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Mobilising private finance for nature

Learning from large-scale nature investment vehicles

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List of abbreviations

Terminology	
AIFM	Alternative investment fund manager
AUM	Assets under management
BNG	Biodiversity Net Gain
DFI	Development finance institution
ESG	Environmental, social and governance
FY	Financial year
GDP	Gross domestic product
IRR	Internal rate of return
KPI	Key performance indicator
M&A	Merger and acquisition
MDB	Multilateral development bank
MRV	Monitoring, reporting and verification
NbS	Nature-based solutions
NAV	Net asset value
NGO	Non-governmental organisation
NPO	Non-profit organisation
ODA	Official development assistance
PES	Payments for ecosystem services
REDD+	Reducing emissions from deforestation and forest degradation
ROI	Return on investment
SPV	Special purpose vehicle

Organisations, conventions, regulations and standards	
CBD	Convention on Biological Diversity
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
CSDDD	Corporate Sustainability Due Diligence Directive
EIB	European Investment Bank
FSC®	Forest Stewardship Council

GBF	Global Biodiversity Framework
GCF	Green Climate Fund
GEF	Global Environment Facility
ICMA	International Capital Market Association
IFC	International Finance Corporation
IPBES	Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services
IUCN	International Union for Conservation of Nature
OECD	Organisation for Economic Co-operation and Development
PEFC	Programme for the Endorsement of Forest Certification
SFDR	Sustainable Finance Disclosure Regulation
SIFF	Sustainable International Forestry Fund
TNFD	Taskforce on Nature-related Financial Disclosures
UKFS	UK Forestry Standard
UKWAS	UK Woodland Assurance Standard
UNEP	United Nations Environment Programme
USAID	United States Agency for International Development
WEF	World Economic Forum

Summary

Key points

- **Investment in nature needs to scale rapidly, but many projects remain difficult for institutional investors to access directly.** Nature investment vehicles can help bridge this gap by pooling capital, aggregating smaller projects and assets, diversifying risk and creating professionally managed structures of institutional scale. This report analyses a database of 54 nature investment vehicles and maps the relationships of over 300 actors.
- **The evidence shows that nature investment vehicles can attract institutional and commercial private capital.** Institutional investors are involved in 68% of vehicles with disclosed financing sources; 13 vehicles are funded entirely by private capital; and 83% deploy capital into companies, assets or financial institutions. This demonstrates that nature investment can move beyond purely philanthropic models, although disclosure gaps still constrain assessment of long-term financial and ecological performance.
- **The most mature investment models are concentrated in established productive sectors with clearer revenue streams.** Agriculture and forestry each feature in more than half of the vehicles reviewed, and commodity and land production is the most common revenue mechanism, present in 65%. This suggests an important opportunity not only to mobilise capital for dedicated nature-positive activities, but also to use nature finance as transition finance – helping mainstream land-based sectors shift towards more nature-positive and resilient business models.
- **But the market is developing unevenly, with different parts of nature finance at different stages of maturity.** Terrestrial ecosystems are targeted by 89% of vehicles, compared with 31% for freshwater and 28% for marine ecosystems, and there is uneven coverage across drivers of nature loss and geographical regions. This indicates that while some areas are becoming increasingly investable, others remain significantly underserved.
- **The important implication for scarce public finance is that it should be targeted where it is most additional.** The analysis suggests that blended vehicles still outnumber fully private vehicles by around three to one, but private capital is already flowing without public blending in some segments. Policy should therefore enable expansion of commercially viable markets by using catalytic capital to address specific barriers where private investment is within reach, and concentrating public and philanthropic resources in areas where investable models are still missing.
- **Successful nature investment depends on more than capital alone.** NGO and conservation partner engagement is disclosed in 74% of vehicles and technical assistance is identified in 83% of vehicles with disclosed structuring mechanisms. First-loss capital and offtake agreements are also widely used. This points to the importance of specialist intermediaries, partnerships, risk-sharing and project-development capability in making nature investment work.
- **The next challenge is not simply to attract more capital, but to expand the investable frontier.** For policymakers, this means strengthening enabling conditions and targeting public finance at market gaps; for investors and fund managers, this means developing specialist structures and capabilities; and for project developers, this means creating investable propositions with credible revenues, counterparties, evidence and scale. Better and more standardised disclosure will be essential to identify what works and replicate successful models.

