OLAF SCHOLZ
Germany

CHRYSTIA FREELAND
Canada

BRUNO LE MAIRE
France

RISHI SUNAK
U.K.

DANIELE FRANCO
Italy

JANET YELLEN
U.S.

TARO ASO
Japan

NATURE'S SEVEN

THEY WIELD 58% OF THE WORLD'S WEALTH. WHAT THEY DO NOW WILL DEFINE OUR FUTURE

AVAAZ

These 7 finance ministers have one job: put the funding in motion to save people and the planet! With seven days until the G7 Summit, here's what they must do

1. Commit to creating and protecting jobs by investing in nature and renewable energy both domestically and abroad. Experts estimate that by 2030, 45 million new jobs can be created in sustainable land management and ocean economy, and 6 million more in electric vehicle charging alone. On average, solar and wind industries create three times more jobs than their fossil fuel counterparts[1]. According to the IEA, solar is now the cheapest source of electricity in history[2].

2. Commit to taxing corporations and to eliminating perverse incentives and subsidies for dirty industries. It is imperative that G7 Finance Ministers finally recognize that the money exists to fund a global green recovery capable of lifting people out of poverty and protecting nature: it has simply been going to the wrong places. A 2019 report from the Institute for Sustainable Development howed that by using only 10% of fossil fuel subsidies we could pay for green transition.[3] At the G7 summit, countries must follow the lead of the US and pass a global minimum effective tax rate[4] of at least 21%. Building efficient, sustainable, and robust economies also requires committing to placing a high price on carbon (through taxes and an effectively governed, friction-free carbon market) and immediately eliminating overfishing subsidies (the initial target date was 2020). We must also end fossil-fuel subsidies no later than 2025, and harmful incentives to biodiversity no later than 2030.[5]

3. Commit to conserving at least half of the planet by 2030. Protecting 50% of the Earth's lands and waters by 2030 will permit our biodiversity to thrive and recover[6]. Land-use changes are responsible for the emergence of more than 30% of all new diseases reported since 1960, which is another reason why it is so important that we commit to protecting nature, using healthy ecosystems as an insurance policy for humankind against the risk of further zoonotic diseases. A total investment in nature of $8.1 trillion is required between now and 2050, while annual investment should reach $536 billion by 2050 to successfully tackle the interlinked climate, biodiversity, and land degradation crises.[7]

4. Commit to cancel the sovereign debts of poor countries so these finances can be redirected to boost a global green recovery . By alleviating the debt constraints of low-income

1 Stern, N (2021) G7 leadership for sustainable, resilient and inclusive economic recovery and growth. An independent report requested by the UK Prime Minister for the G7. London: London School of Economics and Political Science. Available at https://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2021/05/G7-leadership-for-sustainable-resilient-and-inclusive-economic-recovery-and-growth.pdf (accessed: May 31, 2021)

2 IEA - International Energy Agency (2021). World Energy Outlook 2020. Available https://webstore.iea.org/world-energy-outlook-2020 (accessed: June 3, 2021)

3 Bridle, R. et al (2019). Fossil Fuel to Clean Energy Subsidy Swaps: How to pay for an energy revolution. International Institute for Sustainable Development. Available at https://www.iisd.org/system/files/publications/fossil-fuel-clean-energy-subsidy-swap.pdf (accessed: June 3, 2021)

4 Williams, A. et al (2021) "US proposes global corporate tax rate of at least 15% in international talks". Financial Times (May 21). Available at https://www.ft.com/content/d41da77e-93d0-4b96-95c3-98ca3f9a6696 (accessed: June 3, 2021)

5 Nardelli, A. et al (2021) "U.K. Aims to Secure G-7 Pledge to End Subsidies for Fossil Fuels". *Bloomberg* (May 18) Available at https://www.bloomberg.com/news/articles/2021-05-18/u-k-aims-to-secure-g-7-pledge-to-end-subsidies-for-fossil-fuels (accessed: June 3,2021)

6 Dinerstein et al. (2020) A 'Global Safety Net' to reverse biodiversity loss and stabilize Earth's climate. *Science Advances*. Available at https://advances.sciencemag.org/content/6/36/eabb2824 (accessed: May 31, 2021)

7 UNEP, WEF, ELD, Vivid Economics (2021). State of Finance for Nature (United Nations Environment Programme). Available at: https://www.unep.org/resources/state-finance-nature (accessed: June 3, 2021)

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and vulnerable countries through the redirection of funds to investments in climate or biodiversity resilience we will establish a basis for new, sustainable, equitable, green economies. A considerable portion of this money will never re-enter the financial system and can be turned-over to address ecosystem degradation[8].

5. Commit to helping economies reach their Net-Zero targets. G7 must immediately start delivering on climate finance promises —including the $100bn annual floor set out in the Paris Agreement— and commit to unlocking enough liquidity so that all countries are able to respond to systemic challenges by directing at least 50% of total climate finance (including bilateral and multilateral investment) toward climate adaptation and resilience efforts[9].

6. Commit to following through on the agreement of a new allocation of Special Drawing Rights. At least $650 billion is needed to support reallocation mechanisms that can widen financing options for recovery programmes in low income and vulnerable countries; promote green transitions; support inclusion and greater equity; stimulate private investment and innovation, and buttress fiscal sustainability[10].

