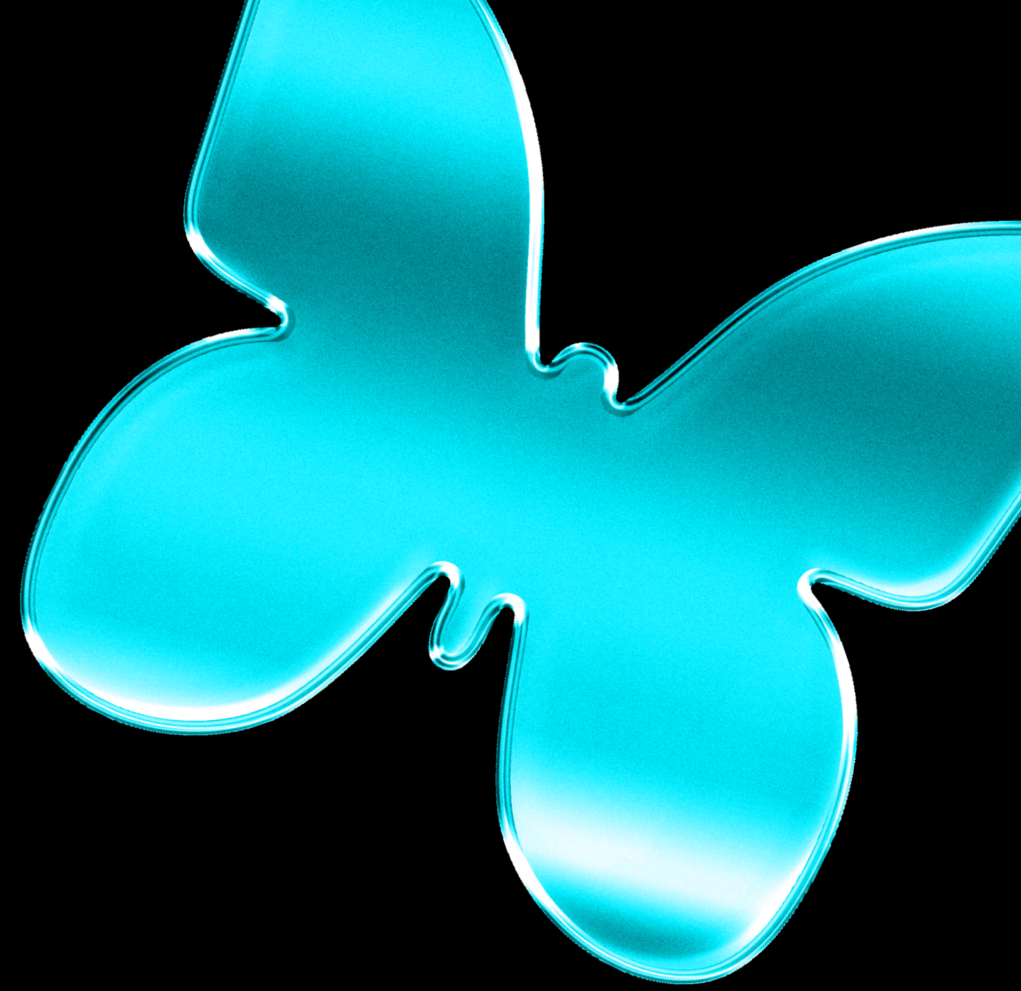


The Nature Finance Gap: Explained

February 2025



Contents

- 1. The Nature Finance Gap refers to the missing investment required to halt and reverse damage to nature.**
- 2. The Nature Finance Gap can be cut in many different ways.**
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- 5. There's a huge gap, and it's time for the private sector to step up.**

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

The “Nature Finance Gap”



A diagram illustrating the "Nature Finance Gap". It consists of two identical, empty dark gray squares positioned side-by-side. Between the two squares is a large, bright cyan question mark. This visual metaphor represents the significant discrepancy between the current level of investment in nature and the level of investment required to meet global goals.

The “Nature Finance Gap”

Investment
needs for NbS

—

Current finance
flows to NbS

=

**Nature
Finance Gap**

Global Policy Framework

Global Biodiversity Framework



Regional Strategies

EU

US

JAPAN

INDIA

OTHERS...

