

Summary for decision makers

Nature in the red

Powering the trillion dollar nature
transition economy



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Table of Contents

1. Introduction	1
2. Nature-negative finance	3
3. Global NbS finance – public and private.....	5
3.1. Public NbS finance	6
3.1.1. Public domestic finance	6
3.1.2. Public international NbS finance through Official Development Finance (ODF)	6
3.1.3. NbS Finance and Rio Convention Synergies.....	6
3.2. Private finance	7
4. The gap between current NbS finance and investment needs	8
5. Policy implications and the nature transition X-curve.....	10



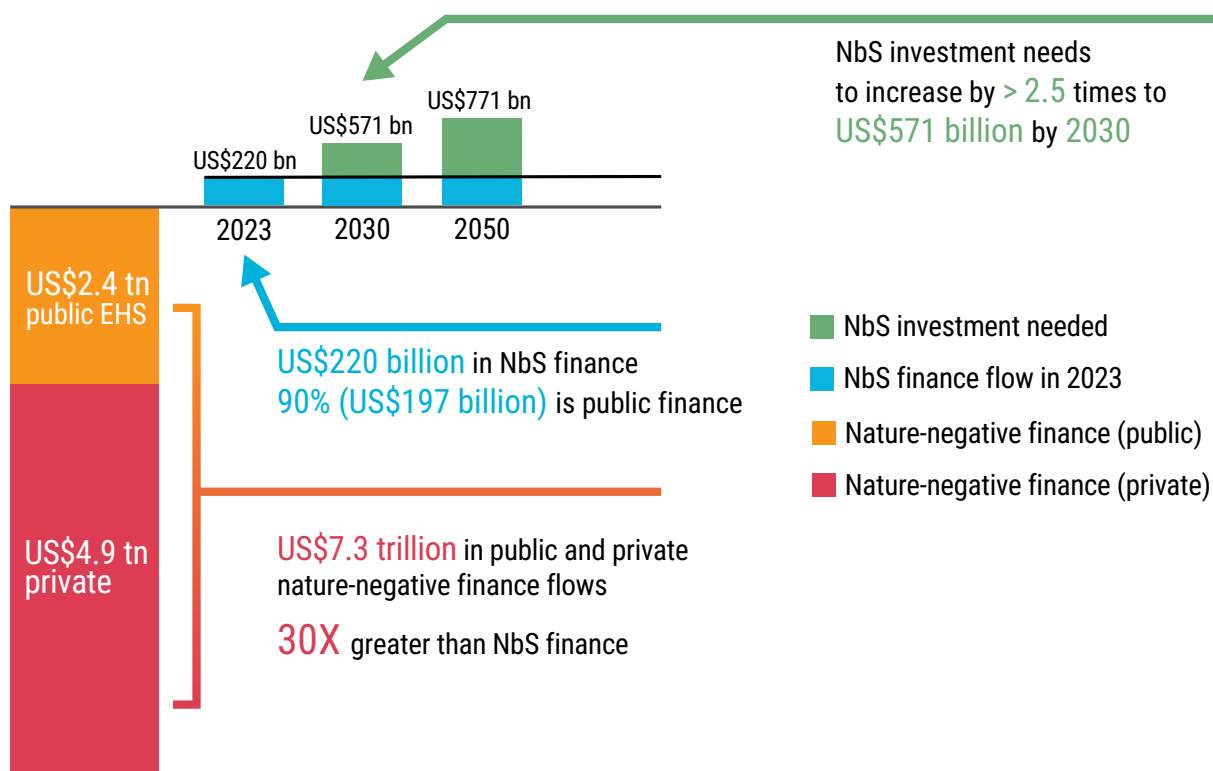
1 Introduction

The 2026 edition of the *State of Finance for Nature* (SFN) highlights the urgent need to get the wheel turning on the 'Big Nature Turnaround'. SFN provides evidence and analysis that supports policy makers, businesses, financiers and civil society to make informed decisions about investing in NbS and reducing nature-negative capital flows. SFN provides up-to-date information to take stock and detect trends in public and private investment in NbS in the context of systemic capital shifts needed to meet global goals on biodiversity, climate and ecosystems. New to SFN

2026 is the Nature Transition X-curve which identifies activities that must be phased out and what can be scaled up to begin the Big Nature Turnaround'.

