

FINANCING GREEN

UNLOCKING FINANCE FOR NATURE AND PEOPLE

WWF's work on green financial solutions.



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OUR WORK ON GREEN FINANCIAL SOLUTIONS

1 FINANCIAL PRODUCTS & SOLUTIONS	3
2 BANKABLE NATURE SOLUTIONS	5
3 STANDARD-SETTING, METRICS & GUIDELINES	7
4 FINANCING MECHANISMS FOR CONSERVATION	9
5 START-UPS & VENTURES	10

FINANCING GREEN

PROSPEROUS, RESILIENT ECONOMIES THAT BENEFIT PEOPLE AND COMMUNITIES RELY ON A HEALTHY, LIVING PLANET.

By demonstrating the value of nature and its services, and working to redirect the flow of finance away from activities that harm our planet toward those that heal, we are helping forge a positive relationship between financial systems and ecosystems.

Globally, nature represents a massive investment opportunity. Transitioning to a nature-positive economy could generate annual business opportunities worth **\$10 trillion and create 395 million jobs** by 2030.

Yet we are diminishing **natural capital and degrading natural systems** faster than nature can replenish and restore them. Combined with the risks of catastrophic climate breakdown, nature loss threatens our prosperity and survival.

The finance sector is an extremely powerful lever for change that can drive the transition to an equitable, net zero, nature-positive economy.

Addressing the crisis requires business models and portfolios that work with nature rather than against it. And reversing nature loss by 2030 means increasing finance for biodiversity by an average of **\$711 billion** a year over the next decade.



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FINANCING GREEN

That’s why we work with banks, investors, insurers, policymakers, and regulators on ‘**financing green**’ – increasing the flow of funds to activities with a positive impact on the environment and society; and ‘**greening finance**’ – better incorporating environmental, social and governance (ESG) risks and opportunities into financial decision-making.

This briefing outlines our work with partners on ‘financing green’ and the development of ‘**green financial solutions**’.

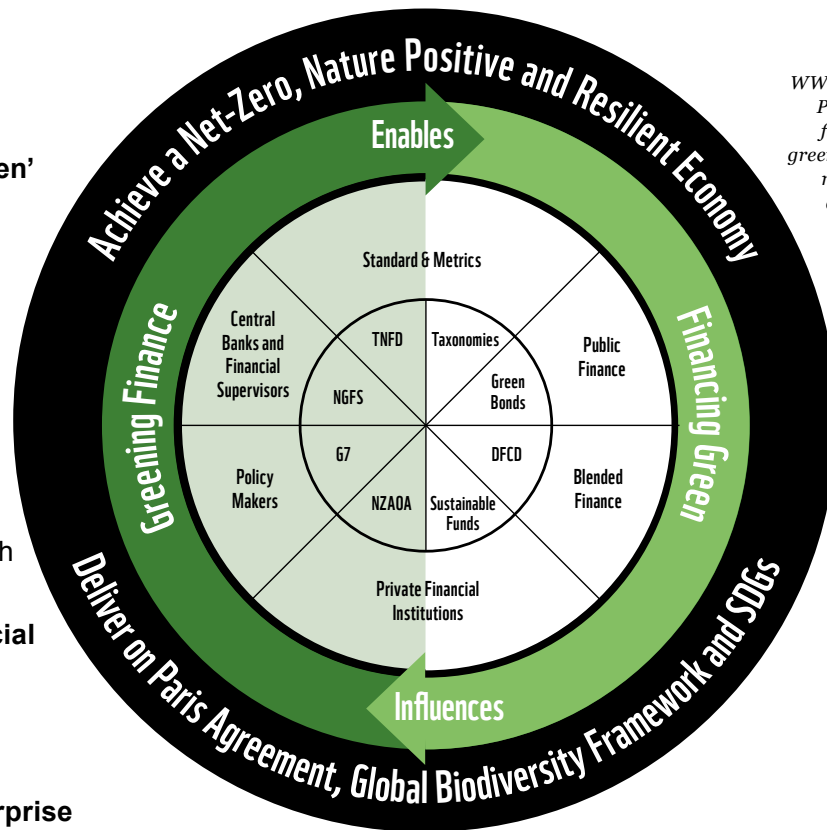
GREEN FINANCIAL SOLUTIONS

Investing in business and enterprise that sustains vital ecosystem services such as clean air and water, food production, and a stable climate, will accelerate the transition to an equitable, net zero, nature-positive global economy.