Understanding the shortfall in finance for nature and the potential for nature investment vehicles

The degradation and loss of natural capital are increasingly understood as sources of material economic and financial risk. Natural capital, the stock of renewable and non-renewable natural resources such as plants, animals, soils, water and minerals, yields a flow of ecosystem services that underpin climate change adaptation and mitigation and wider societal and economic resilience. There is growing evidence that the degradation of critical natural systems could adversely affect food, water and energy prices, fiscal balances, supply chains and financial markets. This positions ecosystems as a form of macro-critical infrastructure and raises the prospect that the collapse of systemically important natural systems could transmit risk through the global economy.

Addressing these risks requires the mobilisation of large-scale finance for nature. Investing in nature can be achieved through investing in a range of activities, including nature conservation and restoration, activities that mitigate or reduce the direct drivers of nature change, nature-based solutions (NbS), and enabling activities such as technology innovations or framework development. Investments in nature offer multi-dimensional benefits, including supporting climate change mitigation and adaptation, biodiversity protection, and human wellbeing and livelihoods.

Despite this potential, the scale of investment falls far short of what is needed and public finance for nature vastly outweighs private finance. The United Nations Environment Programme (UNEP) estimated that, in 2023, the scale of finance directly harmful to nature reached US\$7.3 trillion, compared with annual investment in NbS of only around US\$220 billion annually, a ratio of more than 30:1. To meet global climate, biodiversity and land-restoration targets, it is estimated that investment in nature must increase by more than two-and-a-half times to roughly US\$571 billion annually by 2030, while harmful financial flows are simultaneously phased out and redirected.

Structural barriers continue to constrain private capital mobilisation. UNEP estimates that public finance flows to nature are currently around eight times larger than private finance flows, despite the Kunming-Montreal Global Biodiversity Framework (GBF) calling for more private finance to implement national biodiversity strategies as well as the integration of the value of biodiversity into policy frameworks to progressively align public and private financial flows with the goals and targets of the GBF. Barriers to investment include large upfront capital outlays, perceived high-risk, limited monetisable return on investment (ROI), high transaction costs, complexity and large expertise requirements. These barriers have driven a reliance on blended finance structures – the strategic use of public or philanthropic capital to mobilise private investment by absorbing risk or improving a project’s risk–return profile.

Nature investment vehicles can contribute to overcoming barriers to private investment in nature. These vehicles pool capital through structures such as private equity funds, private debt funds and special purpose vehicles (SPVs), and channel it into activities that benefit nature. Their distinctive value lies in aggregation and professional management: by pooling smaller and often heterogeneous projects or assets, vehicles can create diversified portfolios of a scale and structure that are more accessible to institutional investors, while reducing transaction costs and concentrating specialist expertise. Standardisation can occur at the investment interface – for example through fund structures, due diligence, contracts, reporting and risk-sharing mechanisms – while underlying ecological interventions remain tailored to specific ecosystems, geographies and regulatory contexts. Nature investment vehicles can therefore complement other channels for mobilising finance, such as development finance institutions (DFIs). However, evidence on how these vehicles perform and are structured in practice remains limited, with most existing literature being grey and policy-oriented rather than empirical.

This report addresses that evidence gap by analysing the structure and use of proceeds of 54 nature investment vehicles using publicly disclosed information, and developing in-depth case studies of five vehicles, to provide an empirically grounded account of how vehicles have been designed and where gaps remain. It advances and expands a 2023 report by van Raalte and Ranger, which provided the first publicly available snapshot of large-scale nature investment, based on analysis of 25 nature funds. Since 2023, the state of nature finance has progressed considerably: for example, there are now more than 730 adopters of the Taskforce on Nature-related Financial Disclosures (TNFD), representing US\$22.4 trillion in assets under management (AUM). This report therefore provides both an updated evidence base of large-scale investments in nature to inform future vehicle design, and initial insight into how recent market developments have been shaping the mobilisation of large-scale private finance for nature.

