

# Nature positive economies: progress, lessons and next frontiers

## Executive summary

### Context

- Future global prosperity requires all of society to recognise humankind's economic dependence on nature. Public and private sectors must develop policies and incentives for protecting, restoring, sustaining, and investing in ecosystems and biodiversity.
- This recognition is crucial for a healthier and more resilient natural base needed for social and economic development. We must realise that continuing to degrade nature will undermine our wellbeing.
- Nature positive economies are economies planning and acting so there will be more nature (biodiversity, ecosystem services and natural capital) in future than there is now.
- But the challenge is huge. Despite progress towards carbon emissions accounting, most economic decisions ignore our impacts and dependencies on natural capital such as healthy soils, and clean air and water. Perverse regulations and incentives on nature, and incomplete decision-making, are destroying the most important source of human wellbeing and prosperity.

- A system-wide transformation is needed: one that ensures adequate knowledge can inform decisions so they protect, restore, sustain and invest in nature. The Economics for Nature (E4N) global partnership (funded by the MAVA Foundation) was set up to push for this, and is coming to the end of a six-year programme of work (2016-2022). The Green Economy Coalition led the partnership with Capitals Coalition, the Green Growth Knowledge Partnership (GGKP) and WWF France. Finance Watch and the Scottish Wildlife Trust played a role in the earlier years of the programme.

### Our approach

- We have made nature's value visible by putting natural capital at the heart of economic decision-making. Natural capital is "the stock of renewable and non-renewable natural resources (eg plants, animals, air, water, soils, minerals) that together yield a flow of benefits to people."<sup>1</sup>
- We have connected stakeholder communities and brought the green growth and natural capital communities together, working closely with international and national organisations in France, the European Union, Brazil, Uganda, Madagascar, and India; and with other sector networks.

## Key outputs and outcomes

The E4N collaboration delivered three key outputs on decision-making for nature positive green economies: methods and tools, connections, and best practice.

### OUTPUT 1: E4N strengthened the knowledge base of methods and tools available to embed nature's value within decision-making. Examples are:

- Partners developed analytical tools, such as the **Green Economy Tracker**, which maps how systematically governments adopt transformative changes, including by benchmarking 41 countries' progress towards a green economy; and WWF's **Mind-the-gap-tool**, which maps the gap between reality and environmental sustainability.
- Partners produced **online education resources**, such as Capitals Coalition's Coursera course on valuing nature and people for decision-making,<sup>2</sup> and reports on embedding the value of nature into financial decision-making.<sup>3</sup>
- Partners linked natural capital approaches to key global development processes, such as the GGKP work on calculating the 'natural capital gap' in achieving the SDGs. Building on the methodology of the report on **Natural Capital and the Sustainable Development Goals**, an analysis of the natural capital gap was conducted in 20 countries estimating both how much natural capital would have to be increased to meet selected SDGs as well as the associated costs.<sup>4</sup>
- Decision support tools, such as WWF France's Natural Capital Toolkit<sup>5</sup> and Capitals Coalition's sectoral guides and supplements which support the application of natural capital approaches in decision-making.

### OUTPUT 2: E4N built connections which support the collaboration needed for economic systems that deliver for nature and people, as well as for businesses and economies. Examples are:

- GGKP supported the development of a global policy network: the Natural Capital Expert Working Group.

- Capitals Coalition helped set up Business for Nature (BfN) to mobilise businesses to advocate for more ambitious nature policies. Over the past three years, BfN has grown to be the leading business voice in the Convention on Biological Diversity negotiations on a new global biodiversity framework.
- GEC and Capitals Coalition have been setting up national and regional hubs around the globe to champion nature and expand, share and amplify civil society-led actions to put natural capital at the heart of inclusive green economies.
- E4N partners supported Africa's increasingly active communities on nature positive economies, including through hosting an online African Forum on Natural Capital-based Green Growth, and collaborating with the African Development Bank (AfDB).
- GEC national and regional partners helped launch eight green recovery national dialogues in 2021. These aimed to convene a wide range of organisations and link COVID-19 economic recovery planning to the longer-term goals of structural green economic reform and climate resilience.
- The GEC Insights series has inspired leading thinkers in business, government, and civil society, focusing on the question: how can we redesign our economies to protect and restore nature?