By developing green financial solutions, we promote the reallocation of capital to companies, projects, and activities that shape more sustainable practices across the real economy, that benefit people and communities, and that contribute to the conservation,



WWF-Madagascar / RAKOTONDRAZAFY A. M. Ny Aina



WWF Global Finance Practice ‘greening finance, financing green’ strategy. Inner rings show actors and instruments, and the outer ring shows outcomes.

restoration, and sustainable use of biodiversity and ecosystem services.

Supporting this shift, we collaborate with partners across the public and private sectors to develop innovative models, approaches, and initiatives that are replicable and scalable.

- We work with business to initiate sustainable companies, ventures and projects that attract long-term investment from both public and private financial institutions.
- We work with financial institutions to structure innovative conservation focused funds, bonds, loans, and insurance products that mitigate risk and build resilience.
- We work with governments, standards setters, and civil society to shape and nurture regulations, taxonomies, and principles that define the scope of green financial solutions.

OUR WORK ON GREEN FINANCIAL SOLUTIONS COVERS FIVE AREAS, EACH OF WHICH WE OUTLINE HERE AND ILLUSTRATE WITH EXAMPLES



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1 FINANCIAL PRODUCTS & SOLUTIONS

WE DEVELOP AND ADVISE ON FINANCIAL PRODUCTS AND SOLUTIONS THAT CHANNEL MAINSTREAM INVESTMENT INTO LARGE-SCALE SUSTAINABLE PROJECTS AND COMPANIES. THESE INCLUDE PUBLICLY LISTED EQUITY FUNDS, EXCHANGE-TRADED FUNDS, PRIVATE EQUITY FUNDS, PUBLICLY LISTED BONDS, BOND FUNDS, AND OVER-THE-COUNTER PRODUCTS THAT CONTRIBUTE TO POSITIVE ENVIRONMENTAL OUTCOMES.

SANLAM LIVING PLANET FUND

The award-winning **Sanlam Living Planet Fund** supported by WWF offers sustainable long-term capital growth for investors while seeking to enhance environmental sustainability.

Widely diversified across industries, asset classes, local and international markets while excluding sectors impacting climate change, water resources, and biodiversity, the \$55 million fund portfolio is managed in line with WWF principles, the **Code for Responsible Investing in South Africa**, and the **UN Principles for Responsible Investment**.

Working with Sanlam, we help shape the portfolio to ensure delivery on sustainability objectives and the UN Sustainable Development Goals, and help position it as a mainstream investment fund in a highly competitive South African savings and investment industry¹.



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© Jorge Sierra / WWF-Spain

1. Sanlam Collective Investments (RF) (Pty) Ltd is a registered Manager in terms of the Collective Investment Schemes in Securities. A schedule of fees can be obtained from the Manager. Charges of the most expensive fee class, maximum fund charges include (incl. VAT): Manager initial fee (max.): 0.00%; Manager annual fee (max.): 1.03%; Total Expense Ratio (TER): 1.14%.

1

FINANCIAL PRODUCTS & SOLUTIONS

ROBECOSAM BIODIVERSITY EQUITIES FUND

The **RobecoSAM Biodiversity Equities Fund** from global asset manager Robeco invests in companies that develop technologies, products, and services which support the sustainable use of natural resources and ecosystem services.

