

# Private investor-backed finance key to the growth of nature investing and food security

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Private sector investment will be key to growth in the nature investment space, a new report from Imperial College Business School has revealed. It identifies European companies in the food agriculture and pharma industries with a total value of \$4.8 billion already integrating nature into their operations through ambitious circular economy and sustainable land use principles, and estimates that the value to grow to around \$40 billion in the coming years.

According to the report from the Business School's Centre for Climate Finance & Investment (CCFI), Can Markets Save Nature? Investing in Nature to Help Tackle Biodiversity Loss and Enhance Food Security (<https://www.imperial.ac.uk/business-school/faculty-research/research-centres/centre-climate-finance-investment/research/future-of-nature-investing/>) as conflict and climate change make food security even more precarious, private sector investment will be all the more important in narrowing the nature financing gap.

As it stands, despite the required funding to conserve biodiversity ranging from \$600-800 billion annually, only \$41 billion is invested by the private sector each year, the report estimates.

Private investors, the report finds, will be crucial in mobilising additional funding for nature investment in the agriculture sector and creating more resilient agri-food systems.

Co-authors of the report, Pernille Holtedahl, Alexandre Koberle and Michael Wilkins, all at Imperial's CCFI, argue that new business models that embrace and integrate natural capital rather than undermine it are urgently needed. Investments in agriculture and the food value chain stand out as a particularly ripe opportunity, both because of the need to reduce emissions from these activities and because of the traditional underinvestment in these sectors.

The report, which has been supported through the CCFI's long term partnership with Standard Chartered Bank, identified eight market instruments for investing in nature. The authors distinguish between financial market instruments and nature market instruments; the former represent easy-to-access structures for capital markets, whereas the latter can provide exposure to real assets, which some investors may welcome.

However, the success of nature investing in tackling biodiversity loss and the food crisis, the authors note, hinges on five enablers, such as investments being repayable through revenues or cost reductions; innovations that make nature investments more attractive for mainstream investors; making the asset class attractive to institutional investors; adequate levels of information being made available through impact measurements; and ensuring that legitimacy and equity are key ingredients.

Reflecting on the findings of the report, Pernille Holtedahl, lead author of the paper and a Research Fellow at Imperial's CCFI notes:

“Nature investing is an opportunity waiting to happen. Our report highlights the opportunities which lie in the New Nature-Positive Economy and the potential triple win for nature, climate change and food security.”

Michael Wilkins, co-author of the paper and Executive Director at Imperial’s CCFI, adds:

“Investments in sustainable agriculture can also benefit nature and contribute to developing more resilient food systems, creating opportunities for innovative market instruments that address both nature loss and food security.”

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