SFN 2026 estimates that finance flows directly harmful to nature reached US\$7.3 trillion in 2023¹, while investment in nature-based solutions (NbS) was only US\$220 billion— a ratio of more than 30:1 (Figure 1). To meet global commitments under the Rio Conventions, NbS investment must increase by two and half times to US\$571 billion by 2030 and to US\$ 771 by 2050, while harmful flows must be phased out and repurposed.

Figure 1: Nature negative finance, NbS finance and investment needs in 2023



¹ The year of analysis (aggregation and comparison) for SFN 2026 is 2023. While some data is available for 2024, 2023 data is used as it the most recent year for which data is consistently available. Estimates are expressed in real 2024 USD.

Despite challenging geopolitical headwinds there are grounds for optimism based on greater awareness, better data and growing commitments from some governments, civil society and business to transition to a more climate-resilient and nature-positive economy. There are signs that the financial industry is looking to better understand its dependencies, impacts, risks and opportunities (DIRO) related to nature, with over

730 adopters of the Taskforce on Nature-related Financial Disclosure (TNFD) representing assets under management of US\$22.4 trillion. Improved data and transparent tracking of finance flows can provide the foundation for accelerated action and investment by both governments and the private sector, taking advantage of nature-related opportunities for growth.

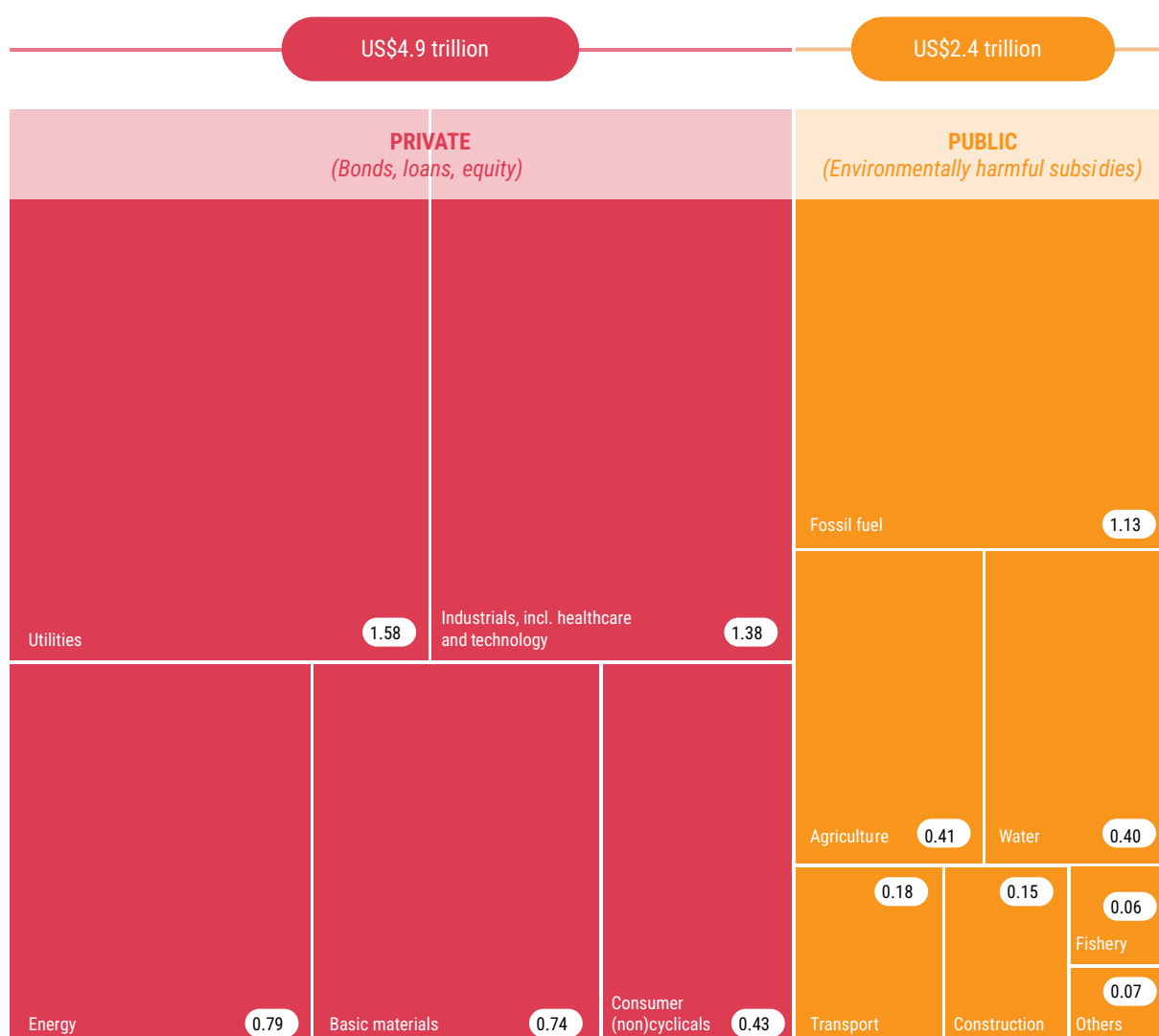


2 Nature-negative finance

Nature-negative finance remains the greatest obstacle to transition societies to become more nature positive. In 2023, US\$7.3 trillion flowed into activities that directly damage nature – US\$2.4 trillion in public

subsidies to fossil fuels, agriculture, water use, transport and construction, and US\$4.9 trillion from private capital concentrated in sectors such as utilities, industrials, energy and basic materials (Figure 2).

Figure 2: Nature-negative finance flows in 2023