With a portfolio of around 40 companies, the fund covers **four thematic areas**: sustainable

land use, freshwater networks, marine systems, and traceable products. And by actively engaging with up to 25% of portfolio holdings, it drives adoption of more sustainable practices by portfolio companies that help to reduce biodiversity loss.

For fund design and active ownership, Robeco seeks advice from WWF Netherlands on biodiversity, building on a broader partnership on integrating biodiversity into asset management.



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“WWF IS ADVISING ROBECO ON THE DEVELOPMENT OF A BIODIVERSITY INVESTMENT FRAMEWORK FOR THE FUND AND FUTURE PRODUCTS. WHAT’S EXCITING IS THAT THIS WILL BE ADDED IN THE COMING YEARS TO ROBECO’S SUSTAINABLE INVESTING OPEN ACCESS INITIATIVE AND INSPIRE OTHER INVESTORS.”

AARON VERMEULEN, DIRECTOR GREEN FINANCE, WWF NETHERLANDS



© WWF / Martina Lippuner



© Jody MacDonald / WWF-US

2 BANKABLE NATURE SOLUTIONS

TOGETHER WITH GOVERNMENTS, COMPANIES, FINANCIAL INSTITUTIONS, AND LOCAL PARTNERS, WE HELP CATALYSE 'BANKABLE NATURE SOLUTIONS' THAT REDUCE PRESSURE ON ECOSYSTEMS, DELIVER CLIMATE RESILIENCE, RESTORE NATURE, AND GENERATE FINANCIAL RETURNS FOR INVESTORS AND LOCAL ECONOMIES.

By originating, supporting, and accessing different funds and facilities, we mobilise new sources of financing, particularly from the private sector, for projects at various investment stages and ticket sizes that address climate and nature impacts across landscapes.

DUTCH FUND FOR CLIMATE AND DEVELOPMENT

The **Dutch Fund for Climate and Development** (DFCD) enables private sector investment in large-scale climate adaptation and mitigation projects that help strengthen eco-system and community resilience in developing countries vulnerable to climate change. Managed by a pioneering consortium of the Dutch Entrepreneurial Development Bank (FMO), Climate Fund Managers, the Netherlands Development Organisation (SNV), and WWF, initial investment of €160 million from the Dutch Ministry of Foreign Affairs has to date leveraged over €1 billion in blended finance for investment

in the agricultural, forest, freshwater, and ocean sectors.

Together with SNV, we co-manage DFCD's **Origination Facility** that selects promising projects and provides technical assistance and grants up to €400,000 to make them ready for further DFCD investment. So far, more than 30 companies have been signed up.

Amongst DFCD's growing portfolio of projects is **PT Indobamboo Lestari** in Indonesia. Sourcing bamboo from smallholders on the island of Flores, the company manufactures FSC-certified bamboo products that support inclusive economic development and meet growing international demand.

LANDSCAPE RESILIENCE FUND

Developed by fund manager **South Pole** and WWF, the **Landscape Resilience Fund** (LRF) is an innovative impact investment fund that mobilises blended finance for



© Arief Rabik / PT Indobamboo Lestari

"INVESTMENT NEEDS TO GET A BAMBOO AGROFORESTRY SYSTEM GOING ARE VERY LOW. THIS ALLOWS FARMERS TO CHOOSE BAMBOO AS LONG AS THE MARKET IS THERE TO SUPPORT OFFTAKE."

ARIEF RABIK,
CEO, PT INDOBAMBOO LESTARI

2

BANKABLE NATURE SOLUTIONS

climate adaptation in vulnerable rural landscapes and communities. Through small grants, concessional loans up to \$2 million, and technical assistance, it supports small businesses and entrepreneurs in the agricultural and forest sectors, as well as funding multi-stakeholder initiatives to ensure its investments help shape sustainable landscapes.

The LRF's **first investment** in Koa, a Swiss-Ghanaian sustainable cocoa company, has unlocked a new decentralised value chain for previously unused cocoa pulp. This has boosted incomes for 10,000 cocoa farmers and improved climate resilience through helping them transition to more climate-resilient agricultural practices.

