



 PAULSON INSTITUTE

THINK & DO

Paulson Institute's
Year in Review



The Paulson Institute

The Paulson Institute is a non-partisan, independent “think and do tank” dedicated to fostering a US-China relationship that serves to maintain global order in a rapidly evolving world. The Institute identifies opportunities for Americans and Chinese to cooperate, build linkages in areas where interests are shared, and offers thought leadership to stakeholders in both countries.

The Paulson Institute’s focus on US-China is dictated by the reality that it is the most consequential bilateral relationship in the world. The Institute operates at the intersection of economics, financial markets, and environmental protection by promoting market-based solutions to ensure green economic growth.

The Institute produces analysis and intellectual products to decode China’s political economy. It supports market-based solutions to climate change and environmental conservation. It works with financial markets and international financial institutions to implement green lending standards and champion innovative approaches to finance low-carbon growth. And it convenes leading experts to inspire bold thinking and help build a new framework for US-China relations.

Founded in 2011 by former Treasury Secretary Henry M. Paulson, Jr., the Paulson Institute is based in Chicago with offices in Washington and Beijing.

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“ PI will serve as a resource for decision-makers in both countries who seek to foster a US-China relationship that is more productive, balanced, and secure.

LETTER FROM THE CHAIRMAN

For more than three decades, I have traveled to China multiple times a year—as a CEO, as US Treasury Secretary, and as Chairman of the Paulson Institute—to build US-China ties and to advance my belief that solving the world’s biggest problems will be much easier if the world’s two largest economies work in complementary ways.

When the pandemic hit in 2020, I continued to engage with my Chinese colleagues and friends virtually. But this year was the first in more than three years that I’ve been able to return in person. It was great to be in China again, and it was a reminder of the importance of in-person collaboration and spending time on the ground.

A highlight of one of my visits was celebrating the Paulson Institute’s 10th anniversary of the Paulson Prize for Sustainability. Prize winners have invented new ways to clean water, boost energy efficiency, recycle batteries, and lower cities’ carbon footprints. These projects are a testament to the power of innovation and creativity to solve critical problems and always leave me feeling inspired.

While in China, I also spent a considerable amount of time with senior government leaders, discussing the many challenges facing China’s economy. What is clear is China’s problems are not self-contained. China’s economy is deeply intertwined with the world economy, and if China falls into a prolonged economic crisis, the effect on global markets will ripple around the world.

The current state of US-China relations remains fraught, but some key leaders in both Washington and Beijing are

working to put a floor underneath the relationship. In recent years, our two governments had a fundamental breakdown in communication, but 2023 saw a resumption of high-level visits, culminating in a productive dialogue between presidents Biden and Xi at the APEC meeting in California.

The year ahead will present a new test for US-China relations, as an intense presidential election in the United States stirs politics in both countries. Against this backdrop, it will be increasingly difficult—but essential—for both nations to define a framework that manages competition and avoids debilitating conflict.

For our part, the Paulson Institute will continue to identify areas of productive cooperation between our two countries. Through our programs on conservation and green finance, as well as our top-flight research and insights on the Chinese political economy, we will serve as a resource for decision-makers in both countries who seek to foster a US-China relationship that is more productive, balanced, and secure.

Thank you for your ongoing support and partnership. I look forward to continuing the work in the new year.

Sincerely,
Hank Paulson



“ In 2023, we advanced our core programs in the US and China and expanded our work into new markets and issues.

LETTER FROM THE VICE CHAIRMAN & EXECUTIVE DIRECTOR

The US-China relationship continues to face significant challenges. Ongoing competition in the technological, economic, and political spheres demands guardrails and new structures for managing conflict. Global problems such as climate change and biodiversity loss require joint solutions and complementary action. The Paulson Institute has a unique role to play in advancing these efforts.

Our team of global experts works daily at the intersection of environmental and economic policy, focusing on the US-China relationship. We deliver impact by identifying areas of shared interest, working with our partners on the ground, and producing independent, evidence-based research and thought leadership. In 2023, we advanced our core programs in the United States and China and expanded our work into new markets and issues.

MacroPolo, our in-house think tank, produces best-in-class digital content and incisive research on China. This year, the team published several ground-breaking products, including a “Build Your EV” digital tool that helps users get a global picture of EV supply chains. MacroPolo also continued to regularly publish high-quality commentary and analysis of the Chinese economy. Our scholars are frequently quoted in the media.

The Paulson Institute’s Green Finance Center works with financial market participants and international financial institutions to promote green growth and create innovative models to spur green development. The team published its fourth annual report on fintech, *How Fintech Facilitates the Sustainable Development of Green Finance in China*, which attracted widespread attention from the fintech industry and the media in China. The team also hosted and participated in several green finance programs in the

MENA region, including the Future Investment Initiative in Saudi Arabia.

Our Conservation Program works to protect and unlock the value of China’s natural capital. This year, our team advanced initiatives on wetland conservation and restoration, the development of national parks, and responsible trade and investment. Some notable projects included efforts to safeguard the East Asian-Australasian Flyway, as well as the development of a blueprint for wetland conservation of the Yellow Basin River. The team also co-hosted a half-day event at COP 28 in Dubai and expanded its work on national parks in Thailand.

