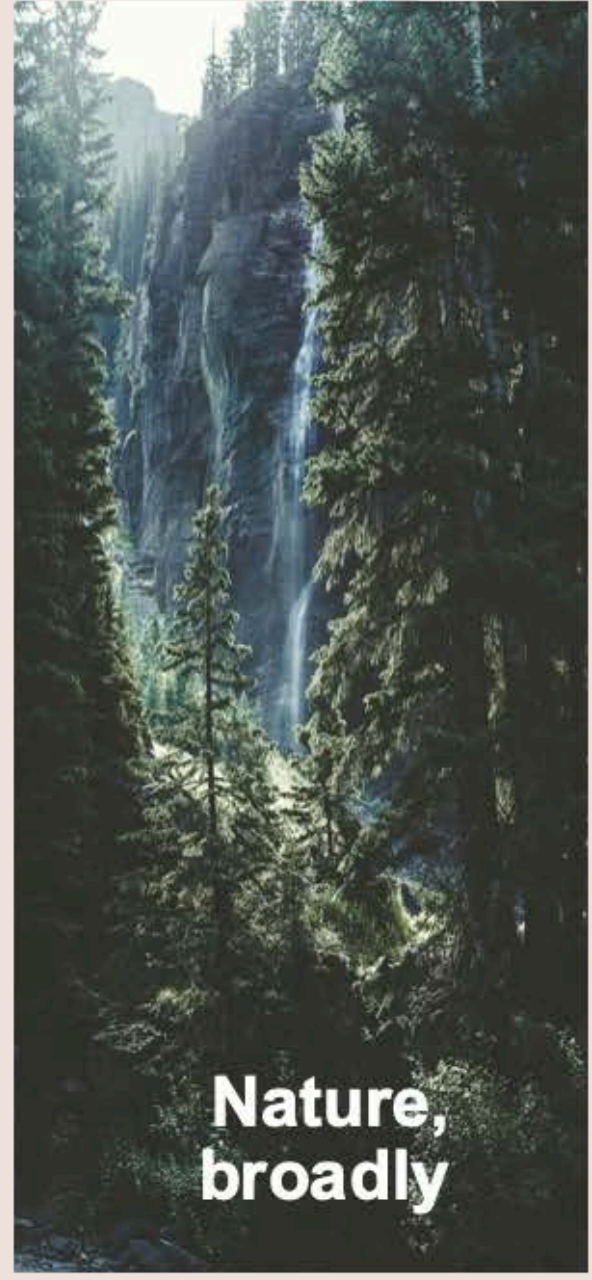


Private finance for nature in 2024: Scaling, moving up the capital continuum and connecting to impact

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Jessica Smith, Diana Denke, Vincent Tang, Nathalie Olsen, Alexander
“Sasha” Wiese, Natacha Boric, Latif Alhassan, Romie Goedicke den Hertog

Nature is a trending investment theme for banks, asset managers and asset owners (including insurers) ...



in line with calls to action in Goal D and Target 19 of the Global Biodiversity Framework

But what do the emerging asset classes look like?

UNEP FI and partners are working towards an enhanced “New Green Shoots” market overview, complementing UNEP’s annual State of Finance for Nature which has a wider scope but private finance has had limitations due to lack of available data sets.

Definition of nature finance: Based on FI claims using keywords (nature, natural capital, biodiversity, etc), including impact, mainstreaming, other types.