Reporting

Regulation



Voluntary



Standards

GRI

ISSB



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

Protection
activities

Biodiversity
conservation

Urban
environments

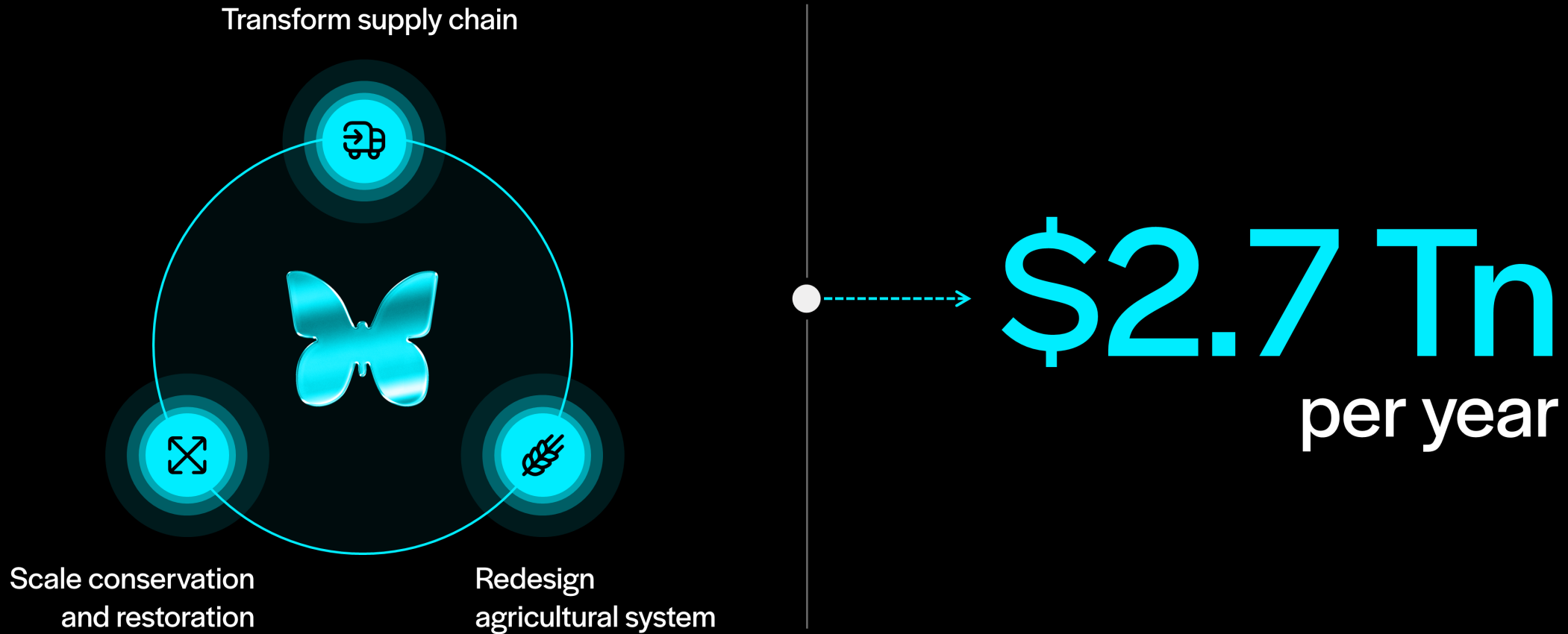
Sustainable land
management

Restoration
activities

Productives
landscapes

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

Halting and reserving nature loss requires three major system shifts



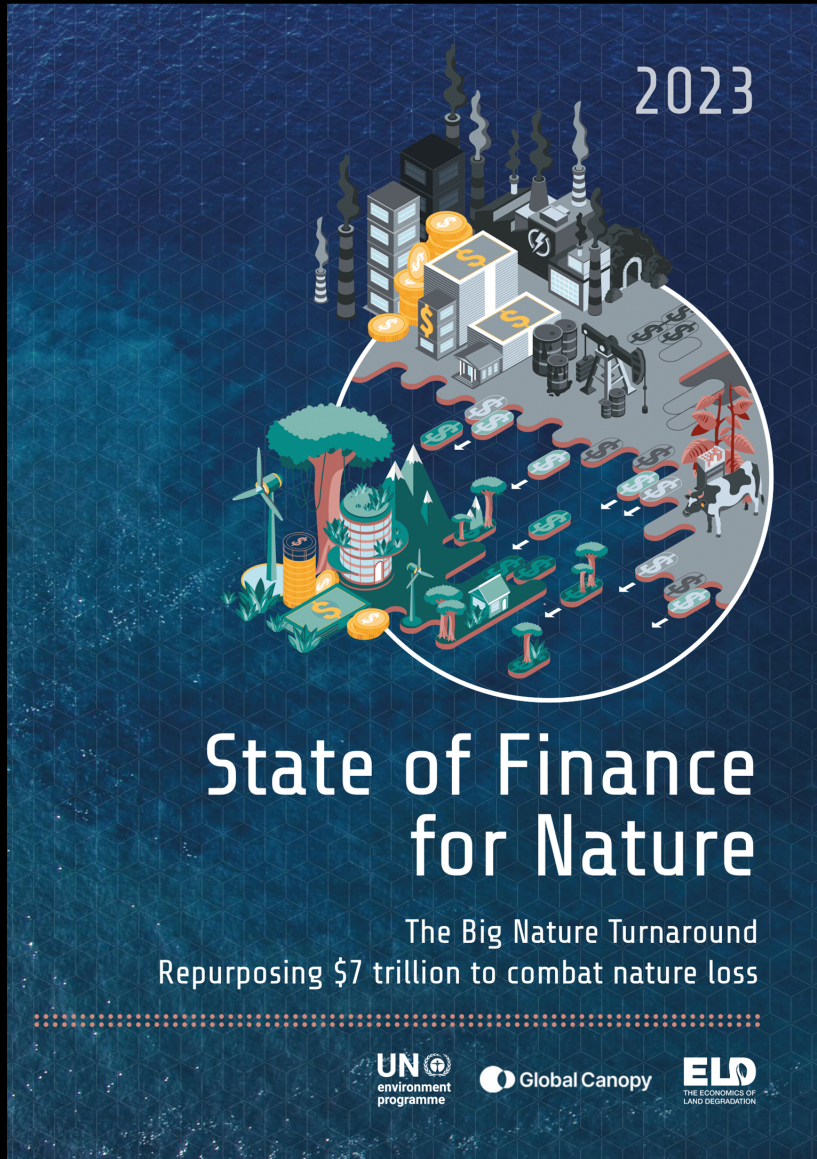
Redirecting existing capital is a critical first step.