In addition to our core programs, the Paulson Institute worked to shape the global conversation through our flagship podcast, *Straight Talk with Hank Paulson*, which featured luminaries including President George W. Bush, former Secretary of State Hillary Clinton, musician and activist Bono, and economist Nicholas Stern. We also spotlight some of the most innovative, scalable, market-based solutions to climate change and biodiversity loss through our Paulson Prize for Sustainability.

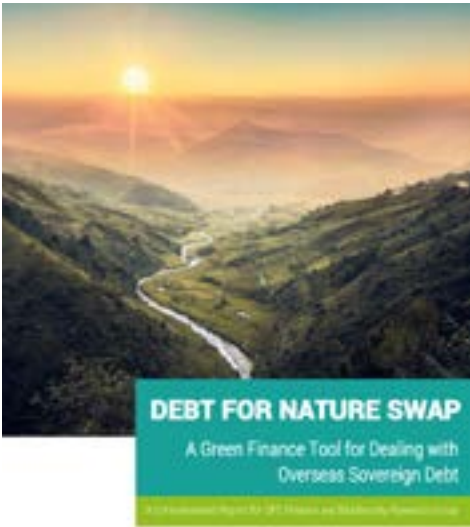
We are proud of all we have accomplished this year and look forward to the work ahead. In the new year, we will remain dedicated to our guiding principles of independence, intellectual rigor, and impact. We thank you for your collaboration and support of the Paulson Institute.

Sincerely,
Deborah Lehr

2023 Timeline

January

- Hank's op-ed "America's China Policy Is Not Working" is published in *Foreign Affairs*



July

- Hank writes the op-ed "We must stop climate solutions from killing biodiversity" for *Financial Times*
- Hillary Clinton joins Hank on the *Straight Talk* podcast

February

- PI releases *Debt for Nature Swap* report in partnership with Green Finance and Development Center, Fudan University
- Bono appears on *Straight Talk with Hank Paulson*



August

- Hank writes the op-ed "A deep crisis in China would pose a choice for two leading powers" for *The Washington Post*
- Hank interviewed by *CNN* and *Bloomberg* on challenges the US economy is facing
- Deborah Lehr appears on *Bloomberg TV* to discuss China's economic stability

March

- George W. Bush appears on *Straight Talk with Hank Paulson*
- Stephen Hadley appears on *Straight Talk with Hank Paulson*
- Damien Ma and Houze Song write an op-ed for *Foreign Affairs*, "China's Consumption Conundrum"



September

- PI's Green Finance Center releases *Fintech Facilitates Green Finance Development in China: Cases and Outlooks (The 2023 Report)*
- PI awards the annual Paulson Prize for Sustainability in Green Innovation and Nature Stewardship categories
- Melissa Kearney joins Hank on the *Straight Talk* podcast

April

- Deborah Lehr speaks on a panel at the IMF's Spring Meetings
- Li Zhu speaks on a panel at Meridian International Center's Diplomacy Forum
- PI launches the 10th Annual Paulson Prize for Sustainability
- Hank interviewed by *Fortune* and *Financial Times*



October

- PI co-hosts *Decoding China: The Chinese Economic Miracle, Interrupted?* event with University of Chicago

May

- GFC celebrates its fifth anniversary
- PI cohosts the International Symposium on Building a World-Class Eco-Metropolis
- Deborah Lehr appears on *Bloomberg TV* to discuss US engagement with China



November

- Deborah Lehr appears on *Bloomberg TV* to discuss Biden and Xi meeting

June

- MacroPolo celebrates its sixth anniversary



December

- The Conservation team attends COP 28
- PI launches Blueprint video series



MacroPolo

Decoding China's Economic Arrival

MacroPolo is the Paulson Institute's think tank. Based in Chicago, its team of experts and creators provides incisive analysis, creative research products, and insightful multimedia and digital content. MacroPolo is bringing the think tank into the 21st century. The twin forces of digitization of the economy and the democratization of knowledge have created a new central challenge: content abundance. Overcoming that challenge requires research and content distribution to fundamentally adapt and diversify. What truly matters are valuable insights, deep and differentiated analysis, and the foresight to anticipate trends coming around the bend. This is why MacroPolo believes in creating distinctive products that have a high insight-to-noise ratio; harnessing technology and data to build functional, beautiful, and accessible content; delivering consistently high-quality and forward-looking analysis and best-in-class research; and taking a design-centric approach to simplify complexity.

MacroPolo's Core Areas:
Economics | Energy | Technology | Politics

Notable Projects



Build Your EV

The Vantage, MacroPolo’s newly launched electric vehicle, arrived in 2023. It doesn’t exist in reality, but it is based on a realistic mass-market EV that might be on American roads by 2030. MacroPolo brought the Vantage to life with their first-ever attempt at 3D rendering. This tool was created to make supply chains and costs tangible by customizing your own EV. As the United States aims to reach 50 percent EV sales in 2030, it requires wide adoption. Understanding the feasibility of the adoption goal requires understanding the globalized picture of EV supply chains and their cost (Hint: It’s not just about batteries).



