

FINANCING NATURE

Terry Townshend
Paulson Institute
ADB, October 2025

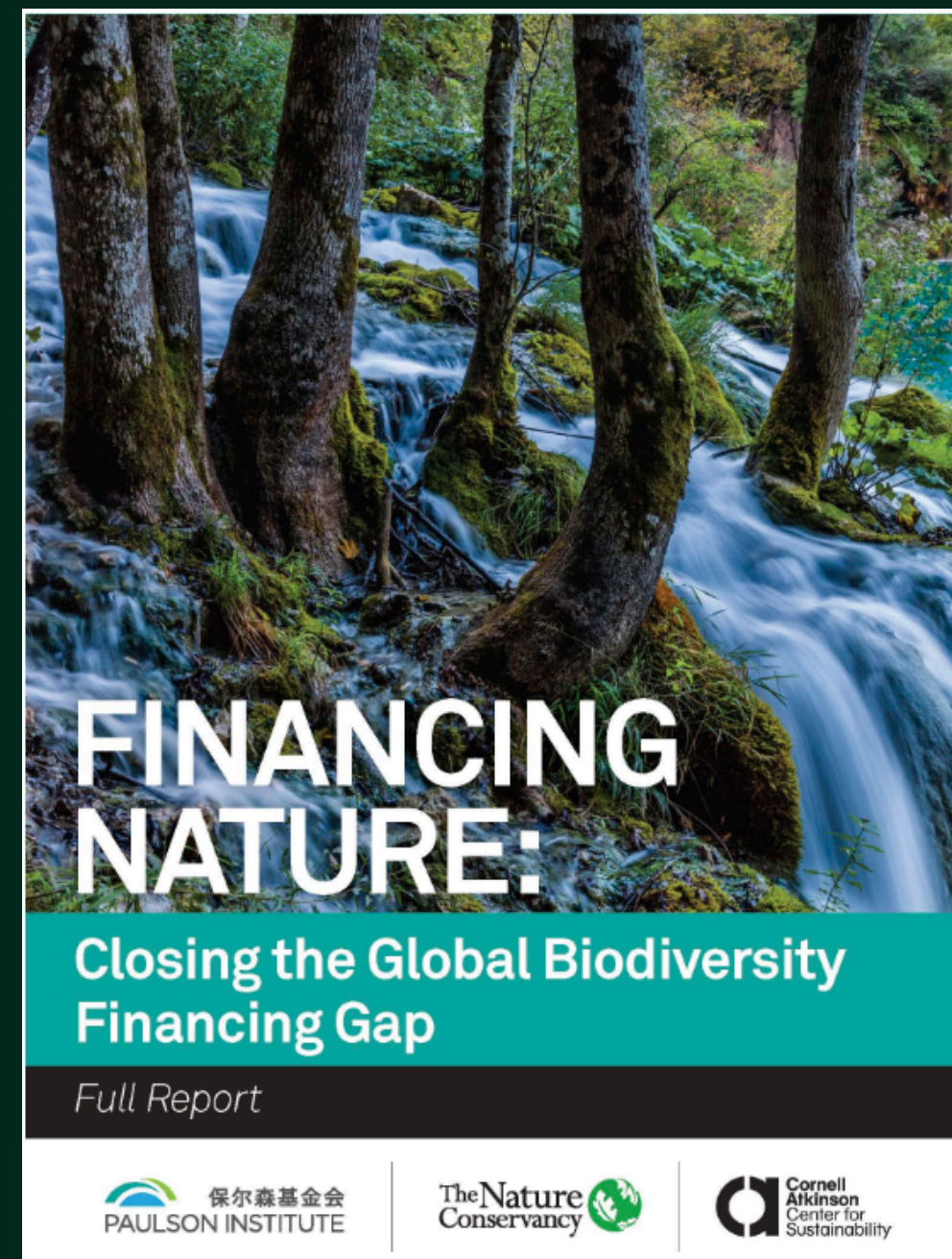


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Background |

