

# Transforming nature finance for people, nature and climate

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IIED's nature finance strategy, 2025–2030



# In brief

This strategy lays out our vision for transforming the way that nature finance is delivered and redirected, in support of locally led action for people, nature and climate. It is a five-year strategy, for the period 2025–2030.

## About this strategy

This strategy builds on many years of work, draws on a wide breadth of expertise, and recognises that IIED and our partners have multiple offers and asks for nature finance. The strategy will be implemented by a core group of IIED staff but delivered in close collaboration with teams across the organisation as well as partners around the world. It will be reviewed annually to integrate learnings and adapt to evolving partner priorities and changing external contexts. This strategy supports IIED's organisational strategy, *Manifesto for a thriving world* (2024), particularly its emphasis on social justice, decolonisation, anti-racism and gender justice.

## What we mean by nature finance

This strategy refers to two types of nature finance: finance that is pro-nature and people, and finance that is harmful to nature and people.

- We define **pro-nature finance** as: the flow of funds from all sources to conserve biodiversity, ecosystems and species — from the mountains to the sea — and support positive outcomes for people. This includes self-generated community finance, private and public finance, philanthropy, blended finance and innovative finance mechanisms.
- We define **nature-harmful finance** as: the flow of funds from all sources that negatively impact the environment and people. This can include subsidies, incentives and investments in or for activities including industrial agriculture and fishing, resource extraction, deforestation and habitat destruction.

Throughout implementation of this strategy, we will review these definitions and evolve them with partners as the research and insights emerge, including to consider how these definitions can better reflect Indigenous Peoples' economic structures and value systems.

## Why the current nature finance system is broken

Securing enough quality finance to protect nature and support people is critical if we are to reverse the decline of nature. But there are several problems with the existing nature finance system, which is widely considered broken and not fit-for-purpose:

- **Significant amounts of finance support activities that destroy nature:** the scale of investments and subsidies that promote destructive activities such as deforestation, industrial agriculture and resource extraction far outweigh the amount of finance available for nature conservation. The United Nations Environment Programme estimates that approximately US\$7 trillion a year is spent supporting nature-negative activities.<sup>1</sup> The Organisation for Economic Co-operation and Development estimates that spending on activities that are harmful to nature is as much as six times more than the global finance available to support biodiversity.<sup>2</sup> There is an urgent need to reduce, redirect and repurpose such nature-harming finance.
- **Not enough finance is supporting nature and biodiversity:** there is a global biodiversity financing gap of US\$700 billion, yet as of 2024 only US\$163 million has been pledged to support the Global Biodiversity Framework agreed by countries in 2022.<sup>3</sup>

Countries need to unlock significantly more finance to support biodiversity targets across all sectors to take this problem seriously.

▪ **Not enough nature finance is supporting the rights, needs and priorities of Indigenous Peoples and local communities:**

Indigenous Peoples and local communities are the local stewards of nature and possess the best knowledge and skills to protect it. However, it is difficult for them to access adequate external funding when needed, they are often not included at the decision-making table and there is limited recognition of the value of the funds they generate themselves. The current nature finance system prioritises colonial economic models over Indigenous and local economic models, which perpetuates unequal power dynamics and erodes traditional governance and administration. Indigenous Peoples and local communities must be able to define what is financed and how funds are allocated in their lands and territories, and not be passive recipients.

Reforming the finance system is a significant piece of the puzzle of reversing biodiversity loss. Many Indigenous Peoples and pre-colonial communities have successfully conserved nature for millennia without external finance. But there are now multiple threats to nature resulting from capitalist markets and a

neo-liberal system of global trade that prioritises economic interests over the environment and natural world. This has eroded the ability of some communities to continue traditional conservation efforts and has resulted in a heavier reliance on external financial systems that have marginalised them.

Although many Indigenous Peoples seek external finance to meet certain needs and continue their traditional lifestyles, many are also opposed to western market mechanisms that they see as commodifying nature and their territories and going against their cultural and spiritual values. Better recognition and understanding of these tensions is critical to finding compatible ways forward.