Public subsidies and private investments often reinforce each other, locking private capital into nature-negative sectors such as the fossil fuel industry. For example, in the agricultural sector, environmentally harmful subsidies (EHS) include direct and indirect

transfers by governments to farmers that artificially raise crop prices or promote overuse of inputs like fertilizers or pesticides, leading to unsustainable agricultural practices, overproduction, land conversion and deforestation. Besides EHS, public nature-negative

finance also includes government expenditures related to infrastructure, housing, dams and extractive industries.

Private nature-negative capital flows remain persistently high at US\$4.9 trillion (in 2023) and are highly concentrated in a few sectors (see Fig 2). Despite growing recognition of the materiality of biodiversity and climate risk, private nature-negative investment remained persistently high at roughly US\$5–6 trillion from 2020 to 2023, suggesting limited progress to date in decoupling capital from nature degradation. In 2024, private nature-negative finance even increased by 12 per cent to US\$5.5 trillion.

On a positive note, private investment harmful to nature through oil and gas investments declined from almost

US\$1 trillion in 2020 to US\$519 billion in 2023. This 50 per cent decrease over four years is consistent with growing recognition of nature-related risks as material to financial stability and the decreasing costs of renewable energy production.

The SFN 2026 data and analysis suggests that if governments reduce and repurpose EHS in a few key sectors and if the private sector adopts business models that minimize impact on nature across value chains, it is possible to significantly reduce nature-negative public and private finance. Other policy levers that governments and financial regulators can deploy are mandatory disclosure requirements, integrating nature-related risks into financial supervision and supporting just transition strategies to ensure minimal adverse impacts on workers.