Generation Matters

Like in the United States, a lot of political dynamics in China can be attributed to generational differences. As a matter of fact, generational cohorts matter significantly when it comes to elite Chinese politics. That’s why MacroPolo reintroduced a well-received feature: the Chinese Political Attitudes Test. Do you lean pro-market or pro-state? Find out how you compare to Chinese generational cohorts ranging from today’s Gen Z to those who will lead China after the 20th Communist Party Congress.



Nanometers over GDP: Can Technocrat Leaders Improve China’s Industrial Policy?

A profound shift has occurred as the Chinese leadership has reconsidered development priorities: the key metric is no longer GDP growth but “nanometers.” That’s because there’s no real-world problem more important to China’s future than overcoming technology bottlenecks. Politically, that has meant the elevation of technocrats to the highest levels of the Communist Party, exemplified by the “elite technocratic eight” in the 20th Politburo. MacroPolo examines how technocrat leaders are at the forefront of optimizing industrial policy to produce better outcomes on technology goals in its second installment on technocrats.



Reordering the Global Order: A World of “Nodes and Acquends”

Roughly three generations after World War II, an interregnum has arrived again between the existing paradigm and the one that’s yet to fully take shape. MacroPolo argues that the main course defining this transitional order is the tension between “nodes and acquends” (acquaintance/friend). That is, the two competing dynamics that will shape an eventual outcome are how third countries align to benefit from participating in economic production nodes and/or benefit from geopolitical alliances. As America doubles down on being the indispensable ally and security guarantor, China is doubling down on becoming the indispensable producer of last resort.

Materials Science Matters: The Talent Central to China’s Tech Pivot

More than knowledge or money, talent is the crux that will determine China’s technological progress. That talent challenge will intensify as Beijing grapples with a technology pivot from bits to atoms, which requires an attendant shift in the STEM talent pipeline. In particular, forging world-class materials scientists will be key. In the world of atoms, coders matter less than chemists. Whether it’s chips, batteries, magnets, or next-gen nuclear power, innovation doesn’t depend on algorithmic breakthroughs but rather on breaking through the physical material and chemical constraints of a product to increase efficiency or generate more power.

Can China Make Hydrogen Electrolyzers Cheap as It Did for Solar?

Hopes are high that green hydrogen can become a clean natural gas, but so are its costs. Green hydrogen is three to six times more expensive than gray hydrogen and six to eight times more expensive than methane-based natural gas. For true commercial viability, green hydrogen’s cost likely needs to fall from the current \$4-\$6/kg to \$1/kg to reach parity with gray hydrogen, according to the US Department of Energy. Getting to \$1/kg requires reducing the cost of the electrolyzer, a key technology that constitutes roughly 30 percent of the cost of producing green hydrogen. China already makes 40 percent of the world’s electrolyzers, with plans to scale up dramatically. So the question is: Can China replicate the same cost reductions on electrolyzers as it did on solar panels?

Is China Returning to Export Dependence? Not Really

Debates have intensified over China’s economic direction, especially whether the nation is reverting to its old export-led growth model. Analysts appear alarmed at the recent surge in China’s current account surplus, but the MacroPolo team argues the concerns are misplaced. In fact, China’s ballooning surplus is really a one-off pandemic effect, while the current account surplus has largely peaked. Moreover, structural trends suggest that China won’t be running perpetually large surpluses for much longer. Household savings, a key component of national savings, did not increase markedly during the pandemic and have begun to decrease, reverting to pre-pandemic levels in 2023. Additionally, investment growth in China has decelerated but remains positive, indicating a major export surplus driven by reduced investment is unlikely.



Green Finance Center

Transitioning to a Low-Carbon Economy

The Green Finance Center, established in 2018, supports the greening of the financial system by moving green finance from a philanthropic niche to the mainstream of markets—with the recognition that China must be a key player in this movement. The Center houses the Institute's efforts on green finance, including carbon markets development in China, starting the US-China Green Fund, and advising the 2016 G20 green finance study group. Building on these efforts and by focusing on three core areas—carbon markets, green finance, and fintech—the Center aims to promote market-driven solutions to foster a vibrant international green finance market through our thought leadership, advocacy, and expertise. The Center has established a significant body of work around carbon markets development in China, global sustainable finance, and the need to tackle biodiversity loss in financial markets.



2023 Green Finance Center Program Highlights



Green Finance Center Flagship Publication: Fourth Report on *How Fintech Facilitates the Sustainable Development of Green Finance in China*

The Green Finance Center released its fourth annual report on how fintech facilitates the sustainable development of green finance in China. The latest report includes three case studies—Bank of China Zhejiang Branch Transition Finance Process Management Tools, Application of Taizhou Inclusive Green Finance, China Huadian’s Low-Carbon Digital and Intelligent Management Platform—covering the topics of transition finance, inclusive development and carbon asset management.