7. Commit to tackling environmental-induced migration by supporting the recovery of vulnerable countries. Reestablish healthy, safe, and humane living conditions in areas of the world that are becoming increasingly uninhabitable (leading to mass migration) by providing dedicated funding and enabling multilateral development banks and all financial sources available to scale up support for a global green recovery[11].

8 Stiglitz, J. (2021) OpEd: G7 leaders can strike a blow on global corporate tax. Financial Times (June 1). Available at https://www.ft.com/content/908bbc8d-e07f-487c-9875-d2e0a0222035 (accessed: June 3, 2021)

9 C7 communiqué 2021 (2021). Civil society's recommendations to the G7. Available at https://www.bond.org.uk/sites/default/files/c7_communique-_recommendations.pdf (accessed: June 3, 2021)

10 U.S. Department of the Treasury (2021). Fact Sheet: How An Allocation of International Monetary Fund Special Drawing Rights Will Support Low-Income Countries, the Global Economy, and the United States. Available at https://home.treasury.gov/news/press-releases/jy0095 (accessed: June 3, 2021)

11 IOM - International Organization for Migration (2021). IOM Calls for Accelerated Action on Environmental Migration at the 2021 International Dialogue. Available at https://www.iom.int/news/iom-calls-accelerated-action-environmental-migration-2021-international-dialogue (accessed: June 3, 2021)

Each of the Nature's Seven Plays a Critical Role — This is what they must do

Together the members of the G7 represent 58% of global net wealth ($317 trillion), more than 46% of global gross domestic product (GDP) based on nominal values, and over 32% of global GDP based on purchasing power parity. Given the current financial and ecological crisis, if ever there was a time for their leadership it is now!

The chances of reaching a substantive agreement on climate at COP26 in Glasgow, or one on biodiversity at COP15 in Kunming are impossible without new, increased flows of finance to allow the most vulnerable countries to invest in renewable technologies, protect their people against climate impacts, and conserve nature. This is why G7 leaders must commit to cutting fossil subsidies at home and to ramp up their financial support for developing countries.

RISHI SUNAK

Chancellor of the Exchequer of the United Kingdom

As the host of this G7 meeting, the U.K. must provide diplomatic leadership that leads to collective responsibility and action. It must also continue to build on the roadmap of the Climate & Development Ministerial outcomes, in particular by providing increased public finance from the G7. In line with the Dasgupta Report outcomes, the British government must coordinate a G7 initiative to fund the estimated minimum annual $140 bn required to preserve biodiversity by 2030, while also supporting the shift towards sustainable management and use of natural resources in all global value chains impacting land-use. Additionally, the U.K. should commit to restoring levels of Official Development Assistance (ODA) to 0.7% of Gross Domestic Product (GDP) while maintaining climate finance commitments. The U.K. has doubled climate finance to £11.6bn from 2021-22 to 2025-26, with a commitment to earmark half of these funds for mitigation and adaptation measures. While this initiative on climate is a welcome move, the overall funding of ODA has shrunk dramatically, putting the lives of millions – and the future of our planet – in peril.

CHRYSTIA FREELAND
Canada's Minister of Finance

Canada must at least double its post-2020 multi-year climate finance pledge from CAD$2.65bn over five years to 5.2bn, with 50% going towards climate adaptation. Additionally, Canada should double the Green Climate Fund pledge (GCF1) and add another CAD$300m this year to the 2019 pledge, which remains stuck at the level of the initial 2014 contribution. Finally, the Canadian government should dedicate the resources necessary to increase Canada's territory under biodiversity conservation schemes, and internationally support other countries in achieving their own conservation targets.

BRUNO LE MAIRE

France's Minister of the Economy, Finance and Recovery

France should present a post-2020 pledge to increase its climate finance to €8 billion per year by 2025, with 50% of pledged finance dedicated to adaptation - including a substantial amount of grants-based support for countries with historic ties to France. Furthermore, the French government should also bring diplomatic leadership to encourage the Paris Club to redirect sovereign debts towards financing biodiversity protection, especially with highly indebted countries with a high ecological wealth in Africa, Latin America, and South Asia. Following President Macron's statement that "Biodiversity is life insurance for humans",12 France should include in its announced financing efforts to biodiversity (1 bn euros) the re-design of global biodiversity and land-use sourced value-added chains, and support the smooth transition of nations rich in biodiversity towards the sustainable management and use of natural resources as a key strategy for setting 50% of land and oceans under conservation by 2030.

12 New China TV (2020). *Biodiversity is life insurance for humans: Macron*. Available at: https://www.youtube.com/watch?v=vfxJnhZ0Q8A (accessed: June 3, 2021)

OLAF SCHOLZ
Germany's Minister of Finance

Along with Japan, Germany is a key creditor country, uniquely positioned to lead a comprehensive debt reform with the aim of supporting other countries through their financial recovery. To protect biodiversity to the extent that humans will be able to continue to thrive on Earth, megadiverse countries will need to be empowered to invest in conserving their nature (which in turn benefits all of us as biodiversity is a global common good). Germany should agree on debt redirection to ecosystem restoration and conservation under the science-based target of at least half of the planet by 2030. On climate policy, Germany must present a post-2020 pledge to double its 2015 climate finance pledge to €8bn by 2025, with 50% earmarked for adaptation finance.