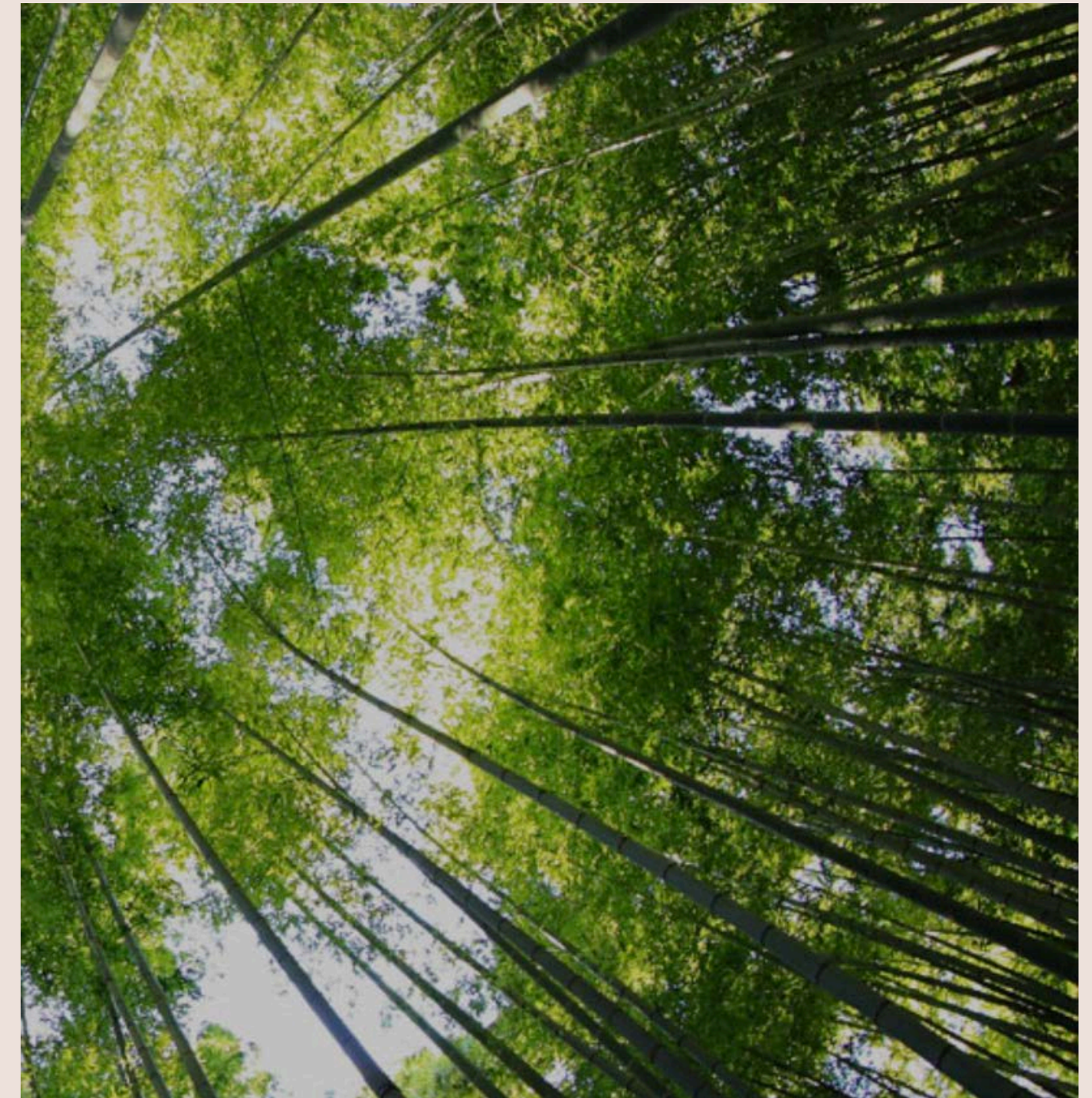
Scope: Only private finance relevant to **banks and investors**. *Excludes* e.g. corporate supply chains, farmer investments, PES user fees, etc. *Adds:* AMFs, ETFs, alternative assets (real estate, infra).

Data sources: 2024 figures: Compiled by UNEP FI from UNEP State of Finance for Nature 2023, Sustainable Fitch, Phenix Capital, Environmental Finance, New Green Shoots (UNEP FI, FfB, PRI, EU B@B), Call for data by FfB, Bloomberg. 2020 figures: adapted from Deutz et al 2020.