The report attracted wide attention from both the industry and the media. Twenty-three editorials and news stories were published in print and online media. The mainstream media, including China Business News, China News Agency, China Daily, The Paper, Financial News, 21st Century Business Herald, Sina Finance, etc. China Business News, and The Financial News wrote in-depth pieces about the Fintech Report.

“ Digital information technology is a crucial tool to facilitate the high-quality development of green finance, has been extensively utilized in green credit and is gradually expanding to include green trust, green leasing, and products related to environmental rights and interests. As the scope of green finance expands, the significance of technological empowerment in key areas such as green inclusion, carbon accounting, financial support for biodiversity conservation, and transition finance is becoming increasingly apparent.

—Ma Jun,
Chairman, Green Finance Committee, China Society for Finance and Banking; President, IFS.

Convening Power and Thought Leadership

Throughout the year, the Green Finance Center actively convened and advocated for promoting the development and collaboration of sustainable finance through international platforms and influential forums.

During the IFF’s 20th Annual Conference in Guangzhou, Deborah shared her insights on the Inflation Reduction Act during the session, *Fostering the Fight Against Global Warming: Regulation and Incentives*, co-organized by the Task Force on Carbon Pricing in Europe, the International Finance Forum, and the Paulson Institute.

During IFF’s 20th Annual Conference, Gracie moderated the session *Climate Change and Finance: What to Expect from COP 28?* where a panel of industry experts from international institutions, multilateral development banks, and the private sector engaged in in-depth discussions and exchanges on topics such as the evolution of global climate investment and finance, the key issues at COP 28, and cooperation among countries in the global South. Partnering with IFF and Goldman Sachs, the Green Finance Center co-hosted three events of the Green Finance Working Group throughout 2023.

- The first seminar, themed *Climate Investment and Financing: Policy, Practice, and Cases*, invited senior representatives from MEE, NAFR, China’s national carbon market, China Climate Investment and Finance Association, and global companies.
- Moderated by Deborah, the second event is the Green Finance Working Group CEO Meeting, which brought together CEOs and COOs from prominent entities.

“

The fintech industry has grown by leaps and bounds in recent years, and policymakers and business leaders are challenged to capitalize on this remarkable growth potential, align with global net-zero development goals, and facilitate a low-carbon transition in high-emission sectors. We are pleased to release this annual report for the fourth consecutive year to highlight this growth.

—Deborah Lehr,
Vice Chairman and Executive Director, Paulson Institute.



- The third event, Opportunities of Climate and Low-Carbon Solutions, gathered officials from green finance and climate finance pilot zones and company representatives, such as Vanke and Honeywell. The event included a site visit to Biosphere 3 and facilitated climate finance project matchmaking. Gracie Sun participated in the event and moderated the discussion session.

We cohosted an event with the Meridian International Center in Washington, DC, that examined the growing power of cities and states and the opportunities for cooperation at the state and local level between the US and China to address climate change and biodiversity loss. Policy Fellow Andy Morimoto spoke on a panel entitled China's Biodiversity Action at Home and Overseas, where he discussed the challenges facing Chinese and global biodiversity financing.

In 2023, Deborah and Gracie received exclusive interviews from mainstream media in China—Deborah with CGTN, Yicai, and Caijing on climate change and potential US-China cooperation on the issue and Gracie with 21st Century Business Herald on China's green fintech market and how it can be applied to transition finance.



Throughout 2023: Insights and Trends on Sustainable Finance: Expert Interview and In-depth Publications

The Green Team Speaks to... hosted high-quality and substantive interviews in written formats. The coverage expanded to include the United Nations Sustainable Development Goals, climate finance pilots, and renewable energy development, such as green hydrogen, etc., with notable experts from academia to international organizations and beyond.

The Green Finance Dashboard has been updated to provide a quick snapshot of China's latest development regarding green finance and tracks a variety of key indicators in five areas: carbon markets, green securities, energy transition, biodiversity finance, and carbon emissions.

We have published several original commentaries on our website and WeChat account, focusing on the latest developments in renewable energy, including green hydrogen and Carbon Capture Utilization and Storage (CCUS).

Conservation

Uniting Economic Growth and Nature Conservation

The Paulson Institute's Conservation Program tackles some of the most pressing environmental challenges facing China and the world. We focus on three priority areas: wetland conservation and restoration, development of national parks, and responsible trade and investment with a specific emphasis on biodiversity finance. These workstreams aim to help safeguard China's wetlands, enhance China's new system of protected areas centered around national parks, mitigate the global environmental impacts of China's overseas investment projects and international commodity trade, and expand the valuation of and investment in nature. Our activities range from site-based pilots and demonstrations of best practices and capacity building to policy research and advocacy at the local, national, and global levels, emphasizing bilateral collaboration between the US and China. We believe this integrated approach is essential for informing and shaping nature conservation policies and practices that protect China's globally important biodiversity, especially in the face of the triple global crises of climate change, biodiversity loss, and pollution.



2023 Conservation Program Highlights

Wetland Conservation and Restoration:

Wetlands provide essential ecosystem services. They serve as critical habitats for millions of migratory waterbirds. They protect cities and communities from sea-level rise and storm surges, store carbon, purify water, and support local livelihoods through sustainable fisheries and eco-tourism. In the past ten years, in collaboration with our partners, we have supported the protection and restoration of China's most valuable wetland ecosystems (both coastal and freshwater), many of which are globally important.