DANIELE FRANCO
Italy's Minister of Economy and Finance

As Europe's most biodiverse country, Italy must deliver sound G7 engagement on global conservation. Italy must push for financial measures needed to achieve the science-based target of at least half of the planet under conservation by 2030, which requires an increase in the ambition they are currently advocating for within the G20 presidency (a 30% protection by 2030). Italy must also empower indigenous peoples and local communities in these efforts by dropping the proposed biodiversity target of 10% "strict protection" so as to avoid "fortress conservation" which often leads to terrible human rights abuses. Biodiversity is a global common good that requires the support of the richest countries to be protected, and as the G20 host, Italy should lead diplomatic efforts in that direction. On climate change, Italy should also commit to delivering a pre-2020 climate finance pledge of €4 billion, a new post 2020 climate finance pledge (doubling its contribution to €8bn by 2025), and also doubling its GCF-1 contribution (i.e. adding €300m) and its €30m contribution to the Adaptation Fund of 2020 (and make it multiannual until 2025).

TARŌ ASŌ
Japan's Minister of Finance

As a major global creditor, Japan should alleviate the debt of developing nations so that they are able to finance their biodiversity protection. Given its reliance on ocean resources, Japan should support and finance a global initiative to place 50% of global seas and ocean's surfaces under conservation schemes leading to the recovery of global fisheries and allowing maritime life to thrive once again. At the same time, Japan should revamp global efforts to eliminate subsidies on overfishing, double its initial 2014 Green Climate Fund (GCF-1) pledge to $3bn, and dedicate 50% of climate finance to adaptation. Finally, Japan should also put forward a multi-year post-2020 pledge for climate change and stop classifying fossil fuel related finance as climate finance.

JANET YELLEN
U.S. Secretary of the Treasury

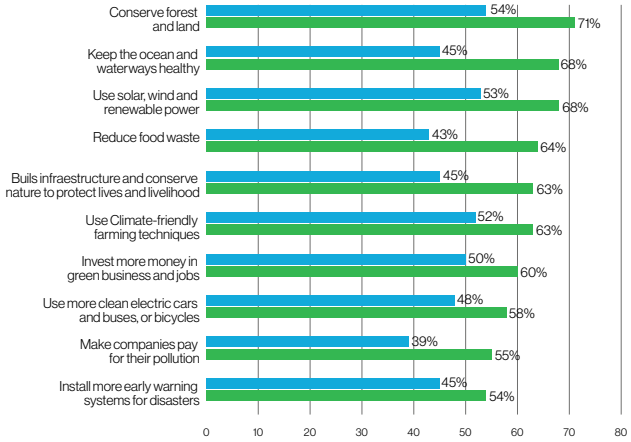
As one of the world's richest countries in terms of biodiversity, the U.S. should lead efforts to set the science-based global target of 50% conservation of land and maritime surface by 2030 and provide dedicated financial support for a variety of proven measures including support for protected natural areas led by indigenous peoples and local communities, and enhancing global practices of sustainable management and use of natural resources. On climate change, the U.S. must deliver the outstanding $2 billion from the 2014 U.S. pledge to the Green Climate Fund (GCF-1) and present a new pledge for GCF-1 of $6bn, thus doubling their initial 2014 contribution. The U.S. should also offer a first contribution to the Adaptation Fund and a new pledge to the Least Developed Countries Fund (at a similar level to the $51 million pledged in 2015) and increase the 2024 climate finance pledge from $5.7bn to at least $10bn, which would be roughly equivalent to doubling twice over a decade: this in line with what the U.K. has done, and what is being asked of France, Germany, and Italy.

There is massive public support for a green and just recovery

An analysis conducted by United Nations Development Programme (UNDP) and the University of Oxford earlier this year[13] found that there was majority support for 14 of the 18 biodiversity and climate policies in 14 high-income countries that include all G7 nations (see Figure 1). The most popular were to conserve forests and land (71%), use more solar, wind and renewable power (68%) and keep the ocean and waterways healthy (68%). These were followed by reducing food waste (64%), building infrastructure and conserving nature to protect people (63%), and climate-friendly farming (63%).

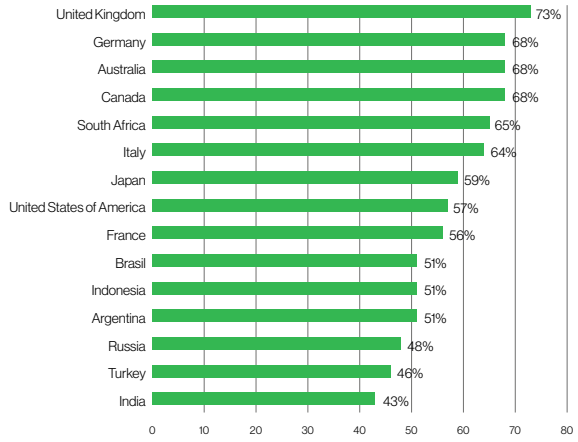
The same research shows that people in G20 countries support increased investment in green businesses and jobs. There is majority support in nearly all G20 countries surveyed for more green investment, led by the United Kingdom (73%), and followed by Germany, Australia, and Canada (68%), South Africa (65%), Italy (64%), Japan (59%), United States (57%), France, (56%), and Argentina, Brazil and Indonesia (all 51%) (Figure 2).