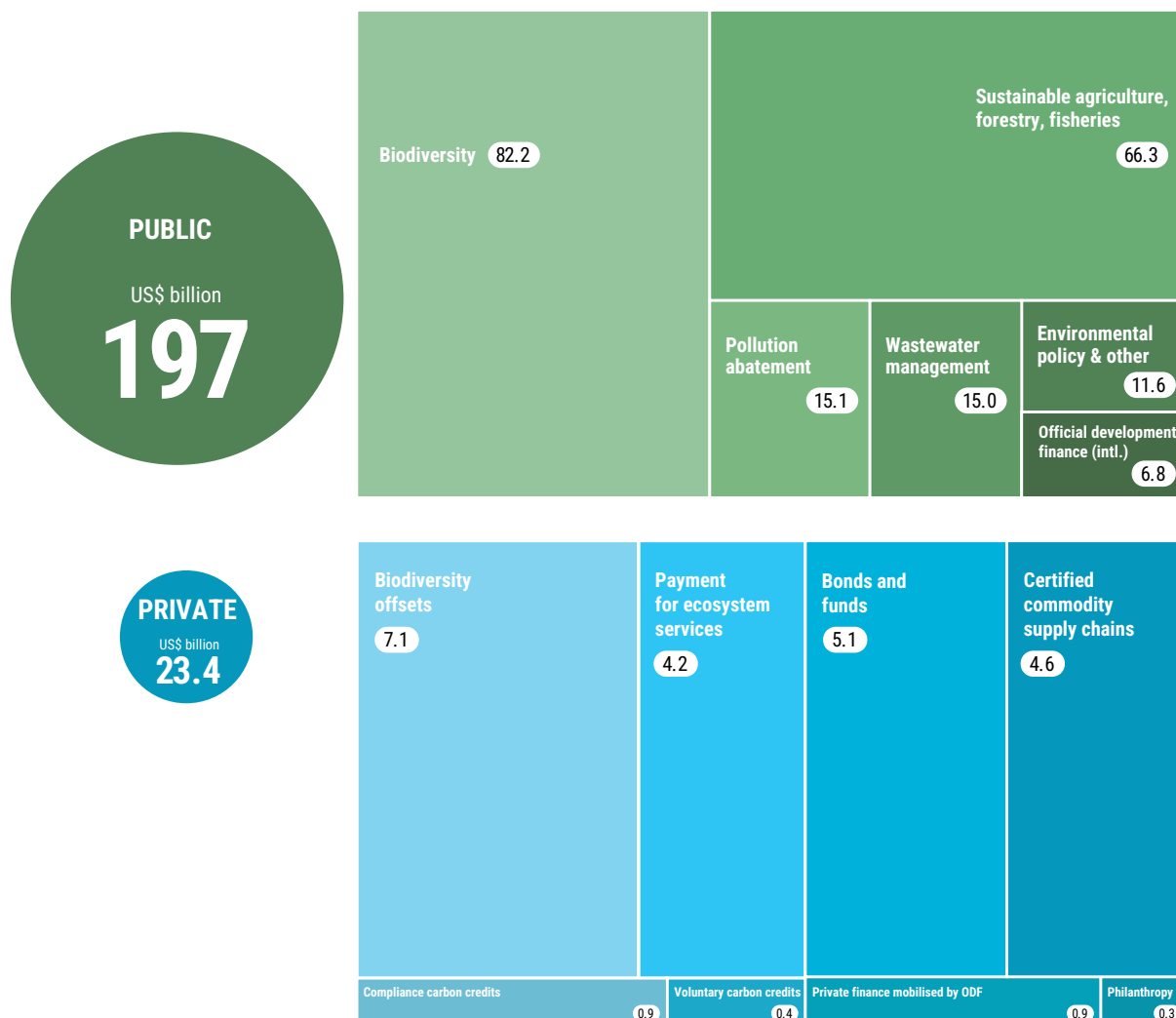


3 Global nature-based solutions finance flows

Total finance for NbS reached US\$220 billion in 2023, a five per cent increase since 2022. Public finance flows to nature-based solutions are nine times bigger than private finance flows.

- Public finance provided US\$197 billion (90% of total NbS finance).
- Private finance accounted for US\$23.4 billion (10%).²

Figure 3: Public and private finance flows to nature-based solutions in 2023



² The decrease from US\$ 35 billion in 2022 to US\$23 billion in 2023 is partly due to different data and methods used.

