

9 ECONOMIC AND FINANCIAL REFORMS TO STOP THE COLLAPSE OF NATURE

A beginner's guide to transformative change
for preserving the habitat of humanity

1



ADOPT BINDING INTERNATIONAL TARGETS FOR PRESERVING NATURE

In 2021, the United Nations will start renegotiating **international targets** for the **conservation** and **restoration** of nature to be met for 2030. But economic growth will keep harming nature if governments do not also plan for the **transition** to a sustainable economy.

2



REQUIRE COMPANIES TO CALCULATE, DISCLOSE AND REDUCE THEIR ENVIRONMENTAL IMPACT

To know which activities are causing nature-loss, it is not enough that some companies disclose their impact on nature voluntarily; policymakers must require large companies to **disclose their environmental impact** and to define their **transition plans**.

3



AVOID DESTROYING NATURE INSTEAD OF COMPENSATING FOR DAMAGES

Reducing environmental harm should mean just that. Policymakers should refrain from allowing companies to harm nature and then paying compensation. This will encourage a shift from 'harming nature as a cost of doing business' to **avoiding harm in the first place**.

4



MAKE SURE "GREEN" FINANCIAL PRODUCTS ARE REALLY "GREEN"

A growing number of savers are keen to invest their money in environmentally sound activities. But not many finance professionals who sell green financial products are able to **authenticate their "sustainability" claims**.

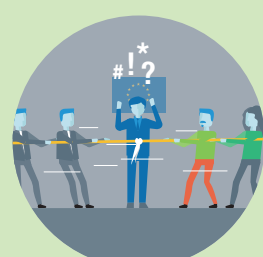
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DO NOT RELY ONLY ON PRIVATE FINANCE TO SAVE NATURE: IT WILL NOT ON ITS OWN

Private finance always needs sufficient revenue sources, even sustainable finance. But **nature projects often have no or low revenue and require a long-term commitment**. Reconciling these two logics is, at best, a challenge.

6



IMPOSE RULES RATHER THAN RELYING ON MARKET DYNAMICS TO PROTECT NATURE

Policymakers should **ban harmful practices** with regulations rather than expecting businesses to change their behaviour by themselves based only on consumer demand or ethical concerns.

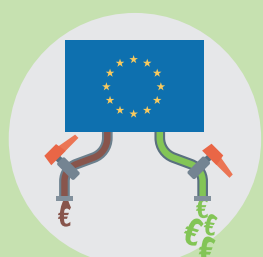
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ASSESS WHETHER ECONOMIC INSTRUMENTS ARE EFFECTIVELY LIMITING HARMFUL ACTIVITIES

Economic instruments such as **quotas** and **environmental taxes** can constrain economic activities that **overexploit** natural resources, but only if they are designed properly and calibrated to nature's limits.

8



BETTER TRACK THE USE AND IMPACT OF PUBLIC FUNDING AND REDIRECT HARMFUL SUBSIDIES

Public money still finances activities that harm nature and biodiversity, such as some kinds of farming. Public authorities should better track and measure the environmental impact of their investments and subsidies, and revise them accordingly.

9



FULLY INTEGRATE ENVIRONMENTAL OBJECTIVES IN THE EU'S ECONOMIC GOVERNANCE

Nature-related projects will need public investment, given the limitations facing private financing in this area. European economic governance should therefore expand beyond a focus on enforcing **EU fiscal rules** to include enforcing the **EU transition**.

WE MUST **HARDWIRE SUSTAINABILITY**
WITHIN THE FINANCIAL SYSTEM.

← Read more

www.finance-watch.org/natureguide