Data validation: UNEP SFN, UNEP FI, FfB Foundation

Assumptions:

- Total private capital in circulation per GIIN “sizing the market” method
- Recorded live transactions as at 1 May 2024
- Newly-announced commitments measured proportionally (% / years)



60000,000
50000,000
40000,000
30000,000
20000,000
10000,000
0,000

New estimates - as at 1 May 2024 - show increasing scale in especially in PE, Traded Debt, and Alternative Investments

Annual growth (average over last 4 years)

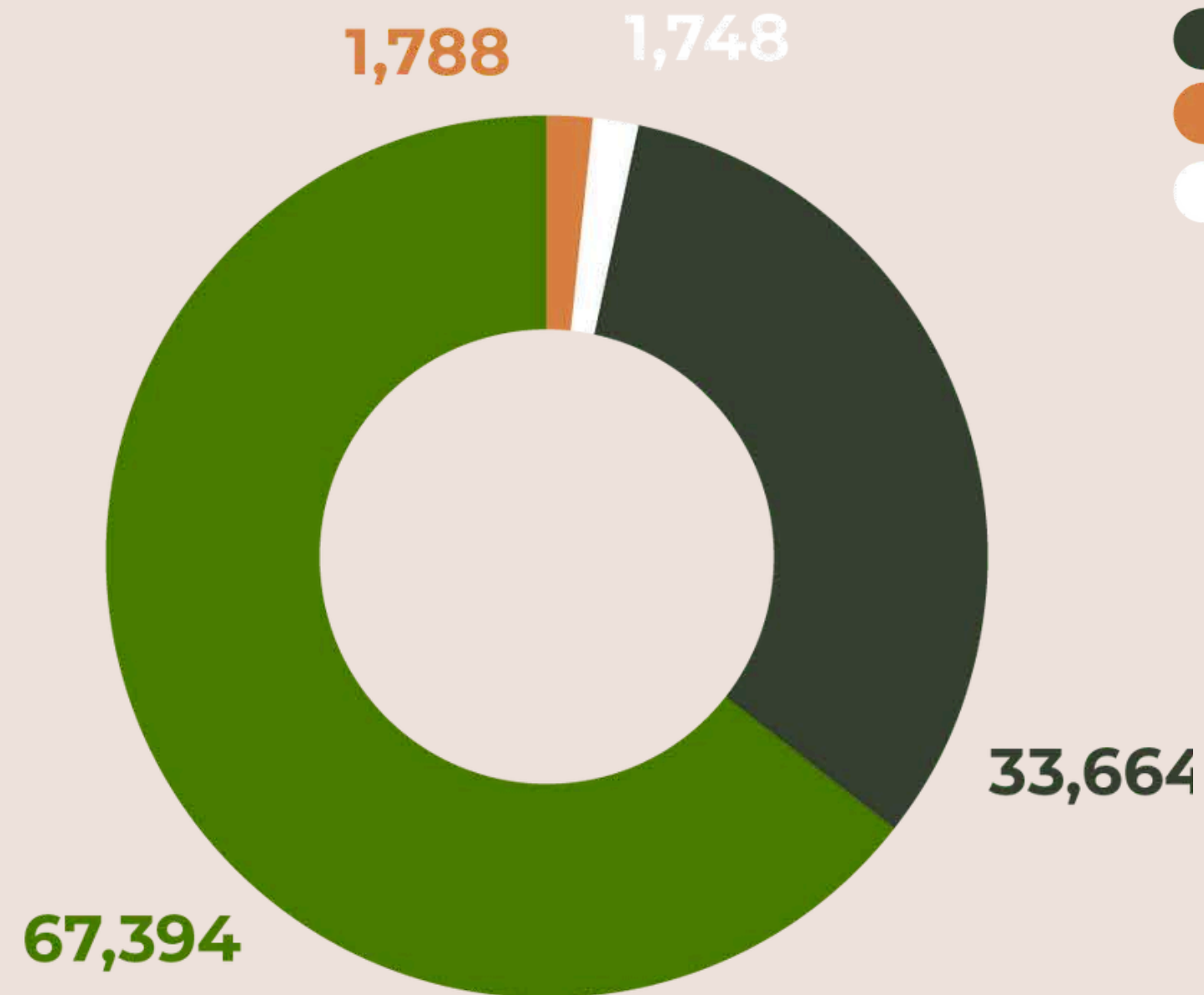
- > 101%
- 11% - 100%