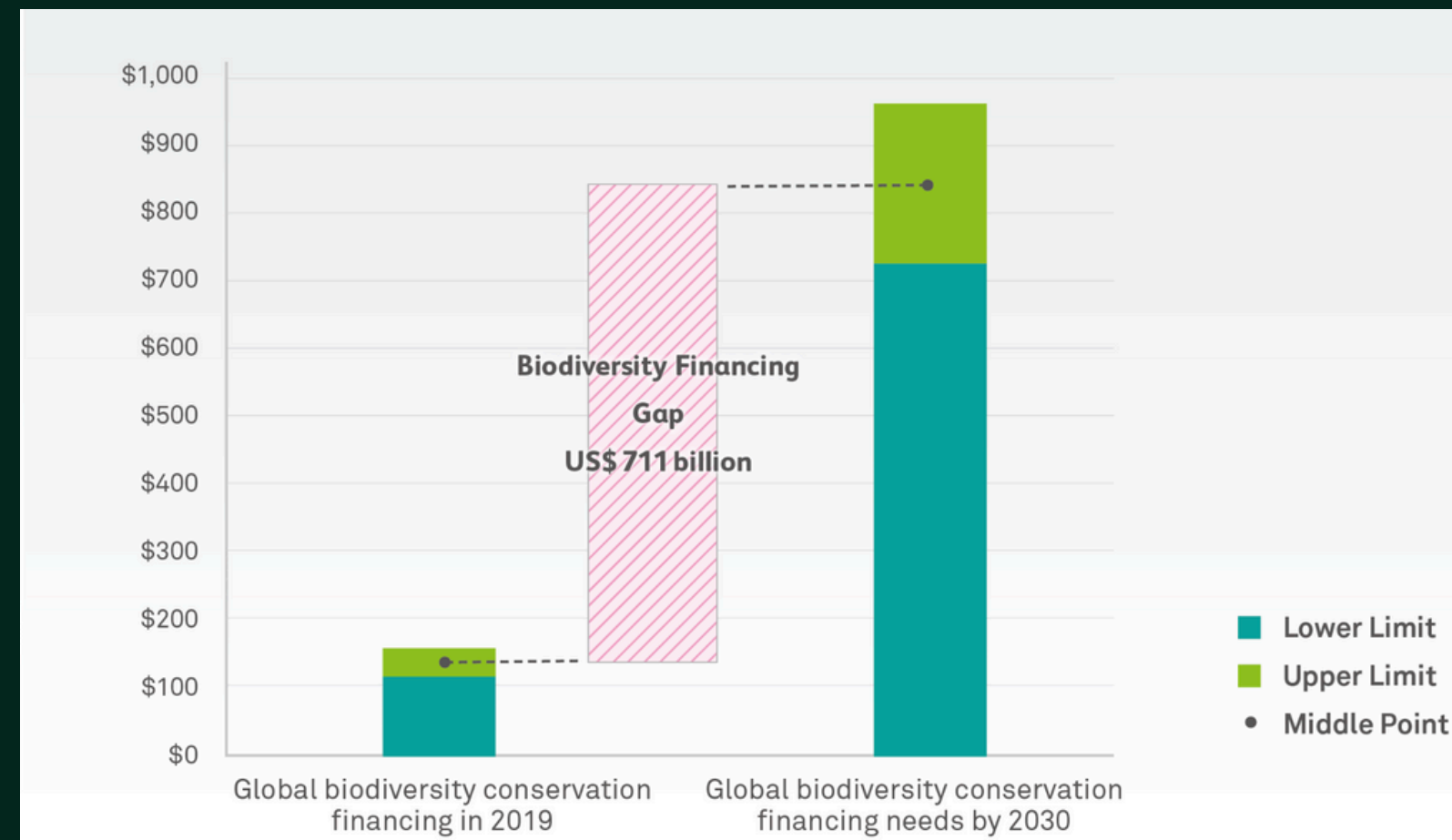
2019: Former Minister of Ecology and the Environment discusses financing biodiversity conservation ahead of China's hosting of UN Convention on Biological Diversity (COP15)

