New Nature Economy – Report 2: The Future of Nature and Business

2020

Summary brief for business

The World Economic Forum's (WEF) second report of the New Nature Economy Report (NNER) series "**The Future of Nature and Business**", launched on **15 July**, is focused on providing a pragmatic agenda for business to address the most important drivers of nature loss. This summary highlights the main points from this report relevant to business.

The report puts forward 15 priority transitions across three key socioeconomic systems that can form the blueprint of a multi-stakeholder action agenda for nature-positive pathways. Our global economy and individual businesses have much to gain from addressing this crisis by developing economic models that can function in harmony with our planet. The report quantifies the value of the business opportunity for delivering the 15 transitions at **USD $10.1 trillion**. The 15 transitions could create **395 million jobs** by 2030, representing around one-fifth of the total projected increase in the global labour force between now and 2030. To reach this scale, **investments of around USD $2.7 trillion** annually are needed through 2030.

In light of the recent COVID-19 stimulus packages announced by most governments, the report is a timely addition highlighting the business case for investing in nature to help build a nature-positive carbon neutral economy. Restoring nature should play a central role in the green recovery, underpinned by science-based targets and driven by nature-based solutions. There is converging evidence that both nature loss and climate change play a critical role in the increase of emerging infectious diseases. Nature loss very likely plays a more important role in the case of the COVID-19 pandemic, as coronaviruses tend to spread from transitional landscapes where nature loss threatens wildlife and animals become reservoirs for viruses. The pandemic has also shown the interlinkages of the food, nature and climate systems and illustrates therefore that integrated approaches which build back better are required.

The report comes out of the Nature Action Agenda platform targeted at engaging committed actors in the run-up to the UN Convention on Biological Diversity (CBD) COP15 – and in support of the related Business for Nature agenda. The NNER series focuses on the business and economic case for action. The first report focused on the materiality of nature-related risks for businesses, with the last report of the series, due to be launched in the fall of 2020, highlighting finance for nature-based solutions – see our business summary of the first report here.

The NNER series are landmark publications to watch for in 2020. The Dasgupta Review led by the UK Government, will assess the economic benefits, costs and risks of biodiversity globally, and identify a range of actions that can enhance biodiversity and deliver economic prosperity. The Interim report was launched on 30 April (see our business summary here) and the final Review will be published in the fall of 2020 as a key input into the CBD COP15.

WANT TO LEARN MORE?

WBCSD and our members are responding to the COVID-19 crisis through three projects: Vital Supply Chains Resilience, Return-to-"New Normal" Scenarios and Long-Term Impacts. Please visit our website for more information.

Join WBCSD's new Nature Action project to contribute to the fast-moving nature agenda. Work will focus on three areas: providing guidance on the development of science-based targets for nature and methodologies for nature-based solutions; building business solutions and collective action on the three systems identified by this NNER report: food, land and ocean use, infrastructure and built environment, and energy and extractives; and finance innovation to shift investment decision-making. For more information, please contact Maria Ana Campos.

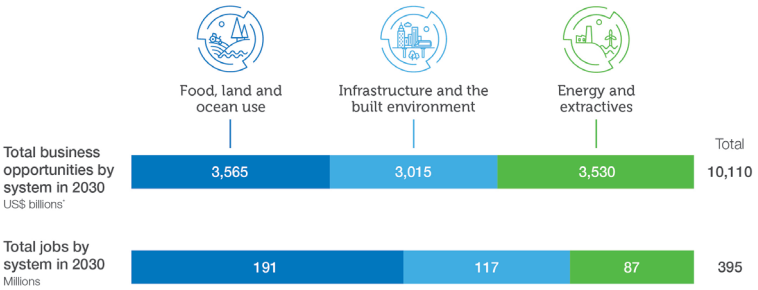
Only with collective actions and policy ambition will we be able to reverse nature loss. Sign up to the Business for Nature's Call to Action "Nature is everyone's business" by 1 September to join the business movement calling for international policy ambition on nature.