- < 10%



Private finance for nature has grown circa 11x in 4 years



from c. USD 9.4 billion in 2020



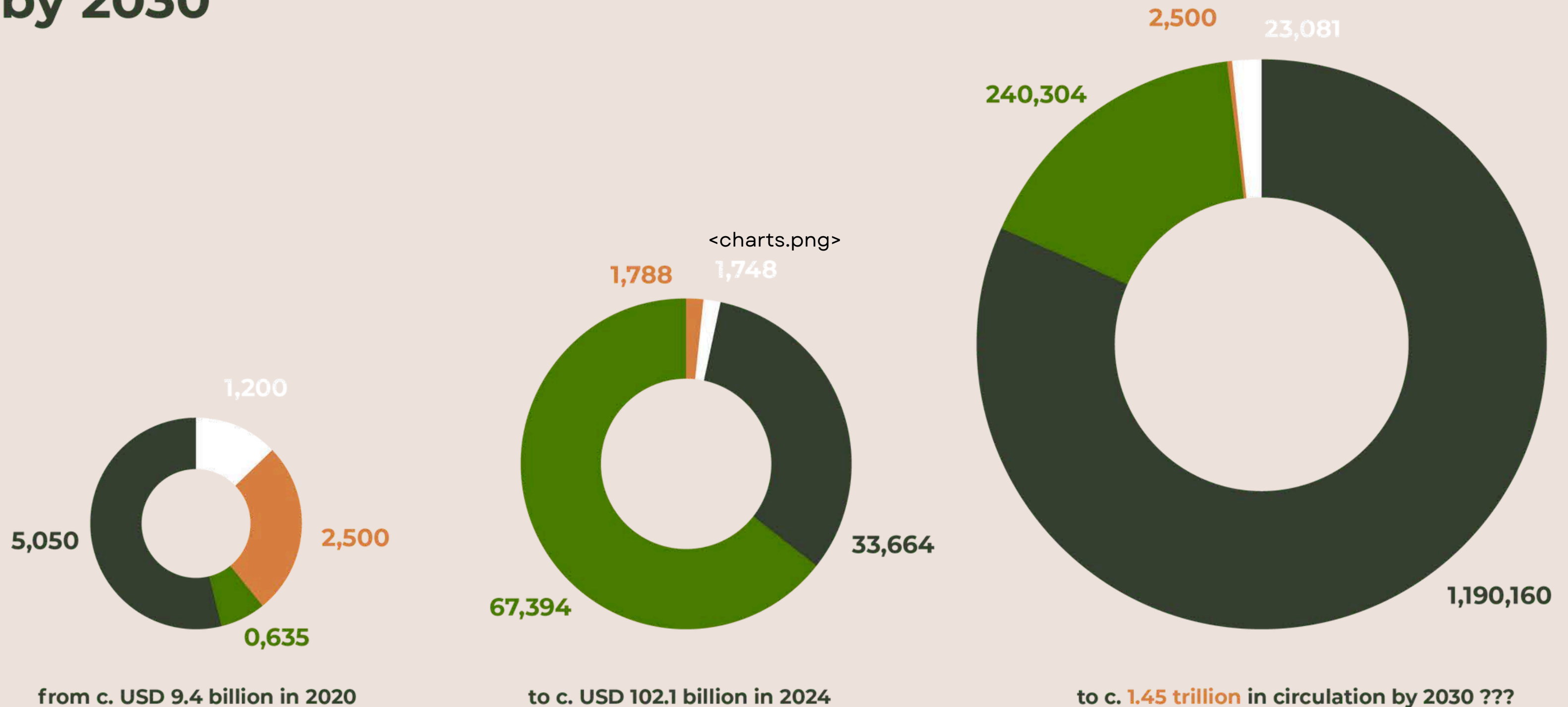
to c. USD 102.1 billion in 2024

- Equity
- Debt
- Philan'y
- Market instruments

Per GIIN "sizing the market" method

If nature finance keeps growing at this pace, we **could** close the gap by 2030

- Equity
- Debt
- Philanthropy
- Market instruments



Many trending categories of private nature finance today did not even appear in Deutz et al (2020), and there is more scope ahead for innovation



