



NATURE FINANCE FUNDAMENTALS

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KEY TOPICS FOR DISCUSSION

- 1 What is nature finance?
- 2 Which financial instruments are suitable for nature finance?
- 3 What are some examples of nature finance?
- 4 What opportunities exist for governments to scale nature finance?

Defining Nature Finance



Economic development, nature,
and climate are locked in a
vicious cycle.

Drought in the Amazon, 2024





We need to transform the relationship between economic development, nature, and climate into a virtuous cycle.

WHAT IS NATURE FINANCE?

Finance that contributes to the nature-positive goal of halting and reversing nature loss and supports implementation of the Global Biodiversity Framework.

Conservation and Restoration

TRADITIONAL CONSERVATION FINANCE

Public expenditure and grant funding for conservation, restoration of areas under conservation.

EMERGING NATURE MARKETS

Market based financing through valuing and monetizing ecosystem services (carbon, biodiversity, water, resilience).

Nature and financing for nature are largely viewed **SEPARATELY** from the productive economy.



Conservation and Restoration + Mainstreaming Nature across economic sectors in productive economy

NATURE FINANCE

Captures the full range of transformative actions by public and private sectors across productive economy sectors needed to stop and reverse nature loss. Uses well established sustainable debt finance mechanisms.

Nature and financing for nature are **INTEGRATED** into all cycles of the productive economy.

TRADITIONAL CONSERVATION FINANCE AND NATURE FINANCE

Traditional Conservation Finance

Protection of a coral reef has a key role in marine conservation but does not address root causes of degradation.



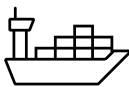
Legislation and funding to conserve and restore coral reef



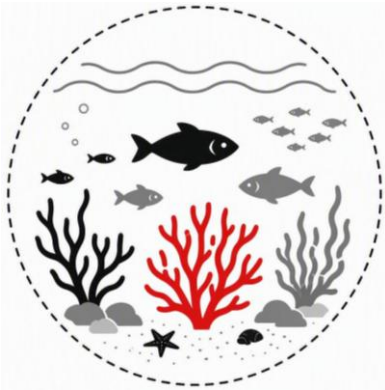
Polluted water runoff from urban areas



Nutrient, chemical runoff from agriculture



Invasive species spread from shipping



GBF Targets:

- Target 3

Nature Finance

Joint public and private sector action to address the direct drivers of nature loss that are the root causes of degradation.



Legislation and funding to conserve and restore coral reef



Policy and investments to expand sewage infrastructure, urban NBS to reduce polluted water runoff



Policy and investments into regenerative agriculture to reduce agrochemical use and runoff



Policy and investments into ballast water filter systems to reduce spread of invasive species

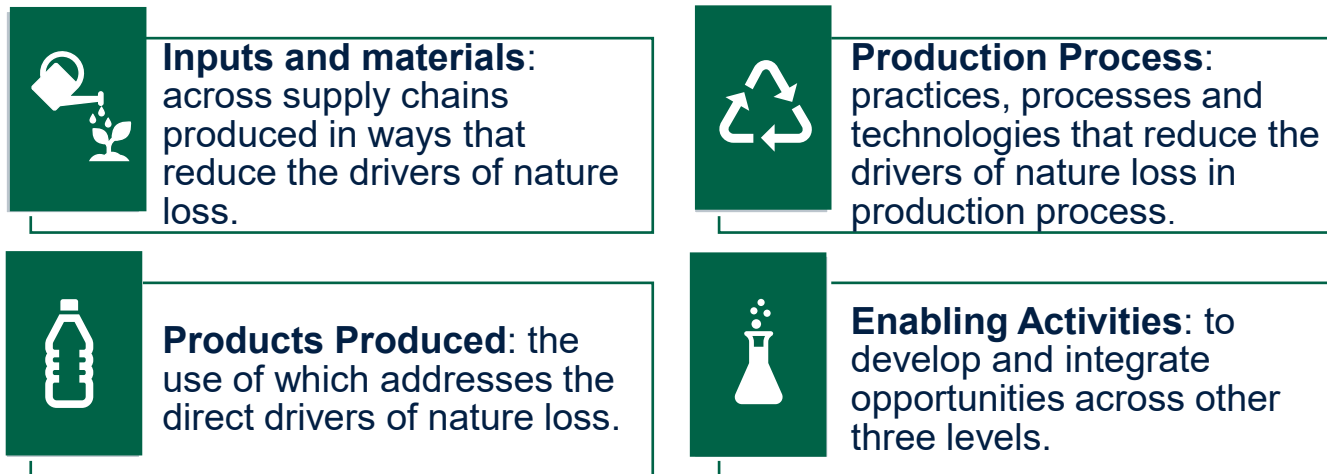


GBF Targets:

- Target 3
- Target 6
- Target 7
- Target 10
- Target 12

TRANSFORMATION OF PRODUCTIVE ECONOMY TO NATURE-SMART PRACTICES REPRESENTS LARGEST INVESTMENT OPPORTUNITY FOR PRIVATE SECTOR

Commercially viable business opportunities to reduce the drivers of nature loss exist across interlinked production cycles, representing significant financing opportunity through direct and intermediated finance and capital markets



Market Drivers for Transitioning to Nature-smart Business Practices



NATURE FINANCE: FOCUS ON BROADER ECONOMIC OPPORTUNITIES TO ADDRESS NATURE LOSS

CHALLENGE



Deforestation and degradation due to illegal charcoal production.

NATURE FINANCE OPPORTUNITY



Investing in infrastructure (nurseries) and restoration of degraded land through reforestation and commercial timber production, creating jobs for communities and economic value

Develop multi-strata agroforestry systems in surrounding areas to provide food and hardwood to communities to prevent recurring degradation and grow agro commodities for the market and increase incomes

MDBs AND CAPITAL MARKETS DEFINITION OF NATURE FINANCE



Extractive Practices that increase business and economic risk

NATURE FINANCE

Financing TRANSFORMATION of whole of economy to nature-smart PRODUCTION PRACTICES that stop and reverse nature loss



Regenerative Practices that support businesses and economies

Not Nature Finance

- Compliance with environmental risk management safeguards
- Biodiversity offsets
- Corporate Social Responsibility activities

Nature finance = financing activities that contribute to:

- a) Restoration and conservation of biodiversity or ecosystem services,
- b) Reduction of the direct drivers of biodiversity or ecosystem services loss across sectors,
- c) Integration of nature-based solutions across economic sectors,
- d) Policy, tools, or other activities that support/ enable the above activities.