Figure 1: Ten most popular environmental policies in high-income countries



COUNTRIES SURVEYED: AUSTRALIA, CANADA, CHILE, FRANCE, GERMANY, ITALY, JAPAN, PANAMA, POLAND, SPAIN, SWEDEN, TRINIDAD AND TOBAGO, UNITED KINGDOM, AND UNITED STATES

Figure 2: Popularity of more investment in the green economy and jobs among G20 countries



13 People's Climate Vote Results (2020), Survey from United Nations Development Programme and University of Oxford. Available at https://www.undp.org/publications/peoples-climate-vote (accessed: June 3, 2021)

The 7 costs of Covid-19: the high price we're paying for neglecting nature

Let's cut to the chase: our unsustainable economies are causing great damage to our ecosystems through an increased proliferation of diseases, pathogen spillover and the risks of pandemics of zoonotic origin[14].

Land use changes are believed to be responsible for the emergence of over 30% of all new diseases reported since 1960. Today, 75% of human infectious diseases come from animals ("zoonoses"). As the world faces the SARS-CoV-2 pandemic, the dangerous and highly contagious zoonotic virus responsible for Covid-19, as result of contact with wild animals due to habitat loss like deforestation, agriculture, and urbanization, the world now knows that the risk of similar outbreaks in the future is very high[15].

We humans have done such damage to our relationship with nature that it is no exaggeration to say that we are now facing life-or-death decisions about our future. Without significant action to stop biodiversity loss and curb climate change, science tells us that we risk increased food insecurity, further climate destabilization, increased water stressed regions, species extinction, global pandemics (such as zoonotic diseases[16]), environmentally induced mass migrations and a host of other challenges.

The responsibility of ensuring our existence on Earth belongs not only to Environment Ministers but to all of us, particularly elected and appointed government officials including those responsible for Health, Education, Technology and perhaps above all, Finance. Just as there is no arguing with science, there is no negotiating about "*if* we have the money" to invest in stopping biodiversity loss and curbing climate change. The money exists, the question is *how* we are going to quickly, equitably and effectively gather, oversee and allocate it so that we are to meet the requirements of science and protect our planet. As Treasury Secretary Janet Yellen says, "finance ministries have a vital role to play to integrate climate into our financial planning [and] decision-making"[17]. The Ministers of Finance for the seven richest economies set a clear precedent for a sound economic recovery as soon as possible.

Not protecting nature (the failure to stop biodiversity loss and tackle climate change) will be costly for G7 countries, and all of the economies of the world. The economic costs of nature are being recognized in many important global studies, including the Millennium Ecosystem Assessment, The Economics of Ecosystems and Biodiversity, and the Dasgupta Report. As a relevant example, here are some basic figures on the losses triggered by the Covid-19 pandemic:

14 Gibb, R. et al. (2020). Zoonotic host diversity increases in human-dominated ecosystems. Nature 584, 398–402. Available at https://doi.org/10.1038/s41586-020-2562-8 (accessed: June 3, 2021)

15 Myers, S. S. et al. (2013) Human health impacts of ecosystem alteration. Proc. Natl Acad. Sci. USA 110, 18753–18760.

16 Gottdenker, N. et al (2014). Anthropogenic land use change and infectious diseases: a review of the evidence. EcoHealth 11, 619–632.

17 U.S. Department of the Treasury (2020). Remarks by Secretary of the Treasury Janet L. Yellen addressing the threat of climate change to the Coalition of Finance Ministers for Climate Action. Available at https://home.treasury.gov/news/press-releases/jy0104 (accessed: June 3, 2021)

The 7 costs of Covid-19: the high price we're paying for neglecting nature

1. DEATHS: 3.68 million deaths. As of May 2021, the Covid-19 pandemic had infected more than 169 million people and caused more than 3.5 million deaths worldwide[18]. This and other pandemics have their origins in microbes carried by animals, but their emergence is entirely driven by human activities. Without strong measures to stop the key drivers of biodiversity loss (primarily deforestation, intensive industrial agriculture and expanding urbanization), we will certainly increase the risk of new pathogen spillover and further global pandemics. Economic analysis suggests that the costs of halting the causes of such environmental changes will be two orders of magnitude less than the damage the Covid-19 pandemic produced.

2. ECONOMIC LOSS: Per Capita GDP Loss of 11- 20%. The coronavirus pandemic not only prevented the global economy from growing, but it also caused an economic contraction. Compared to pre-pandemic projections for emerging markets and developing economies (excluding China), social losses (as a result of the contraction of the economy) over 2020–22 are equivalent to 20% of 2019 per capita GDP. The expected economic impact of the pandemic on advanced economies is a loss of 11% per capita GDP[19].

3. POVERTY: An estimated 95 million people were pushed into extreme poverty in 2020. The impacts of the economic fall-out from Covid-19 on low-income people was particularly acute, imperiling the significant progress made in reducing extreme poverty in the world since the 1990s.

4. GENDER INEQUALITY: Women with younger children experienced the greatest percentage of job losses. Working women —a large percentage of whom already carried most of the childcare and housework responsibilities before the pandemic— were forced to leave their jobs, or cut the number of hours they worked, primarily because of quarantines which kept families at home. Women with young children experienced the greatest percentage of job losses and/or cuts in hours worked in relation to women without children, women with older children, or men.[20] Only in the US, the number of women with young children who left their jobs as a result of the Covid-19 pandemic led to a 45% increase in the employment gender gap. This exodus of women from the workforce caused an estimated economic loss in the US of almost 0.4% of output between April and November 2020.

5. HUNGER: An additional 80 million people are now malnourished. A decrease in income due to the pandemic led to an increase in poverty. One immediate consequence is that an additional 80 million people have become malnourished since the start of the pandemic.[21] The majority are children.

