NATURE FINANCE & CLIMATE RESILIENCE

Banking on Biodiversity: Financing the Ecosystems That Sustain Us

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Nature is not just our environment. It is our oldest climate adaptation investment.

Nature finance has emerged as a critical pillar of sustainable development as the world confronts accelerating biodiversity loss, ecosystem degradation, and climate-induced vulnerabilities. Nature finance refers to mobilizing public and private financial flows toward activities that conserve, restore, and sustainably manage ecosystems, while reducing investments that drive biodiversity loss and environmental degradation. (UNEP, 2023; CBD, 2022).

The urgency of this transition is becoming increasingly evident.

Global biodiversity has declined by nearly 69% since 1970 (WWF, 2022), while more than half of the world's GDP depends, moderately or highly, on ecosystem services such as: (i) water regulation (ii) fertile soils (iii) pollination (iv) fisheries (v) climate regulation. Nature therefore should not be viewed solely as an

environmental asset. It is fundamental economic infrastructure underpinning livelihoods, food systems, disaster resilience, and long-term economic growth.

The World's Biggest Investment Gap

Despite growing recognition of biodiversity's value, global finance continues moving in the opposite direction. The numbers tell a sobering story. According to the UNEP State of Finance for Nature 2026, approximately US$7.3 trillion flowed into nature-negative activities in 2023, while only US$220 billion was invested in nature-based solutions. That is a financing imbalance of more than 30:1. For every dollar invested in restoring nature, thirty dollars continue financing its degradation.

$7.3T	$220B
INTO NATURE-NEGATIVE ACTIVITIES (2023)	INTO NATURE-BASED SOLUTIONS

Although public finance still accounts for nearly 90% of nature-positive investments, encouraging momentum is emerging from private markets. Private finance for nature has grown from US$9.4 billion in 2020 to more than US$100 billion in circulation by mid-2024 (UNEP Finance Initiative, 2024).

Yet this remains far below what is needed. Annual investment in nature-based solutions must increase to US$571 billion by 2030 (UNEP Finance Initiative, 2026), if the world is to meet biodiversity, climate, and land restoration goals.

Bangladesh Cannot Afford to Ignore Nature Finance

For Bangladesh, this financing gap is more than an environmental concern. It is an economic and development challenge. An estimated 3.5 million people depend directly on the Sundarbans for their livelihoods (WEF, 2026). In Tanguar Haor, more than 80,000 people across 80 villages rely on fisheries, reeds, wetlands, and seasonal agriculture sustained by healthy ecosystems (IUCN, 2017).

3.5M	80,000+
people depend directly on the Sundarbans for their livelihoods	people across 80 villages rely on Tanguar Haor's ecosystems

These are not abstract beneficiaries of ecosystem services. Their food security, income, cultural identity, and physical safety are inseparable from the health of the ecosystems surrounding them. Bangladesh's economy depends on wetlands, rivers, mangroves, forests, fisheries, and coastal biodiversity. Yet increasing salinity

intrusion, river erosion, deforestation, pollution, rapid urbanization, and climate change are placing these ecosystems under unprecedented pressure. Nature degradation is no longer simply an environmental issue. It has become a fiscal, development, and economic risk.

Financing Climate Resilience Starts with Nature

Bangladesh faces a dual challenge. On one hand, it requires substantial adaptation finance to address climate-induced loss and damage. On the other, it must invest in ecosystems that naturally reduce those very risks.

These are not simply conservation activities. They are long-term investments that reduce disaster risks while generating economic, environmental, and social returns. Unfortunately, financing for these sectors remains fragmented, project-based, and heavily donor dependent.

The Financial System Still Cannot See Nature

One of the greatest barriers to scaling nature finance is measurement. Although more than 150 biodiversity indicators have been proposed internationally, only a small fraction are currently used by financial institutions (UNEP Finance Initiative, 2024).

Key Challenges for Nature Finance in Bangladesh

The disconnect between ecological science and financial decision-making remains profound. The problem is not that investors are indifferent to nature. The problem is that today's financial system was never designed to recognize it. When a mangrove forest does not appear on a balance sheet, it effectively does not exist for capital allocation.

In Bangladesh, weak environmental data systems, limited technical expertise, and fragmented institutional responsibilities further constrain the development of credible investment pipelines.

Nature finance also faces structural economic barriers. Many ecosystem services function as public goods. The Sundarbans protects millions of people regardless of who pays for its protection. That very characteristic makes it difficult for private investors to capture financial returns. Consequently, biodiversity investments often appear financially unattractive due to uncertain revenue streams, long investment horizons, and high transaction costs. Commercial banks continue prioritizing conventional infrastructure and industrial projects over ecosystem restoration. While Bangladesh Bank's green finance guidelines have advanced sustainable finance, dedicated biodiversity financing instruments remain limited.

We Are Still Financing Nature's Destruction

Perhaps the greatest paradox is that governments and markets continue investing far more in destroying nature than protecting it. Globally, environmentally harmful subsidies to agriculture, fossil fuels, fisheries, and forestry exceed US$1.7 trillion annually, while private nature-negative finance contributes another US$5 trillion (IISD, 2023).

Bangladesh reflects many of these same patterns, like shrimp cultivation, wetland encroachment, unregulated brickfields, river pollution, unsustainable land conversion.

These activities generate short-term economic gains while steadily eroding the natural systems that underpin long-term resilience. Ironically, the communities most dependent on nature often have the fewest alternatives but to exploit it.

Bangladesh Has an Opportunity to Lead

Despite these challenges, Bangladesh is uniquely positioned to become a regional leader in nature finance. The country already has globally recognized experience in (i) climate adaptation (ii) community-based resilience (iii) locally led adaptation (iv) disaster risk reduction.

Existing national strategies, including the National Adaptation Plan, Bangladesh Climate Prosperity Plan, and Delta Plan 2100, already emphasize ecosystem restoration and resilience.

An important milestone came in May 2025, when Bangladesh officially launched the Umbrella Programme to Support Development of Biodiversity Finance Plans under UNDP's BIOFIN initiative.

This provides an opportunity to establish:

- National Biodiversity Finance Plan
- Biodiversity budget tagging
- National Biodiversity Trust Fund
- Payments for ecosystem services
- Ecotourism revenue-sharing mechanisms

These reforms could fundamentally reshape how Bangladesh finances its natural capital.

Nature Finance is Becoming Mainstream Finance

Globally, financial markets are moving rapidly. The rapid expansion of the Taskforce on Nature-related Financial Disclosures (TNFD) illustrates this shift. By late 2025, more than 733 organizations across 56 countries had committed to TNFD-aligned reporting, representing US$22.4 trillion in assets under management. Nature disclosure is increasingly becoming a baseline expectation rather than a voluntary exercise.

733+
organizations across 56 countries committed to TNFD-aligned reporting

$22.4T
in assets under management represented by TNFD commitments

Bangladesh's financial institutions, including Bangladesh Bank, the Bangladesh Securities and Exchange Commission, and listed companies, must prepare accordingly if they wish to remain competitive in increasingly nature-conscious global capital markets.

Finance Must Reach Communities

Bangladesh already possesses one of the world's strongest ecosystems of community-based organizations, cooperatives, and microfinance institutions. These systems can finance ecosystem restoration, sustainable agriculture, community conservation, and biodiversity enterprises while strengthening local resilience. Because ultimately, protecting ecosystems means protecting people.

*Nature is fundamental economic infrastructure. Protecting ecosystems means protecting **people**.*