EXAMPLES OF NATURE FINANCE PROJECTS ACROSS SECTORS



Food and Agriculture



Nespresso suppliers: reforesting coffee plantations with native trees to improve productivity, quality, soil, protect forests



Forestry, Paper, Pulp, Wood Products



BTG Pactual in Brazil: restoration of degraded land via 50% reforestation and 50% commercial timber



Textiles and Wear & Manufacturing



Sanko in Türkiye: expansion of recycled yarn capacity addresses overexploitation of natural resources



Water and Wastewater Utilities



Sabesp: improving sewage system and water supply to clean up the Pinheiros River and Tiête River in São Paulo and using NBS to reduce costs of water purification



Municipalities



Zagreb: financing for biowaste treatment plant for composting and waste sorting plant for plastics and paper



Chemicals



Indorama Ventures (Asia): PET recycling to manage and reduce plastic waste



Mining



Boston Metal pilot plant in Brazil: RE electrified process to extract valuable metals from mining waste



Transport



MSC Shipping: installation of filters on ballast water tanks to prevent spread of alien invasive species



Renewable energy



Nature-based solutions such as Agrivoltaics

Financing Instruments



FINANCING INSTRUMENTS

Public Finance and Private Finance

1 Thematic sustainable finance (loans and bonds)

- Green loans and bonds
- Sustainability loans and bonds
- Social loans and bonds

2 Outcome-based finance (loans and bonds)

- Outcome bonds
- Sustainability-linked loans and bonds
- Carbon credits, biodiversity credits
- PES

Blended Finance and Derisking

3 Dedicated funds and facilities

- Grants and concessional loans (GEF, GCF, GBFF etc)
- Dedicated or revolving funds
- Public Private Partnerships
- Philanthropic foundations, crowdfunding

4 Risk mitigation tools

- Guarantees
- Traditional insurance
- Catastrophe bonds

Public Finance

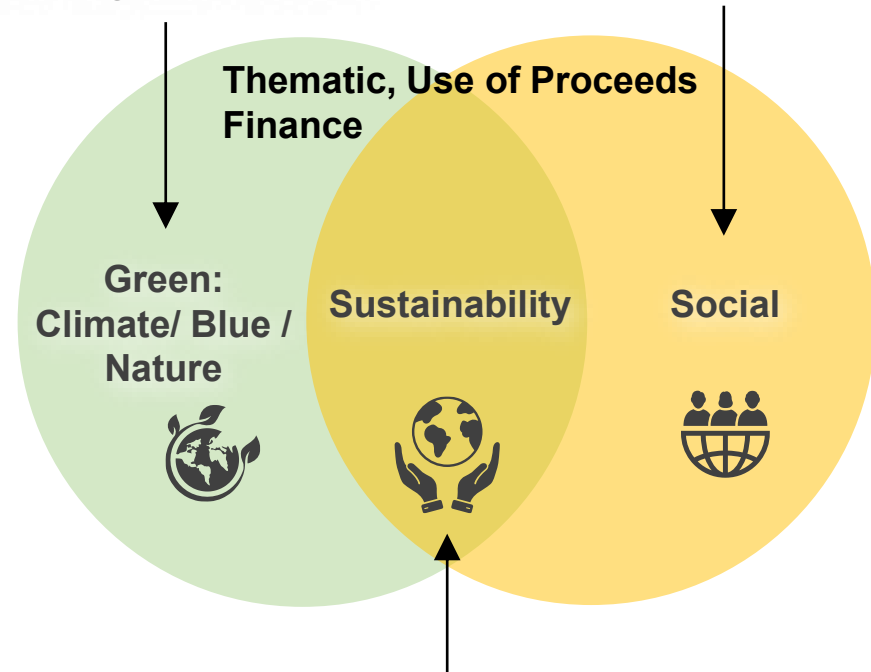
5 Fiscal and debt operations

- Green taxes
- Subsidies, fees
- Debt swaps
- Sovereign outcome-based financing

WHAT ARE SUSTAINABLE FINANCE DEBT INSTRUMENTS (LOANS AND BONDS)?

Green Finance raises finance for projects and activities with positive environmental impact. **Climate, Blue, and Nature** are a subset of green finance

Social Finance raise financing for projects with positive social outcomes, helping issuers address societal inequalities.



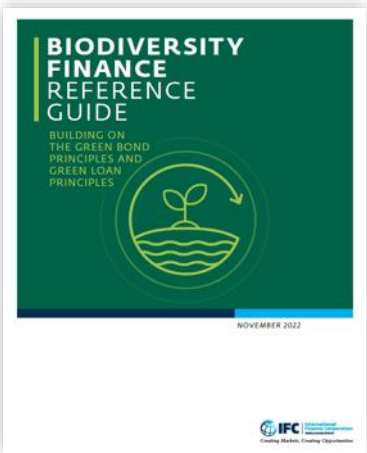
Sustainability Finance encompass elements from both green and social thematic finance



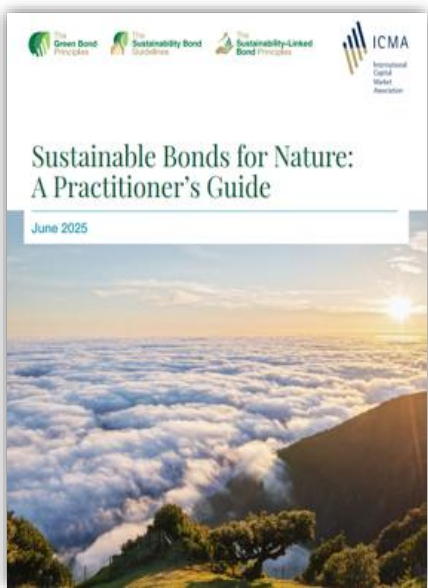
Sustainability-Linked Finance: proceeds are used for general purposes, but specific finance characteristics (i.e., interest rate increase or decrease) are linked to a sustainability KPI (i.e., fresh water use reduction)

What makes these instruments *Nature Finance* are activities and outcomes for which financing is raised for and spent on.

NATURE FINANCE MARKET GUIDANCE TO DEFINE ELIGIBLE ACTIVITIES



IFC Biodiversity Finance Reference Guide



ICMA Guide on Nature Bonds for entire market



MDB Common Principles for Tracking Nature Finance



MDB Common Nature Finance Taxonomy

2022

2024

2025

BBVA Colombia and IFC issue the world's first biodiversity bond in the financial sector

July 12, 2024

Bogotá, July 12th, 2024. BBVA and the International Finance Corporation (IFC), a member of the World Bank Group, issued a US\$15 million first tranche of the world's first biodiversity bond that will amount to US\$70 million, with the objective to finance projects that address the key drivers of biodiversity loss, particularly focused on reforestation, regeneration of natural forests on degraded lands, climate-smart and regenerative agriculture, restoration of wildlife habitats, among others.

Ecobank Issues \$450 Million Nature Bond to Back Biodiversity, Sustainable Agriculture Across Africa

Kenny Fisher | June 5, 2026

Pan-African banking group Ecobank announced the launch of a \$450 million Nature Bond – the world's first ICMA-aligned Nature Bond issued by a commercial bank – with proceeds aimed at supporting farmers, sustainable agriculture businesses and water systems in markets across Africa.