Headlines you need to know from the report

- **The report addresses three economic systems with the largest impact on nature loss**: Food, land and ocean use; Infrastructure and the built environment; Energy and extractives. These systems endanger around 80% of threatened and near-threatened species, are responsible for the most significant business-related pressures on biodiversity and have the largest opportunity for businesses to lead in co-creating nature-positive pathways.
- These three systems represent over a third of the global economy and provide up to two-thirds of all jobs.
- Transitions are identified for each system required to build a nature positive world.
- **Specific opportunities are identified with a potential value of USD $10.1 trillion and which could create 395 million jobs by 2030**. To reach this scale, investments of around USD $2.7 trillion annually are needed through 2030.
- Of the three systems prioritized, the food, land and ocean use system places the greatest strain on planetary boundaries. Together, the seven threats that relate to the activities and supply chains of this system impact around 72% of all threatened and near-threatened species, as classified by the IUCN Red List. The threats emerging from the infrastructure and the built environment system together impact 29% of the IUCN's list and the Extractives and energy system account for 18% of the threatened and near-threatened species.
- **The Food, land and ocean systems** represents around USD $10 trillion of GDP (12% of global GDP) and up to 40% of employment. An estimated 40% of global GDP currently originating from the built environment. The energy and extractives system accounts for an estimated 23% of global GDP and 16% of employment.
- Agriculture and land use are responsible for around 30% of global greenhouse gas (GHG) emissions,

Capital Investment

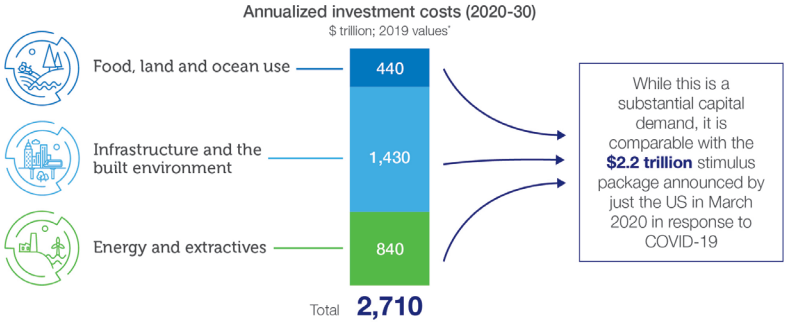
15 transitions in the three socio-economic systems could deliver $10.1 trillion of annual business opportunities and 395 million jobs by 2030



*Based on estimated savings or project market sizing in each area. These represent revenue opportunities that are incremental to business-as-usual scenarios. Where available, the range is estimated based on analysis of multiple sources. Rounded to nearest US$5 billion.

SOURCE: Literature review; Market research; Expert interviews; AlphaBeta analysis

Capital investment required to capture opportunities in the three systems is around $2.7 trillion annually



* Based on estimated investment requirements to capture the business opportunities linked to transitions in each system. Rounded to nearest $5 billion.

SOURCE: Literature review; Global Sustainable Investment Alliance; AlphaBeta analysis

over 70% of freshwater use and over 80% of tropical deforestation and habitat loss, and are the largest producers of wastewater of all three systems. The equivalent of one garbage truck of textiles is landfilled or burned every second, meaning USD $500 billion is lost every year because of discarded clothing.

- Demand for **infrastructure** investments is estimated at USD $6 trillion per year, with a projected financing gap of roughly half the required spending. Every week until 2030, around 1.5 million people will be added to cities.
- The **extraction, production, manufacturing and generation of energy and materials** is both a major contributor to global economic growth and a major threat to biodiversity. Its negative externalities – air pollution and carbon emissions – equate to USD $9 trillion annually or around 10.5% of global GDP.
- Global energy demand will rise by 40% through 2050, and materials use will rise by 110% through 2060.
- **Natural resource extraction** and processing make up approximately 50% of the total GHG emissions and impact water stress and biodiversity, putting at risk the goals of the Paris Agreement and Sustainable Development Goals.
- **Mining** utilizes under 1% of global land area, but its negative impact on biodiversity, water availability and quality, and human health may be larger than that of agriculture. Illegal mining is the second most lucrative natural resource crime, after illegal timber extraction.