This strategy acknowledges that all three problems outlined above need to be addressed, but each has its distinct complexities and interactions with the others. Progress on one cannot be at the expense of the others. The strategy also acknowledges that the dominant approach to nature conservation is still through exclusionary protected areas that often undermine the livelihoods, rights, tenure and stewardship of Indigenous Peoples and local communities. Protecting the rights of Indigenous Peoples and local communities must therefore be integrated across all our nature finance work.



# Our vision

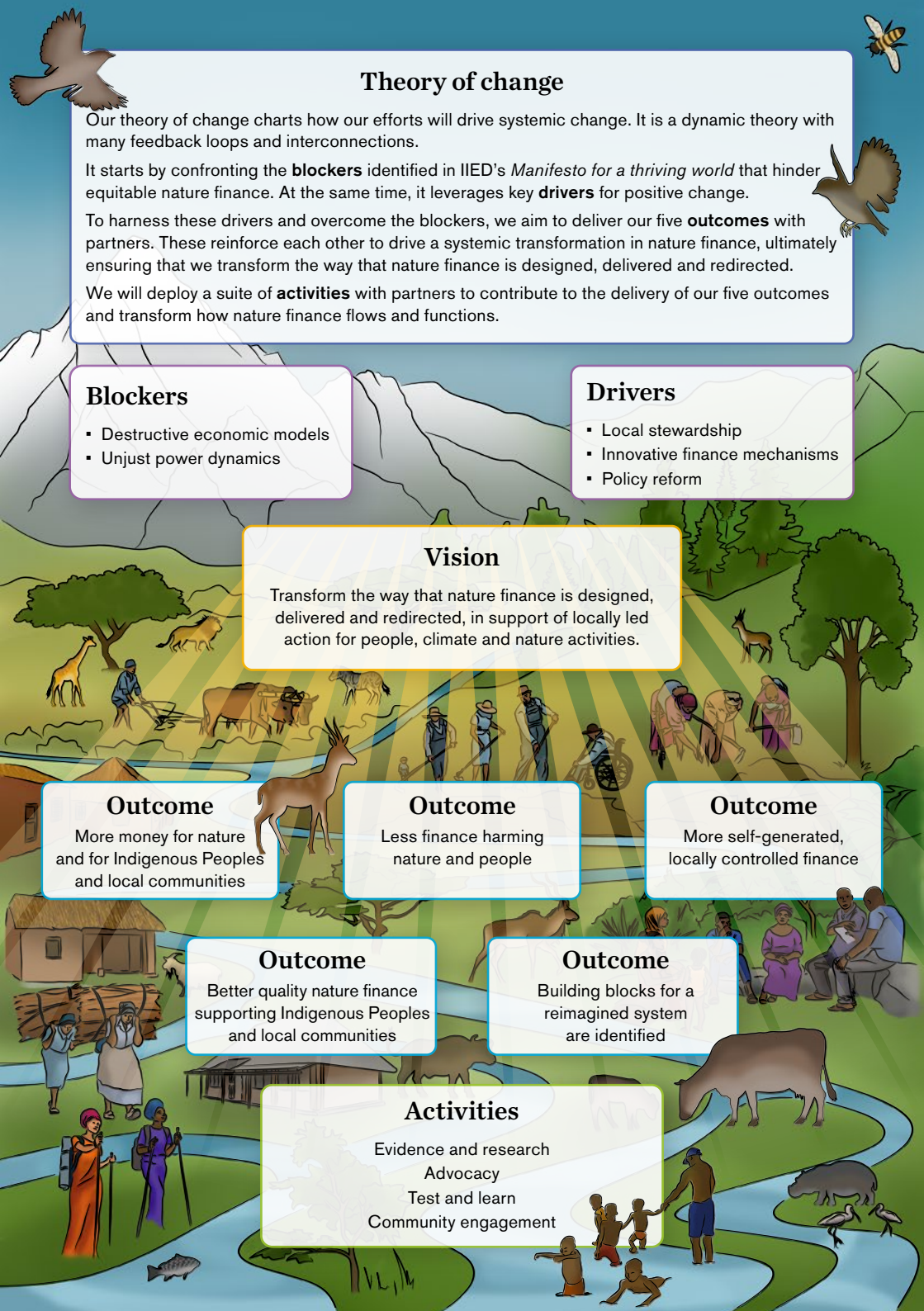
**Our long-term vision is to transform the way that nature finance is designed, delivered and redirected, in support of locally led action for people, nature and climate.**

Reforming the current nature finance system is critical for addressing the biodiversity crisis in a socially just manner. But it is also crucial to reimagine how a new system could work in which existing mechanisms are dismantled and a new global financial architecture is established in its place. Only through a reimagined system can we address the underlying inequalities and colonial legacies that continue to hold back the effective and just delivery of nature finance.