ICMA GUIDE ON NATURE-THEMED BONDS: *Sustainable Bonds for Nature – Practitioner's Guide (2025)*

- World Bank Group was a core contributor to the guide along with other partners.
- Defines a credible nature-themed bond or loan aligned with WBG and MDBs approach
- Guidance for nature thematic use of proceeds:
 - Indicative nature projects for each of the 10 eligible project categories of the **Green Bond Principles**
 - Contribution to Global Biodiversity Framework targets
 - Impact reporting indicators for each category
- Targets the growth of nature-related investments in the \$7 tr sustainable finance debt market

Nature-themed projects contribute to:

- a) Restoration and conservation
- b) Addressing the direct drivers of nature loss
- c) Nature-based solutions across sectors
- d) Initiatives that support projects under (a) to (c) above



Renewable Energy



Energy Efficiency



Pollution Prevention and Control



Environmentally Sustainable Management of Living Natural Resources and Land Use



Terrestrial and Aquatic Biodiversity Conservation



Clean Transportation



Sustainable Water and Wastewater Management



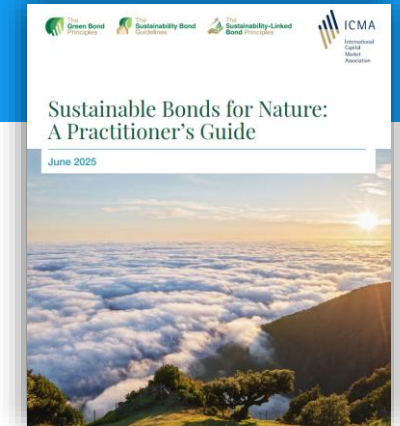
Climate Change Adaptation



Circular Economy Adapted Products, Production Technologies and Processes



Green Buildings



[Link to the Guide](#)

MDB COMMON NATURE FINANCE TAXONOMY (2025)

- Developed by Multilateral Development Banks to provide a list of activities that qualify as nature finance.
- Covers a range of sectors, different ecosystem types.
- Aligned with ICMA guidance and a practical, most comprehensive resource for its implementation.

Activity Groups:

- (a) Restoration and conservation of biodiversity or ecosystem services;
- (b) Reduction of the direct drivers of biodiversity or ecosystem services loss;
- (c) Integration of nature-based solutions across economic sectors; and
- (d) Design and implementation of policy, tools, or other sectoral instruments enabling (a) to (c).

Sector	Sub-sector
1. FORESTRY, AGRICULTURE, FISHERIES, AND AQUACULTURE	Forestry
	Crops
	Livestock
	Fisheries and Aquaculture
2. EXTRACTIVES AND ENERGY	Mining
	Renewable Energy – Geothermal, Biomass, Hydro, Solar, Wind
3. TRANSPORTATION	Ports, Waterways, and Maritime Shipping
	Linear Infrastructure
4. WATER, SANITATION, AND WASTE MANAGEMENT	Waste Management
	Water Supply
	Irrigation and Drainage
	Sanitation
5. INDUSTRY, TRADE, AND SERVICES	Tourism
	Manufacturing, Trade, and Retail
6. FINANCIAL SECTOR	Financial Sector Actions and Mechanisms
7. CROSS-CUTTING THEMES	Renewable Natural Resources Asset Management
	Urban Development and Disaster Risk Management
	Green Buildings





Nature Finance In Practice

1. **IFC Commercial Private Sector Investments**
2. **MDBs Nature Finance and Evolution of Instruments**
3. **Sovereign Transactions to Raise Capital for Nature**

IFC PROJECT EXAMPLE: BBVA COLOMBIA BIODIVERSITY BOND

World's 1st Use of Proceeds Biodiversity Bond

Financial Instrument: **\$70 million** Use of Proceeds Biodiversity Bond issued by BBVA Colombia commercial bank

IFC Financing Amount: **\$35 million**

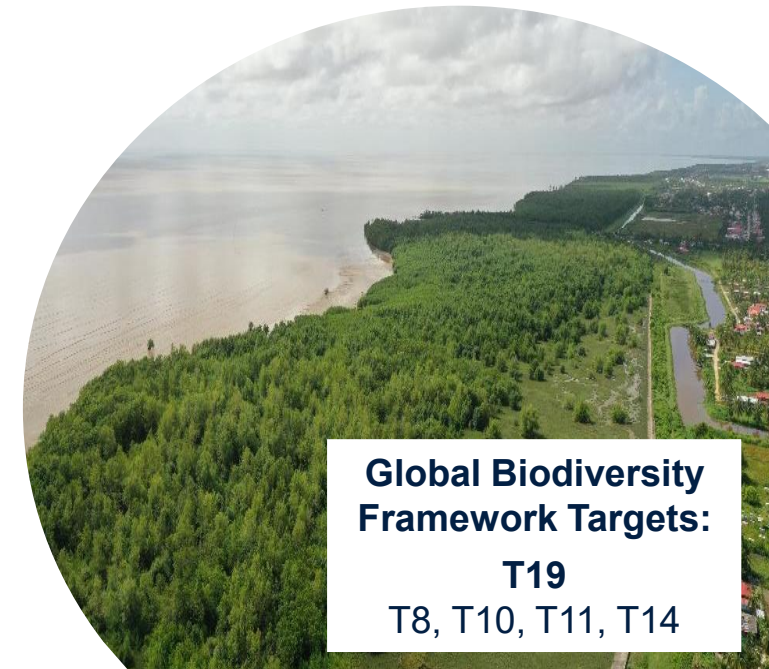
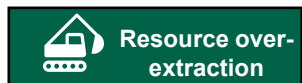
Project Description:

- **Financing to support BBVA's nature finance transactions** aligned with eligible activities articulated in the IFC Biodiversity Finance Reference Guide.
- IFC provided **advisory support and capacity building** to establish eligibility criteria and reporting indicators for projects that help protect, maintain, or improve biodiversity and ecosystem services, and promote sustainable management of natural resources.

Use of Proceeds:

- Projects that **address the key drivers of nature loss**, particularly focused on reforestation, regeneration of natural forests on degraded lands, climate-smart and regenerative agriculture, and restoration of wildlife habitats.

Drivers of Nature Loss Addressed:



Global Biodiversity Framework Targets:

T19
T8, T10, T11, T14

IFC PROJECT EXAMPLE: DAVIVIENDA BIODIVERSITY BOND

Biodiversity bonds for the conservation and restoration of nature in Colombia

Financial Instrument: Biodiversity Bond issued by Davivienda

IFC Financing Amount: \$50 million

Project Description:

- IFC invested \$50 million equivalent in Colombian pesos in a biodiversity bond issuance by Banco Davivienda S.A. Davivienda will use the proceeds to finance projects for conserving, protecting, and restoring biodiversity and nature.
- The selection of projects is aligned with IFC's Biodiversity Finance Reference Guide and Colombia's Green Taxonomy.