Box S1 sets out defining criteria for a nature investment vehicle for the purpose of this report.

This includes determining whether an investment benefits nature through reference to the Multilateral Development Banks' (MDBs) Common Nature Finance Taxonomy and the International Finance Corporation's (IFC) Biodiversity Finance Reference Guide.

Box S1. Large-scale nature investment vehicle criteria

1. Vehicle type

The investment vehicle must be a:

- i. 'Collective' (or 'pooled') fund (e.g. open-ended fund, closed-ended fund, hedge fund, private debt vehicle); or
- ii. Special purpose vehicle designed to pool funds from investors.

2. Portfolio of projects

The investment vehicle must invest in a portfolio of projects or, failing this, a single project with a value greater than US\$2 million.

3. Investment use of proceeds (UoP)

Investment UoP must benefit nature through one or more of the following categories:

- i. Restoring and/or conserving biodiversity or ecosystems
- ii. Reducing the direct drivers of biodiversity or ecosystem loss (i.e. land- and sea-use change, resource use, pollution, invasive alien species and/or climate change)
- iii. Integrating NbS across economic sectors (e.g. water quality and pollution control, water flow regulation, flood and drought management, soil and shoreline stabilisation and/or sustainable agriculture and forestry NbS, natural climate solutions)
- iv. Investing in policy, tools or other enabling instruments (e.g. integrated spatial planning, laws and regulations, research, training, capacity development, integration into financial decision-making and/or value chain developments).

4. Primary purpose

Benefitting nature must be a stated primary purpose of the investment vehicle.

Source: Adapted from [IFC \(2023\)](#) and [MDBs \(2025\)](#)

These contributions are complemented by a discussion and practical recommendations for those designing nature investment vehicles, as well as those looking for investment in specific projects and those involved in the enabling environment.