18 Covid-19 DashBoard by the Center for Systems Science and Engineering (CSSE) at Johns Hopkins University (JHU). Available at https://coronavirus.jhu.edu/map.html (accessed: June 3, 2021)

19 IMF - International Monetary Fund (2021) What is the impact of coronavirus on the global economy? Available at https://www.imf.org/en/About/FAQ/imf-response-to-covid-19#Q4 (accessed: June 3, 2021)

20 IMF - International Monetary Fund (2021). Covid-19: The Moms' Emergency. Available at https://blogs.imf.org/2021/04/30/covid-19-the-moms-emergency/ (accessed: June 3, 2021)

21 IMF - International Monetary Fund (2021) What is the impact of coronavirus on the global economy? Available at https://www.imf.org/en/About/FAQ/imf-response-to-covid-19#Q4 (accessed: June 3, 2021)

The 7 costs of Covid-19: the high price we're paying for neglecting nature

6. FUTURE ECONOMIC COST: The cost of the pandemic will certainly continue to rise. We will only be able to accurately assess the total impact of Covid-19 on the global economy once vaccines are fully deployed and transmission vectors are contained. However, it is worth noting that in July 202o the economic costs of the pandemic were already estimated at US$8-16 trillion globally, and according to The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) costs in the US alone could reach US$16 trillion by the 4th quarter of 2021[22].

7. THE LONG-TERM COST OF DISABILITY: Focusing only on the number of cases and deaths from Covid-19 ignores the pandemic's lasting health burden on people, societies, and economies. In March 2021, a British consortium reported that one in five people who were hospitalized with the disease developed a new disability after being discharged. A large US study found similar effects for both hospitalized and non-hospitalized people. Among adults who were not hospitalized, 10% experience ongoing symptoms 12 weeks after a positive test. Treatment services for the long-term consequences of Covid-19 are still being developed and their costs will certainly present a significant contribution to the overall economic burden of the pandemic. In fact, according to an early estimate, Covid-19-induced disabilities could account for up to 30% of the overall pandemic-related 9 health costs.

22 IPBES - Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (2020) Workshop Report on Biodiversity and Pandemics of the Intergovernmental Platform on Biodiversity and Ecosystem Services. Daszak, P. et al., IPBES secretariat, Bonn, Germany, DOI:10.5281/zenodo.4147317. Also available at: https://www.ipbes.net/pandemics (accessed: June 3, 2021)

Context: Why the G7 need to act right now

As noted by the OECD in its report to the G7 in 2019[23], financial flows to biodiversity are three to ten times smaller than what is actually needed to secure our planet's healthy, sustainable biodiversity.. An intensive **greening of the global financial system led by the G7 would be the ideal catalyst for the necessary synergies between governments, private sector, financial regulators, banks and investors who must agree to dramatically increase finance for biodiversity-friendly investments**.

We are exploiting nature far more rapidly than it can renew itself24, according to the United Nations' Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES). The result of inaction on stopping biodiversity loss and curbing climate change could include the disappearance of up to one million known species by 2050 (with further catastrophic consequences for peoples and ecosystems). Research from **the World Economic Forum shows that businesses highly depend on nature and its ecosystem services —either directly or through their supply chains— to the tune of $44 trillion of economic value generation.** This is more than half of the world's total GDP. Therefore, businesses are exposed to risks from nature loss[25].

The recent convergence of two momentous decisions regarding climate change -the recommendations of the International Energy Agency's (IEA) roadmap for Net-Zero by 2050[26] and the landmark legal decision regarding Royal Dutch Shell's emissions and global climate goals[27]- demonstrate the financial **perils of inaction and the enormously positive trade-offs of early and decisive transformation. Biodiversity finds itself at a similar crossroads where the cost of inaction is eclipsed by the benefits of investment in measures to stop its loss.**

Different methodologies and metrics arrive at the same conclusion: **biodiversity loss causes existential threats to humankind in the short and mid-term and is comparable in impact and likelihood to threats such as climate change, weapons of mass destruction and the collapse of state and multilateral actors28.** The accelerated decline in biodiversity, along with environmental degradation and climate change will very likely exacerbate food and water insecurity in poor countries, and erode human security and global resilience to emerging health challenges leading to dramatic increases in conflicts and migration[29].

23 OECD - Organisation for Economic Co-operation and Development (2019), Biodiversity: Finance and the Economic and Business Case for Action. Available at https://www.oecd.org/env/resources/biodiversity/biodiversity-finance-and-the-economic-and-business-case-for-action.htm (accessed: June 3, 2021)

24 The Nature Conservancy (2020). Closing the Nature Funding Gap: A Finance Plan for the Planet

25 World Economic Forum (2020). Nature Risk Rising: Why the Crisis Engulfing Nature Matters for Business and the Economy. Available at https://www.weforum.org/reports/nature-risk-rising-why-the-crisis-engulfing-nature-matters-for-business-and-the-economy (accessed: June 3, 2021)

26 International Energy Agency (2020) Net-zero by- 2050, Available at https://www.iea.org/reports/net-zero-by-2050 (accessed: June 3, 2021)