	Transitions	Market opportunities
Food Land & Ocean Systems	1. **Ecosystem restoration and avoided land and ocean use expansion:** protecting critical ecosystems from any further conversion to farming and fishing, along with stabilizing and gradually reducing the size of agriculture's and fishing's footprint on ecosystems. 2. **Shift to productive and regenerative agriculture:** transforming agricultural landscapes and farming practices for both food and non-food agriculture through a combination of traditional climate-smart farming techniques, advanced precision technologies, and bio-based inputs can increase biodiversity, enrich soils, improve water management and enhance ecosystem services while improving yields. 3. **Healthy and productive ocean:** sustainably manage wild ocean fisheries by respecting and upholding fishing quotas based on scientific evidence and limiting fishing to specific zones. 4. **Sustainable management of forests:** techniques such as reduced-impact logging, improved harvest planning and precision forestry can allow forests to flourish while meeting the world's resource needs. 5. **Planet-compatible consumption:** dietary consumption shifts towards nutritious, affordable and environmentally friendly products that minimize their negative impact on nature, as well as reducing consumer waste in food and textiles 6. **Transparent and sustainable supply chains:** integrating transparency, traceability and increased collaboration into supply chains, stakeholders can improve sustainable sourcing, eliminate illegality, reduce food and material loss, improve safety and quality, and ensure that consumers, regulators and investors are able to make informed decisions that, in turn, reinforce responsible production.	**EMERGING BUSINESS OPPORTUNITIES ACROSS THESE SIX TRANSITIONS COULD CREATE NEARLY USD $3.6 TRILLION WORTH OF VALUE AND 191 MILLION JOBS BY 2030:** • **Halving consumer food waste** is worth around USD $380 billion by 2030. • **Reducing food loss and waste in the food supply chain** could generate cost savings of USD $365 billion by 2030. • **Diversifying the basket of vegetables and fruits** is worth USD $310 billion annually by 2030. • **Ecotourism** has a revenue opportunity of USD $290 billion by 2030. • **Technology in large-scale farms** could yield up to USD $195 billion by 2030 when valuing land spared by increased productivity. • **Sustainable forest management for timber, pulp and paper products** could create USD $165 billion in additional revenue opportunities by 2030. • **Circular economy in textiles** by increasing the current rate of circularity of textile waste from 14% to just 30% could generate a savings worth USD $130 billion by 2030. • **Bio-innovation** (both plant and animal genetics technology) could be worth USD $125 billion by 2030. • **Sustainable aquaculture** worth USD $115 billion by 2030 – projected to double between 2015 and 2030. • **Natural climate solutions** (valued through carbon markets) worth USD $85 billion by 2030. • **Alternative proteins** could capture 10% of the global meat market by 2030, up from less than 1% in 2017, to create a market value of USD $85 billion. • **Sustainable inputs** i.e. opportunities related to biopesticides and microbial and organic fertilizers could be worth USD $60 billion annually by 2030 and create 4.3 million associated jobs. • **Sustainable management of wild fisheries**: around USD $40 billion in savings by 2030 caused by overexploitation of wild fisheries. **Precision fishing technologies** could save about USD $11 billion a year. • **Certified sustainable foods** market opportunity worth USD $20 billion in 2030.