Findings: state of nature investment vehicles

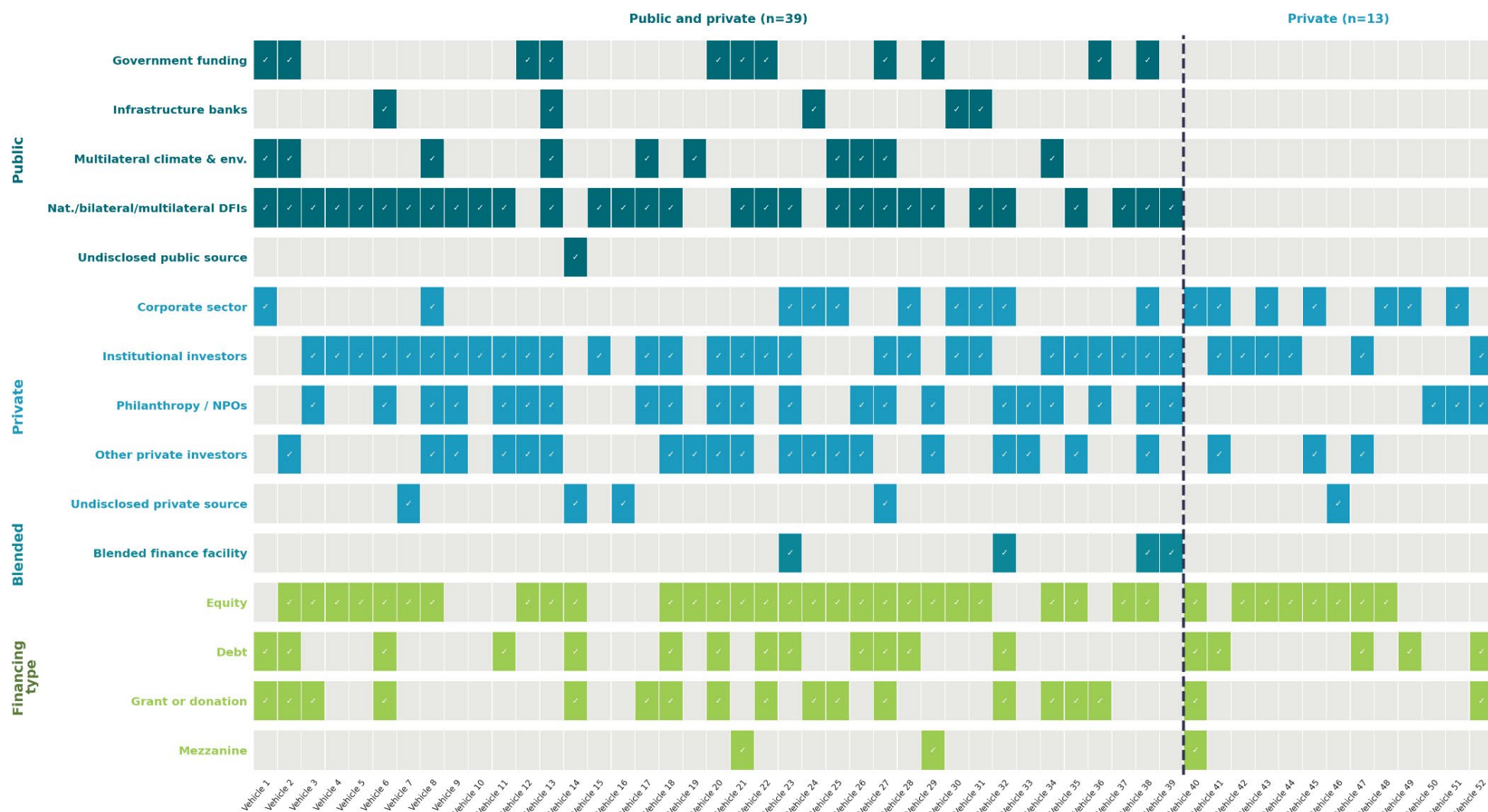
The database of investment vehicles created from this research spans a wide range of structures, stages, strategies and geographies, including equity funds investing in sustainable agriculture and forestry, debt vehicles providing loans and guarantees to sustainable businesses, outcomes-based vehicles generating returns through ecosystem service payments, and regulated market vehicles trading water entitlements. It maps over 300 unique actors, including 177 lead financing actors, 41 fund managers and 60 engaged non-governmental organisation (NGO) or conservation partners.

Capital size varies considerably across the database: total target capital size is identifiable for 31 vehicles, totalling US\$11 billion (ranging from US\$20 million–1 billion), while total most recent closing capital size is identifiable for 37 vehicles, amounting to US\$9.3 billion (ranging from US\$6 million–1.24 billion).

Nature investment vehicles in the database demonstrate capacity to mobilise private finance at scale. Genuine demand is demonstrated from private investors seeking commercial returns rather than purely philanthropic motivations, evidenced by institutional investor involvement in 68% of 50 vehicles with disclosed financing types, 13 vehicles being funded entirely through private capital, and 83% of the 54 vehicles with disclosed recipient types deploying capital into one or more of private companies, asset acquisition or financial institutions. This demonstrates that nature investment can move beyond purely philanthropic models and, alongside other actors such as DFIs, nature investment vehicles can play a role in structuring viable projects and demonstrating model feasibility to a wider investor base, helping pave the way for further mainstream institutional investment into nature finance. However, the extent to which these models generate sustained financial returns or verified ecological outcomes remains constrained by disclosure gaps.

