



State of Finance for Nature Report

For prelims: Nature-based Solutions (NbS), State of Finance for Nature Report, UN Environment Programme, NbS, Sustainable Development Goals, Paris Agreement on Climate Change,

For Mains: Nature-based Solutions (NbS), Environmental Pollution & Degradation

Why in News?

Recently, the second edition of the State of Finance for Nature report was released.

- The report was released jointly by the [UN Environment Programme \(UNEP\)](#) along with the Economics of Land Degradation initiative of the Federal Ministry for Economic Cooperation and Development (BMZ) of Germany, the [United Nations Convention to Combat Desertification \(UNCCD\)](#) and the European Commission.

What are the Findings of the Report?

- **Current Financial Flows:**
 - Current public and private financial flows to NbS **are estimated to be USD 154 billion per year.**
 - Public funds make up 83% of the total and the private sector contributes approximately 17%.
- **Changes in NbS Finance Flows:**
 - Total finance flows to NbS have **increased by USD 3.9 billion from USD 150 billion (SFN 2021) to USD 154 billion per year.**
 - This represents year-on-year growth in investment of 2.6% in real terms across the sum of public and private financial flows.
- **Investment in Marine NbS and Protected Areas:**
 - **SFN 2022 broadened the scope by including marine nature-based solutions** and detailed assessment of protected area finance.
 - **Finance flows to marine NbS are roughly USD 14 billion**, 9% of total (terrestrial and marine).
 - Annual domestic government expenditure in marine NbS is over USD 10 billion per year, including spending on marine protected areas, sustainable management of fisheries and research and development of fisheries.
- **Nature-negative Financial Flows:**
 - Public financial support for nature-negative activities ranges from USD 500 to 1,100 billion per year at present, which is three to seven times larger than current investments in NbS.

What are the Recommendations?

- **Investment in Nature Based Solution:**
 - **Without an increase in investments in nature-based solutions to USD 384 billion/year by 2025**, the goals of climate change, biodiversity, and land degradation will

not be met.

- There is a need to double the funding for NbS and reduce it for activities that increase [Greenhouse Gas Emissions \(GHG\)](#).

▪ **Private Investments:**

- Private sector actors **will have to combine 'net zero' with 'nature positive'**.
- For this, **private companies must create a sustainable supply chain**, reduce activities that negatively impact climate and biodiversity, offset any unavoidable activities through high-integrity nature markets, pay for ecosystem services and invest in nature-positive activities.

▪ **Increase Inclusion in Financial Systems:**

- In order to scale up NbS investments, **public and private sectors must incorporate just transition principles that safeguard human rights.**
 - A Just Transition involves **maximizing the social and economic opportunities of climate action, while minimizing and carefully managing any challenges** - including through effective social dialogue among all groups impacted, and respect for fundamental labour principles and rights.

What is Nature-based Solution(NbS)?

- The [NbS](#) refers to **sustainable management** and use of nature to tackle socio-environmental challenges, which range from disaster risk reduction, climate change and biodiversity loss to food and water security as well as human health.
- **NbS creates harmony between people and nature**, enables ecological development and represents a holistic, people-centred response to climate change.
 - Thus, NbS underpin the [Sustainable Development Goals](#), as they support vital ecosystem services, biodiversity, and access to fresh water, improved livelihoods, healthy diets and food security (organic agriculture) from sustainable food systems.
 - Also, NbS are an essential component of the overall global effort to achieve the goals of the [Paris Agreement on Climate Change](#).

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What is the United Nations Environment Programme?

- **About:** The UNEP is a leading global environmental authority established on 5th June 1972.
- **Functions:** It sets the global environmental agenda, promotes the sustainable development within the [United Nations](#) system, and serves as an authoritative advocate for global environment protection.
- **Major Reports:** [Emission Gap Report](#), [Adaptation Gap Report](#), [Global Environment Outlook](#), Frontiers, Invest into Healthy Planet.
- **Major Campaigns:** Beat Pollution, UN75, World Environment Day, Wild for Life.
- **Headquarters:** Nairobi, Kenya.

UPSC Civil Services Examination Previous Year Question (PYQ)

Q. The 'Common Carbon Metric', supported by UNEP, has been developed for

- (a) assessing the carbon footprint of building operations around the world
- (b) enabling commercial financing entities around the world to enter carbon emission trading
- (c) enabling governments to assess the overall carbon footprint caused by their countries
- (d) assessing the overall carbon footprint caused by the use of fossil fuels by the world in a unit time

Ans: (a)

Source: DTE

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