Developing a Blueprint for Wetland Conservation in the Yellow River Basin

Building on our success in developing the Blueprint of Coastal Wetland Conservation and Restoration 8 years ago, which helped catalyze China's ban on further reclamation of coastal wetlands, we have been working with Chinese research institutes and experts to develop a Wetland Management Strategy and Priority Actions for the Yellow River Basin since 2021. This research aims to inform and guide wetland conservation and restoration efforts in the Basin, which has long suffered from ecological degradation, including water shortages and floods, soil erosion, saltwater intrusion, and more. In 2023, six expert teams completed field surveys from the Yellow River source region to its estuary, collecting valuable baseline data on wetlands, waterbirds, and the impact of climate change on the basin, including four synchronized basin-wide waterbird censuses. Comprehensive analyses of the relationships between hydrological change, water usage, and sand siltation, as well as an evaluation of wetland ecosystem services, have been completed. We have also compiled five international case studies to inform the development of policy incentives, technical methodologies of NbS, and financing mechanisms for wetland conservation and restoration.



Enhancing the Coastal Wetland Conservation Network

In 2023, we continued to promote capacity building and knowledge sharing through the Coastal Wetland Conservation Network, originally launched in partnership with the State Forestry Administration, Lao Niu Foundation, and Heren Foundation. The network has around 100 institutional members, including wetland nature reserves and other protected areas, local government agencies, research institutes, and NGOs from 11 coastal provinces and municipalities in China. Aside from organizing a series of lectures and scientific salons to share experts' insights on critical wetland management topics, we held the network's fifth annual conference in Shanghai in Nov. It provided members with exposure to advanced technical knowledge and best practices in wetland management. It was also the first on-site gathering of the network's representatives since the outbreak of COVID-19.



Supporting Global Collaboration on Coastal Wetland Conservation through the World Coastal Forum

As a founding member, we helped co-launch the World Coastal Forum, a global platform designed to catalyze, facilitate, and scale up international collaborations at local and national levels on coastal conservation. At the inaugural conference of the forum, we co-hosted a symposium on biodiversity-friendly city development, which brought together experts, city managers, and corporate representatives to explore solutions to bird collisions, one of the most avoidable sources of biodiversity loss faced by many coastal cities. Our experts also spoke at side events on ADB's Regional Flyway Initiative and a panel discussion organized by the prosecutors from China's coastal provinces. During the discussion, we proposed to control the sale of mist nets, responsible for the deaths of millions of migratory birds each year.



Helping to Safeguard the East Asian-Australasian Flyway

The East Asian-Australasian Flyway (EAAFP) is one of nine recognized major global migratory bird routes. It encompasses 22 countries and hosts over 50 million migratory waterbirds that depend on wetlands for food and shelter. As an official partner of the EAAFP, we have continued to support its important work by promoting knowledge-sharing among the members and participating in the 11th Meeting of the Parties. In addition, through the Regional Flyway Initiative, an ADB-led multi-stakeholder effort to raise USD 6 billion to support the protection, maintenance, and restoration of critical wetlands in ten East and Southeast Asian countries, we have been actively involved in selecting 23 priority wetlands in China, evaluating ecosystem services, and conducting field surveys.



Exploring the Potential for Biodiversity-friendly Cities

Large cities can be a new frontier for biodiversity conservation. We engaged Shanghai and Shenzhen on how to align with the Global Biodiversity Framework (GBF), including supporting migratory birds through habitat provision and tackling the challenge of bird collisions with buildings, a serious threat to migratory birds—killing up to a billion birds every year in North America alone. At a workshop in Shenzhen, in partnership with the Shenzhen International Cooperation Foundation and Vanke Foundation, we brought together city authorities, researchers, and companies to raise awareness and discuss pragmatic solutions, including tackling light pollution and promoting bird-friendly buildings. We initiated discussions with the Shanghai municipal government and preliminarily identified areas of cooperation, including enhancing ecological conservation and restoration in Chongming Island, promoting biodiversity-friendly city development and management, improving coastal climate resilience, and strengthening nature education.



Safeguarding Natural Heritage by Supporting National Parks in China and SE Asia:

National parks are the most well-known protected areas in the world. They protect and celebrate the planet’s most remarkable natural heritage and provide access for people to enjoy, connect with, and learn about the importance of nature. In the past eight years, together with the US National Park Service and Global Parks, we have provided technical support and capacity building to help China create its national park system, destined to be the world’s largest national park network by 2030.

National parks in Southeast Asia countries provide the last refuge for many of its unique ecosystems and wildlife. In 2022, in partnership with the Thai government and Amata Foundation, we launched a leadership training program that provided capacity building for 152 Thai park superintendents and 10 park superintendents from Laos and Cambodia in Khao Yai National Park in Thailand. In 2023, at the request of our Thai partners, we successfully implemented another two-week-long training session for 120 assistant superintendents from national parks in Thailand.