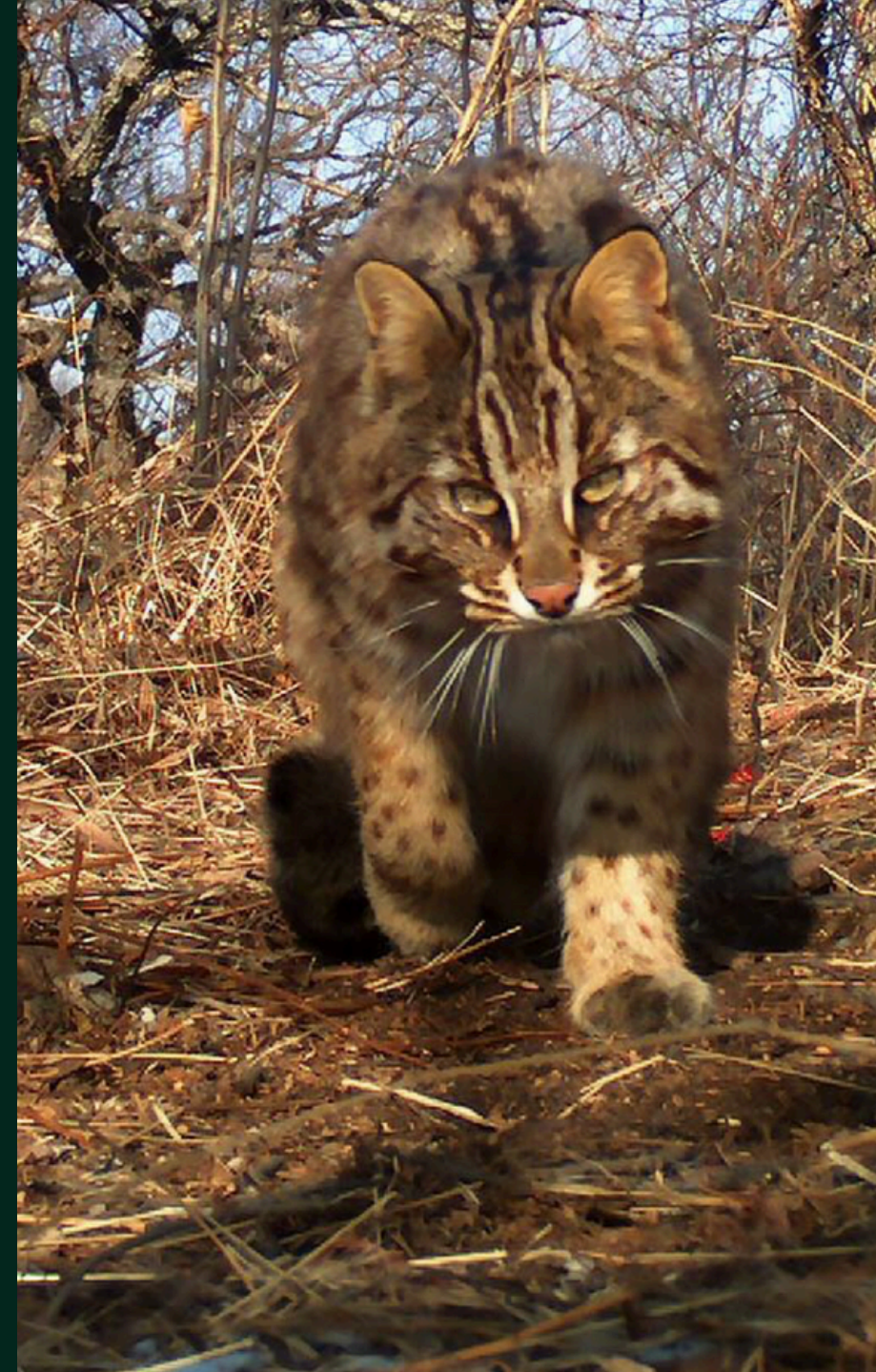
2020: Hank Paulson convenes conservation and finance experts to put together "*Financing Nature: Closing the Global Biodiversity Financing Gap*" to provide advice on resource mobilization.



