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## **Global Covid-19 stimulus misses nature investment opportunity for jobs, economies and CO<sub>2</sub> reduction**

LONDON, Dec 17 2020 – Global COVID stimulus funding to date has caused net damage to biodiversity, as a result of support for intensive and extractive industries, even though investment in tree planting, agroforestry, and restoration of wetlands, peatland and mangroves disproportionately boosts jobs, economic growth and carbon sequestration, [showed a report by the thinktanks Vivid Economics and Finance for Biodiversity \(F4B\)](#), published on Thursday.

Governments have pumped an estimated US\$13 trillion of public stimulus into the world's economies, to create jobs and stimulate long-term growth.

An immediate priority was to put cash directly into people's pockets, and to support health workers and businesses. However, as rescue and recovery funds turn to public investment, the stimulus programmes represent a once-in-a-generation opportunity for countries to shift course, to reverse climate and nature crises, and create cleaner, greener, safer and fairer economies.

Thursday's report is the latest Vivid/F4B update of their ["Greenness of Stimulus Index"](#) (GSI), which assesses the effectiveness of stimulus efforts by G20 economies and five other major countries to align economic recovery with sustainable growth opportunities.

The report showed that governments have largely failed to harness this opportunity, with the announced stimulus to date having a net positive environmental impact in only seven of the 25 major economies analysed.

Nature has been especially neglected, the report found, with quantified stimulus measures that support biodiversity worth some US\$108 billion to date, compared with some US\$219 billion of stimulus associated with pollution or direct habitat destruction, with negative expected nature impacts.

As a result, governments are missing an extraordinary opportunity to boost jobs and economic growth, as well as the environment, the report found. Allocating less than 5% of total stimulus to date, or some US\$567 billion, into so-called nature-based solutions (NBS), such as tree planting, peatland restoration and sustainable agriculture, could create 7 million more jobs globally, compared with a similar stimulus in business-as-usual (BAU) measures.

"A nature-based stimulus investment scenario outperforms a business-as-usual stimulus investment scenario globally, by delivering more jobs, more economic activity, more carbon sequestration, better nature outcomes and stronger resilience to extreme weather events including flood control," said report co-author, Jeffrey Beyer, from Vivid Economics.

"Our analysis of COVID-19 stimulus commitments to date suggests that investments are further entrenching unsustainable economic pathways, resulting in a high risk of stranded assets, accelerated climate change and continued depletion of natural capital."

The GSI generates environmental scores of national stimulus packages by measuring the total stimulus funds flowing into environmentally-intensive sectors, and assessing the existing green orientation of those sectors, such as the share of renewables in the energy sector, and the green orientation of specific new stimulus measures.

Recent examples of new green stimulus packages and policies included in Canada, which moved from a net environmentally negative stimulus to net positive for the first time, as well as in Australia, Britain, India and South Africa. Canada's Fall Economic Statement committed a total of US\$2.9 billion to be allocated over the next ten years to plant 2 billion trees and to enhance the carbon sequestration potential of Canada's wetland, peatland, grassland and agricultural areas.

Other examples of green stimulus measures include the European Union's stimulus package, South Korea's 'New Deal', the UK's recent Ten Point Plan, and Spain and France's new policy packages.

However, overall, much more is required to kick-start a truly green recovery and capitalise on the associated job and economic opportunities it creates. Specific green measures comprise only a small proportion of stimulus to date. Even Germany's green-tinted US\$45 billion 'Package for the Future' only accounts for around 3% of the country's total fiscal stimulus.

Governments are expected to continue to announce substantial recovery packages in the coming months, which will present a critical opportunity to support a 'green' stimulus.

The Vivid/ F4B report identified a set of tools that governments can use to boost economies in the short and long term, while also accelerating the transition to a more sustainable future. These tools fell into broad categories, including corporate bailouts with green strings attached, for example for airlines to shrink their carbon footprints; investment in nature-based solutions such as tropical rainforest conservation; loans and grants for green investments; subsidies for green products; and subsidies for green R&D.

**Figure 1 Greenness of Stimulus Index**



*Note: Updated on December 12, 2020*

GSI Full Report: [Published here](#)

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#### About Finance for Biodiversity

The Finance for Biodiversity (F4B) initiative aims to increase the materiality of biodiversity in financial decision-making, and so better align global finance with nature conservation and restoration. It does this

through publishing its own research and working with others. F4B was catalysed by The MAVA Foundation and involves Vivid Economics as a core partner.

### **About Vivid Economics**

Vivid Economics is an operational partner within F4B. It is a strategic economics consultancy spanning public policy and support for commercial decision making with a broad, international focus, focusing on “putting economics to good use”. Vivid brings expertise on biodiversity, ecosystem services, natural capital accounting, environmental and social sustainability, and resource productivity.