### OUTPUT 3: There is now a rich collection of best practice and use cases showing how nature positive green economies can be built when decisions take account of our impacts and dependencies on natural capital. Examples are:

- GGKP's dedicated space for knowledge resources, including case studies, research papers, data, and expert insights.
- Capitals Coalition's updated and accessible case study database.<sup>6</sup>
- GEC's crowd-sourced repository of consistently collected summaries, case studies and document sources, which underpins its Green Economy Tracker.



- WWF France's scientific collaboration with the Bel Group (makers of Babybel cheese), which investigates the ecological thresholds for dairy farming. This is an illustration of the growing business coalition working on natural capital integration in France.

Through these three key outputs, the partnership has contributed towards long-term structural change. Although our steps have taken diverse forms, two outcomes stand out:

**OUTCOME 1: Because of engagement by E4N and others, several institutions are embedding natural capital in decision-making processes for business, finance and government. Examples include:**

- Natural capital has become a key element in the EU Green Deal. Several European Commission instruments, including the Corporate Sustainability Reporting Directive (to be adopted in October 2022), have natural capital at their centre.
- The OECD environmental performance reviews at country level now include natural capital. Its 2020 Green Growth and Sustainable Development Forum focused on the theme 'Securing natural capital: Resilience, risk management and COVID-19'.
- The final draft of the post-2020 Global Framework on Biological Diversity recognises the importance

of mandatory and open assessments of natural capital impacts and dependencies, as the basis for mainstreaming biodiversity concerns.

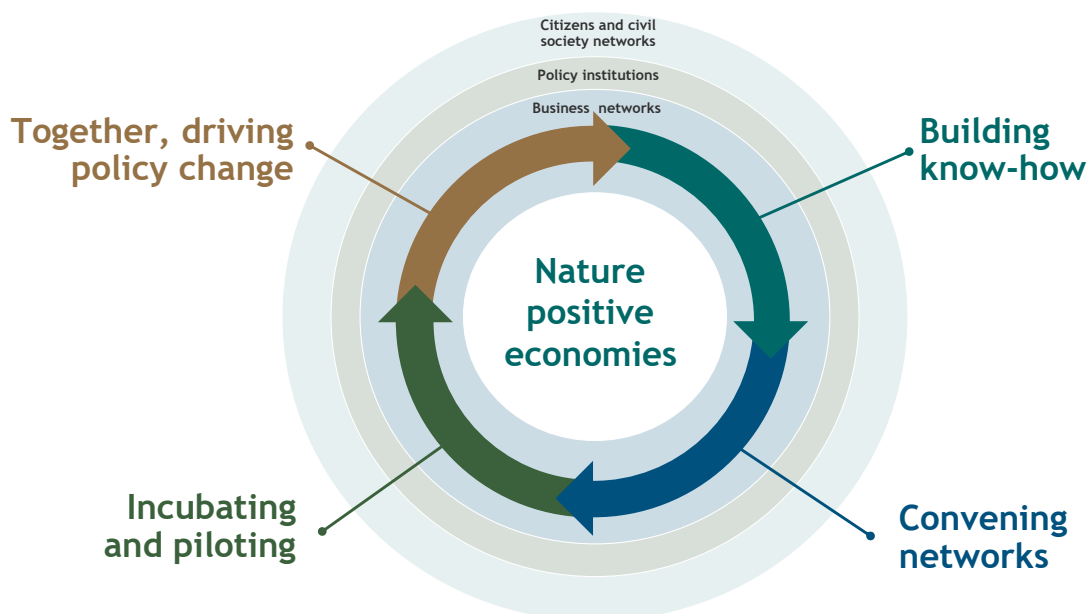
- Several countries have collaborated with E4N partners, and have built on insights, methods and tools to account for nature within their COVID-19 recovery plans. These collaborations show that nature-based recovery is challenging, but also necessary, and brings opportunities for inclusive growth. See, for example, the 2022 report GEC published on lessons from Brazil, France, India and Uganda.<sup>7</sup>