Debt conversion with bonds:

\$0 to \$2.49 billion



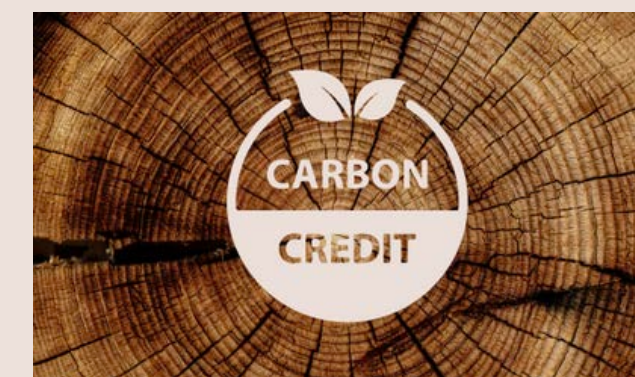
Private equity and venture capital:

\$0 to \$7.33 billion



Actively Managed Funds and ETFs:

\$0 to \$1.548 billion



Biodiversity Credits:

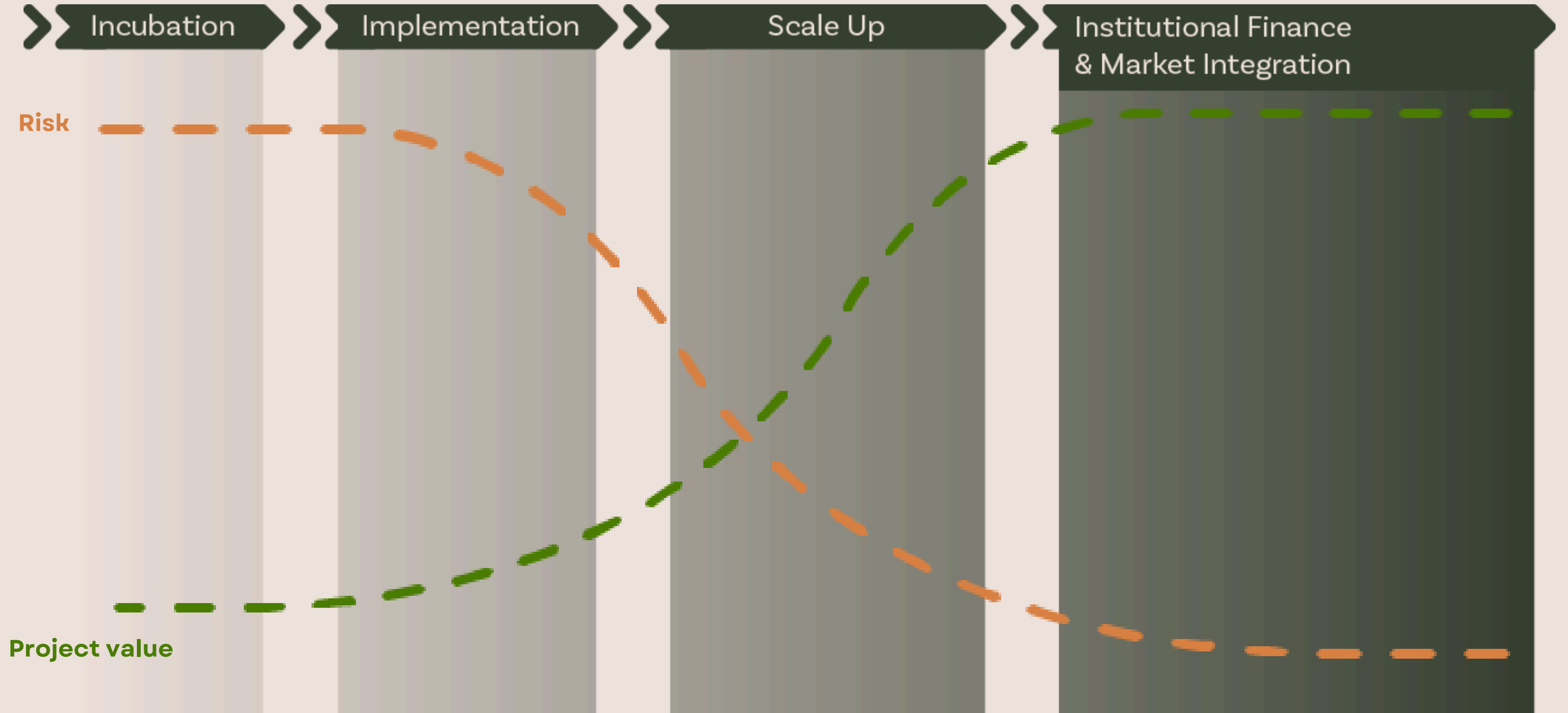