Use of Proceeds:

- Projects to be financed with the bond proceeds include activities related to climate-smart and regenerative agriculture, reforestation, and certified sustainable freshwater and marine production.

Drivers of Biodiversity Loss Addressed:



Resource over-extraction



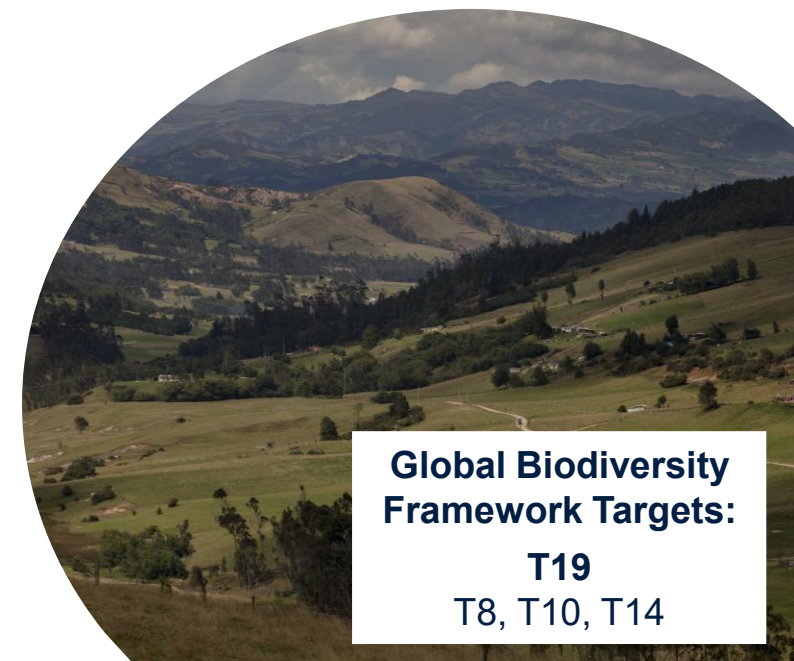
Land and sea use change



Pollution



Invasive Species



Global Biodiversity Framework Targets:

T19
T8, T10, T14

IFC PROJECT EXAMPLE: NATURA BOND

Sustainable sourcing & supply chains

Financial Instrument: Sustainability-Linked Bond (SLB)

IFC Financing Amount: \$68 million (BRL 300 million)

Project Description:

- Support establishment of non-timber forest products and agroforestry **sustainable supply chains for bioingredients** from the Amazon.
- Enhancements to **manufacturing and distribution infrastructure**.

Key Performance Indicator (KPI):

- Number of bioingredients sustainably sourced from the Amazon region
- Baseline (2023) of 44 bioingredients available (such as Ucuuba, Andiroba, Patauá, Castanha, among others).
- Target: reaching 47 new bioingredients by 2026 and 48 by 2027.



Drivers of Biodiversity Loss Addressed:

 Resource over-extraction	 Land and sea use change	 Pollution	 Invasive Species
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Global Biodiversity Framework Targets:
T5, T9, T10, T19
T14

IFC PROJECT EXAMPLE: KIOO GLASS

Increasing recycling and reusability in glass container manufacturing in Tanzania

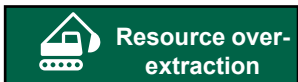
Financial Instrument: Loan

IFC Financing Amount: \$45 million

Project Description:

- Expansion of KIOO production capacity from 126,000 ton/a to 184,000 ton/a of **glass containers that can be reused and refilled 17 times per container** (compared to standard 1-8 times).
- Increasing the use of **recycled glass in the raw material mix from a baseline of 40% to 57% in KIOO's glass containers.**
- The project will reduce the demand for raw materials and reduce the lifecycle emissions of glass containers by reducing the number of new manufactured bottles.
- The product produced by KIOO addresses pollution through providing an alternative to plastics containers.

Drivers of Biodiversity Loss Addressed:



Global Biodiversity Framework Targets:

T7
T16, T19

IFC PROJECT EXAMPLE: BACAO

Sustainable practices to improve cocoa production on degraded land

Financial Instrument: Equity

IFC Financing: \$10.5 million

Project Description:

- Development of **3,800 hectares of cacao plantations on degraded lands** and a post-harvest storage facility.
- Bacao is an agroforestry cacao company that uses regenerative, shade-grown and multi-strata cacao agroforestry systems, organic fertilizer and fertigation that **rehabilitate degraded lands** and benefit local communities.



Drivers of Nature Loss Addressed:



Resource over-
extraction



Land and sea
use change



Pollution



Invasive
Species

Global Biodiversity
Framework Targets:

T2, T10
T14, T19

IFC PROJECT EXAMPLE: SAF PAKISTAN

Reducing pollution and biodiversity loss through sustainable aviation fuel

Financial Instrument: Loan, Equity

IFC Financing Amount: **\$25 million**

Project Description:

- Construction of a Sustainable Aviation Fuel plant with a planned capacity of **200,000 tons per annum using post consumer waste as feedstock** and contributing to a circular economy model.
- SAFCO's **technology uses waste and residual lipids such as cooking oil and animal fats as feedstock.**
- The Company has over 4,000 feedstock collection points to support production of the aviation fuel. **SAF will reduce pollution and the overexploitation of virgin feedstocks in the aviation industry.**
- SAFCO's new plant will also produce bionaphtha, a raw material for bio-plastic production.



Drivers of Biodiversity Loss Addressed:



Resource over-
extraction



Land and sea
use change



Pollution



Invasive
Species

Global Biodiversity
Framework Targets:

T7

T8, T14, T16, T19

IFC PROJECT EXAMPLE: AXA IM NATURAL CAPITAL FUND

Financing restoration and conservation for carbon credits

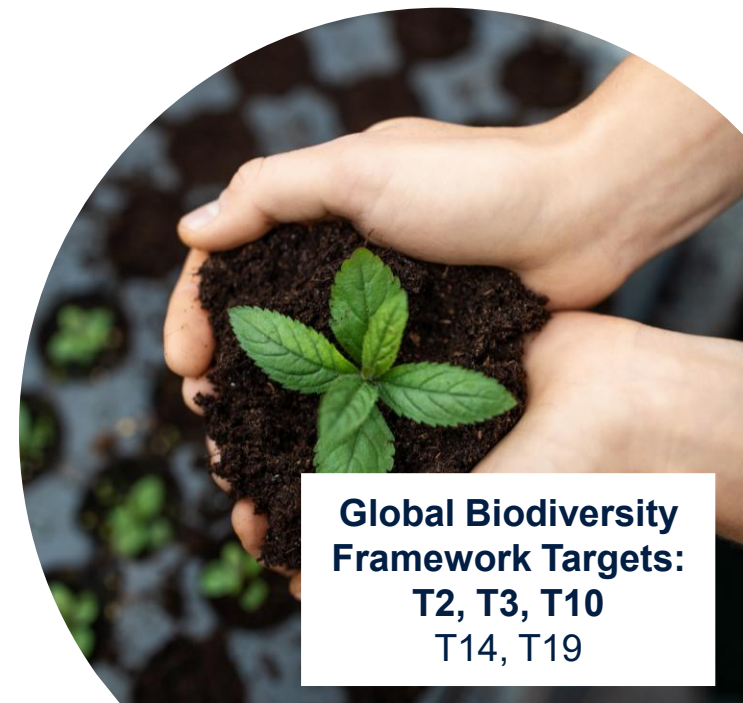
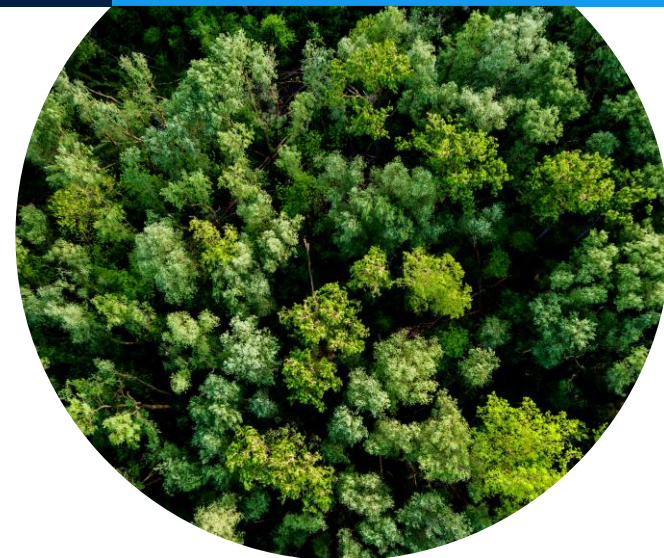
IFC Financing Amount: \$25 million equity

Financial Instrument: \$560 million natural capital fund

Country: Global – Emerging markets across Asia, Latin America, Africa

Project Description:

- IFC committed a \$25 million equity investment to AXA IM Alts \$560 million natural capital fund in addition to commitments from other investors such as DEG and Proparco.
- The fund focuses on financing companies and projects looking to **address the drivers of deforestation, restore ecosystems in degraded areas and improve conservation efforts**, quantified through the issuance of **high-integrity carbon removal and avoidance credits**, complemented with environmental and social co-benefits.



Drivers of Biodiversity Loss Addressed:



Global Biodiversity Framework Targets:
T2, T3, T10
T14, T19

WORLD BANK PROJECT EXAMPLE: INDIA FISHERIES SECTOR PROSPERTIY PROJECT

Financial Instrument: Loan

World Bank Financing Amount: \$90 million

Project Description:

- Support the fisheries sector recovery from the COVID-19 pandemic and overall **development of sustainable fishing industry** by improving access to **\$195 million of commercial financing** by:
 - Improving access to **working capital financing by commercial banks** through online platform and awareness raising/capacity building.
 - Incentivizing job creation, reduction of fish losses, decarbonization, improved energy efficiency, use of renewables, enhanced climate resilience, better hygiene and waste/pollution management by microenterprises in select value chains through **performance grants**.
 - Encouraging adoption of insurance products in aquaculture sector via national platform and **insurance premium incentives**.



**Global Biodiversity
Framework Targets:**

**T10, T19
T14**

WORLD BANK PROJECT EXAMPLE: PUNJAP INCLUSIVE CITIES PROGRAM

Financial Instrument: Program for Results, with an Investment Project Financing component.

World Bank Financing Amount: **\$400 million** (IBRD: \$197 million, IDA: \$203 million)

Project Description:

- Expands access to safely managed water, sanitation and basic hygiene services across 14 urban local governments in Punjab, while strengthening the institutional and financial foundations needed to sustain those services long term.
 - **Direct service delivery at scale:** Supports rehabilitation and expansion of water supply, sewerage, drainage, and wastewater treatment infrastructure, with targets of **4.5 million people gaining access to safely managed water and sanitation**.
 - **Mobilizing private finance through PPPs:** \$10mn incentives for private investment in water and sanitation infrastructure in two pilot cities where public financing alone is insufficient.
 - **Building an enabling environment:** Pilots a replicable PPP model with ambitions to scale across more of Punjab's cities.



**Global Biodiversity
Framework Targets:**

**T7, T12, T19
T14**

World Bank Outcome Bonds

Mobilizing Private Capital for Nature

- The World Bank Treasury pioneered outcome bonds as a capital markets instrument to mobilize private capital for sustainable development.
- Investors forgo a portion of coupon to direct financing to an outcome project implementation in exchange for an opportunity to receive a higher payout (via outcome payment) if outcomes are achieved. Two models:

1. Conservation / Development Outcome Model:

with repayment and outcome payment by donors

2. Revenue-Backed Outcome Model

with repayment and outcome payment from outcome project revenues



World's first outcome bond by a commercial bank:

First Rand Bank, South Africa, issued Cape Water Outcome Bond with IFC's support and anchor investment for removal of invasive species to increase water supply to Cape Town.



Outcome Bond	Location	Bond size	Financing to project
Black rhino conservation	South Africa	\$150m	\$9m
Clean water for schoolchildren	Vietnam	\$50m	\$7.2m
Plastic waste reduction	Ghana & Indonesia	\$100m	\$14m
Amazon reforestation	Brazil	\$225m	\$36m
Clean cooking	Ghana	\$200m	\$30.5m
Spekboom ecosystem restoration	South Africa	\$120m	\$25m

World Bank Outcome Bonds Since 2021

WORLD BANK RHINO OUTCOME BOND

Protecting rhino populations in South Africa

Financial Instrument: **5-year outcome bond** issued by the World Bank Treasury

World Bank Financing Amount: **\$150 million**

Project Description and Bond Structure:

- **AAA principal protected bond** with proceeds used to finance the World Bank's sustainable development lending program.
- **Outcome project focuses on protecting and increasing black rhino populations** in two protected areas in South Africa (Addo Elephant National Park and the Great Fish River Nature Reserve).
- **Bond investors forego coupon payments** generating about \$10 million to finance conservation activities in the two parks.
- At maturity, investors receive a **Conservation Success Payment determined by the verified black rhino population growth rate** across both parks. If growth is at or below 0%, no success payment is made. The maximum success payment is \$13.76 million, funded by Global Environment Facility as the outcome payer.