3.1. Public NbS finance

3.1.1. Public domestic NbS finance

Public domestic expenditure is the largest source of NbS finance at US\$190 billion in 2023 (up four per cent from 2022). Expenditure on biodiversity and landscape protection grew significantly (up 11 per cent), potentially reflecting government commitments to increase expenditure on biodiversity conservation to meet Global Biodiversity Framework (GBF) targets. Public NbS funding for agriculture, forestry and fishing declined.

Despite its size, public domestic expenditure on NbS remains modest compared to environmentally harmful subsidies, which exceed US\$2.4 trillion annually. Aligning national budgets with commitments to halt and reverse biodiversity loss, climate targets and land degradation neutrality, is critical for human well-being and sustainable economic growth.

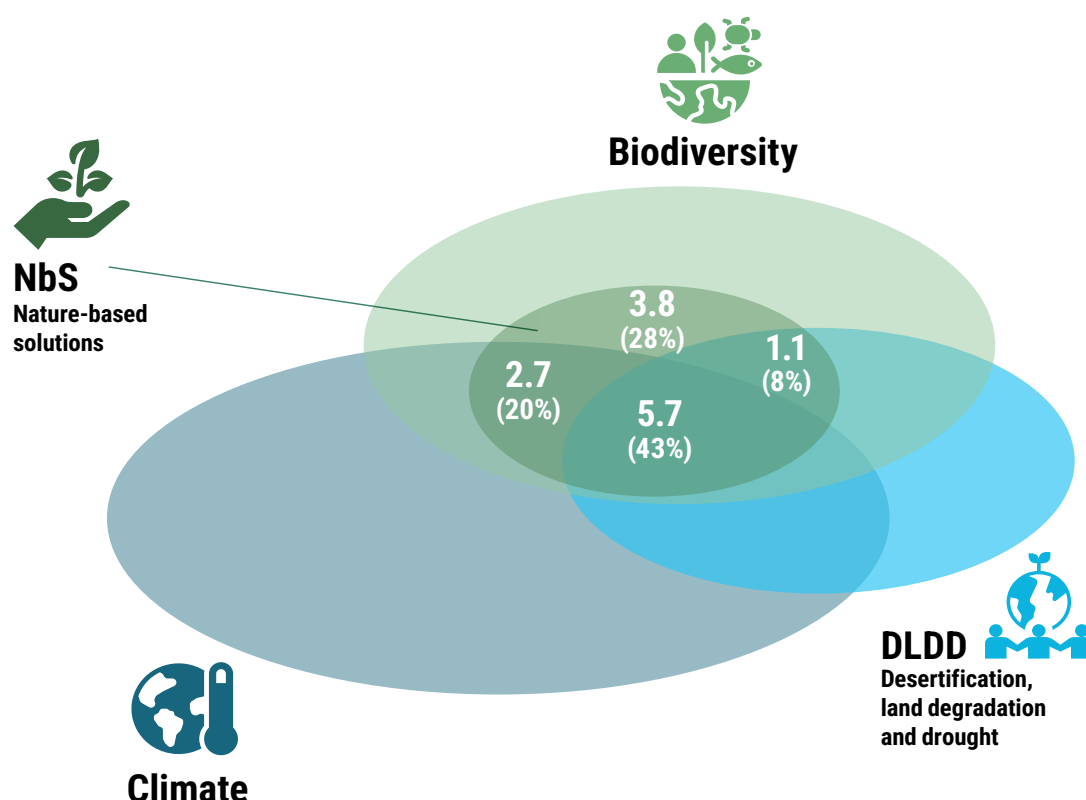
3.1.2. Public international NbS finance through Official Development Finance (ODF)

ODF targeting NbS continues to increase, reaching US\$6.8 billion in 2023, a 21% increase from 2022 and 55% higher than in 2015. ODF remains a critical enabler for scaling NbS in developing countries. However, ODF budgets are under heavy pressure in 2024 and 2025 due to the geopolitical situation, which could constrain future flows.