Made alongside co-investors IDH Farmfit Fund, LRF's \$3.5 million investment has already catalysed over \$5 million in additional private sector investment for Koa.

MOBILISING MORE FOR CLIMATE

Mobilising More for Climate (MoMo4C) is a five-year programme by IUCN, WWF, and Tropenbos International that is funded by the Netherlands Ministry of Foreign Affairs. Supporting smaller ticket projects than DFCD, it brings together entrepreneurs, companies, policymakers, investors, and civil society, and mobilises finance for innovative agricultural and forest sector solutions. These address climate change and support

livelihoods in countries such as **Cameroon, Ghana, Indonesia, Uganda, and Zambia**. Our role includes offering entrepreneurs technical assistance on business readiness, access to market, and low-cost finance.

In Zambia, for example, MoMo4C is helping **Forest Africa Zambia Limited** scale operations and access new markets. Based in Lusaka, the company specialises in processing organic, wild fruit juices. By sourcing fruit from communities in south-eastern Zambia, Forest Africa supports community resilience, job creation and income diversification, particularly for vulnerable women and youths, and also contributes to forest protection.



“THE NEW PRODUCTION PLANT WILL GENERATE 250 JOBS CREATING NEW VOCATIONAL OPPORTUNITIES FOR COMMUNITIES IN RURAL GHANA.”

FRANCIS APPIAGYEI-POKU, FINANCE DIRECTOR, KOA

“THESE KINDS OF DISRUPTIVE AND INNOVATIVE SOLUTIONS ARE KEY TO CATALYSING THE SYSTEM CHANGE THAT’S NEEDED TO IMPROVE LIVES.” BARBARA VISSER, COO, IDH FARMFIT FUND



3

STANDARD-SETTING, METRICS & GUIDELINES

WE WORK TO INFLUENCE THE DEVELOPMENT OF EFFECTIVE, CREDIBLE STANDARDS FOR FINANCE SECTOR ADOPTION. THESE INCLUDE ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) METRICS FOR INTEGRATION INTO FINANCIAL INSTRUMENTS AND PROCESSES, GREEN AND BLUE BOND STANDARDS, AND TECHNICAL GUIDANCE ON REGULATIONS.

ENVIRONMENTAL BONDS

Environmental bonds, often called **‘green bonds’ or ‘ESG bonds’**, are financial instruments that raise debt for investment in companies or projects that deliver environmental benefits.

Collaborating with standard setters, regulators, and capital markets, WWF has helped shape

environmental standards for global debt capital markets. Relatively lax process guidelines have become more prescriptive **taxonomy-based standards** that include specific criteria for biodiversity and ecosystem protection. And new **best practice green bond standards** have been approved in Europe.

Working with the French government on its **inaugural sovereign green bond**, WWF helped kick-start **sovereign green bond issuances**, and in Malaysia, we shaped the world’s first **sovereign green sukuk**, a sharia-compliant bond-like instrument used in Islamic finance.

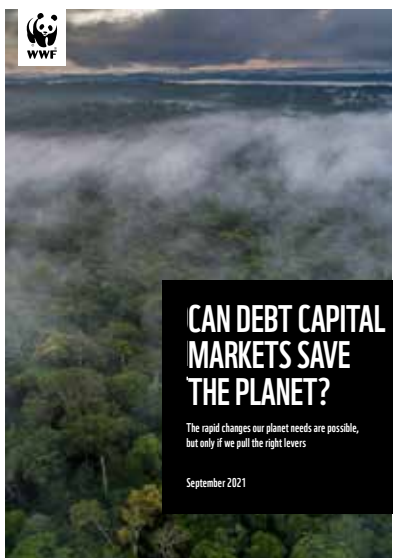
With a market share of 13% globally in 2022, and in excess of 20% in Europe, **ESG bonds have now become ‘mainstream’**, paving the way for **‘greening’ debt capital markets.**



© Sarah Pietkiewicz

“WHAT COUNTS NOW IS THAT ISSUERS OF GREEN BONDS, UNDERWRITERS, AND INVESTORS ADOPT THE STANDARD AND APPLY TAXONOMY-BASED CRITERIA FOR BEST PRACTICE GREEN BONDS.”