\$0 to \$48 million



New Types?

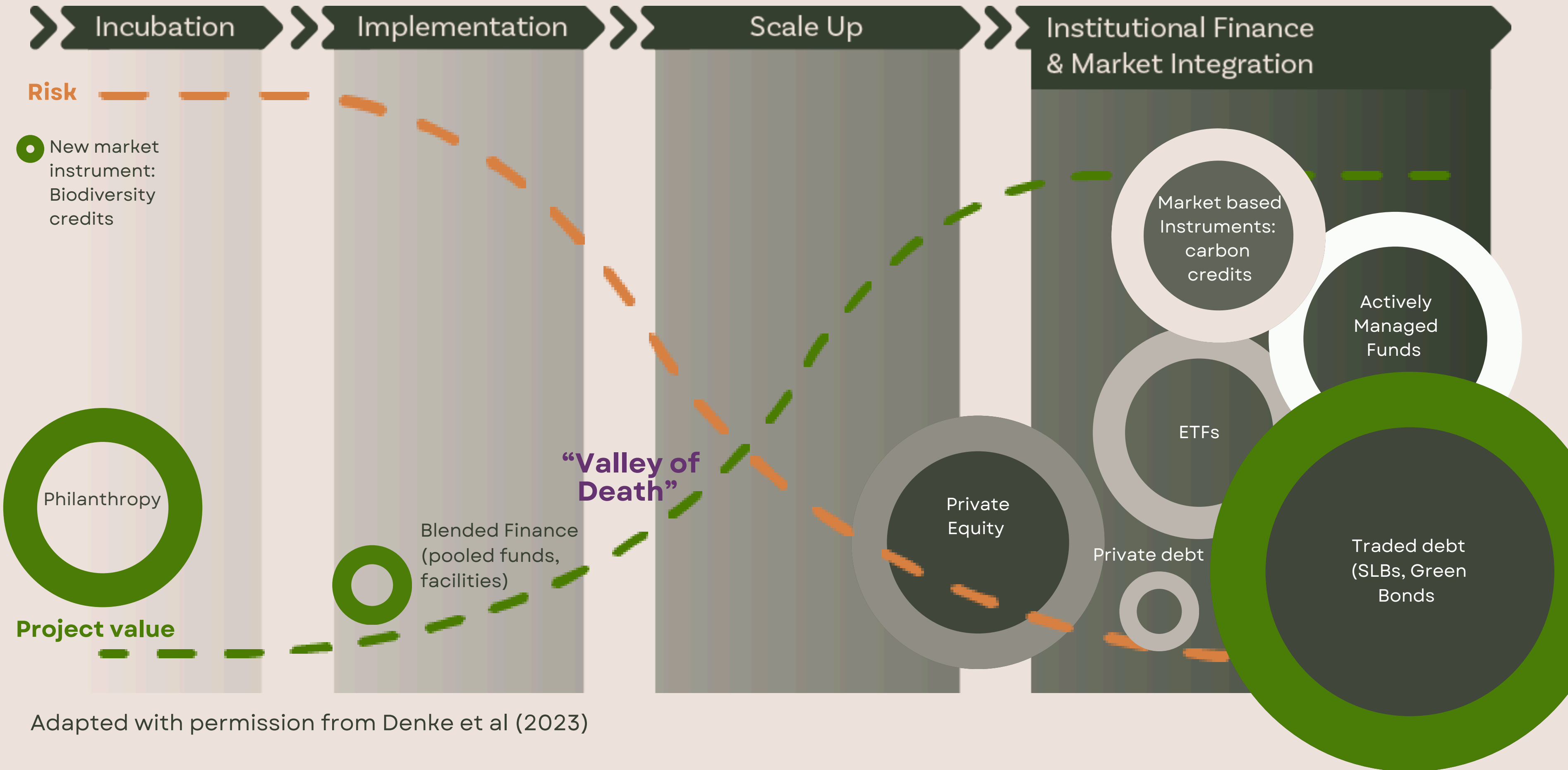
Deutz et al (2020) refers to *Financing Nature: Closing the global biodiversity financing gap*. The Paulson Institute, TNC, and the Cornell Atkinson Center for Sustainability.