3.1.3 NbS Finance and Rio Convention synergies

Roughly 43% of ODF targeting NbS in 2023 supported projects delivering against all three Rio Conventions simultaneously, demonstrating the capacity of NbS to generate multiple global benefits by tackling climate change, biodiversity loss and land degradation together.

Figure 4 Contribution of ODF targeting nature-based solutions to Rio Conventions in 2023



3.2. Private finance

Private investment in NbS reached US\$23.4 billion in 2023. While small in absolute terms, it shows positive momentum. Biodiversity offsets channelled over US\$7 billion³, certified commodity supply chains over US\$4 billion, biodiversity-related bonds and funds around US\$5 billion and nature-based carbon markets US\$1.3 billion.

Investments in certified commodity supply chains, for example, remain far below what consumer goods companies, retailers and other types of private enterprises have committed to do to end tropical deforestation, reduce nature loss and greenhouse gas

emissions. This highlights the limitations of voluntary private sector commitments, particularly in the absence of clear roadmaps to achieve voluntary targets, investment commitments or willingness to share financial risks to transition to more sustainable practices. Biodiversity and carbon markets remain either nascent or constrained by perceptions of integrity, additionality and equity.

While private investment in NbS remains modest, there is strong potential. With the right enabling environment, standards and risk-sharing instruments, private capital could scale rapidly and become a game changer in closing the NbS finance gap. Mobilising private finance is essential to build a trillion-dollar nature transition economy.



³ SFN recognises that biodiversity offsets are compensation mechanisms that may not lead to net positive outcomes for nature. However, this analysis includes finance mobilised through mandatory biodiversity offset schemes with the rationale that, in the absence of these schemes, most damage to nature by developers would not be compensated. Therefore, the investment in offsets represents a net gain over this business-as-usual scenario.

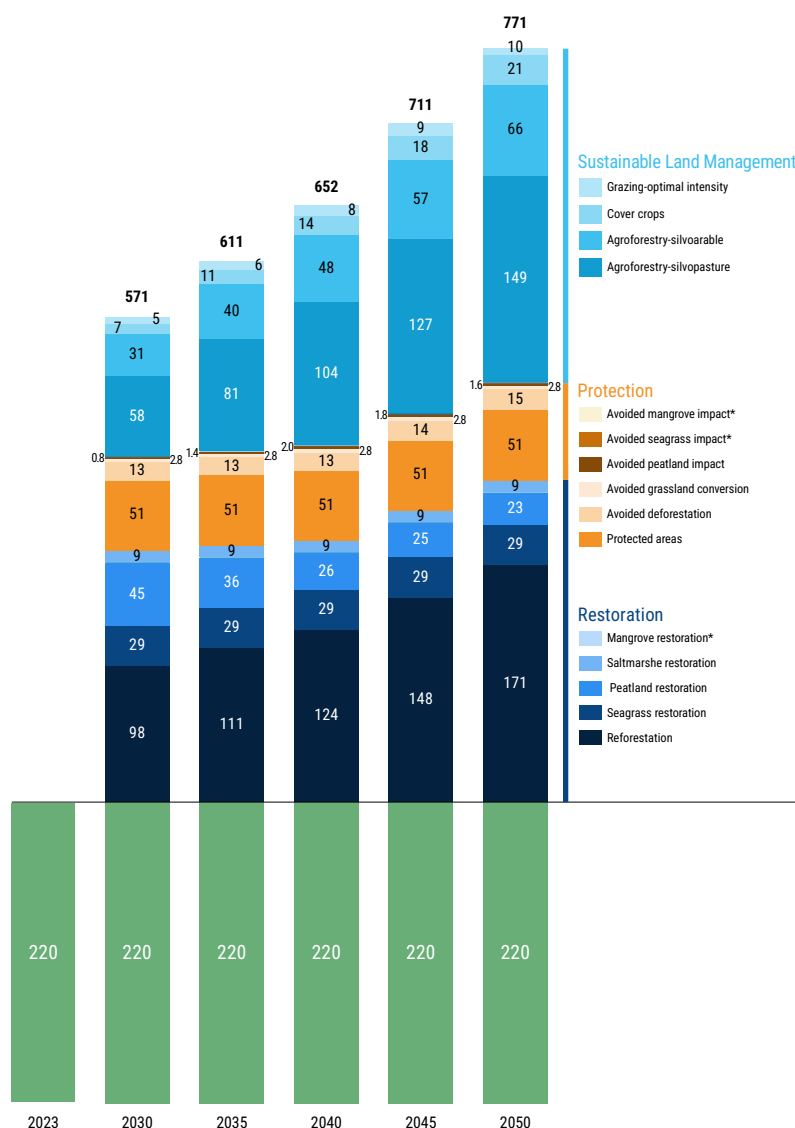
4 The gap between current NbS finance and investment needs

