractive to institutional investment sectors.

2 There is a significant global funding gap for nature - estimated at over \$700 billion per year.



4 We identified almost \$1.5 billion equivalent of investment into NbS around the world.



7 How can investors and policymakers accelerate and scale investment into NbS?

- **Investors** could engage with the NbS market to deliver investment by:
 - Developing clear investment strategies
 - Investing in the development of in-house expertise
 - Allocating budgets to implementing 'pathfinder' projects
 - Developing blended finance approaches
- **Investors** could support the development of market governance by:
 - Increasing NbS investment reporting and transparent data sharing
 - Working with the scientific community to co-create standards of quality for impact investment
- **Policymakers** could help to unlock the potential of the NbS sector by:
 - Promoting policy and fiscal regimes that encourage investment
 - Sponsoring the creation of standards and verification codes for ecosystem services
 - Sponsoring the creation of market platforms and centres of excellence

References:

- Graph 1. Deutz, A., et al, J. 2020. Financing Nature: Closing the global biodiversity financing gap.
- Finance Earth, 2021. A Market Review of Nature-Based Solutions: An Emerging Institutional Asset Class (Commissioned by the Green Purposes Company; based on a review of 88 NbS transactions).