**Global Biodiversity
Framework Targets:
T1, T3, T4, T19**

WORLD BANK SPEKBOOM RESTORATION OUTCOME BOND

Restoration of degraded land in South Africa

Financial Instrument: **14-year Outcome Bond** issued by the World Bank Treasury

World Bank Financing Amount: **\$120 million**

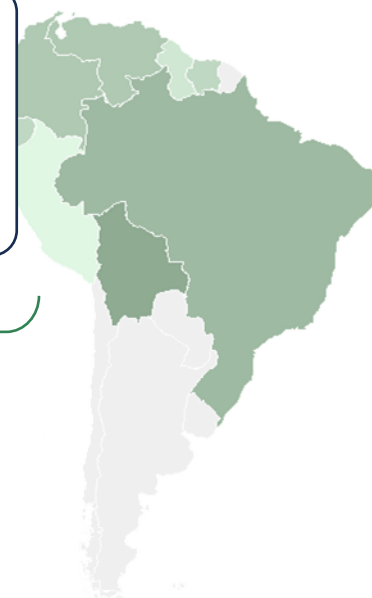
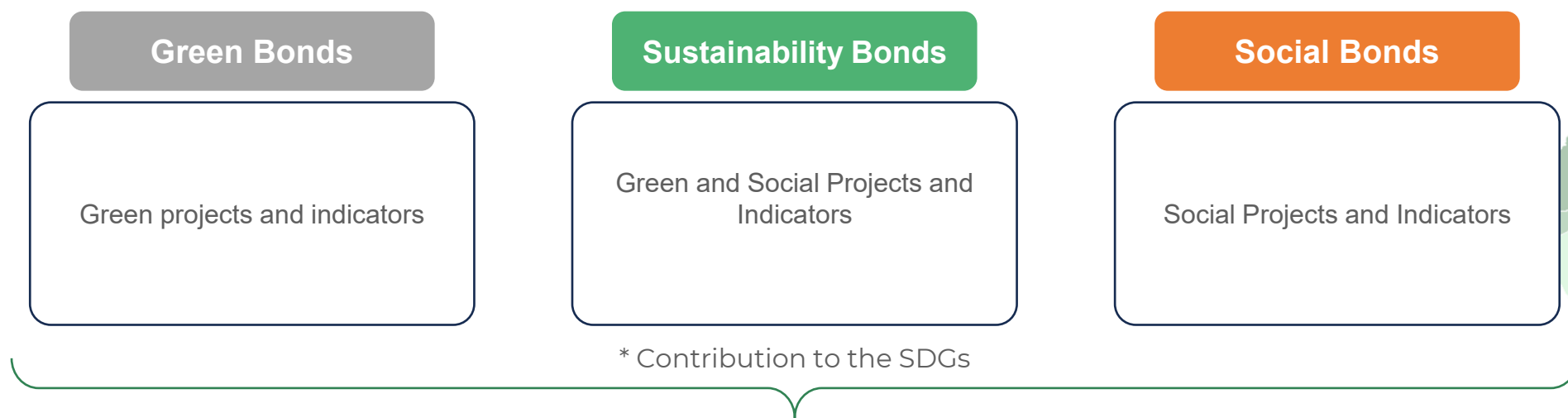
Project Description and Bond Structure:

- **AAA principal protected bond** with proceeds used to finance the World Bank's sustainable development lending program.
- **Outcome aspect is tied to supporting an ecosystems restoration project in South Africa.** Project will generate carbon credits from restoration of degraded land using Spekboom, a succulent plant native to South Africa prized for its drought resilience and high carbon sequestration.
- Restoration activities will generate nature outcomes, such as improved soil quality, and support the socio-economic development of local communities.
- **Bond investors forego a portion of ordinary World Bank coupons** generating about **\$25 million** for the project developer Imperative to implement the project.
- **Investors earn a guaranteed fixed annual coupon of 2.41% plus a potential variable coupon (2.41% + outcome payment to total to approx. 5.078%)** tied to the production of carbon removal units (CRUs) by the project. The variable coupon is funded through the sale of CRUs by Imperative to Amazon.



**Global Biodiversity
Framework Targets:
T1, T2, T4, T6, T19**

AMAZONIA BONDS INVESTMENT GUIDELINES: FOCUS ON ENVIRONMENTAL AND SOCIAL OUTCOMES IN THE AMAZON



Amazonia Bonds

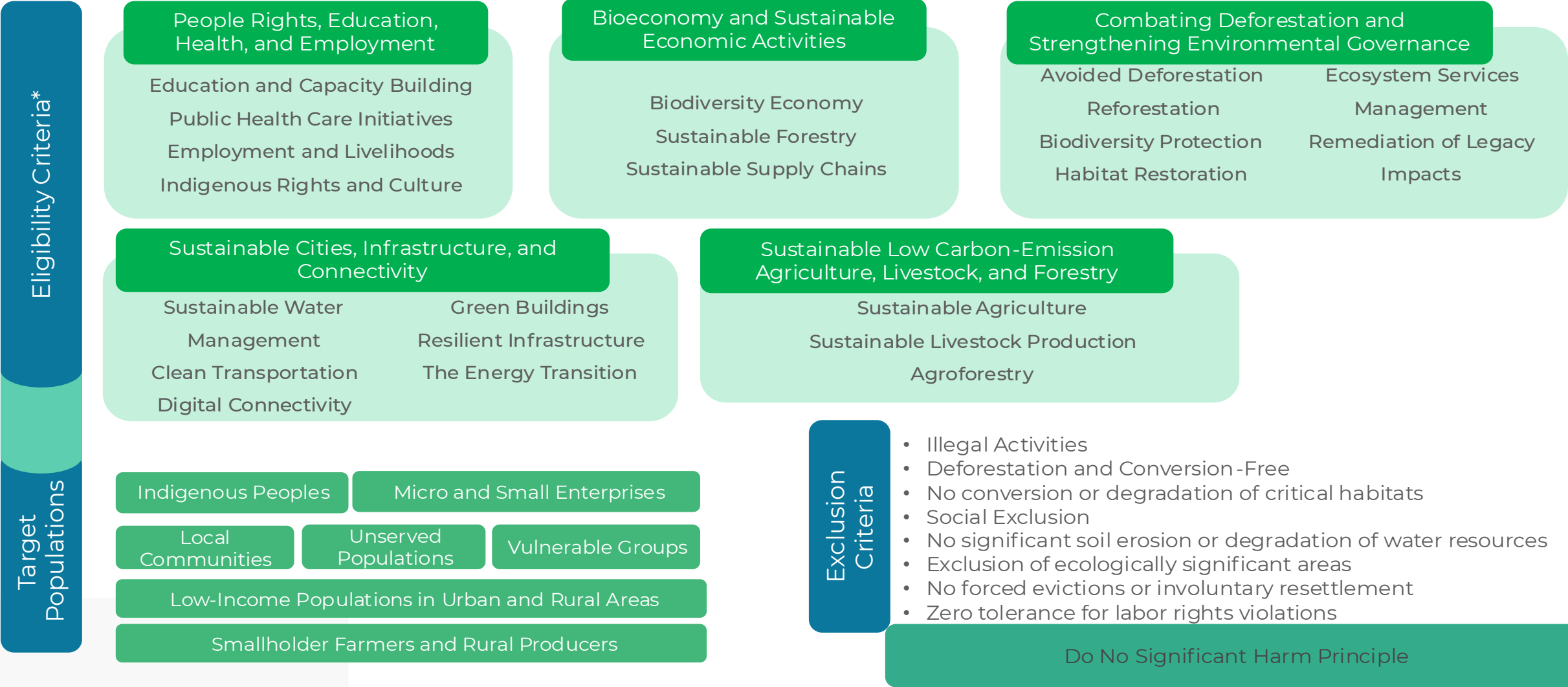
● Green Bonds | ● Sustainable Bonds | ● Social Bonds