JOCHEN KRIMPHOFF, GLOBAL LEAD, DATA, TOOLS AND METHODS, WWF GREENING FINANCIAL REGULATION INITIATIVE



3

STANDARD-SETTING, METRICS & GUIDELINES

EU TAXONOMY

The EU's new sustainable investment framework, known as the 'EU Taxonomy', and related disclosure rulebooks require almost 50,000 major companies to report on the share of their revenues that meet environmental performance criteria. This will provide investors with much better information on the 'green' credentials of European companies.

Together with other civil society organisations, WWF helped shape the EU Taxonomy – but further

improvements are needed. It currently endorses investment in controversial activities such as **gas and nuclear** that will accelerate climate change, and has **weak criteria for certain sectors and activities**.



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“TO ACCELERATE DELIVERY OF A NET ZERO EMISSIONS, NATURE-POSITIVE GLOBAL ECONOMY, WE NEED REGULATORS AROUND THE WORLD TO BUILD AND IMPROVE ON THE BEST ELEMENTS OF THE EU TAXONOMY, GROUNDING THEIR EFFORTS IN SCIENCE.”

ELISA VACHERAND,
LEADER, WWF GLOBAL FINANCE PRACTICE



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4

FINANCING MECHANISMS FOR CONSERVATION

WITH PUBLIC AND PRIVATE SECTOR PARTNERS, WE DEVELOP INNOVATIVE FINANCING MECHANISMS THAT FUND PROTECTED AREAS AND AREAS OF HIGH CONSERVATION VALUE.

DEBT-FOR-NATURE SWAPS

Debt-for-nature swaps facilitate wealth transfer to low or middle income countries by forgiving a portion of a country's sovereign debt in exchange for financing conservation in recipient countries. They include bilateral swaps as well as debt conversions that raise fresh capital then used to repurchase and retire existing, more expensive debt.

The **Tropical Forest and Coral Reef Conservation Act** (TFCCA) in the US, for example, offers eligible countries official debt relief while generating funds in local currency to support tropical forest and coral reef conservation, and to strengthen civil society.

Around \$273.4 million in congressionally-appropriated funds have so far been used to conclude 21 TFCCA debt-for-nature agreements with 15 countries. WWF has participated in five of these that have leveraged more than \$75 million for conservation in Colombia, Indonesia, Peru, and Paraguay.

PROJECT FINANCE FOR PERMANENCE

Project Finance for Permanence (PFP) is designed to accelerate lasting large-scale conservation through comprehensive agreements that secure the funding, capacity, partnerships, and policies necessary to protect the planet's most important natural places.

In Colombia, the government, WWF, and private sector and civil society partners, developed **Herencia Colombia**, a PFP initiative that secured \$245 million in public and private finance to permanently protect 32 million hectares of iconic land and seascapes, achieving Colombia's goal of protecting 30% of its oceans and seas by 2030.

Elsewhere, interest in PFP initiatives is increasing. The **Enduring Earth** initiative, for example, aims to mobilise nearly \$4 billion in partnership with at least 20 nations by 2030. And initiatives in Bhutan, Brazil, Canada, Costa Rica, and Peru have secured more than \$1.5 billion for conservation.



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“HERENCIA COLOMBIA WILL CONTRIBUTE TO STRENGTHENING COMMUNITY COUNCILS, THEIR STATEMENTS, AND THE EXTENSION OF PROTECTED AREAS. FOR US, THIS MEANS AN EFFECTIVE AND REAL CONTRIBUTION THAT GUARANTEES OUR SURVIVAL WITHIN THE TERRITORY, AND OUR LIVES.”