Advocating for Sustainable Trade, Investment, and Biodiversity Financing:

Financing underpins biodiversity conservation and restoration. While China has stepped up its domestic conservation efforts in recent years, no systematic study on its biodiversity financing has been conducted. In 2023, in partnership with the Ministry of Ecology and Environment of China, Duke Kunshan University, and Peking University, we addressed this gap by completing a study on the status of biodiversity financing in China. This comprehensive study assessed current biodiversity spending and future financing needs for the next ten years to reveal the financing gap. The study also analyzed various financing mechanisms with the potential to help close the financing gap and provided a suite of policy recommendations. At the same time, the authors found that China has a significant role to play in global biodiversity conservation, and the policy recommendations advocate for China to take more actions to address the biodiversity risk associated with its overseas investments and soft commodity supply chains. We launched the executive summary of this research report together with our partners on the International Day of Biological Diversity.

Creating Synergy and Alignment between Carbon Markets and Biodiversity Conservation

Voluntary carbon markets play a critical role in complementing compliance carbon markets. Although China launched its national emission trading system (ETS) in 2021, the current design provides limited space for the trading of nature-based carbon credits. Against this backdrop, we have supported our partners in China to explore a Green Voluntary Emission Reduction (GVER) system. This initiative aims to integrate biodiversity into carbon projects to meet China’s rising demand for carbon credits so that they can deliver carbon sequestration and multiple co-benefits, such as biodiversity conservation and community development. GVER also seeks to open new avenues of financing for biodiversity conservation and restoration that don’t currently benefit from existing carbon markets. To ensure high standards and integrity of the new system, we completed a synthesis report on global voluntary carbon markets, highlighting best practices and lessons learned from around the world. In addition, we produced another report on emerging global biodiversity credit markets, which will be a key focus of the next phase of the GVER system.

To promote better synergy and alignment between climate and biodiversity policies and actions, we co-hosted a full-day side event at the UNFCCC COP 28 in Dubai in partnership with the Biosphere 3 team. The event, entitled Tackling the Twin Crises of Climate Change and Biodiversity Loss: Green Finance Innovation and Solutions, consisted of three sessions involving more than 20 speakers and panelists representing financial institutions, business sectors, and NGOs to share perspectives, knowledge, and best practices. Hank Paulson delivered opening remarks, calling for more innovative financing solutions to fight climate change and biodiversity loss.

Engaging Financial Institutions to Promote Biodiversity Conservation

In 2023, we continued our engagement with the financial sector on biodiversity through the Partnership of Biodiversity and Finance (PBF), a global initiative co-initiated by our institute. The partnership has grown its membership and now includes around 100 members representing multilateral and national development banks, commercial banks, corporations, research institutes, and NGOs. To help build capacity for integrating biodiversity into business strategies and operations, we completed a survey to assess PBF members’ specific needs, enabling us to design and tailor capacity-building activities more effectively.

Meaningful Dialogue

Meaningful Dialogue launched in 2020, *Straight Talk with Hank Paulson* tackles vital topics in business, foreign affairs, the environment, education, and politics.



From growing up in the Midwest to leading Goldman Sachs and then serving his country as Treasury Secretary, Hank Paulson offers a unique point of view and a life experience, unlike many Americans. With *Straight Talk*, Hank brings this experience to his conversations with the world's prominent leaders and thinkers, exchanging a lifetime of stories and lessons from both the private and public sectors. Each episode reveals compelling viewpoints, topical discussions, and behind-the-scenes stories.

In 2023, the podcast featured high-profile guests, including former president George W. Bush; former Secretary of State and Senator Hillary Clinton; musician and activist Bono; 70th US Treasury Secretary Robert Rubin; Director of The Aspen Economic Strategy Group Melissa Kearney, and many others. The in-depth discussions cover big ideas and explore important questions: How can we address widening inequality? What is America's evolving role in the world? What are the threats to free expression, and how can we address them? What gives us hope about America today? What sparks artistic creativity?

What the audience is saying:



Hank, together with Hillary, thank you for the interesting conversation. Brilliant Americans.

– @raimondasmarciulevicius7599



Thank you; this was great and real.

– Susan McDonald



Always a pleasure to hear from Mr Rubin...I do have his 1st book in an uncertain world :)

– @CosmicBarrilet

Inspiring a Sustainable Future



While the world faces the twin crises of climate change and unprecedented biodiversity loss, our global economies must align with net zero target emissions and commit to a nature-positive future.

Tackling biodiversity loss and climate change requires innovative solutions. That’s why the **Paulson Prize for Sustainability** was launched 10 years ago. The Prize, initiated by the Paulson Institute in 2013, has been co-organized with Tsinghua University since 2017. The Prize aims to shine a light on innovative, scalable, and market-based solutions conducted in China that can serve as models not only for other innovators in China but also around the globe.

As one of the most influential awards in sustainability, the Prize plays a unique role in accelerating the transition to a net-zero and nature-positive future.



Tackling biodiversity loss in climate change requires innovative solutions. That’s why 10 years ago, we launched the Paulson Prize with the vision to shine light on innovative, scalable, and market-based solutions conducted in China, that can serve as models, not only for other innovators in China but also around the globe.

