

The Nature Finance Gap: Explained

1. The Nature Finance Gap refers to the missing investment required to halt and reverse damage to nature.

The “Nature Finance Gap” gets thrown around a lot as a term, but what does it actually mean?

At its simplest, it refers to the gap between current financing of nature-based solutions (NbS), and required financing to protect and restore biodiversity. That is to say:

“Investment needs for NbS - current finance flows to NbS = Nature Finance Gap”

For the most part, the Kunming-Montreal Global Biodiversity Framework (GBF) goals are used as a marker for the level of restoration and conservation we need to get to.

As a reminder, the GBF was a groundbreaking international agreement on biodiversity signed in 2022. The core goals are to halt and reverse nature loss by 2030 - so that means restoring 30% of all degraded ecosystems and conserving 30% of land, water, and seas.

It's no simple task to quantify this gap, and researchers have approached it in a number of different ways.

2. The Nature Finance Gap can be cut in many different ways.

There are many different ways to approach the challenge of quantifying the nature finance gap. Each group analysing the gap between current nature financing and what's needed to achieve the 30x30 goal brings its own unique expertise, shaped by its research and experience. This means that the way we bridge this Nature Finance Gap can be cut in many different ways.

Whilst one group might approach nature financing by splitting the task into categories like protection activities, sustainable land management, and restoration activities, there's another that focuses on cutting financing between biodiversity conservation, productive landscapes, and urban environments. Some sources even approach the nature financing gap by splitting investment needs into systems transition categories.

Each of these approaches are helpful and provide depth and colour to our collective understanding of where we need to put the pennies. But in isolation, each estimation is not wholly able to tell the full picture, despite the inevitable overlap between the main players' estimations.

There are other creative ways to look at investment requirements for nature that don't relate to the GBF goals too! For example, the World Economic Forum think about it through the potential to capture investment opportunities, identifying the gap between a business-as-usual scenario and a nature-positive economy.

3. Taken together, you can think about it like this:

1. Halting and reversing nature loss requires major systemic shifts—transforming supply chains, redesigning agriculture, and scaling conservation and restoration. Together, these demand an estimated \$2.7 trillion annually in capital investment, according to the World Economic Forum.
2. Redirecting existing capital is a critical first step. Today, between \$542 billion and \$6.7 trillion per year is funneled into nature-negative activities. Examples of what this looks like is reforming harmful subsidies - particularly in agriculture, forestry, fisheries, and fossil fuels - and shifting capital into nature-positive alternatives like regenerative agriculture.
3. But redirecting capital won't be enough - new investment is also needed. The Nature Finance Gap is estimated at \$242 billion to \$942 billion per year, with \$711 billion emerging as the most widely cited figure (Paulson Institute, The Nature Conservancy, Cornell Atkinson Center for Sustainability).

4. There are 3x key reports behind the \$242 billion to \$942 billion per year nature finance gap to have on your radar.

First, UNEP's "State of Finance for Nature" (2023) – \$242B Gap

- Focuses on Nature-based Solutions (NbS) and estimates the investment needed to meet global conservation goals like the 30x30 target and land degradation neutrality by 2030.
- Uses a global land-use model to quantify required funding under climate policy scenarios.
- Assesses both public and private finance, including sectors like agriculture, forestry, and fossil fuels, estimating that up to \$6.7 trillion per year still flows towards activities that harm nature.

Second, Paulson Institute, The Nature Conservancy & Cornell (2020) – \$711B Gap

- Takes a broader view of biodiversity conservation, including protected areas, restoring productive land, and financing green transformations.
- Uses data from financial markets, conservation funding, and policy-driven financing mechanisms.
- Estimates nature-negative public finance at \$408 billion per year, based on subsidies and other public sector investments that contribute to biodiversity loss.

Third, BloombergNEF Biodiversity Finance Factbook (2024) – \$942B Gap

- Builds on previous estimates but adjusts for inflation and economic trends.
- Includes a wider range of financial flows, integrating UNEP's methodology but expanding the scope of investment needs.
- Estimates that \$2.6 trillion per year is still being directed to sectors harming nature, including agriculture, forestry, fossil fuels, transport, construction, and plastics.

Why Are These Estimates Different?

The wide range in estimates comes down to three main factors:

- Scope – Some estimates focus only on NbS, while others include broader biodiversity finance or policy-driven market transformations.
- Methodology – Different reports rely on land-use models, policy-based estimates, or financial market analysis to quantify the gap.
- Nature-Negative Flows – The scale of “harmful” finance varies significantly depending on whether only public subsidies are included (lower estimate) or if private sector finance is also factored in (higher estimate).

5. There's a huge gap, and it's time for the private sector to step up.

Overall, there's a lot to digest here! When we compare and contrast different estimates, there are gaps in the data, overlapping categorisations and conceptual crossovers.

But the bottom line is clear - there's a huge gap, and the private sector is uniquely positioned to step up, with \$10 trillion in private markets annually.

The resources are there; the challenge is unlocking them for nature.