# Our outcomes

Our strategy aims to achieve five key outcomes, which are highly interconnected and work together to support the delivery of the vision. These outcomes will be delivered in close collaboration with partners.

- 1. More money for nature and for Indigenous Peoples and local communities:** we will push for the mobilisation of larger volumes of finance for nature from diverse sources (including public, private and philanthropy) and better access to this finance for Indigenous Peoples and local communities who want it.
- 2. Less finance harming nature and people:** we will actively work to identify and reduce financial flows that contribute to environmental degradation and harm to people, instead advocating for policies and practices that reduce, redirect and repurpose these investments towards activities that are beneficial for nature and for Indigenous Peoples and local communities.
- 3. More self-generated, locally controlled finance:** we will showcase and advocate for self-generated and locally controlled finance models, resource management systems and self-sustaining economies designed and led by Indigenous Peoples and local communities, in which they have the resources and autonomy to sustainably manage their ecosystems and uphold their rights.
- 4. Better quality nature finance supporting Indigenous Peoples and local communities:** we will push to improve the quality of nature finance available for Indigenous Peoples and local communities, ensuring that funds are accessible, transparent, and influenced by and aligned with local priorities and needs.
- 5. Building blocks for a reimagined system are identified:** we will build a stronger understanding of what is needed to transform to a decolonised nature finance system that prioritises equitable partnerships and rebalances power, ensuring that Indigenous Peoples and local communities have greater control over financial resources and decision-making processes to support sustainable and inclusive outcomes for nature and people.



## Theory of change

Our theory of change charts how our efforts will drive systemic change. It is a dynamic theory with many feedback loops and interconnections.

It starts by confronting the **blockers** identified in IIED's *Manifesto for a thriving world* that hinder equitable nature finance. At the same time, it leverages key **drivers** for positive change.

To harness these drivers and overcome the blockers, we aim to deliver our five **outcomes** with partners. These reinforce each other to drive a systemic transformation in nature finance, ultimately ensuring that we transform the way that nature finance is designed, delivered and redirected.

We will deploy a suite of **activities** with partners to contribute to the delivery of our five outcomes and transform how nature finance flows and functions.

### Blockers

- Destructive economic models
- Unjust power dynamics

### Drivers

- Local stewardship
- Innovative finance mechanisms
- Policy reform

### Vision

Transform the way that nature finance is designed, delivered and redirected, in support of locally led action for people, climate and nature activities.

### Outcome

More money for nature and for Indigenous Peoples and local communities

### Outcome

Less finance harming nature and people

### Outcome

More self-generated, locally controlled finance

### Outcome

Better quality nature finance supporting Indigenous Peoples and local communities

### Outcome

Building blocks for a reimagined system are identified

### Activities

Evidence and research  
Advocacy  
Test and learn  
Community engagement

# Get in touch

This strategy is the result of over a year of consultation and we are deeply grateful to our partners for investing their time in helping us to design it. We look forward to working closely together with them to implement, monitor, evaluate and revise this strategy over the five-year period.

If you would like to collaborate with IIED to deliver more nature finance in support of people, nature and climate, please get in touch with us:

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To learn more about IIED's work on nature finance, visit [www.iied.org/transforming-nature-finance](http://www.iied.org/transforming-nature-finance)

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## Notes

- 1 UNDP (2023) State of Finance for Nature 2023. Nairobi.
- 2 OECD (2020) Comprehensive Overview of Global Biodiversity Finance: Policy perspectives. Paris.
- 3 Weston, P (2024) The world needs \$700bn a year to restore nature. But where is the money coming from?, The Guardian, 30 October.



## Project Materials

### Biodiversity; Economics

#### Keywords:

Nature finance, climate change economics, natural resource investment, Indigenous Peoples, local communities

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