The market is developing unevenly, with different parts of nature finance at different stages of maturity. Investment is concentrated in a narrow band of well-established revenue-generating activities, principally forestry and agriculture, each present in over half of the 54 vehicles reviewed, and commodity and land production is the most prevalent revenue-generating mechanism, identified in 65% of the 54 vehicles. Terrestrial ecosystems are targeted by 89% of the 54 vehicles, compared with just 31% for freshwater and 28% for marine ecosystems. This is also reflected in coverage of the underlying drivers of nature change addressed by vehicles: land- and sea-use change (87% of the 54 vehicles) and overexploitation (76% of the 54 vehicles) are the most frequently addressed, consistent with their status as leading global drivers, whereas pollution is more often addressed as a co-benefit than a primary mandate, and no vehicle in the database explicitly states invasive alien species as part of its strategy. Geographically, investment in the database is concentrated in Latin America & the Caribbean (48% of the 54 vehicles), Sub-Saharan Africa (35% of the 54 vehicles), and East Asia & Pacific (33% of the 54 vehicles), broadly aligned with global conservation priorities at the regional levels. However, several regions of high global conservation priority appear to be underrepresented, including South Asia and Australasia. The Middle East, North Africa, Afghanistan and Pakistan region is represented by just one vehicle in the database. This indicates that while some areas are becoming increasingly investable, others remain underserved.

Figure S1. Sources and types of nature investment vehicle financing



Note: n=52 vehicles with financing sources disclosed. Two vehicles with undisclosed financing sources are excluded. ✓ = vehicle was identified to draw the financing source based on publicly available documentation.

Nature investment vehicles continue to depend heavily on public and catalytic capital. Among the 52 vehicles with disclosed funding structures, vehicles drawing on a combination of public and private finance outnumber fully private vehicles by three to one. This is consistent with the findings of the 2023 report by van Raalte and Ranger. Public actors are found to be more concentrated than private ones, with just 46 unique public actors identified compared with 126 unique private actors, 79% of which appear in only a single vehicle. Public actors reflect a small number of repeat institutions, notably European DFIs such as the Dutch entrepreneurial development bank (FMO), European Investment Bank (EIB) and the German development bank (KfW), appearing across multiple vehicles. This may create a structural risk, particularly as the regions found to be most dependent on public capital are also those with the highest vehicle counts in the database and are among the highest global priorities for conservation.

Structuring mechanisms and partnerships are widely used to de-risk investments and support underlying investees. Technical assistance is identified in 83% of 46 vehicles with disclosed structuring mechanisms, rising to 92% among vehicles drawing on both public and private finance, but present in less than half (44%) of fully private vehicles. First-loss or subordinate capital (48%) and off-take agreements (39%) are the leading commercial de-risking instruments, addressing investor-side and revenue-side risk respectively. NGO engagement is a consistent feature of vehicle design, reported by 74% of the 54 vehicles and particularly concentrated in developing regions; disclosed NGO engagement rates reach as high as 89% in Sub-Saharan Africa. This indicates that successful nature investment depends on more than capital alone.

Each vehicle presents a unique combination of financing actors and sources, and capital sizes range from US\$6 million–1.24 billion with no single size category exceeding a 32% share of vehicles, indicating a highly bespoke, context-dependent market rather than convergence around a common model. This reflects the diversity of ecosystems, geographies and regulatory environments across which nature investment operates.

Five in-depth case studies

Our case studies, shown in Table S1, illustrate varying nature investment vehicle structure and performance (or expected performance). They provide granular detail on how specific nature investment vehicles have been structured to mobilise large-scale private finance in practice, barriers they encountered, and lessons to inform the design of future vehicles. The sample was selected to demonstrate a range of strategies, financing structures, geographies and stages of development. They include detailed input provided directly by the investment manager of each investment vehicle, reflecting practitioner reflections of the lessons learned.

