Enabling investments in nature-based solutions

Global workshop on funding and financing transboundary water cooperation and basin development, Geneva

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Expert Practical Delivery Since 2016

Finance Earth helps create projects – and the investment vehicles to fund them – that balance positive outcomes for nature, communities and investors.
Why is Investment Needed?

To limit global warming to below 1.5°C and halt biodiversity loss we need to more than double annual investment into Nature-based Solutions by 2025. Public and donative funding can’t do this alone – private investment is essential. (1)

Current spending
US$154 billion per year

Required spend
US$384 billion per year by 2025

US$230 billion per year finance gap

(1) United Nations Environment Programme (2022)
Revenue vs Finance

**Finance** is a tool that can be used to bridge the time gap in project funding needs.

Revenue is a cashflow that can be generated through:

- the **sale of a product or ecosystem service**
- the **reduction of a cost**

**Example revenue streams:**

- Carbon credits
- Biodiversity credits
- User fees
- Taxes & tariffs
- Share in cost savings
Natural Capital Market Development

We aim to mobilise private capital into nature at scale by helping to develop and establish markets for ecosystem services generated from nature-based solutions.
Finance Earth reviewed the global track record of investments into nature-based solutions for water security on behalf of the World Water Council to identify scalable and replicable business models. Our report was presented at the World Water Forum 2023 in Dakar.


**Afforestation: US$4M Forest Resilience Bond (2015)**

**Managed Aquifer Recharge - US$927M Sustainable Water Impact Fund (2020)**


**Sustainable agriculture: US$4M Nairobi Water Fund (2015)**

**Natural Flood Management: Netherlands’ US$2.1BN* Sovereign Green Bond (2019)**

* Part of a larger US$6.7BN offering
Investing in NbS for Water – key learnings

• **NbS can be complementary to grey infrastructure** rather than competitive with – another tool in toolkit

• **NbS generate multiple potential revenue streams**, with no single dominant market – location specific
  – Payments for Ecosystem Services (PES) e.g. credits for carbon, biodiversity, nutrients, water storage
  – Tariffs + taxes
  – Cost savings for beneficiaries

• **PES typically rely on local/national regulations or voluntary corporate actions** to stimulate demand

• **Multiple barriers remain to investment at scale**: technical, financial, legal, regulatory risks

• **Financial mechanisms can mitigate/share/transfer some of these risks to unlock investment at scale**
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