	Transitions	Market opportunities
Infrastructure and Built Environment system	1. **Compact built environment:** protecting critical ecosystems from conversion to human settlements and promoting compact development, rather than sprawling expansion, in existing cities and in new cities in non-critical habitats. 2. **Nature-positive built environment design:** engineered solutions that leverage nature – including natural systems for heating, cooling and lighting, along with green spaces such as streetscapes, roofs, walls and raingardens. 3. **Planet-compatible urban utilities:** aim to effectively manage air, water and solid waste pollution in urban areas. 4. **Nature as infrastructure:** complementing human-engineered solutions with restoring and protecting nature. 5. **Nature-positive connecting infrastructure:** such as green transport, subterranean infrastructure and eco-bridges to minimize habitat fragmentation.	**EMERGING BUSINESS OPPORTUNITIES ACROSS THESE FIVE TRANSITIONS COULD CREATE OVER USD $3 TRILLION WORTH OF VALUE AND 117 MILLION JOBS BY 2030:** • **Improving energy efficiency in buildings** could provide annual cost savings of USD $825 billion. • **Repurposing land freed from parking** could generate an annual global rental value of USD $310 billion in 2030. • **Improving solid waste management** has a revenue opportunity of USD $305 billion in 2030 with higher collection and recycling. • **Sustainable transport infrastructure** can be financed from two-thirds to all of the USD $730 billion annual infrastructure finance gap in the transport sector. Private institutional investors could potentially address around USD $290 billion of this annual gap. • **Nature-based solutions for water supply** could save USD $140 billion in providing clean and safe drinking water for 1.4 billion people by 2030. • The **flexible office business model** could create up to USD $140 billion in additional market opportunities by 2030. • **Reducing municipal water leakage** could save up to 120 billion cubic metres of water annually by 2030, creating cost savings opportunities worth up to USD $115 billion. • **4IR-enabled logistics** could be worth up to USD $75 billion in 2030.
Energy & Extractives	1. **Circular and resource-efficient models for materials** will reduce the amount of new resources required to satisfy our consumption needs. 2. **Nature-positive metals and mineral extraction** approach includes non-invasive exploration techniques, sustainable management of extractive sites, more-efficient extraction, and plans for extensive remediation of ecosystems and communities once extraction is complete. 3. **Sustainable materials supply chains** integrate transparency and traceability. 4. **Nature-positive energy transition** involves managing the design, siting and resource demand of renewable energy projects, capturing the substantial opportunity for protection and restoration of nature implicit in natural climate solutions, and carefully balancing the climate benefits and biodiversity implications of the development of bioenergy.	**EMERGING BUSINESS OPPORTUNITIES ACROSS THESE FOUR TRANSITIONS COULD CREATE OVER USD $3.5 TRILLION WORTH OF VALUE AND ALMOST 87 MILLION JOBS BY 2030:** • **Circular models in the automotive sector** could create a cost savings of up to USD $870 billion by 2030. • **Expansion of renewables in generating power** worth up to USD $650 billion by 2030. • **Improving resource recovery** in extraction can save up to USD $225 billion by 2030. • Increasing **steel efficiency in end-use applications** could generate a cost savings of up to USD $210 billion by 2030 in reduced material usage and energy demand. • **Shared infrastructure in extractive operations** could save companies up to USD $130 billion by 2030. • **Circular models for plastic packaging** has the potential to create cost savings worth USD $70 billion by 2030. • Fully **rehabilitating mines** worth up to USD $70 billion by 2030 – 3.5 times the value of the market today. • **Blockchain applications in energy and mining supply chains** could be worth USD $30 billion in 2030.

Creating the enabling environment for change

2020 was set to be a turning point for the future, with governments deciding on the Post-2020 Global Biodiversity Framework, but the COVID-19 pandemic delayed the Convention on Biological Diversity's COP15. However, the work to halt and reverse nature loss continues, and is more important than ever before.

Many countries have announced large stimulus packages to recover from the humanitarian and resulting economic crises. These packages must not reinforce existing negative economic models, but rather support investments in alternative nature-positive pathways.

A nature-positive, carbon neutral resilient economy cannot be achieved by business action alone. Policy and regulatory change from governments and shifts in the habits and social norms of billions of people will be needed to shape the path forward.

What can business do?

The business case for action is clear, the report has shown 15 transitions that are needed to build towards a nature positive world. Companies should identify which transitions affect their own operations and the role they can play in leading or supporting them. The report identified that there are market opportunities valued at around USD $10.1 trillion for delivering the 15 transitions. For many of the transitions, nature-based solutions - actions that deliver societal benefits such as health, food, clean water, flood prevention or climate mitigation and adaptation, while benefiting people and nature - offer many present and future business opportunities. The Nature Action Project of WBCSD, building from the transitions outlined in the report, is developing the collective action platform for business to scope, scale and implementation Nature-based Solutions to support this agenda. Together we will deep-dive into the systems identified by the report and support business to scale up action.

COVID-19 will put additional stress on government budgets, so the private sector will need to step up and collectively act in areas where they can move ahead of policy and regulation and engage and advocate with government and other stakeholders to advance the needed policy reforms. The Call to Action launched by the Business for Nature Coalition, "Nature is everyone's Business" can be signed by individual companies to build the collective voice of business to signal to governments the need to adopt ambitious nature policies to reverse nature loss in this decade.