Users and Beneficiaries

Geographical scope: the Amazon basin
Stakeholder Engagement: Emphasis on Indigenous Peoples and Local Communities
Specific Impact Indicators in the Amazon: Green and Social
Aligned with the ICMA Principles Contribution to the SDGs and Biodiversity Goals

Issuers: sovereign governments, local governments, Public Development Banks, financial and non-financial corporations, and supranational organizations
Investors: Investors focused on sustainability
Beneficiaries: Local people, Indigenous Peoples (PI), Traditional Communities (TC) - Afro-descendants (AD)s

▪ Sustainable bonds example: use of proceeds eligibility criteria

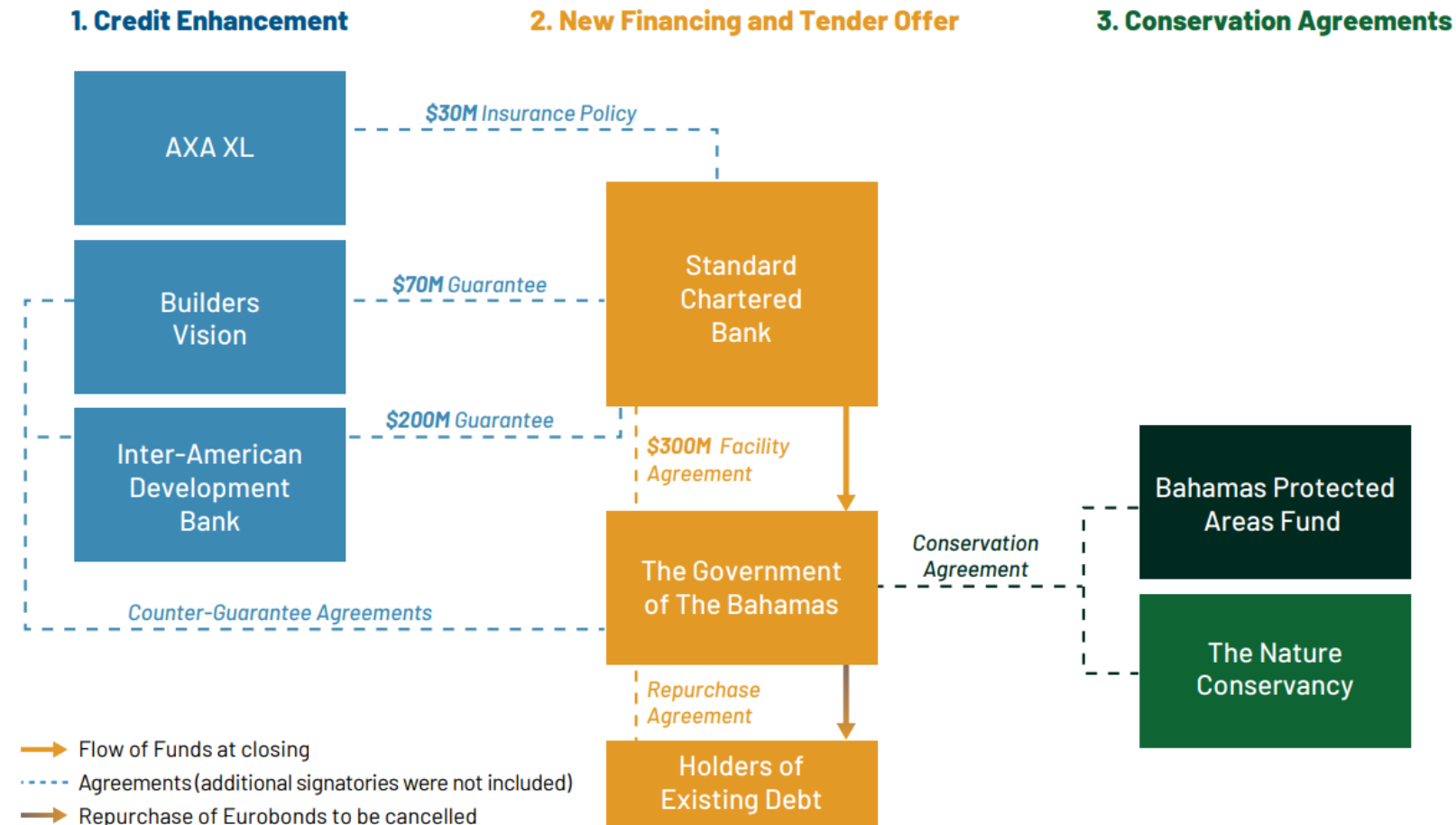


BAHAMAS DEBT CONVERSION FOR CONSERVATION

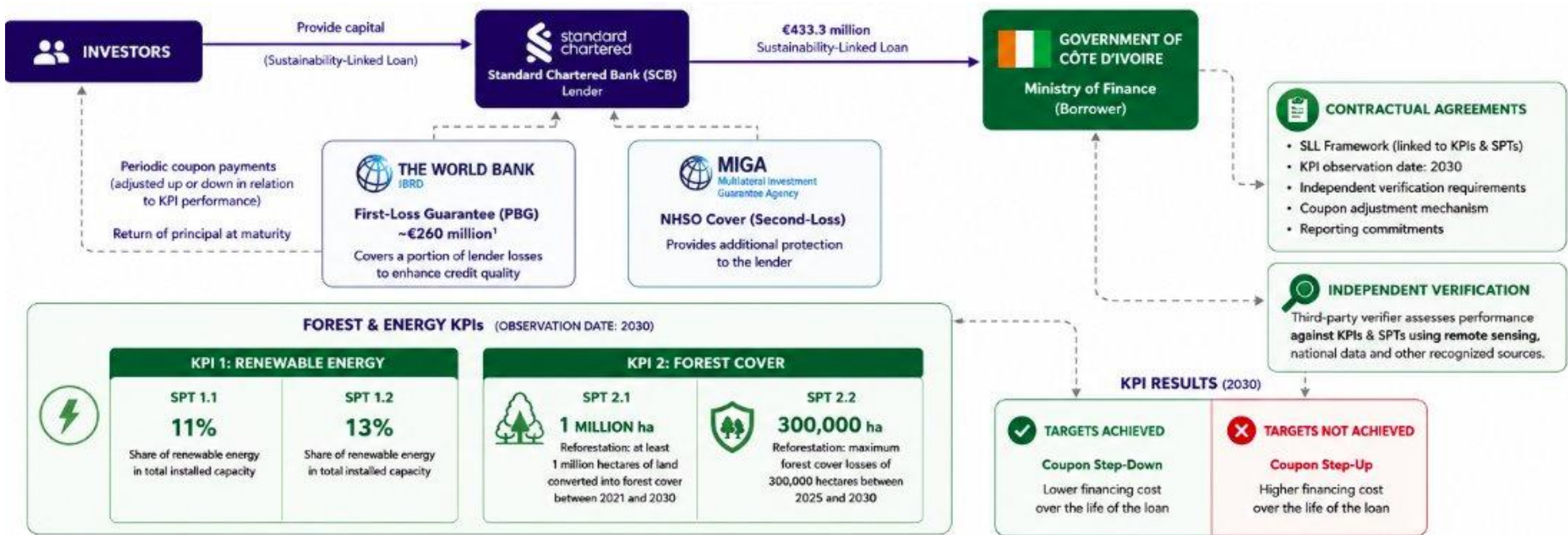
How sovereign financing is supporting marine conservation

Financial Instrument: Debt for Nature Swap

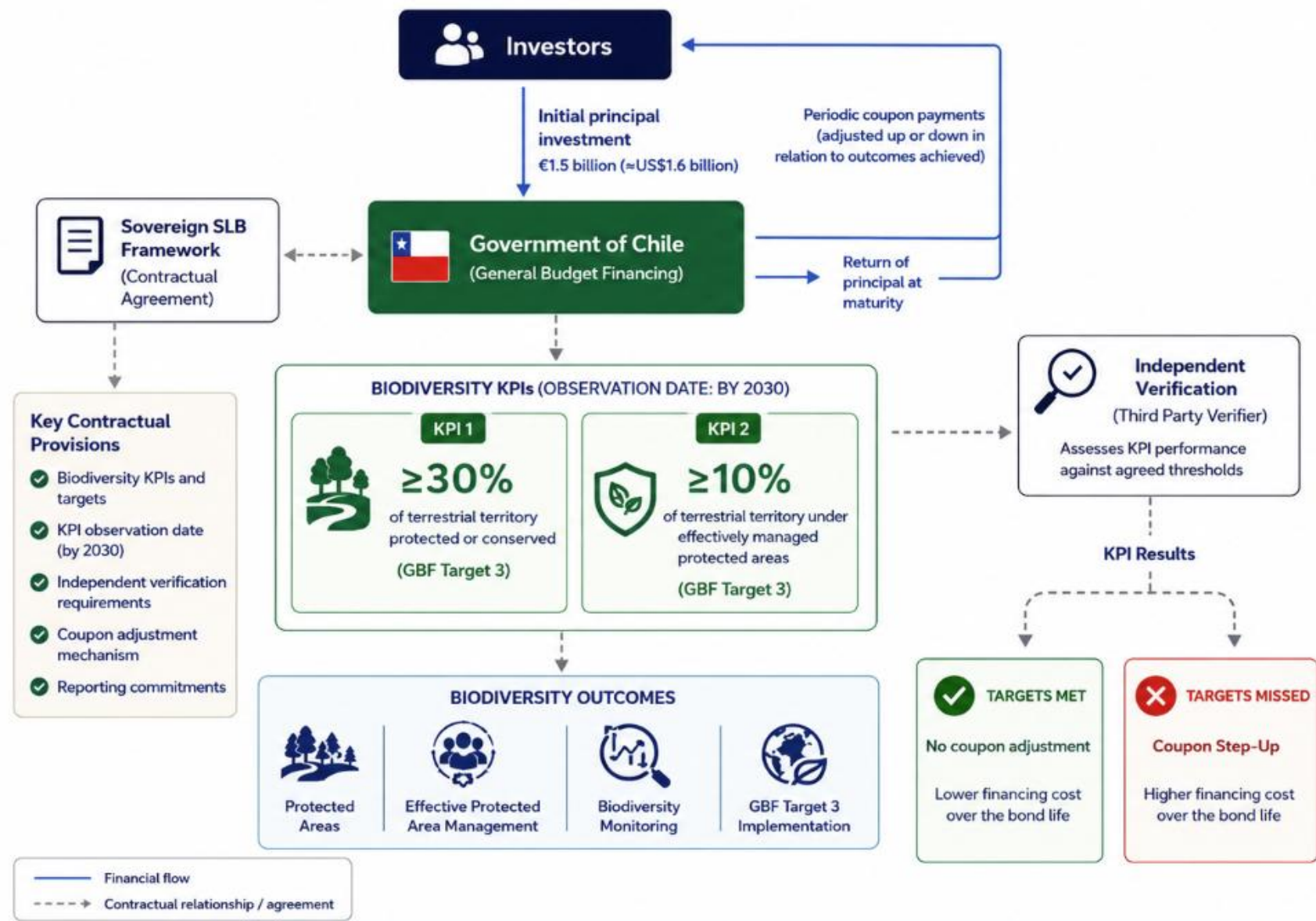
Financing Amount: Refinanced **\$300 million** of sovereign debt to generate **~\$132 million** for marine conservation over 15 years



COTE D'IVOIRE SUSTAINABILITY LINKED LOAN WITH SUPPORT FROM WBG



CHILE SUSTAINABILITY LINKED BOND LINKED TO GBF TARGETS



Note: Financial flows (solid blue arrows) represent movement of funds. Contractual relationships (dashed grey arrows) represent legal agreements and commitments.

A wide-angle photograph of a savanna landscape filled with a massive herd of wildebeest and zebras. The animals are scattered across a dry, yellowish-brown grassy field. In the lower-left foreground, a dark green safari vehicle is parked, with several people visible inside. The background shows a line of green trees under a clear sky. The text "Role of the Government" is overlaid in the center of the image.

Role of the Government

OPPORTUNITIES FOR GOVERNMENTS TO SCALE NATURE FINANCE



Align Spending: Reform public expenditure and subsidies to support nature-smart outcomes and eliminate harmful incentives.



Enable Markets: Build policy and regulatory frameworks that promote sustainable business models, nature-based solutions, and private investment.



Deploy Public Finance Strategically: Use concessional finance, de-risking instruments, project preparation support, and capacity building to crowd in capital equitably.

ANY QUESTIONS?



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