Table S1. Overview of in-depth case studies of five nature investment vehicles

Vehicle name and Fund Manager	Years of operation	Geographical focus	Stage	Current fund size	Capital structure	Description	Revenue mechanisms
Nature Equity Fund (Cygnus Capital)	Pre-close	Sub-Saharan Africa (primary); Southeast Asia	Fund design and fundraising	US\$150 million (target)	Closed-end collective investment fund	Growth-equity fund managed by Cygnus Capital that targets the under-capitalised midstream of tree crop value chains. Its purpose is to build the industrial bioeconomy in producer countries: embedding nature-positive operations across all investments, monetising multiple revenue streams from each commodity, and connecting smallholders with global markets for certified, traceable, deforestation-free supply.	Multiple revenue streams consisting of: 1. Certified processed ingredients from agroforestry commodities 2. By-products: monetising waste streams or creating secondary products 3. Carbon or ecosystem service credits (optional upside)
Latin American Green Bond Fund (Finance in Motion)	5 years	Latin America & the Caribbean (ODA-eligible countries)	Deployment stage	US\$250 million (achieved most recent close)	Closed-end evergreen collective investment fund	Aims to strengthen sustainable bond markets across Latin America & the Caribbean by investing in thematic bonds and supporting issuers throughout the issuance process. The fund combines capital investment with technical assistance to help issuers develop credible bond frameworks, align with international standards and improve transparency for investors.	Return on green bonds issued
Forestry Fund A (Gresham House Asset)	18 years	England, Scotland and Wales	Fully invested	US\$537.5 million	Closed-end limited partnership	The fund offers direct exposure to a real asset by investing in a diversified portfolio of woodlands across England, Scotland and	Multiple revenue streams consisting of: 1. Timber sales 2. Carbon credit

Management Limited)			and operating	(gross asset value)		Wales. It generates returns via the sale of FSC® certified sustainable timber.	generation 3. Leases to windfarms 4. Option agreements 5. Renewable energy developments
Big Nature Impact Fund (Finance Earth)	> 1 year	England	First close, yet to deploy	£64.6 million (achieved most recent close)	Closed-end Collective Fund	Aims to generate a financial return alongside positive nature, climate and social impact by investing directly into nature restoration or high integrity nature-based solution projects across England. It expects to generate review via the Biodiversity Net Gain (BNG) regime as well as carbon credit schemes.	Multiple revenue streams consisting of: 1. Carbon credits 2. Biodiversity units sold under the compliance-led BNG regime in England
Nature Based Carbon Fund (Climate Asset Management)	4 years	Sub-Saharan African, Latin America and Asia	Deployment stage	US\$445 million (achieved most recent close)	Closed-end Collective Fund	Supports institutional and professional investors to meet their net zero goals by investing in NbS to generate voluntary carbon credits. Investments are diversified across REDD+, afforestation/reforestation, agroforestry and blue carbon, and use a combination of upfront financing and payment-on-delivery mechanisms.	Generation of carbon credits sold to institutional and professional investors

Lessons for vehicle design, project practitioners and those operating in the enabling environment

The analysis suggests important implications for practitioners designing nature investment vehicles as well as policymakers designing the enabling environment. The next challenge is not simply to attract more capital, but to expand the investable frontier. For policymakers, this means strengthening enabling conditions and targeting public finance at market gaps; for investors and fund managers, developing specialist structures and capabilities; and for project developers, creating investable propositions with credible revenues, counterparties, evidence and scale.

The following conclusions are intended for project developers, fund managers, investors and policymakers. They vary in evidentiary basis: some are direct findings from the database of 54 investment vehicles, some generalise practitioner conclusions from one of the in-depth case studies, and some reflect general sector good practice consistent with our analysis, rather than something it independently demonstrates.

Table S2. Lessons for project developers, investors, fund managers and policymakers

Category	Audience	Lesson	Evidence base
Nature vehicle design	Fund managers	Diversification of revenue streams, investments and geographies, as well as building in de-risking mechanisms, can help enable investor confidence.	Database analysis; case studies
Nature vehicle design	Fund managers	Building exit routes and liquidity planning into vehicle design can reduce realisation risk.	Database; case studies
Nature vehicle design	Fund managers	Balancing standardised elements of vehicle design with bespoke elements for specific sectors and geographies may enable context-dependent design.	Database analysis; OECD (2025); BII & BCG (2025)
Nature vehicle design	Project developers and fund managers	Investing in partnerships early may strengthen delivery and credibility.	Database analysis; case studies
Vehicle coverage gaps and increasing evidence	Project developers, fund managers and investors	Addressing underrepresented drivers of nature change, including pollution and invasive alien species, and investing in underrepresented ecosystems and regions, including marine and freshwater realms, offers opportunities for future vehicle design.	Database analysis; IPBES (2019); Jung et al. (2021)
Vehicle coverage gaps and increasing evidence	Project developers, fund managers and investors	Comprehensive disclosure can help build a credible evidence base.	Database analysis

