

Planetary Solvency: Risks and Recommendations

There is an increasing risk of Planetary Insolvency unless we act decisively. Without immediate policy action to change course, Catastrophic or Extreme impacts are eminently plausible, which could threaten future prosperity.

Summary risk outlook

Increasingly severe climate and nature driven impacts are highly likely, including fires, floods, heat and droughts. This is a national security issue as food, water and heat stresses will impact populations. If unchecked then mass mortality, involuntary mass migration events and severe GDP contraction are likely.

Planetary Solvency defines Catastrophic impacts as:

- Economic contraction, GDP loss of over 25%
- Mass human mortality events resulting in over 2 billion deaths
- Warming of 2°C or more, triggering high number of climate tipping points
- Breakdown of some critical ecosystem services and Earth Systems.
- Major Extinction Events in multiple geographies.
- Ocean circulation severely impacted.
- Severe socio-political fragmentation in many regions, low lying regions lost.
- Heat and water stress driving mass migration of billions.
- Catastrophic mortality events from disease, nutrition, thirst and conflict.

Policy recommendations

It will be overwhelmingly positive economically to avoid Planetary Insolvency. An urgent policy response is required as our current market led approach to mitigating climate and nature risks is not delivering.

This should include:

1. Implementing annual Planetary Solvency risk assessments, leveraging the RESILIENCE principles, reporting to the UN Security Council.
2. Creating a function with responsibility for producing Planetary Solvency assessments, housed in an appropriate body such as the IMF or OECD.
3. Considering the need for systemic risk officers at supra-national, national and sub-national levels to enhance systemic risk management capability.
4. Rapidly implementing policy recommendations to reduce risk such as National Transition Plans, Nature Positive Pathways and alternative economic models.
5. Developing appropriate tracking of delivery of solutions to mitigate risk, including oversight of progress, clear accountability and near-term goals.

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