\$542 Bn - \$6.7 Tn
per year

New investment is also needed

\$711 Bn
gap

4. There are 3x key reports to have on your radar.



\$242B

- ✦ Focuses on nature-based Solutions (NbS).
- ✦ Uses a global land-used model to quantify required funding.
- ✦ Assesses both public and private finance.



FINANCING NATURE:

Closing the Global Biodiversity Financing Gap

Foreword and Executive Summary

\$711B

- ✦ Takes a **broader view of biodiversity** conservation.
- ✦ Uses data from financial markets, conservation funding, and policy-driven financing mechanisms.
- ✦ Estimates **nature-negative public finance at \$408 billion per year.**

Biodiversity Finance Factbook

Biodiversity COP16 Edition

Hugh Bromley

Bloom

BNEF at COP16

The 16th meeting of the United Nations Convention on Biological Diversity will convene between October 21 and November 1, 2024, in Cali, Colombia.

BloombergNEF will be on the ground in Cali throughout the convention.

To meet our team or join our events and report releases, please contact your client representative or bnfcp@bloomberg.net

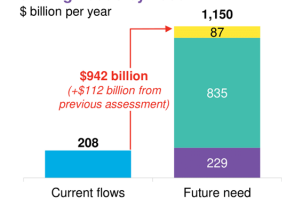
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Executive summary

The gap between current biodiversity finance and future needs has widened to \$942 billion, as a modest increase in investment activity failed to keep pace with inflation. Finance flows into the preservation and restoration of nature have edged higher since the Global Biodiversity Framework was reached in December 2022 but remain vastly off the trajectory needed to hit targets agreed in Montreal. This Biodiversity Finance Factbook provides an update on the need for investment into nature, the current flows of biodiversity finance, and the priority regions where this should be deployed.

- Current biodiversity financial flows amount to approximately \$208 billion per year, up from our estimates of \$166 billion in 2021. A five-fold increase is needed by 2030 to hit the \$1.15 trillion needed.
- Public finance including biodiversity-related overseas development assistance and debt-for-nature swaps has increased since our last assessment, as have estimates of environmentally harmful subsidies. Private finance instruments including green bonds and carbon offsets with biodiversity benefits are down from previous highs and relatively stable.
- The cost of inaction weighs on companies and governments. Approximately 55% of global GDP is moderately or highly dependent on nature, but a vastly higher share relies on functioning ecosystems to some degree. Nature-related risks are costing companies and their investors billions of dollars, but many lack sophistication in their approach to managing these risks.

Current annual biodiversity finance flows vs biodiversity conservation funding needs by 2030



Source: BloombergNEF, UNEP State of Nature Finance 2023 (current spend); Paulson Institute, Nature Conservancy, and Cornell Atkinson Center for Sustainability, 2020 (future need), CPI Inflation Calculator. Note: Figure uses upper range of estimates.

\$942B

- ✦ 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**.

**BloombergNEF Biodiversity
Finance Factbook (2024)**

\$942B

**Paulson Institute. The Nature
Conservancy and Cornell (2020)**

\$711B

**UNEP “State of Finance
for Nature” (2023)**

\$242B

Scope

Methodology

Nature-negative flows

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

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

WS

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