Key Messages

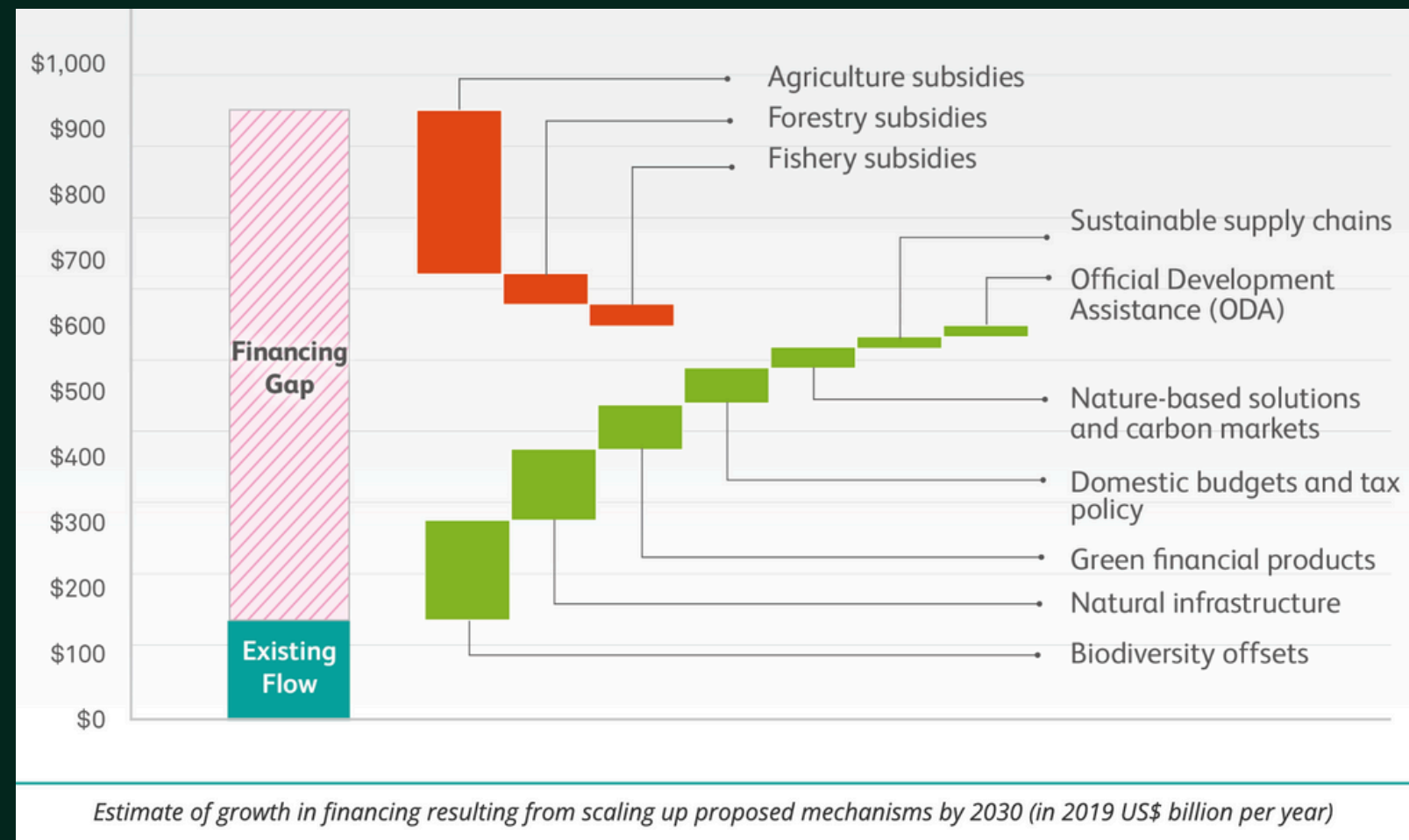
1. Global Biodiversity Financing Gap calculated as US\$ 711 billion per year between 2020-2030





Key Messages

2. How to close the Gap?





Henry M. Paulson, Jr.

Founder and Chairman, Paulson Institute
Former US Treasury Secretary

“An overarching international agreement that provides the vision and sets targets is an important element of the global response to the biodiversity crisis. However, it is not sufficient. The new deal for nature must be backed up by domestic policy, legislation, and finance that put each country on a path consistent with the agreement’s goals.

When we succeed, the payoff will come in the form of improved natural resilience that benefits us all: greater food, water, and economic security; a more stable climate; reduced risk of pandemics, and, not least of all, the intangible benefits nature brings to us every day. To that end, valuing nature and closing the current biodiversity financing gap is, put simply, a smart investment.”

2022 UN BIODIVERSITY CONFERENCE

COP 15 - CP/MOP 10 - NP/MOP 4

Ecological Civilization-Building a Shared Future for All Life on Earth

KUNMING – MONTRÉAL



Photo: copyright Julian Haber

2022: Kunming-Montreal

Global Biodiversity Framework

Agreed by more than 190 countries under China's presidency.