While finance flows for NbS have continued to grow, they remain far below the levels required to meet Rio Convention targets related to biodiversity, climate and land restoration goals. Annual finance flows to NbS of US\$220 billion need to increase more than two and half times from current levels to US\$571 billion by 2030 and to more than triple to US\$771 billion by 2050 to reach Rio targets.

Figure 5 displays investment opportunities in NbS grouped under protection, restoration and sustainable

land management from 2030 to 2050. Additional investment needed in 2030 is highest for restoration at US\$181 billion, followed by sustainable land management (US\$101 billion) and protection (US\$68 billion). While investment needs for protection appear low, SFN 2023 and the State of Finance for Forests (UNEP 2025) indicate that this is due to its cost-effectiveness and the low per hectare cost of protection relative to restoration and sustainable land management-related NbS. Where possible, protection should be prioritised.

Figure 5 Annual investment needs in NbS to reach Rio targets (billion US\$)



Given corporates make investment decisions based on market signals driven by consumer behaviour and incentives, governments must provide an enabling environment to catalyse private NbS investment through regulation and incentives, e.g. regulating for 'deforestation-free' commodity production and supporting the development of markets for ecosystem services.

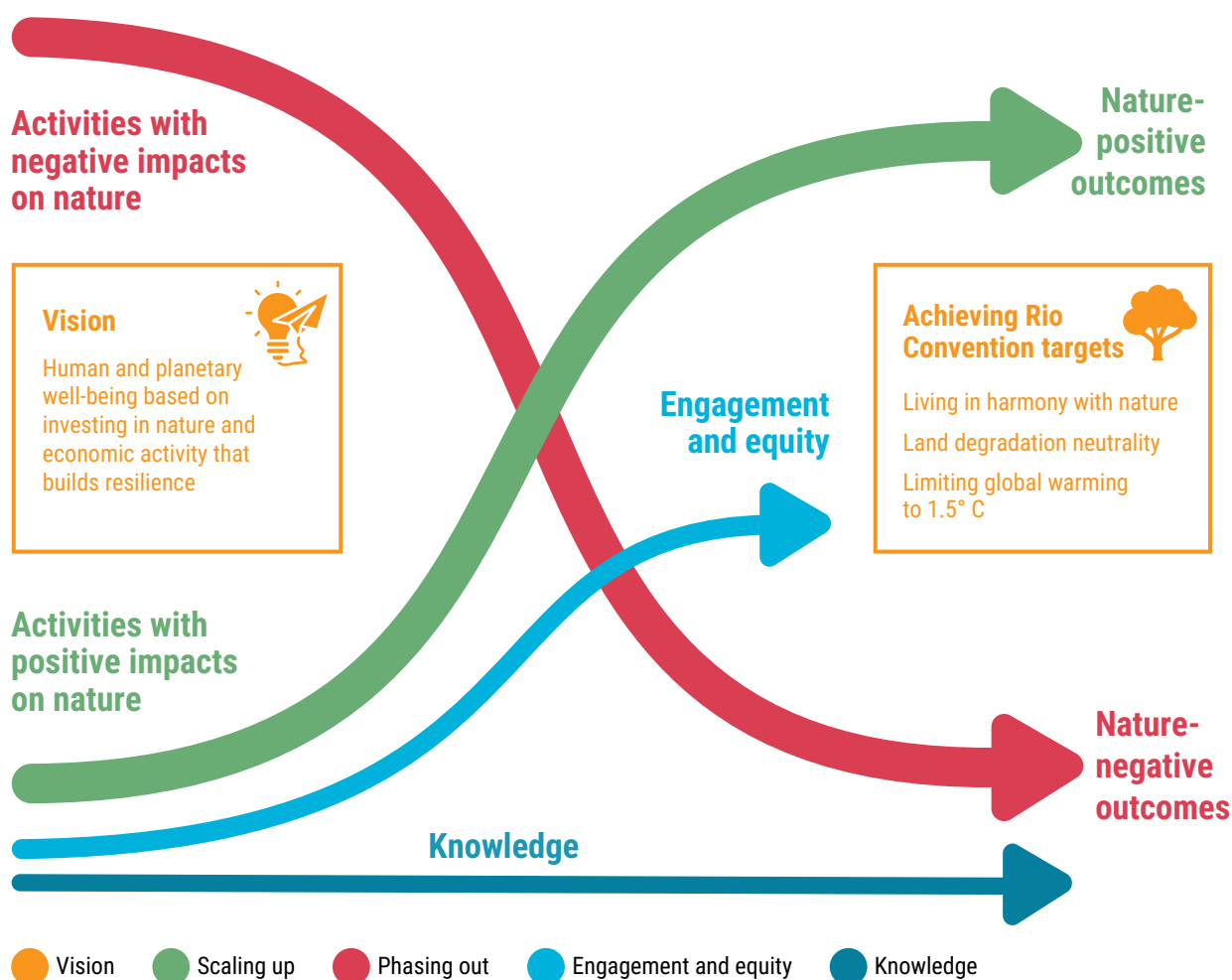


5 Policy implications and the Nature Transition X-Curve

The Big Nature Turnaround requires seizing the opportunity to repurpose the US\$7.3 trillion in nature negative finance, while scaling up NbS expenditure and investment. This requires urgent policy action and a fundamental change in the dominant extractive approach to nature. SFN 2026 introduces a Nature