Shaping the enabling environment	Polymakers	Public and concessional capital should be targeted where it is most additional. There are differentiated roles that public funders can play: stepping back where commercially viable markets are emerging; using catalytic instruments such as guarantees, first-loss capital, technical assistance and project preparation where specific barriers prevent otherwise viable private investment; and concentrating public and philanthropic resources on market creation where investable models remain weak or absent.	Database analysis; Attridge (2025); Sheikh (2025)
Shaping the enabling environment	Polymakers and investors	Targeting public and philanthropic capital beyond the most mature forestry and agriculture models can maximise its additionality. Targeted public and philanthropic support for pilots, project aggregation, evidence generation and new revenue models in underserved market segments may help expand the investable frontier.	Database analysis; Sheikh (2025)
Shaping the enabling environment	Polymakers	Continued development of structured nature-related data and disclosure infrastructure may help to address evidence gaps, preventing individual vehicles to develop bespoke approaches.	Database analysis; TNFD (2025b)
Shaping the enabling environment	Polymakers	Targeted policy interventions can support the use of public capital to broaden the range and depth of investable opportunities and shift incentives away from activity that is harmful to nature and towards nature investment.	Database analysis; Attridge (2025); IPBES (2026)
Shaping the enabling environment	Polymakers, project developers, fund managers and investors	Polymakers, practitioners and investors can collaborate to support shaping the most efficient and effective enabling environment.	TNFD (2025b)

1. Introduction

This report analyses the structure and use of proceeds of 54 nature investment vehicles – vehicles with various legal structures, such as private equity funds, private debt funds and special purpose vehicles (SPVs), that pool funds to channel finance into activities that benefit nature. Nature investment vehicles can contribute to overcoming barriers and mobilising private finance for nature but evidence on how they perform and are structured in practice remains limited. The report addresses that evidence gap and sets out defining criteria for a nature investment vehicle, including determining whether an investment benefits nature.

Context

Scaling up funding for nature is key to supporting climate change adaptation and mitigation, addressing biodiversity loss and nature degradation, and providing economic resilience and sustainable development. Investing in nature can play a crucial role in addressing the joint climate and biodiversity crises. Investment in nature-based solutions (NbS) can provide multi-dimensional benefits for climate change mitigation and adaptation, the protection, maintenance or enhancement of biodiversity, and people and livelihoods, which can foster sustainable growth (United Nations Environment Programme [UNEP], 2026; Pörtner et al., 2021). NbS are defined as “actions to protect, sustainably manage and restore natural or modified ecosystems that address societal challenges effectively and adaptively, simultaneously providing human well-being and biodiversity benefits” (International Union for the Conservation of Nature [IUCN], 2020). Finance can also be directed to reduce the five drivers of nature change identified by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES; see Table A1 in [Appendix 1](#)), for example by financing protected areas, sustainable agriculture and redirecting harmful subsidies that incentivise habitat conversion (IPBES, 2019; Secretariat of the Convention of Biological Diversity, 2022).

There is a clear and demonstrable need to mobilise large-scale, private investment in nature. UNEP estimates that annual investment into nature must increase from current levels by more than two-and-a-half times to US\$571 billion by 2030 to meet global climate, biodiversity and land-restoration targets, while also phasing out and repurposing harmful flows (UNEP, 2026). The Kunming-Montreal Global Biodiversity Framework (GBF) Target 19 calls for private finance to be leveraged to implement national biodiversity strategies and action plans, including promoting blended finance and investing in biodiversity through impact funds (CBD, 2022). Yet, there are barriers to mobilising private finance, including the large upfront investments that nature investments often require, perceived high-risk, limited monetisable return on investment (ROI), high transaction costs, complexity and large expertise requirements (van Raalte and Ranger, 2023). This can result in a reliance on blended finance to mobilise private investment in nature.