**OUTCOME 2: The E4N partnership has contributed to several institutions' plans to integrate natural capital into investment and development planning. Examples are:**

- The new '3-returns' framework for investing in natural capital, developed by the Global Green Growth Institute in collaboration with GGKP. This framework covers financial, social and human capital, and aims to support decision-makers to formulate and analyse policies, financial instruments, resource allocation and good practice for sustainable landscape interventions.
- The AfDB has committed to mainstreaming natural capital into its programmes, launching a new Natural Capital for African Development Finance programme (NC4-ADF) in September 2021.



## Our approach



## What we have learned

- LESSON 1: The concept of natural capital — although not universally supported — helps to make nature ‘material’.** Focusing on valuing natural capital is an effective way to progress nature positive economies. Although expressing nature as a ‘capital’ can be contentious, six years of E4N experience shows it helps mainstream nature’s value into business and financial decision-making and development planning.
- LESSON 2: Embedding natural capital approaches within global, regional, national and local agendas takes radical collaboration, perseverance, political awareness, knowledge, and capacities.** To really understand the value of natural capital, it is vital that policy, finance, business, scientists and civil society communities all engage with each other.
- LESSON 3: There is no single blueprint for how to stimulate a green economy transition.** A ‘good’ solution for a nature positive economy will vary depending on the societal, economic, environmental and political context. So widescale change will require a variety of initiatives. It is also clear that balancing short-term urgent needs with
- longer term planning is challenging, but always needed. Recovery from the COVID-19 pandemic illustrates this. To support this balance, every policy proposal should have a systematic assessment of its implications for nature, people and the economy.
- LESSON 4: There is no globally-agreed definition of a successful economy that values nature and people as equally-critical elements of a thriving planet.** If this can be agreed, and if societies can fundamentally shift how they regulate and incentivise economies to deliver positive outcomes for nature and people, then business actions, investment strategies, and policy will change.
- LESSON 5: There is a sharp — but also changing — divergence in how ‘the North’ and ‘the South’ can integrate natural capital concerns into decision-making.** The mainly richer OECD countries are integrating natural capital into economic policymaking, and business and financial practice. Other countries that have more limited ‘fiscal space’ and mounting debt-stress (exacerbated by issues like COVID-19) are generally finding this more challenging. Innovative financial strategies, including debt management strategies, are needed to support this fundamental change.



## The frontiers we must cross

Four frontiers must be explored and crossed to achieve a sustainable future for people and nature:

- FRONTIER 1: We must put people at the heart of nature positive economies.** Nature positive economies will not find the support they need to accelerate and endure unless everyone feels included, rewarded and listened to. Indigenous Peoples, for instance, steward the natural environment and also deal first hand with the impact of nature degradation. Their knowledge must routinely shape biodiversity policy processes.
- FRONTIER 2: We must mainstream common frameworks, standards, tools and methods for valuing nature into public and private decision-making and investing.** This is needed if all stakeholders (including businesses, finance, governments, and communities) are to recognise the environmental risks and opportunities that present themselves. Such tools include natural capital accounting frameworks (such as the United Nations System of Environmental Economic Accounting-Ecosystem Accounting for the public sector, and the Natural Capital Protocol for the private sector). They also include green taxonomies that define what count as sustainable
- FRONTIER 3: We must advocate for systemic economic reform that ensures regulation and incentives, as well as public and private funding, support nature positive economies.** A successful economy must include nature positivity and social equity as definitive elements. There are many leverage points: cultural rules must be shifted, incentive structures examined, and behaviours questioned to see whether they support positive outcomes for people, nature and the economy.
- FRONTIER 4: We must advocate for nature-based solutions (NbS) that build climate resilient and nature positive economies.** NbS work with nature to address societal challenges, thereby benefitting human wellbeing and biodiversity. Strengthening our natural environment must be central to daily decision-making, and so too must human wellbeing if nature-based solutions are to work. The UN Decade on Restoration highlights the urgency of preventing, halting, and reversing the degradation of ecosystems on every continent and in every ocean.