The report calls for companies to build alliances and collaboration platforms to co-create shared transition roadmaps for specific value chains or regions. Potential public-private cooperation opportunities across sectors could help create the critical mass of change agents required to tip markets and value chains towards nature-positive models. Innovative financing models and technological innovation will be key to achieve the transitions. In addition, best practices and appropriate voluntary corporate policies could be adopted as a way forward to limit the impact on nature. These policies and best practices should be promoted among their suppliers, customers and other business partners to create change along the full value chain.

POLICY RECOMMENDATIONS FROM THE POLICY COMPANION

The report included a Policy Companion that outlines six cross-cutting policy enablers and identified opportunities of a nature-positive recovery by investing in three building blocks for economic recovery, which are (1) Protect and restore natural capital assets, (2) Scale regenerative value chains (3) Enhance resource productivity.

The six policy enablers, aligned with and build on the policy recommendations created by Business for Nature, are as follows:

- **Measure the right things:** understanding the real value of nature – and the hidden costs of nature-related risks – is critical. Integrating natural capital accounting into government budgets and public procurement processes could help monitor and therefore manage natural capital stocks.
- **Deploy spatial planning:** using tools for spatial planning will be key and must be accompanied with a clear legislative framework to unlock the dividends of a nature-positive economy.
- **Fix incentives:** repurposing and reinvesting public finance would help farmers to maximize productivity levels while reducing inputs, restoring soil health for future yields and ultimately safeguarding livelihoods.
- **Enable innovation:** The digital revolution could transform the way we manage the world's stock of natural capital. Governments have a vital role to play in designing this "innovation ecosystem".
- **Invest in human capital:** Nature-positive investments can play a vital role in human capital development. It needs to be combined with an equivalent commitment to policies and market practices that result in decent wages and social protection for workers across the economy.
- **Unlock capital markets:** Governments have a range of instruments with which to tackle market failures, making it easier to mobilize private capital. They can deploy instruments to mitigate investor risk, strengthen the use of market mechanisms, take creative approaches to corporate and sovereign (COVID-19-related) refinancing events.

Working together to deliver solutions

WBCSD is working with members on solution areas to create and mobilize a collective voice of business and create solutions to deliver against these challenges through the Climate & Energy Program and the Food & Nature Program. The Nature Action Project is part of the Food & Nature Program, which also includes Scaling Positive Agriculture, FReSH, Natural Climate Solutions (in partnership with the Climate & Energy Program), the sector projects Forest Solutions Group and Global Agribusiness Alliance, and the True Value of Food and the We Value Nature training in partnership with the Redefining Value Program.

Participate in multi-stakeholder initiatives and business coalitions like Business for Nature, the Natural Climate Solutions Alliance, and multi-stakeholder initiatives like the Food and Land Use Coalition (FOLU) and the Food System Dialogues.

Additional resources

Download the full Future of Nature and Business Report here and the Policy Companion here.

WBCSD has published business summaries of other important reports. Please see the UN's IPCC special report on Land, with the business summary here; the EAT-Lancet Commission on Food, Planet, Health with the business summary here; The WEF New Nature Economy Series Chapter 1 with the business summary here; and the IPBES Global Assessment report with the business summary here.

About the World Business Council for Sustainable Development (WBCSD)

WBCSD is a global, CEO-led organization of over 200 leading businesses working together to accelerate the transition to a sustainable world. We help make our member companies more successful and sustainable by focusing on the maximum positive impact for shareholders, the environment and societies.

Our member companies come from all business sectors and all major economies, representing a combined revenue of more than USD $8.5 trillion and 19 million employees. Our global network of almost 70 national business councils gives our members unparalleled reach across the globe. Since 1995, WBCSD has been uniquely positioned to work with member companies along and across value chains to deliver impactful business solutions to the most challenging sustainability issues.

Together, we are the leading voice of business for sustainability: united by our vision of a world where more than 9 billion people are all living well and within the boundaries of our planet, by 2050.

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