—Deborah Lehr,
Vice Chairman and Director of the Paulson Institute.

The Paulson Prize Notable Projects 2023

This year marks the 10th anniversary of the Paulson Prize. Over the past decade, the Paulson Prize has expanded its brand influence in China, attracting hundreds of thousands of transformers and game changers to join this endeavor. The solutions developed have been extended overseas for the benefit of the rest of the world. In 2023, the Prize received a record-breaking number of submissions from 26 provinces and municipalities across China. To celebrate a decade of innovation in sustainability, the award ceremony was successfully held in September in conjunction with an international symposium on Green Innovation and Nature Stewardship. More than 150 attendees from various sectors—including government, business, and NGOs—witnessed the final unveiling of this year’s winners. To honor the impact of the Paulson Prize over the past decade, the event featured a digital exhibition showcasing the previous ten years’ Paulson Prize laureates.



The **Green Innovation Award** winner—Shaping a Low-Carbon Industry by Innovative Technologies of EV Battery Swapping—offers a comprehensive solution by creating an industry ecosystem and inspiring global and Chinese NEV development.



The **Nature Stewardship Award** winner—The Shenzhen Bay Model for Social Participation in Urban Biodiversity Conservation—ingeniously mobilizes social resources, enhances public participation, and effectively achieves the protection and restoration of urban natural ecosystems.



The Paulson Prize also appreciates the support of The World Business Council for Sustainable Development (WBCSD), AmCham China, The Nature Conservancy, China Association of Circular Economy, C-TEAM, Shenzhen Foundation for International Exchange and Cooperation (SFIEC), and Yicai Group.



The Paulson Prize continues to focus on innovation and leadership in this space. We need it in China, we need it all over Asia, we need it all over the world.

– Matt Brown,
Managing Director of Global Conservation at The Nature Conservancy (TNC)

It's time for transformation at scale. That's why we're working with the Paulson Prize for Sustainability to recognize and inspire business leaders and innovators driving this bold and transformative agenda.

– John Revers,
Vice President of the World Business Council for Sustainable Development (WBCSD)



As we look ahead to the next decade, the China Association of Circular Economy (CACE) is eager to collaborate with the Paulson Institute and other partners. Together, we aim to leverage our individual strengths to foster the replication and widespread adoption of circular economy solutions in China, ultimately making a meaningful contribution to global sustainable development.

– Zhu Liyang,
President of China Association of Circular Economy

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As the Paulson Prize for Sustainability celebrates its 10th anniversary, Tsinghua University will continue to collaborate closely with the Paulson Institute to enhance the global influence of the Paulson Prize and further promote China's innovation and leadership in the field of sustainable development. We hope that more governments, companies, and organizations will apply for the Prize and provide more replicable and innovative market solutions to give new impetus to global sustainable development.

–Wang Hongwei,
Vice President of Tsinghua University.

Mayors Exchange Program

Sustainable Urban Transition

The focus of the Mayors Exchange Program is to support sustainable urban development and transition of cities in China and globally. The world’s population increasingly lives in cities. With China’s urbanization rate on the cusp of reaching 70 percent, the Paulson Institute actively works with local governments to align urban planning and city governance with climate change, biodiversity loss, and environmental pollution goals.

In 2023, we provided thought leadership in a series of international exchanges on green innovation, the low-carbon transition, and biodiversity-friendly cities in urban centers across China. These exchange events have successfully served as platforms for showcasing practical and innovative solutions to support China’s sustainable transition goals and advancing the global agenda on green development.



“What is needed now is to turn our understanding into action. Academics, business leaders, policymakers, students, and civil society—everyone has a role to play. Together, we can leave a world to our children and generations to come that is safer, cleaner, and more prosperous.

—Hank Paulson,
Founder and Chairman of the Paulson Institute

Building a World-Class Eco-Metropolis

With a vision to align megacities’ development with the new Global Biodiversity Framework under the UN Convention on Biological Diversity, the Paulson Institute and Shenzhen Foundation for International Exchange and Cooperation (SFIEC) co-hosted an international symposium in Shenzhen on May 30, 2023. At the event, more than 100 Guangdong-Hong Kong-Macao Greater Bay Area participants gained insight into innovative solutions for biodiversity protection, eco-friendly urban infrastructure, market-based financing mechanisms and products for nature conservation, and international practices to reduce business impacts on nature.

Senior leaders from the Paulson Institute, Shenzhen Municipal Government, SFIEC, and Ireland’s Ambassador to China (who co-launched the Ambassadors for Nature initiative) delivered high-level opening remarks. Feedback from the Shenzhen Municipal Government underscored the event’s value in advancing nature-friendly city development, charting optimal paths for urban biodiversity protection, and contributing wisdom and solutions to sustainable development in China and globally. A field trip to the Mangrove National Reserve allowed international experts to observe how nature conservation contributes to eco-friendly urban development in a metropolis like Shenzhen.

