



THE FUTURE OF **NATURE MARKETS**



SUMMARY

April 2022



Taskforce on
**Nature
Markets**



F4B



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A history of disregard and destruction of nature

The sustainability of our economic systems depends on the sustainability of our ecosystem and its biodiversity. **Yet nature and its contributions have historically been mis-valued, and its economic benefits inequitably distributed.** Nature's resulting decline increasingly impacts us all, particularly those most directly nature dependent, including farmers, and local and indigenous communities. Nature's destruction also undermines our efforts to address climate challenges with potentially existential consequences.

A surge in the monetarisation of nature across the global economy

Recent developments point to nature becoming more visible and valued across 'nature markets' that generate nature-specific revenue streams. Nature markets involve the trading of nature as the core product itself, such as food, wood products, minerals and nature-based health products. Beyond this is the growth of trade in nature's functions or 'services'. Notable are the links between carbon markets and nature's capacity to store carbon, the value of property near nature and nature-linked tourism, and the emergence of a broader set of biodiversity offset markets. Investors are also waking up to the value of nature. **Nature has joined climate as a risk that needs to be counted and integrated.**

Nature markets designed and governed with a focus on nature and equity could reset the historically unbalanced and unsustainable relationship between nature and economy

Nature's critical relationship with economy is both a source of pressure on nature's health and continued bounty, and a mechanism through which it can be valued, invested in and conserved. Developed appropriately, nature markets could unlock and channel innovation in delivering new nature positive products, engaging and benefiting public and private actors, including local and indigenous communities. **Success in steering nature markets towards purposeful ends could deliver direct value to many actors in the sustainable use of nature,** and catalyse investments linked to nature offset markets, including those linked to carbon markets.

The opportunity to shape purposeful nature markets could also be squandered, or worse

Unchecked monetarisation of nature could lead to its further depletion and damage. For example, unintended consequences could arise from an over-emphasis on markets predicated on one measurable metric (say, carbon reduction or offsets) while missing and negatively impacting other aspects of biodiversity. Nature markets could be responsible for yet another historic round of inequitable outcomes. Unfettered competition in the carbon market, for example, could lead to under-priced purchases of nature-linked carbon offsets, or conversely to skyrocketing land prices that dispossess the ultimate stewards of nature - local communities and indigenous population. **We need to place nature and equity at the core of our economic activity and support the development of purposeful nature markets. The question is how.**

Nature markets need to be principles-based to deliver nature positive, equitable outcomes

Markets need to be designed to generate revenues aligned with equity and nature-centric principles whilst being attractive to would-be sellers, buyers and investors. This is entirely possible, by building on a long history of embedding public purpose into private markets - from the regulatory basis for health and utilities markets to social and environmental market outcomes driven by citizens as consumers, savers, investors and taxpayers.

Principles-based nature markets need the right balance of innovation, power and accountabilities. Today's governing institutions need to be drawn into the effective governance of nature markets, including those responsible for trade, competition and finance as well as those with core socio-environmental mandates. Classical governance instruments can and should be used but are likely to be inadequate for the task. Digitally-powered, decentralised governing instruments can also play a role in advancing the right governance solutions, such as blockchain and tokenisation to enhance transparency, verifiability and trust.

The Taskforce on Nature Markets will seek to advance a principles-based approach in practice

Our 'Call to Action' is to establish a framework for building principles-based nature markets. As we enter this new phase in the nature-economy nexus we have an opportunity to shape tomorrow's nature markets, helping to maximise their positive potential and mitigate associated risks.

The Taskforce on Nature Markets has been established with the core objective being: 'To shape a new generation of purposeful nature markets that deliver nature positive and equitable outcomes.' The Taskforce will engage with, crowd-in and connect active, aligned communities of practice through its remarkable leadership, drawn from policy, legal and governance, market, technology, civil society and indigenous communities. The Taskforce will advance an ambitious work programme that seeks to map existing and emerging approaches, build awareness of opportunities and risks, grow a community of practitioners, encourage innovation, advance supportive governance arrangements, and initiate pathfinder initiatives to scale the implementation of recommended approaches and actions.



The Taskforce on Nature Markets has been established to shape a new generation of purposeful nature markets that deliver nature positive and equitable outcomes. To deliver this objective, the Taskforce is advancing work across 6 interlinked areas: mapping approaches and experiences, building awareness of opportunities/risks, growing a community of practitioners, encouraging innovation, advancing supportive governance arrangements and launching pathfinder initiatives to scale the implementation of recommended approaches.

The Taskforce is an initiative of, and hosted by Finance for Biodiversity (F4B), and is supported by the MAVA Foundation.

Learn more at www.naturemarkets.net



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Finance for Biodiversity (F4B) aims to increase the materiality of biodiversity in financial flows and decision-making, and so better align global finance with nature conservation and restoration. F4B is advancing five workstreams that create and amplify the feedback signals that increase the value of biodiversity in private and public financing decisions: market efficiency and innovation; biodiversity-related liability; citizen engagement and public campaigns; responses to the COVID-19 crisis; and nature markets.

F4B has been established with support from the MAVA Foundation, which has a mission to conserve biodiversity for the benefit of people and nature.

Learn more at www.F4B-initiative.net



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