Resource Mobilization Targets

Target 19

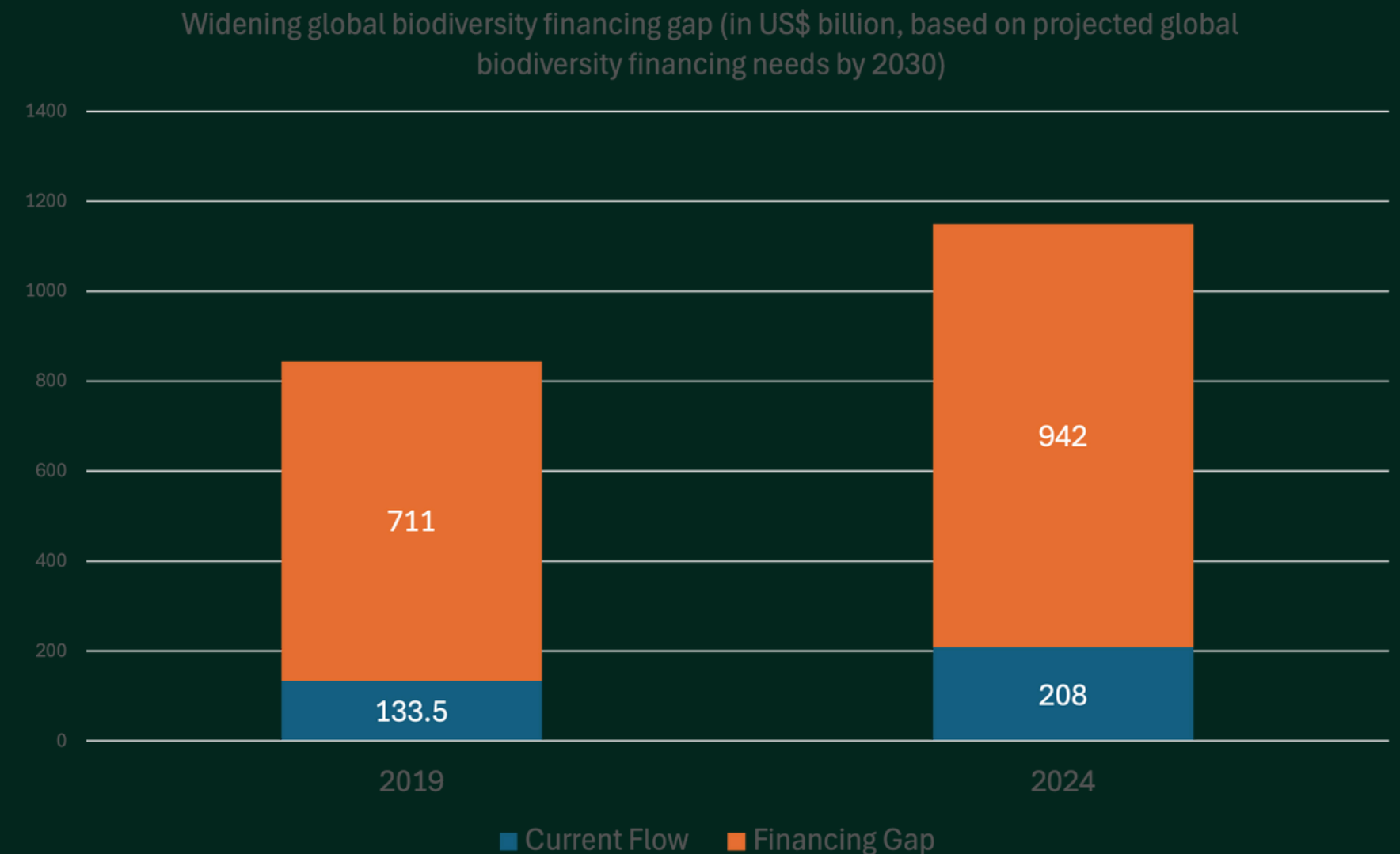
- Mobilize at least US\$200 billion per year by 2030

Target 18

- “Identify by 2025, and eliminate, phase out or reform incentives, including subsidies, harmful for biodiversity, in a proportionate, just, fair, effective and equitable way, while substantially and progressively reducing them by at least \$500 billion per year by 2030”

How are we doing?

- Biodiversity loss accelerating (populations of vertebrates down by 73% since 1970 versus 69% in 2019)
- Exposure of global economy to nature risks up from US\$44 trillion in 2020 to US\$58 trillion
- Global biodiversity financing gap increased from US\$711 billion per year to US\$942 billion per year
- Harmful subsidies up from US\$500 billion to US\$840 billion per year (70% increase);
governments now spend more in one month on subsidies that harm nature than in one year on biodiversity conservation