Crossing these frontiers will require a fundamental societal shift that makes nature highly political and legally enshrines a fundamental human right to a healthy environment. We must expand and renew a social contract that includes nature for a safe, fair, and sustainable future.

This step is already taken at the global level, with the United Nations' adoption of the right to a healthy environment in July 2022. Over 150 nations have already enshrined some form of this right in their constitutions.

Next, this commitment must be translated into concrete government and business agendas with as big a profile as the climate and environmental crises. Social movements are already calling for this rights-based approach to nature positive economies.

Indeed, the E4N legacy lies not only in frameworks, protocols, tools, methods and projects, but also in the champions (individuals and institutions) that emerge; in the narrative of nature positive economies; and in the ways that the E4N mission and vision has influenced and continues to shape each partner's work.

There has, in many ways, been more progress than any of us thought possible, although not always in the direction we would have predicted. As organisations and individuals, we will continue working towards nature positive economies and an equitable, nature positive future for all. This is not only needed, but also widely wanted, and requires strong and long-lasting relationships between all the stakeholders that E4N brought together.

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“ Nature positive is a disruptive idea. It forces us to think differently about our place in the world. It is a destination for humanity. It is a foundation for good governance, long-term stable societies and healthy economies. It is a philosophy that values our common future. And it is a new business model based on regeneration, resilience and recirculation – not destruction and pollution.”<sup>8</sup>

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## Notes

- 1 Natural Capital Protocol (1996), adapted from Atkinson and Pearce (1995) and Jansson et al (1994) [https://naturalcapitalcoalition.org/wp-content/uploads/2018/05/NCC\\_Protocol\\_WEB\\_2016-07-12-1.pdf](https://naturalcapitalcoalition.org/wp-content/uploads/2018/05/NCC_Protocol_WEB_2016-07-12-1.pdf)
- 2 Coursera: Valuing nature and people to inform business decision-making. [www.coursera.org/learn/valuing-nature-and-people-to-inform-business-decision-making](http://www.coursera.org/learn/valuing-nature-and-people-to-inform-business-decision-making)
- 3 Improving Nature's Visibility in Financial Accounting. <https://capitalscoalition.org/publication/improving-natures-visibility-in-financial-accounting/>
- 4 Markandya, A and Pedroso Galinato, S (2021) The Natural Capital Gap and the SDGs: Costs and Benefits of Meeting the Targets in Twenty Countries. Green Growth Knowledge Partnership, Geneva. [www.greengrowthknowledge.org/research/natural-capital-gap-and-sdgs-costs-and-benefits-meeting-targets-twenty-countries](http://www.greengrowthknowledge.org/research/natural-capital-gap-and-sdgs-costs-and-benefits-meeting-targets-twenty-countries)
- 5 WWF France (2019) Natural Capital and organizations' strategies – an overview of available tools. [https://wwf.panda.org/wwf\\_news/?358221/natural-capital-tools-guide](https://wwf.panda.org/wwf_news/?358221/natural-capital-tools-guide)
- 6 Capitals Coalition, Case Studies. <https://capitalscoalition.org/impact/case-studies/>
- 7 Patel, S and Steele, P (2022) Post-COVID Economic Recovery and Natural Capital. Green Economy Coalition. [www.greeneconomycoalition.org/news-and-resources/post-covid-economic-recovery-and-natural-capital](http://www.greeneconomycoalition.org/news-and-resources/post-covid-economic-recovery-and-natural-capital)
- 8 Holdorf, DB, Echandi, CMR, Lambertini, M, Ishii, N, Rockström, J and Topping, N (23 June 2021) What is 'nature positive' and why is it the key to our future? [www.weforum.org/agenda/2021/06/what-is-nature-positive-and-why-is-it-the-key-to-our-future/](http://www.weforum.org/agenda/2021/06/what-is-nature-positive-and-why-is-it-the-key-to-our-future/)





## Economics *FOR* Nature

A global partnership to put  
natural capital at the heart  
of our economies