27 Ziady, H. (2021) "Court orders Shell to slash CO2 emissions in landmark climate ruling" (May 26). ***CNN Business***. Available at https://edition.cnn.com/2021/05/26/business/shell-court-case-climate-change/index.html. The full set of official documents of the case Milieudefensie et al. v. Royal Dutch Shell plc. available at http://climatecasechart.com/climate-change-litigation/non-us-case/milieudefensie-et-al-v-royal-dutch-shell-plc/ (both pieces accessed: May 31, 2021)

28 World Economic Forum (2021) The Global Risks Report 2021, 16th Edition. Available at https://www.weforum.org/reports/the-global-risks-report-2021 (accessed: June 3, 2021)

29 US National Intelligence Council (2021) Global Trends 2040 A more contested world. Available at https://www.dni.gov/files/ODNI/documents/assessments/GlobalTrends_2040.pdf (accessed: June 3, 2021)

Context: Why the G7 need to act right now

In this context, investment in nature is an insurance policy for humankind. According to the recent State of Finance for Nature report by United Nations Environment Program (UNEP), the World Economic Forum (WEF), The Economics of Land Degradation Initiative (ELD) and Vivid Economics), **investing just 0.1% of global GDP every year** in restorative agriculture, forests, pollution management, and protected areas could close the estimated $4.1tn financial gap by 2050 thereby **avoiding a breakdown of vital natural ecosystem "services"** such as clean water, food, and flood protection, among many others.

It is therefore imperative that the international community gradually **increases official development aid to meet the UN target of 0.7**% of Gross National Income in order to help many low-income developing countries meet their sustainable development goals by 2030, while also increasing their natural capital. This is noted by the IMF[30], The Nature Conservancy[31] and others. Scaling up finance from both public and private sources, with full involvement of indigenous people and local communities, is critical.

The global community must expand the use of existing tools and policies such as Debt Service Suspension Initiatives (DSSI) which have proven successful at aiming debt relief and redirection towards what matters most: social inclusion, biodiversity conservation and sustainable use, and climate action.

Building on the proposals in the U.N. Secretary General's policy brief of March 2021[32], long-term **credit ratings** that account for investments in SDG achievements should also **explicitly include natural capital accounting in order to accurately reflect accrual of conservation and sustainable use actions in favor of the global community.** Furthermore, recommendations to **support liquidity for developing countries** (in order to **create fiscal space for investment** in crisis response and the SDGs including strong climate action and social inclusion) -as discussed by the IMF and recommended by the G7 Foreign Ministers[33] should now officially agree upon. For example, the must be allocation of Special Drawing Rights (SDR) to provide balance of payment support to countries in need, as well as voluntary reallocation of SDRs from countries with sufficient international reserves to countries facing persistent external deficits or emergency situations (including vulnerable and conflict-affected countries). In this situation, possible reallocation of SDR for countries rich in natural capital would be considered in terms of both the accelerated rate of loss of biodiversity and increased economic vulnerability.

30 IMF - International Monetary Fund (2021). A Post-Pandemic Assessment of the Sustainable Development Goals. Available at https://www.imf.org/en/Publications/Staff-Discussion-Notes/Issues/2021/04/27/A-Post-Pandemic-Assessment-of-the-Sustainable-Development-Goals-460076 (accessed: June 3, 2021)

31 Deutz, A., et. al. (2020) Financing Nature: Closing the global biodiversity financing gap (The Paulson Institute, The Nature Conservancy, and the Cornell Atkinson Center for Sustainability)

32 United Nations (2021). Liquidity and Debt Solutions to Invest in the SDGs: The Time to Act is Now (Policy Briefs and Papers, March 2021). Available at https://unsdg.un.org/resources/liquidity-and-debt-solutions-invest-sdgs-time-act-now (accessed: June 3, 2021)

33 G7, Foreign and Development Ministers' Meeting Communiqué, paragraph. 85 (2021) Available at https://www.diplomatie.gouv.fr/en/french-foreign-policy/news/2021/article/g7-foreign-and-development-ministers-meeting-communique-london-5-may-2021 (accessed: June 3, 2021)

Context: Why the G7 need to act right now

In his commissioned report to the G7 leadership for sustainable, resilient, and inclusive economic recovery and growth[34], Sir Nicholas Stern recommended that as a part of G7 global support and cooperation, the following should be considered (among others) as possible commitments:

- *To act strongly to alleviate the debt constraints of low-income and vulnerable countries by redesigning and reducing the cost of official debt and* ***considering*** *the potential of* ***debt-for-nature and debt-for-climate swaps****.*

- *Following the agreement of a new* allocation of Special Drawing Rights *of $650 billion, supporting re-allocation mechanisms that can widen financing options for recovery programmes in low income and vulnerable countries, support effective vaccination and health campaigns, and* promote green transitions.

- *Collectively committing to double finance (go beyond the $100 billion per year UNFCCC target); and a commitment to support green recovery and climate actions by developing countries.*

- *Strengthening support to emerging markets and developing countries to formulate long term strategies for decarbonization, climate adaptation/resilience and biodiversity with dedicated funding.*

- ***Enable the multilateral development banks (MDBs)*** *to scale up* ***support*** *for a* ***green recovery****, the drive to a net-zero emissions and climate adaptation/resilience, and the* ***fight against biodiversity loss*** *through: an accelerated International Development Association (IDA) replenishment in 2021; more effective use of MDBs balance sheets; enhanced private-sector finance mobilization; accelerated alignment with the Paris Agreement; and proactive MDB capital increases within a requirement to work better together.*

Human health depends on the goods and services provided by the various ecosystems that help human beings meet their basic needs including water, food, nutrients to an emotional balance. We, as humans, have fractured our relationship with nature and wildlife, increasing the frequency of zoonotic diseases and pathogen spillover, responsible for epidemics and pandemics including Covid-19 a zoonotic virus, which most likely resulted from unusual human contact with wildlife prompted by habitat loss caused by deforestation, unsustainable agriculture, and/or urbanization expansion.

