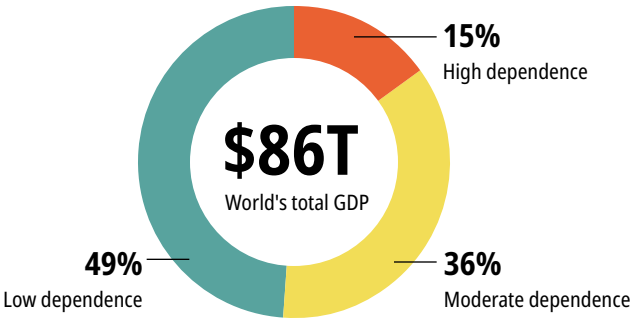
Biodiversity Is Our Hidden Economic Engine

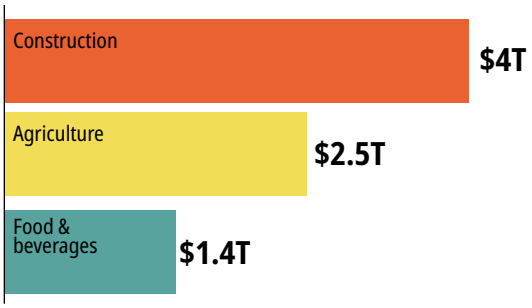
Biodiversity is the foundation of the natural systems that make life on Earth possible and keep economies running. Effective stewardship of the planet's biodiversity is the key to unlocking trillions of dollars in economic growth. About half of the world's total GDP — roughly $44 trillion directly and an estimated $179 trillion indirectly — is generated by healthy ecosystems every year. Industries such as agriculture, forestry, fisheries, construction, and food and beverage manufacturing are deeply reliant on clean water, healthy soils, pollinators, and stable weather patterns. The beauty industry also relies on plants and flowers for natural ingredients within its products. Without these natural resources, production slows, costs rise, and jobs are lost. Even sectors that appear distant from nature, such as finance and insurance, are linked to the stability and predictability that healthy ecosystems provide.

The Global Economy Depends on Biodiversity

As of 2020, over half of the world's GDP is highly or moderately dependent on biodiversity



In 2020, $44 trillion of economic value generation (Gross Value Added) was moderately or highly dependent on biodiversity, including $8 trillion alone in the three highest dependent sectors.



Data sources: World Bank, World Economic Forum

The decline of biodiversity is a direct economic threat to communities, countries, and regions. Globally, economists estimate that the loss of biodiversity and the services it provides — like pollination, fishing, and timber — currently costs at least $5 trillion annually. In low-income regions such as sub-Saharan Africa and South Asia, the potential losses could reach 9 to 10 percent of GDP each year by 2030, a blow that would push millions into poverty and undermine stability. The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) warns that businesses failing to account for nature's decline could lose between $10 trillion and $25 trillion in annual economic value, an amount equal to nearly a quarter of the entire global economy.

The economic effects of biodiversity loss impact every sector

The economic effects of biodiversity loss rarely occur in isolation. Pollinators, such as bees and butterflies, provide a clear example. In the United States alone, pollinators support $34 billion in agricultural production each year. Even a small decline in pollination could lead to sharp drops in crop yields, driving up food prices, lowering exports, and reducing farm incomes.

Declining biodiversity also affects financial stability. European banks have reported that up to three-quarters of their loan portfolios are tied to companies that depend heavily on biodiversity. If ecosystem collapse disrupts supply chains or triggers commodity price spikes, those companies could face losses that ripple into the banking sector, affecting credit availability and investor confidence.

LOOKING AHEAD

Biodiversity drives economic opportunity

While the costs of biodiversity loss are significant, the benefits of protecting and restoring nature are equally compelling. Globally, restoring 350 million hectares of degraded land by 2030 could yield $9 trillion in ecosystem services and sequester between 13 and 26 gigatonnes of carbon dioxide.

The economic rationale for protecting biodiversity is clear, but timing matters. The longer action is delayed, the higher the costs become, and the narrower the window for effective action becomes. However, adopting nature-positive business models and sustainable production methods could unlock up to $10 trillion in annual economic opportunities and create as many as 395 million jobs worldwide by 2030. These jobs span sectors from tourism and renewable energy to food production and ecosystem management.

A World Bank analysis suggests that reforms such as sustainable farming practices, payments for forest carbon, and policies promoting biodiversity-friendly development could boost global GDP by $50 billion to $150 billion by 2030 compared to business as usual. However, to achieve these gains and avoid catastrophic ecosystem collapse, biodiversity finance will need to more than double, to reach at least $200 billion annually by 2030. New instruments such as conservation impact bonds and natural capital buffers for banks link investment performance to the health of ecosystems, creating financial incentives to preserve biodiversity.

Biodiversity supports the stability of our climate, the productivity of our farms and fisheries, the health of our water, and the resilience of our economies. Every restoration project, policy reform, community-led effort, and corporate initiative moves us toward a future where nature and economies thrive together.

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