

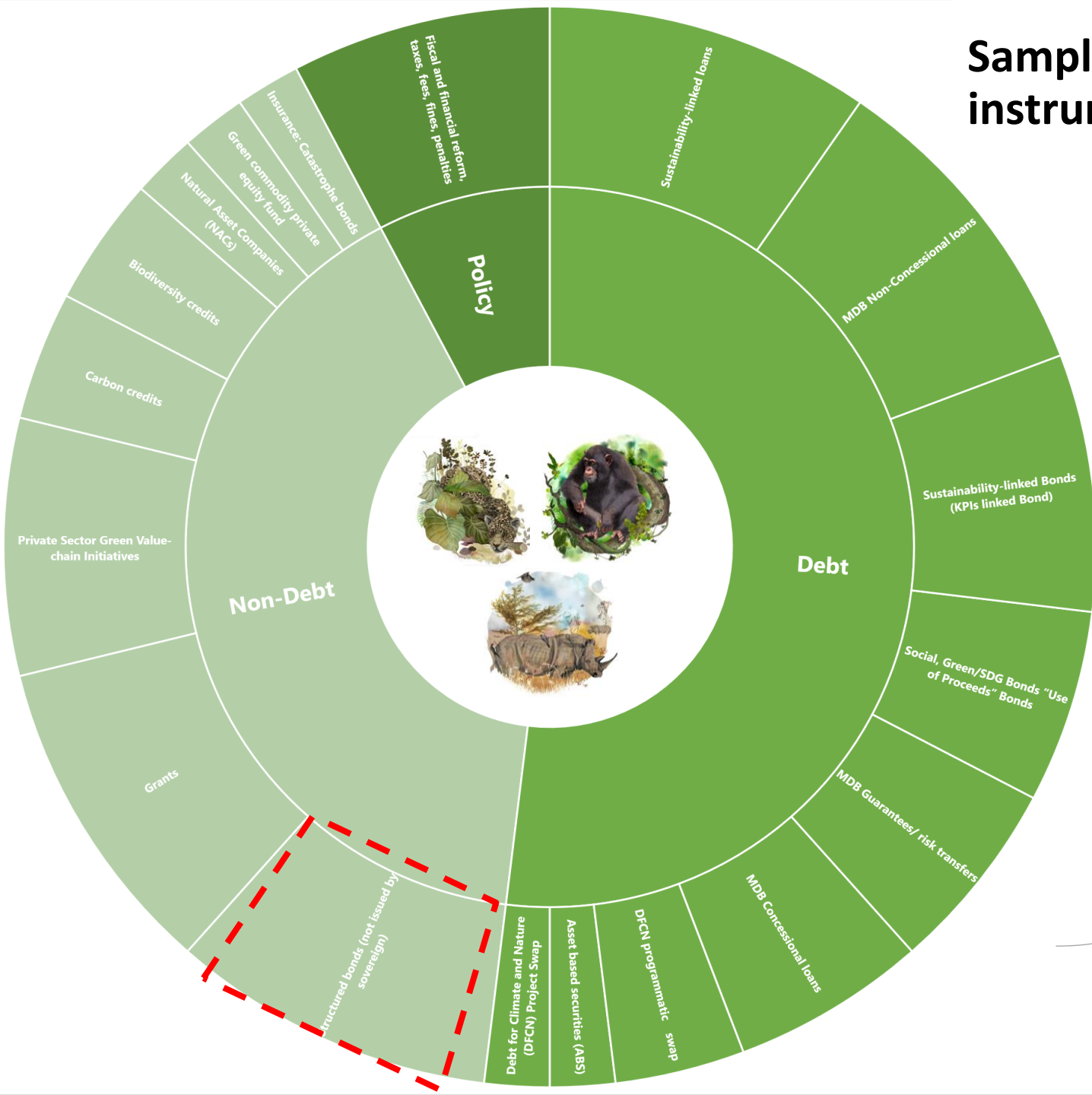
# SUSTAINABLE DEVELOPMENT BONDS WILDLIFE CONSERVATION BOND

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Elisson Wright, Senior Environmental  
Finance Specialist



Sample mix of policy, debt/non-debt instruments can scale nature and climate action



Type	Instrument
Policy	Fiscal and financial reform, taxes, fees, fines, penalties
Debt	MDB Concessional loans
	MDB Non-Concessional loans
	MDB Guarantees/risk transfers
	Social, Green/SDG Bonds "Use of Proceeds" Bonds
	Sustainability-linked Bonds (KPIs linked Bond)
	Sustainability-linked loans
	Debt for Climate and Nature (DFCN) Project Swap
	DFCN programmatic swap
Non-Debt	Asset based securities (ABS)
	Grants
	Structured bonds (not issued by sovereign)
	Insurance: Catastrophe bonds
	Payment for environmental services
	Biodiversity credits
	Carbon credits
	Green commodity private equity fund
	Natural Asset Companies (NACs)
	Private Sector Green Value-chain Initiatives



# Background to Wildlife Conservation Bond

**New outcome-based mechanisms are needed for funding conservation to unlock new financing**

**USD \$700bn+**

estimated annual funding gap in biodiversity conservation

Lack of available funding and efficiency of deployment limits conservation efforts



**\$20-50m**

spent annually on rhino conservation yet continued declines in populations



Often funds are restricted to defined activities and equipment, therefore not permitting adaptive management in response to changing in-the-field conditions

