



Planet Tracker

Nature-based Finance

December 2023

Agenda

01

- What is Nature-based finance?

02

- A sovereign example: the Deforestation-Linked Bond

03

- A corporate example: the Blue Recovery Bond



Any financial instrument linked to nature

- The instrument is linked to nature in terms of outcomes, and/or
- A natural asset is used as collateral for the funds raised



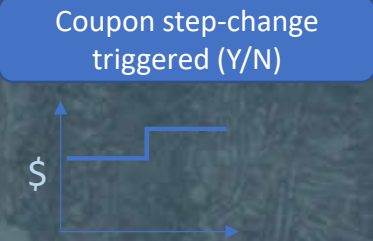
1. A sovereign example:

The Deforestation- Linked Bond

Deforestation-Linked Sovereign Bond

Deforestation SPT*
(‘Zero deforestation by 2030’)

- SPT measurement
- 3rd party verification
- SPT reporting



* Sustainability Performance Target(s)

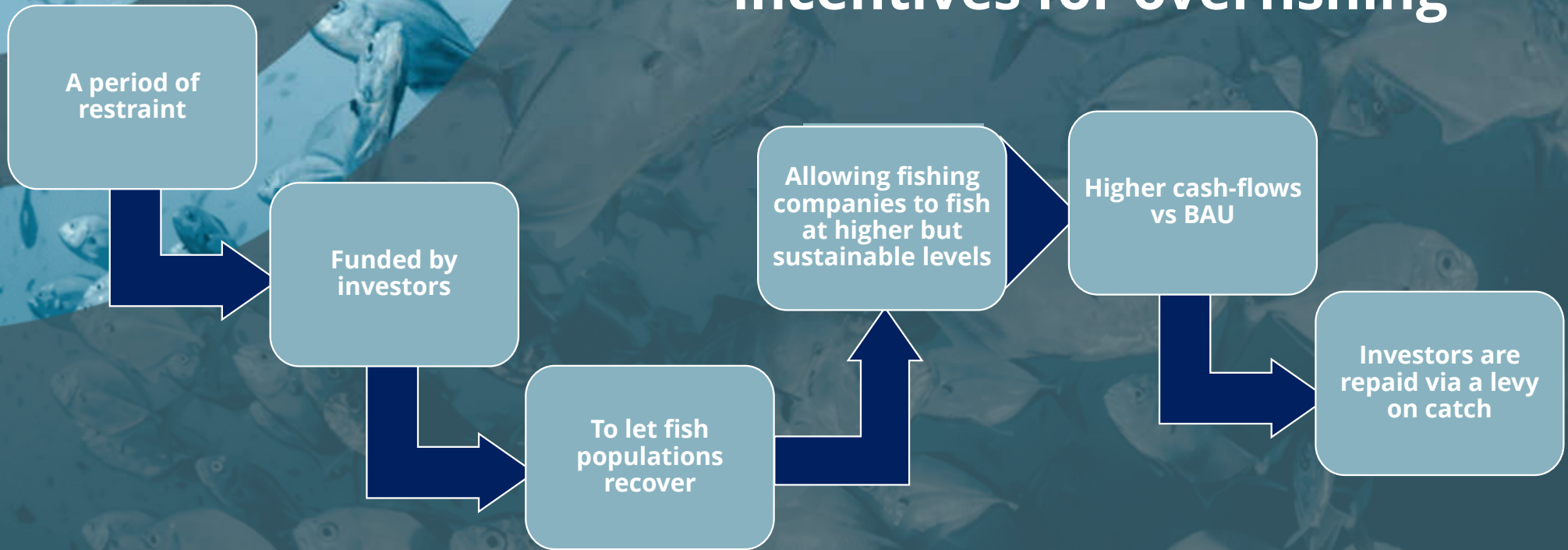


2. A corporate example:

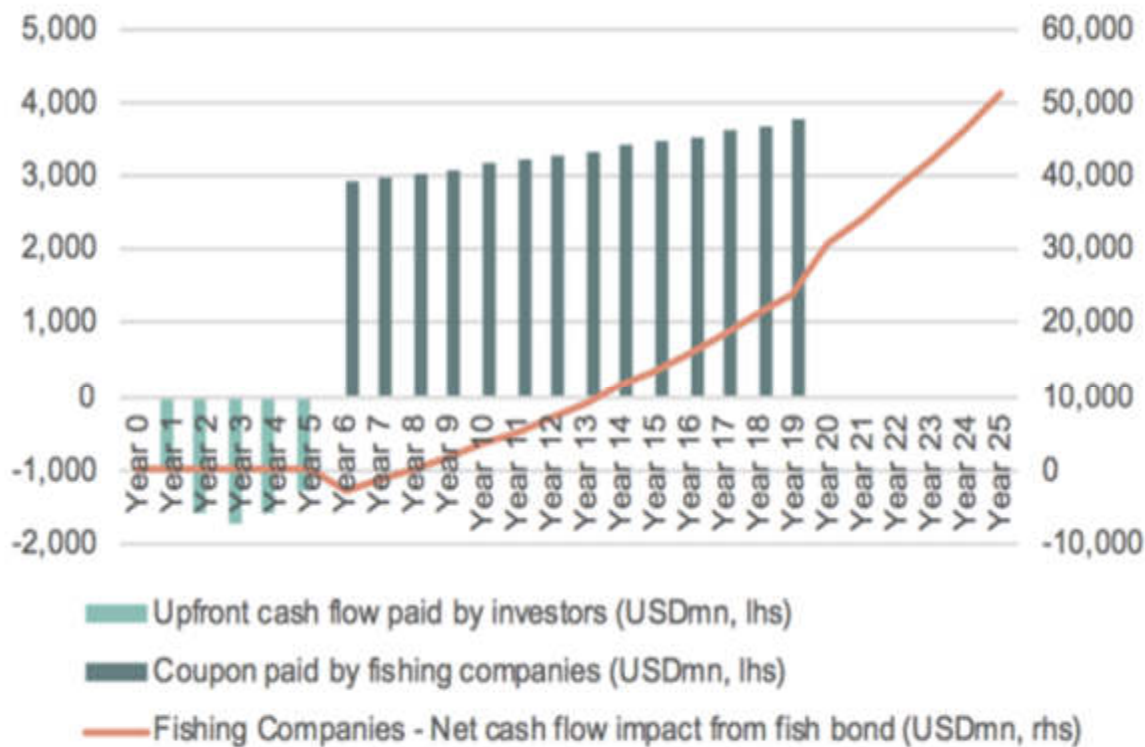
The Blue Recovery Bond

The Blue Recovery Bond

Reversing the financial incentives for overfishing



Modelling the Blue Recovery Bond



- USD 7bn investment over 5 years
- Fish populations growth up by 3.5%
- IRR: 26% for investors, 57% for fishing companies
- Fishing companies better off after 8 years

Conclusion

- Nature-based finance: very promising
- Policymakers should support nature-based instruments
- Transaction costs (e.g. monitoring) are high but will decrease
- Scalability and replicability are key

An aerial photograph of a lush green forest bordering a clear blue lake. In the center of the image, a small, stylized globe of the Earth is superimposed, showing a mix of land and water. The globe is enclosed within a thin white circular border. The text "Thank you" is written across the globe in a large, white, sans-serif font.

Thank you

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