The financial consequences of the current Covid-19 pandemic in regard to public health have been devastating and have disproportionately impacted the poor and women. According to the IMF[35], compared with pre-pandemic projections, the coronavirus pandemic social losses in the world's economy from 2020–2022, are equivalent to 20% of

34 Stern, N (2021) G7 leadership for sustainable, resilient and inclusive economic recovery and growth. An independent report requested by the UK Prime Minister for the G7. London: London School of Economics and Political Science. Available at https://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2021/05/G7-leadership-for-sustainable-resilient-and-inclusive-economic-recovery-and-growth.pdf (accessed: May 31, 2021)

35 International Monetary Fund (2021), What is the impact of coronavirus on the global economy?, Available at https://www.imf.org/en/About/FAQ/imf-response-to-covid-19#Q4 (accessed: June 3, 2021)

Context: Why the G7 need to act right now

2019 per capita GDP in emerging markets and developing economies (excluding China) In advanced economies the losses are expected to be slightly smaller, at 11%. This has reversed recent substantial gains in poverty reduction, moving an estimated additional 95 million people in 2020 to the ranks of the extreme poor, and causing a further 80 million individuals to suffer from undernourishment. Expected divergent recovery paths are likely to create even greater r gaps in living standards between developing and developed?? countries, compared to pre-pandemic expectations. The adverse impact on low-income populations will be particularly acute, imperiling the significant progress made in reducing extreme poverty in the world since the 1990s, and increasing gender inequality[36]. **Protecting biodiversity is vital for avoiding the next pandemic and supporting the economic recovery of the world's poorest people.**

As requested by Elizabeth Maruma Mrema[37], the Executive Secretary of the UN Convention on Biological Diversity (CBD), States must **review and adapt support for agriculture, fishing and other industries that are driving the destruction of the natural world** and adopt policies that meet human needs while also conserving the health of the planet. According to the OECD[38], government **expenditure on subsidies harmful to biodiversity was at least five times greater than total spending to protect biodiversity.** A rough calculation shows that support for fossil fuels in 77 economies (principally OECD and G20) was equal to $478 billion in 2019. Agricultural support, (often considered the most harmful to biodiversity)[39], averaged $112 billion per year for the period 2017-2019 in OECD countries alone[40].

Such perverse financial support is likely to drive further ecosystem degradation, thereby increasing the risk of future pandemics, climate-related disasters, and disruption of commodity supply chains. A 2019 report[41] found that the taxpayer provides more than $1m a minute in global farm subsidies, much of which goes towards promoting the overuse of fertilizers, deforestation, activities with the goal of expanding agricultural frontiers, and high-emission cattle production. Governments should redirect subsidies to activities that deliver beneficial socio-economic outcomes and have a positive (or at least neutral) impact on biodiversity. For example, governments could provide targeted payments to promote biodiversity and other environmental public goods in agricultural systems. Agri-environmental payments is another effective instrument for recovery programmes in developing countries (Agri-environmental

36 International Monetary Fund, Covid-19: The Moms' Emergency, (2021), See: https://blogs.imf.org/2021/04/30/covid-19-the-moms-emergency/ (accessed: May 31, 2021)

37 Greenfield, P. (2021). Green fiscal policy network, Available at: https://greenfiscalpolicy.org/redirect-harmful-subsidies-to-benefit-the-planet-un-urges-governments/ (accessed: May 31, 2021)

38 OECD - Organisation for Economic Co-operation and Development (2020), A Comprehensive Overview of Global Biodiversity Finance (2020), See: https://www.oecd.org/environment/resources/biodiversity/report-a-comprehensive-overview-of-global-biodiversity-finance.pdf (accessed: May 31, 2021)

39 OECD - Organisation for Economic Co-operation and Development (2020), Biodiversity and the economic response to Covid-19: Ensuring a green and resilient recovery, (2020), See: https://www.oecd.org/coronavirus/policy-responses/biodiversity-and-the-economic-response-to-covid-19-ensuring-a-green-and-resilient-recovery-d98b5a09/ (accessed: May 31, 2021)

40 OECD - Organisation for Economic Co-operation and Development (2021) OECD Secretariat calculations based on OECD "Producer and Consumer Support Estimates", OECD Agricultural Statistics (database), (2020), See: http://dx.doi.org/10.1787/agr-pcse-data-en or OECD Agriculture Statistics https://www.oecd-ilibrary.org/agriculture-and-food/data/oecd-agriculture-statistics_agr-data-en (accessed: May 31, 2020)

41 The Food and Land Use Coalition (2019). Growing Better Global Report 2019. Available at: https://www.foodandlandusecoalition.org/global-report/ (accessed: May 31, 2021)

Context: Why the G7 need to act right now

schemes are payments that include implicit transfers, such as tax and interest concessions, to farmers to address environmental problems and/or provide ecosystem services and usually target specific farming practices)[42]. Similarly, redirecting fisheries support towards activities that improve the sustainability of fishing operations has proven to have significant benefits for the environment and for the lives and livelihoods of fisherfolks[43].