**0**

the number of current rhino funding programs that are tied to rhino outcomes



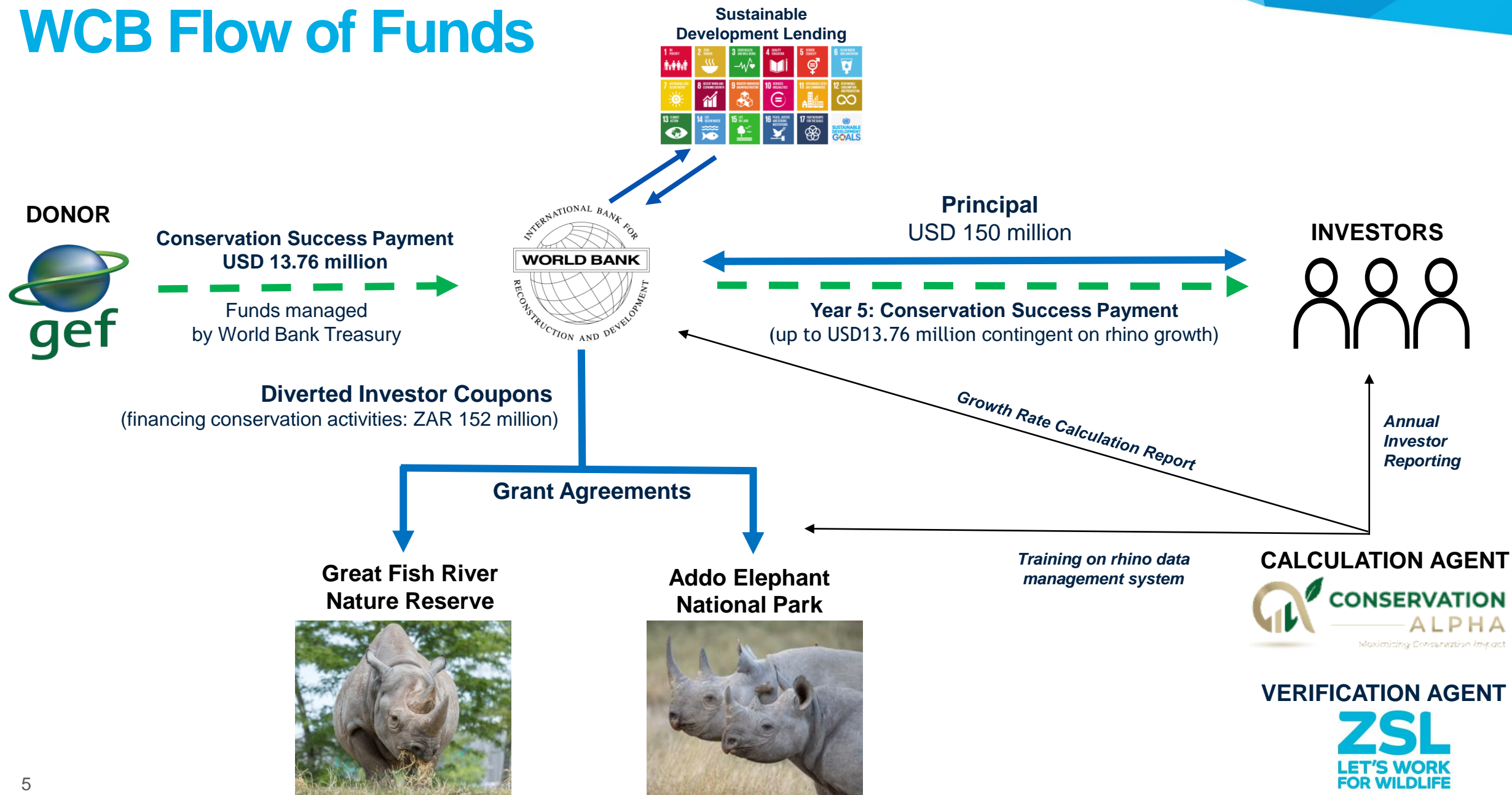
# Wildlife Conservation Bond – Key Features

USD150 million bond issued in March 2022

*World Bank issued a **5-year outcome-based impact bond** that mobilized private capital to directly finance conservation activities*

- **Does not add to sovereign debt stock and front-loads financing** for rhino conservation at two South African parks, through foregone bond coupon payments
- **Transfers project outcome risk from donors to investors**; success is measured based on rhino population growth rate, calculated and verified by independent parties
- **Principal protected impact bond** provides investors with opportunity to invest in outcomes wrapped in a AAA principal protected bond that supports the financing of World Bank projects globally
- **Advanced monitoring and verification tools** deployed in a bond transaction, with the project overseen by World Bank's Environment team

# WCB Flow of Funds



# Main challenges to replication

- Securing an outcome payer willing to pay for successful project performance
- Developing a holistic M&E system and capturing historical data
- Establishing ambitious conservation targets and informing investor risk analysis
- Transitioning from typical project grant financing (input based) to a focus on outcomes

# Opportunities to scale up

**Increasing investor interest in structured outcome bonds that provide direct exposure to development activities. Opportunities to scale up the WCB to:**

- Protect other endangered species (great apes)
- Improve sustainable fishing and health of coral reefs
- Promote reforestation in critical conservation areas
- Support climate change projects, including activities producing carbon credits

# Thank You