Green Innovation & Nature Stewardship

Aiming to showcase PI’s major work and milestones in promoting sustainability, an international symposium was organized in partnership with Tsinghua University alongside the 2023 Paulson Prize award ceremony. Chairman Hank Paulson and Wang Hongwei, Vice President of Tsinghua, delivered inspirational remarks. Attended by more than 150 senior-level participants from PI and Tsinghua’s networks, the event featured two deep-dive sessions to examine the central themes of the Paulson Prize - Green Innovation

and Nature Stewardship, bringing together more than 30 thought leaders and business pioneers to share insights on policy and technology innovations to drive solutions to biodiversity, climate, and sustainability challenges.

The international and Chinese speakers were from the UN, World Business Council for Sustainable Development (WBCSD), China Association of Circular Economy (CACE), China Science and Technology Exchange Center (CSTEC), Chinese Academy of Sciences (CAS), Tsinghua University, PWC, Changshu Municipal Wetlands Conservation and Management Station, Vanke Foundation, as well as GEM EV Power and TICA.

Green Innovation Energizing Cities’ Low-carbon Future

Concurring with COP 28, an international forum on Green Innovation: Energizing Cities’ Low-carbon Future was successfully held in Hefei. Hosted by the China Science and Technology Exchange Center (CSTEC) with the support of PI, Anhui Provincial Science and Technology Department, Hefei Municipal Government, and Tsinghua University, the event propelled discussions on innovative policy tools and cutting-edge solutions to accelerate the low-carbon transition. The forum, addressed by PI’s Vice Chairman and Executive Director, the Vice Minister of the Ministry of Science and Technology (MOST), and senior local government leaders, featured over a dozen thought leaders. They discussed the strategy and pathway for achieving climate and biodiversity goals, public-private partnerships for energizing business innovations, and market-based solutions to be scaled up for the low-carbon transition in urban centers. The event drew more than 200 participants, including government officials, academic and research experts, NGO representatives, and the business community. International and Chinese experts also visited three local research institutes and companies, witnessing how innovations meet with the market.

Multimedia

The Power of Video

YouTube is the Paulson Institute's largest and fastest-growing social platform. From events to expert analysis to podcast recordings, webinars, and more, the Paulson Institute's content on YouTube is widely watched.

14,334
subscribers

300
videos

6,312,952
impressions

2,684,770
views



Bono on *Straight Talk*

On the heels of releasing his book, *Surrender*, Bono (Lead Singer, U2 and Cofounder, ONE and (RED)) joins Hank on *Straight Talk* to discuss creating award-winning music with U2 while advocating for causes affecting the world's most vulnerable people. From advocating for AIDS relief in Africa and fighting poverty to addressing climate change and the importance of inclusive growth, Bono talks about how vital it is to surround yourself with a diversity of ideas and people in order to tackle complex issues.



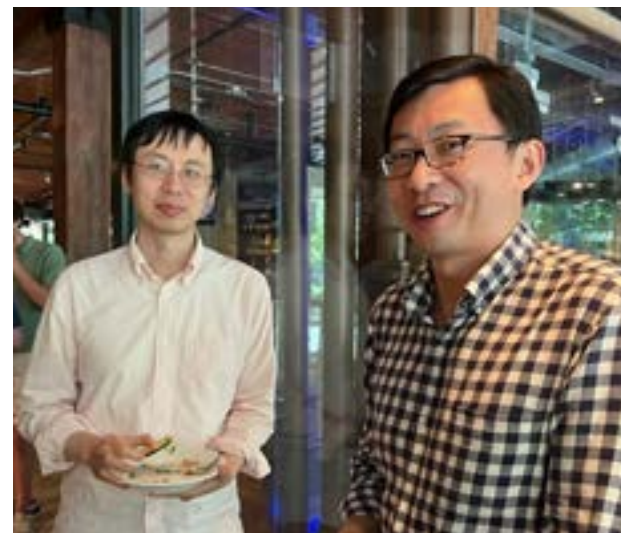
How Does Training Matter to the Future of AI?

In the Paulson Institute's latest installment of the Blueprint Series, AJ Cortese (Senior Research Associate, MacroPolo) discusses the overarching AI landscape. He elaborates on the competition for talent, AI education, market challenges and industry adoption, international comparisons with AI integration, and government policies improving AI program and adoption.

Our Team

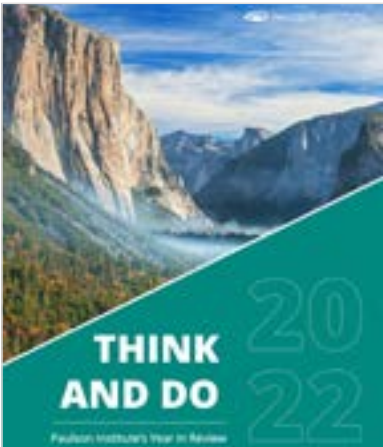
Diverse and Multicultural

Founded in 2011 by former Treasury Secretary Henry M. Paulson, Jr., the Institute is based in Chicago with offices in Washington and Beijing. Our diverse, multicultural staff brings deep experience to our work from the highest levels of business, government, conservation, and policy.



Reference

Past Year in Reviews



2022



2021



2020



2019



2018