Transition X-Curve to illustrate the dual challenge: phasing out nature negative finance flows while scaling up NbS for nature positive outcomes. This X-curve approach can help governments, business and finance prioritise key steps to achieve such a transition.

Figure 6 The Nature Transition X-Curve - A framework for transition to a nature-positive society



Short-term transition priorities include:

- Reforming harmful subsidies and aligning budgets with Rio Convention goals.
- Scaling government investment in nature-based solutions, particularly public goods.
- Effective government regulation and incentives to align investment with the value of nature and its services.
- Mandating disclosure of nature-related risks and impacts to shift incentives.
- Expanding blended finance and de-risking instruments and developing high integrity nature markets to mobilise private capital at scale.

The Nature Transition X-curve is a tool to help design nature transition plans. An example is provided for governments, positioning policy priorities along the

x-curve to dial down nature negative activities and scale up nature positive activities. ⁴ Equivalent X-curves can be developed by and for corporates as well as financial institutions to provide guidance on how to reduce nature-negative capital flows in an equitable and financially sound way and on how to embed NbS into across the real economy beyond traditional land use sectors.

Effective action can support the emergence of a multi trillion-dollar nature transition economy. Only by scaling up investments in NbS and accelerating the nature and bioeconomy transition can the world meet the 2030 targets set by the Rio Conventions and protect the natural capital that keeps the Earth safe - for everyone. Governments, corporates and finance institutions all have a stake to ensure ecosystems remain functioning and healthy, to sustain growth in the real economy and financial system.



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⁴ More detailed policy levers are offered in the SFN 2026 technical annex.

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