Independent evaluations confirm that **while conservation projects involving indigenous peoples have better-than-average implementation records, support for these projects is limited in scale and scope44**. The International Fund for Agricultural Development (IFAD)'s Indigenous People's Assistance Facility, and the GEF-UNDP Small Grants Program (SGP) are two examples of how to successfully support and leverage indigenous peoples' own vision of development. In fact, a recent evaluation of SGP[45] concludes that the program has been consistent in its delivery of environmental improvements at local, national, and global levels, and in generating economic and social benefits.

That's not all. SGP currently reports 7.1 million hectares of landscapes and seascapes under sustainable use, and 17.1 million hectares of protected areas existing well below the targets proposed for Indigenous Peoples and Local Communities (IPLC) lands in the Global Safety Net[46] and other studies.

Local ownership, visibility and credibility constitute social capital that could be leveraged with significantly higher levels of financing to expand IPLC conservation areas and sustainable productive land and seascapes at the scale required to meet the science-based call for "50 by30" (conserving at least half of the world's lands and waters). Examples of donors currently using the SGP platform to mobilize non-GEF funds include the Satoyama Initiative and the ICCA Consortium for Indigenous Peoples and Community-Conserved Territories and Areas.

As estimated by Credit Suisse[47], additional flows of conservation finance between $200 and 400 billion in only three sectors (sustainable forestry, sustainable agriculture, and eco-tourism) could be made possible by providing appropriate risk management (collateral, stable cash flows, insurance, etc.) for traditional, low-risk financial instruments such as mature equity and debt. A process of scaling-up and replication would help to mitigate transaction costs and partnerships with local communities would contribute to transparency, monitoring and evaluation. Greening the supply chains would generate positive incentives to invest in na-

42 Tarek (2010) in Ottaviani (2011) Payments for Ecosystems Services and Food Security (FAO, Food and Agriculture Organization of the United Nations, Rome) .Available at http://www.fao.org/3/i2100e/i2100e01.pdf (accessed: May 31, 2021)

43 Martini, R. and J. Innes (2018). Relative Effects of Fisheries Support Policies, (OECD Food, Agriculture and Fisheries Papers, No. 115, OECD Publishing, Paris, 2018), Available at: https://dx.doi.org/10.1787/bd9b0dc3-en (accessed: May 31, 2021)

44 Global Environment Facility Independent Evaluation Office (GEF IEO), Evaluation of GEF Engagement with Indigenous Peoples, (Evaluation Report No. 119, Washington, DC: GEF IEO, 2018)

45 GEF-UNDP, Joint Evaluation of the Small Grants Programme (2021)

46 Dinerstein et al. (2020) A 'Global Safety Net' to reverse biodiversity loss and stabilize Earth's climate. *Science Advances*. Available at https://advances.sciencemag.org/content/6/36/eabb2824 (accessed: May 31, 2021)

47 Credit Suisse AG and McKinsey Center for Business and Environment, Conservation Finance from Niche to Mainstream: The building of an Institutional Asset Class, (2016)

Context: Why the G7 need to act right now

ture while reducing asymmetrical relationships and ensuring IPLCs rights. Success in relatively mature markets would allow for expansion in emerging markets and in new value chains with the additional co-benefit of generating green jobs. According to recent information from the International Labour Organisation (ILO)[48], **over 1.2 billion jobs worldwide that depend on biodiversity** - including work in forestry, tourism and agriculture -are currently at risk due to environmental degradation and unsustainable and-management practices.

Moreover, the generation of **green jobs under an integrated strategy to *build back better* is a smart investment**: nature-based solutions are cost-efficient ways to create jobs in areas such as forest ecosystem restoration, improved watershed management, forest fire management and agroecology. The ILO research estimates that sustainable transformation of the agricultural and livestock sector could generate 14 million new jobs[49].

48 International Labour Organization (2020). Green Jobs Report 2020. Available at https://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_758537.pdf (accessed: June 3, 2021)

49 International Labour Organization (2020). Nature Hires: How Nature-based Solutions can power a green jobs recovery. Available at: https://www.ilo.org/employment/units/emp-invest/rural-urban-job-creation/WCMS_757823/lang--en/index.htm (accessed: June 3, 2021)

The benefits of investing in nature largely outweigh the costs

Given the estimates of inaction, an investment of just under $32 billion in nature would lead to a savings of more than $1 trillion annually. Global strategies to prevent pandemics based on reducing wildlife trade, diminishing land-use change and increasing surveillance would cost an estimated US$22 to 31.2 billion, and would decrease the necessary investment in nature to US$17.7 to 26.9 billion (as a result of the impacts of reduced deforestation on carbon sequestration).

In contrast, pandemics and other emerging zoonotic diseases responsible for tremendous human suffering around the globe carry a financial cost of more than $1 trillion in economic damages annually.

By looking at these numbers, it should be clear to anyone interested in the well-being of people, our planet, and our pocketbooks, **that the economic incentive for conserving biodiversity and reducing the risk of pandemics cannot be beat**[50]**.**

50 IPBES - Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (2020) Workshop Report on Biodiversity and Pandemics of the Intergovernmental Platform on Biodiversity and Ecosystem Services. Daszak, P. et al., IPBES secretariat, Bonn, Germany, DOI:10.5281/zenodo.4147317. Also available at https://www.ipbes.net/pandemics (accessed: June 3, 2021)

NATURE'S SEVEN

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