EMIGDIO PERTUZ,
LEGAL REPRESENTATIVE OF THE
COCOMANORTE COMMUNITY COUNCIL,
ACANDÍ PLAYONA FAUNA SANCTUARY

ESTABLISHED
MARINE
PROTECTED AREA

FISH CAUGHT: 10.01.19
TIME: 08:49
LOCATION: -54.171372, 84.356645

5

START-UPS & VENTURES

WE WORK TO IDENTIFY, ACCELERATE, AND SCALE INNOVATIVE, IMPACT-DRIVEN VENTURES PRIMARILY FOCUSED ON CONSERVATION IMPACT ON THE GROUND. THIS INCLUDES THE INCUBATION OF EARLY-STAGE CONCEPTS AND SUPPORT FOR COMPANY BUSINESS PLAN DEVELOPMENT.

PANDA LABS

Spearheaded by WWF, **Panda Labs** is an award-winning global innovation programme delivering positive social and environmental impact. By accelerating and amplifying emerging technologies and new business models in collaboration with influential partners, the programme develops scalable solutions to some of the world's biggest environmental challenges.

In Australia, **partnering with BCG Digital Ventures**, Panda Labs raised \$4 million in seed funding to create **OpenSC**, an online platform that uses blockchain to track food and help people avoid illegal, damaging, or unethical products. In Kenya, Panda Labs set up Ukwenza VR, an **award-winning social enterprise** that creates and distributes virtual reality educational content, and that is now working with over 30 schools. And in Romania, Panda Labs supports **WeWilder**, a cooperative that offers ecotourism experiences in the Țarcu mountains and generates income for communities living with wildlife.

GREEN OUTCOMES FUND

The **Green Outcomes Fund** (GOF) supports investment in Micro, Small, and Medium-sized Enterprises (MSMEs) that contribute to South Africa's green economy and enterprise creation in sectors such



© WWF / Juozas Cernius

“PANDA LABS HELPS TRANSFORM INNOVATIVE START-UPS AND SOLUTIONS INTO VIABLE AND SUSTAINABLE BUSINESSES THAT VALUE AND PROTECT NATURE.”

CONFREY ALIANJI,
INNOVATION STRATEGIST,
WWF KENYA



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5

START-UPS & VENTURES

as energy, infrastructure, land management, water, and waste.

Despite their potential for positive impact, MSMEs are perceived as high risk and find it difficult to access investment capital. By blending concessionary funding with private capital, the GOF incentivises local fund managers to increase investment in MSMEs on more favourable terms.

Waste management company **WasteWant**, for example, has received preferential funding and business development support

enabling it to diversify and secure longer-term contracts. And now, more consistent revenue streams make it more attractive to commercial investors.

A **partnership between South Africa's national Jobs Fund, GreenCape, and the FirstRand Foundation**, the GOF has so far catalysed more than \$20 million in investment capital for green businesses.

An original design partner, WWF participates in the governance and implementation of the fund as a

member of its Advisory Committee, advising on and approving funding allocation, contributing to fundraising, and evaluating fund manager performance.



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SCALING IMPACT

WWF WORKS ON 'FINANCING GREEN' – INCREASING INVESTMENT IN SUSTAINABLE DEVELOPMENT; AND 'GREENING FINANCE' – IMPROVING THE INTEGRATION OF ENVIRONMENTAL RISKS AND OPPORTUNITIES INTO FINANCIAL DECISION-MAKING.

Through our 'financing green' work with financial institutions and other stakeholders, we are developing real world solutions and delivering positive outcomes for people, communities, and the environment.

These demonstrate the potential to scale impact through replicating successful initiatives, accelerating investment in natural capital and nature-positive activities, and driving wider financial system reform.

We welcome proposals for innovative green financial solutions and partnership. For more information about our work, please visit panda.org/finance, and if you would like to explore opportunities for collaboration, please contact us on finance@wwfint.org



Working to sustain the natural world for the benefit of people and wildlife.

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