

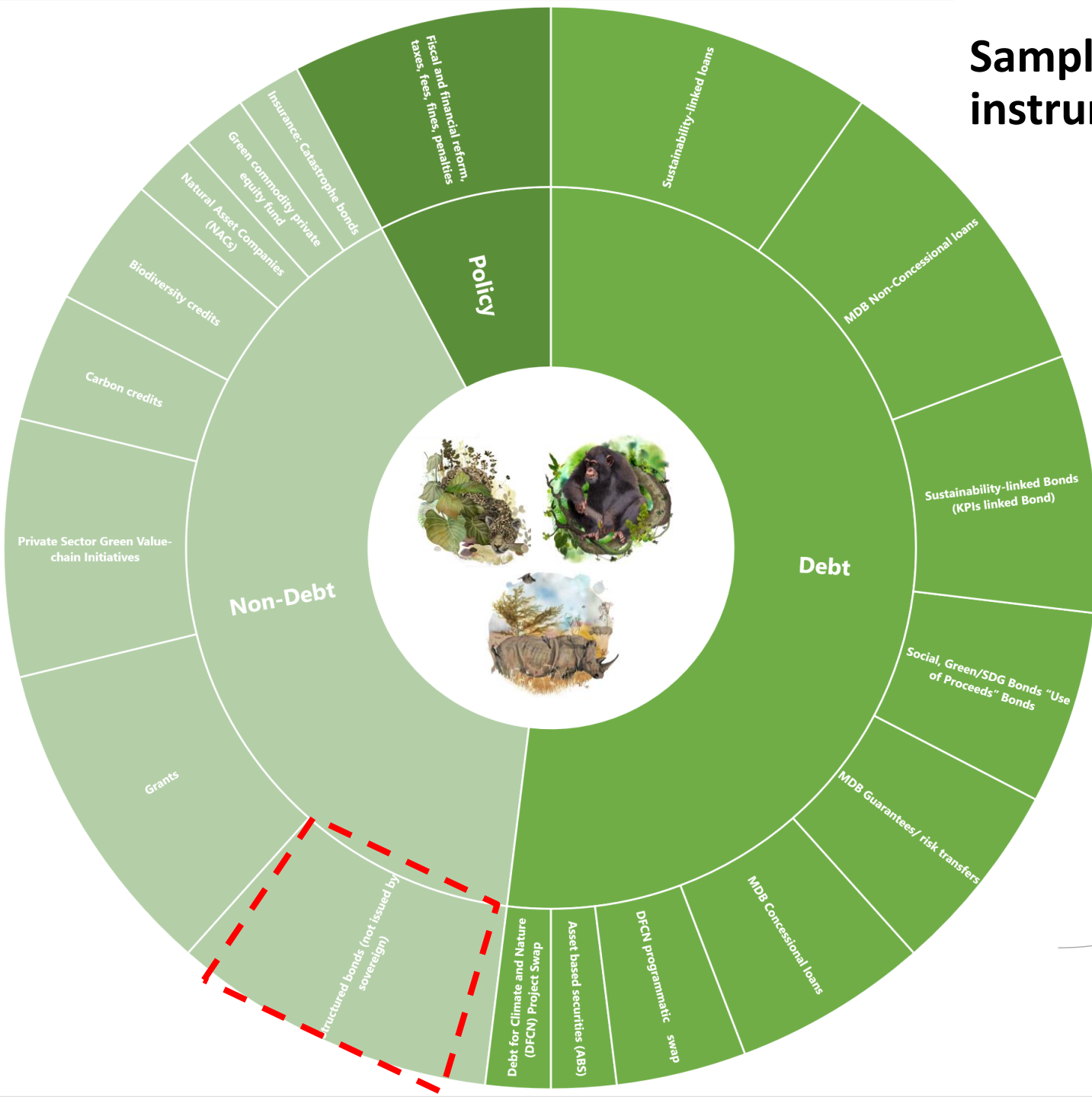
SUSTAINABLE DEVELOPMENT BONDS
**WILDLIFE
CONSERVATION
BOND**

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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

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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



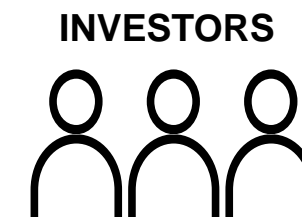
Conservation Success Payment
USD 13.76 million

Funds managed by World Bank Treasury



Principal
USD 150 million

Year 5: Conservation Success Payment
(up to USD13.76 million contingent on rhino growth)



Diverted Investor Coupons
(financing conservation activities: ZAR 152 million)

Grant Agreements

Great Fish River Nature Reserve



Addo Elephant National Park



Growth Rate Calculation Report

Training on rhino data management system

Annual Investor Reporting

CALCULATION AGENT



VERIFICATION AGENT



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