

## CAN NATURE SURVIVE IN A FRAGMENTING WORLD?



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A fragmenting world makes 'collective' action on global environmental issues more difficult. In the US and EU support for green issues is declining as tariffs, immigration, inflation, energy security and employment take centre stage. Despite this, COP16 biodiversity, concluded in Rome this year, mobilised USD200bn for nature along with agreement on a comprehensive set of indicators to track biodiversity.

The latter is perhaps more important and paves the way for financial instruments that incentivise investment in biodiversity conservation and restoration. If used correctly such tools can enable greater flows of financial capital towards enhancing our stocks of natural capital. This implies humanity recalibrates its understanding of how fundamentally our well-being is linked to the safe functioning of the earth's living systems.

### WHAT'S AT STAKE?

The WWF Living Planet Report 2024<sup>1</sup> reports that from 1970 to 2020, the average size of monitored wildlife populations shrank by 73% (based on almost 35,000 population trends and 5,495 species of amphibians, birds, fish, mammals and reptiles). Freshwater populations have suffered the most, falling by 85%, followed by terrestrial 69% and marine populations 56%. Declines are reported as fastest in Latin America and the Caribbean: 95% deterioration relative to the 1970 baseline, followed by Africa 76% and Asia-Pacific 60%.

Species losses were mainly driven by habitat destruction and degradation, principally accelerated by the growth of industrial food systems.

These cumulative impacts can reach self-perpetuating thresholds, resulting in substantial, often abrupt and potentially irreversible change<sup>2</sup>, so-called tipping points. Examples include the collapse of coral reefs, melting of polar ice caps, loss of tropical forests and disruption of ocean thermohaline currents. Once thresholds are crossed, the consequences can be severe and far-reaching<sup>2</sup>.

### CAN THE MARKETS HELP BY PUTTING A PRICE ON NATURE?

The value of nature to the global economy is significant and complex, with ecosystem services like pollination, carbon sequestration, water purification, resource provisioning and climate regulation estimated to be worth trillions annually. According to a report by the WEF, over half of the world's GDP (ca. USD44trn) is moderately or highly dependent on nature.

### "Biodiversity plays a crucial role in pharmaceuticals, biotechnology and genetic resources."

Despite this, nature has been a blind spot in economics, as highlighted by the Dasgupta Review on the Economics of Biodiversity<sup>3</sup> which notes that nature-based industries, such as regenerative agriculture, fisheries, forestry, conservation and eco-tourism, contribute significantly to the economy worldwide. Biodiversity plays a crucial role in pharmaceuticals, biotechnology and genetic resources, offering potential economic benefits through innovation and scientific discoveries. Similarly, the restoration and maintenance of ecological infrastructures such as mangroves, wetlands, watersheds, primary forests, estuaries and rivers continue to provide important ecosystems services such as fire prevention, storm surge protection and water filtration.

### WHAT GETS MEASURED, CAN BE MANAGED AND VALUED

In the past two decades earth observation techniques have evolved significantly, revolutionizing our understanding of the global state of ecosystems and biodiversity. Advances in satellite imagery, remote sensing, LiDAR drones, eDNA sampling, integration of AI, acoustic monitoring and the growth of citizen science networks now enable a broader perspective on the safe functioning of the earth's living systems.

Advancements in the accuracy and affordability of biodiversity measurement now means ecosystems services can be quantified, in a manner that supports the growing effort to recognise ecological assets on the balance sheets of their custodians.

For those working in conservation and restoration there is now a supportive policy, a standards framework, committed capital, new 'digital' monitoring and evaluation techniques, innovative financial instruments and a growing market for biodiversity and carbon credits. Despite the news headlines, there is reason for cautious optimism in the world of nature finance.

<sup>1</sup> <https://livingplanet.panda.org/>

<sup>2</sup> Planetary Health Check 2024

<sup>3</sup> The economics of biodiversity: The Dasgupta Review | Royal Society



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