The capital continuum provides a structured journey from incubation of a project (e.g. a nature-based solutions) to scale-up and market integration



Adapted with permission from Denke, D., Kiss, E., Prasad, A., Krilasevic, E., Ganesalingam, S., Berardo, K., & Pilkington, J. (2023). *Building the Capital Continuum for Nature Positive Investments*. CPIC.

Nature-based solutions still need more early-stage, risk-taking finance to grow projects to scale, as currently many projects fall in the 'valley of death'



Adapted with permission from Denke et al (2023)

Connecting to impact



Image source:
Nature Positive
Initiative, from
SBTTA/SBI
meetings

Increasing scale, impact and maturity on the capital continuum

Market is growing quickly: opportunities for banks and investors at the forefront, but two big issues need attention:

1. Connecting to impact
2. “Valley of Death”: more risk-taking capital for incubation of nature needed

Today, banks and investors encouraged to:

- **Build coalitions** that can offer the type and volume of financing fitting the needs of each stage, and that enables projects to move along the capital continuum. Foster collaboration e.g. with DFIs, philanthropists
- **Engage in industry efforts** to define norms such as nature positive finance
- **Adopt early stage investment strategies** for nature-based solutions e.g. provide *pro bono* technical assistance to nature-related projects / enterprises
- **Increase local capacity and financial expertise in Global South FIs** - including subsidiaries
- **Direct philanthropy** to the development of four enablers especially data and market governance, and to support human capacity for nature

Further resources

Denke et al (2023). Building the Capital Continuum for Nature Positive Investments. CPIC. [Building a Capital Continuum for Nature-Positive Investments](#)

Deutz et al (2020). [Financing Nature: Closing the Global Biodiversity Financing Gap](#)

Principles for Responsible Banking (2023a). [Banking on Nature](#).

PRB (2023b). [Nature Target Setting for Banks](#).

Smith, J., Denke, D., Alhassan, L., Tang, V., Olsen, N., Wiese, A., Boric, N., Goedicke den Hertog, R. (2024, 16-21 June). "New Green Shoots: Emerging Trends in Nature and Sustainable Finance" Poster AS-WBF-2024-00454 presented to: 3rd World Biodiversity Forum, Davos, Switzerland.

UNEP (2023). [State of Finance for Nature 2023](#)

UNEP FI, PRI, Finance for Biodiversity and EU Business@Biodiversity (2024). [New Green Shoots 2024](#)