

Accelerating private investment in sustainable land management

Cristina Hastings Newsome from Nuveen discusses opportunities for private capital in nature-based investments

Climate risk mitigation is high on the agenda around the world. But tools to value nature, as part of a larger ecosystem, still fall short. Biodiversity, water quality, pollination, and soil health are among the many aspects of a healthy ecosystem that risk being forgotten.

Such neglect could exact a heavy economic toll. According to a 2020 World Economic Forum report, 50% of the world's GDP is moderately or highly dependent on nature.¹ Additionally, the economic benefits derived from nature, from provisioning and regulating to cultural services, are estimated at 1.5 times global GDP.²

The European Central Bank estimates that almost 75% of bank loans in the Euro area have been given to firms with at least one major ecosystem services dependency.³ Examples of such services include protection against natural hazards, carbon sequestration by vegetation, and the products obtained from natural ecosystems, such as food, water and timber.

Macro trends will only intensify these conditions. As the global population rises to an estimated 9.7 billion by 2050⁴, food production will need to increase by nearly 60% compared with 2010, and emissions must simultaneously decrease⁵. Sustainable land management could play a major role in meeting global nature, climate, and sustenance targets.

Valuing nature

In the private sector, valuing nature allows it to be better measured, monitored, and enhanced. In fact, incorporating natural capital into decision-making is critical to sustainable growth; Conservation International notes that without it, companies may be missing risks and opportunities.⁶ Natural



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capital accounting may also help policymakers expand their metrics for economic success, moving “beyond GDP” to consider the extent and condition of natural ecosystems.

In addition to enhanced accounting, increasing investment in sustainable land management will require greater collaboration. For example, the Good Food Finance Network (GFFN), comprised of both public and private financial institutions, identifies impact, measures performance, and mobilizes finance for food systems transformation. The GFFN also encourages the setting of diligent, time-bound targets through its High Ambition Group.

According to the United Nations, nature-based investment must more than double by 2025 to \$384bn, up from \$154bn in 2022, and continue to rise to \$674bn by 2050.⁷ More than 80% of current investment comes from public funds, but analysis shows that private capital investments must increase significantly.

Tools such as natural capital accounting, along with increased multi-stakeholder collaboration, could galvanize capital flow into sustainable land management, allowing investors to reap the benefits across nature, climate, and sustenance goals.

1 <https://www.weforum.org/press/2020/01/half-of-world-s-gdp-moderately-or-highly-dependent-on-nature-says-new-report/>

2 <https://www.weforum.org/agenda/2018/10/this-is-why-putting-a-price-on-the-value-of-nature-could-help-the-environment>

3 <https://www.ecb.europa.eu/press/blog/date/2023/html/ecb.blog230608~5cffb7c349.en.html>

4 <https://www.un.org/en/global-issues/population>

5 <https://www.weforum.org/agenda/2020/11/food-security-why-it-matters/>

6 <https://www.conservation.org/blog/what-on-earth-is-natural-capital>

7 <https://healthpolicy-watch.news/un-environment-investments-in-nature-based-climate-solutions-must-double-by-2025/>

Nuveen Natural Capital is Nuveen's land-focused investment manager. We provide investors with access to global farmland and timberland opportunities with \$12.4bn AUM* across diverse geographies, crop and tree species, and operating strategies. With over 35 years of investment experience and more than 200 employees located across 10 countries, the platform offers unparalleled geographic reach married with deep sector expertise.

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*As of December 31, 2022, reflective of fair market value.