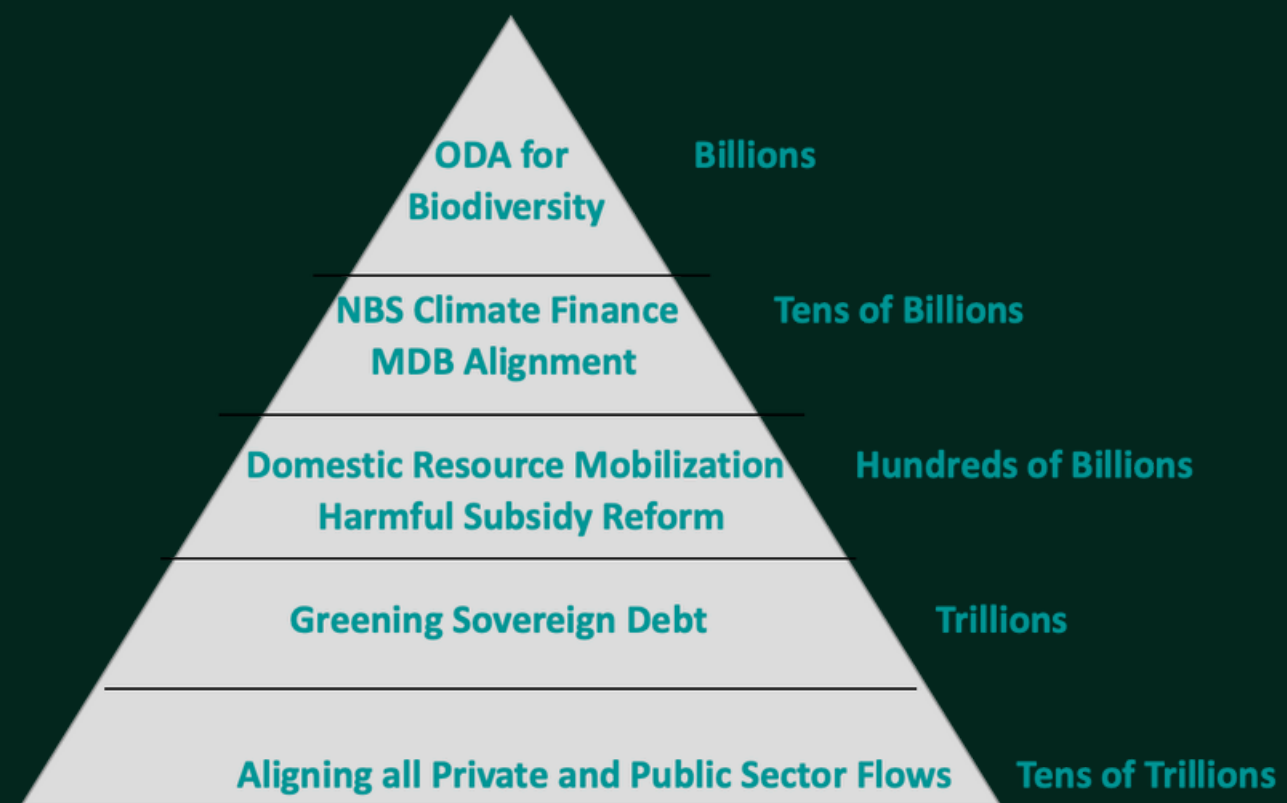
Key Messages in 2025

- **THE CLIMATE AND NATURE CRISES ARE ONE BATTLE. LOSING ONE MEANS LOSING BOTH.** The current siloed approach is a recipe for failure. Pursuing climate solutions without regard for biodiversity is contributing to the destruction of the very ecosystems that provide climate resilience, creating a dangerous feedback loop.
- **2. TACKLING HARMFUL SUBSIDY REFORM IS ESSENTIAL.** Governments are spending more in one month to subsidize nature's destruction than they spend on biodiversity protection in an entire year. Reforming these harmful financial flows can cut the biodiversity financing gap significantly and support climate objectives without requiring new money.
- **3. THE PRIVATE SECTOR IS WAITING FOR A SIGNAL ONLY GOVERNMENTS CAN SEND.** Private sector investment outweighs public sector investment by around 4:1. Aligning this investment with climate and biodiversity goals is key. Without clear rules set by governments, voluntary action will remain marginal and ineffective.
- **4. ADAPTATION FINANCE IS THE NEXT FRONTIER FOR NATURE—DON'T WASTE IT.** As the world shifts focus to climate adaptation, trillions will be invested in resilience. Channeling this finance into natural infrastructure (mangroves, wetlands, urban greenspaces) is a triple win: it builds climate resilience, protects biodiversity, and secures livelihoods.

Greening Finance vs. Financing Green: Relative Orders of Magnitude

Financing Green:
i.e. covering the costs of
implementing the GBF

Greening Finance:
i.e. aligning all financial
flows with the GBF



Thank You

FOR YOUR ATTENTION

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