Given the context and location-dependency of natural assets, nature investment vehicles provide a structuring mechanism for tailored investments, drawing on specialist ecological and sectoral knowledge of dedicated investment managers and partners. By aggregating multiple smaller projects into a single, professionally managed vehicle, they can assemble investments of institutional scale while spreading risk across a diversified portfolio, providing a route through which private, institutional-scale capital can be mobilised (Sheikh, 2025; van Raalte and Ranger, 2023). They can play a distinct role in overcoming the barriers to private investment in nature, complementing the activities of other channels for mobilising finance such as development finance institutions (DFIs) and policy mechanisms to shift incentives towards nature investment and away from harmful activities to lead to capital reallocation in favour of nature.

Scope and structure of the report

This report asks three linked questions:

1. Whether and how nature investment vehicles are creating opportunities for institutional-scale private investment in nature
2. Where private, blended and public capital are currently concentrated, including where significant investment gaps remain
3. What the emerging market reveals about the vehicle features and enabling conditions that may support scaling.

The analysis combines a review of the structure and use of proceeds of 54 nature investment vehicles with five in-depth case studies. It advances and expands the 2023 report by van Raalte and Ranger, which provided the first publicly available snapshot of large-scale nature investment based on 25 nature funds. The report therefore provides an updated empirical picture of the market, while drawing out practical lessons for future vehicle design and the enabling environment.

Section 2 provides background on the state of nature finance and defines a nature investment vehicle. **Section 3** describes how the database was compiled and contains analysis of the structure and characteristics of 54 nature investment vehicles, with a focus on how private finance is being mobilised. **Section 4** contains five case studies of nature investment vehicles. **Section 5** considers the role of other types of vehicles in mobilising private finance for nature. **Section 6** then distils the main findings and lessons for practitioners and those forming part of the enabling environment.

The **appendices** outline the criteria for and features of nature investment vehicles.

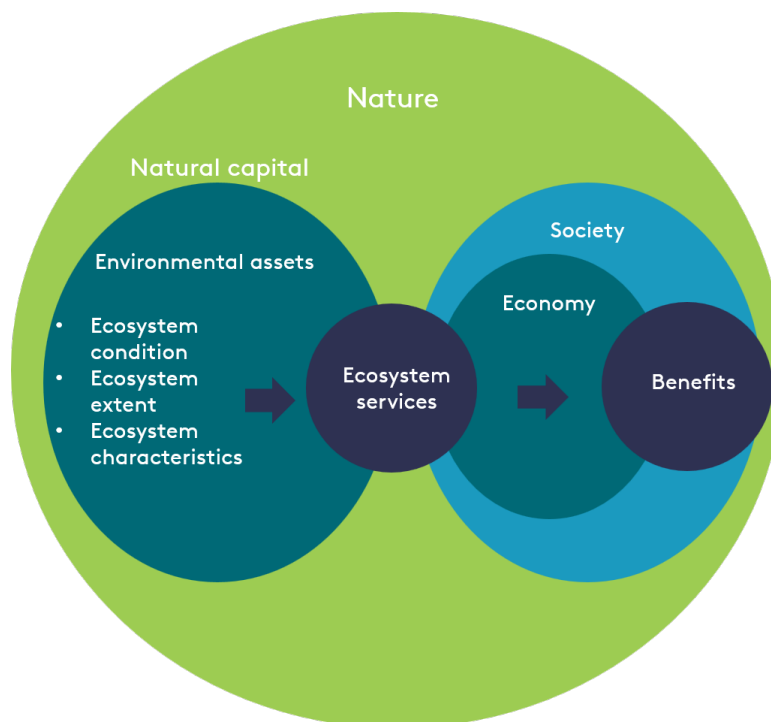
2. The state of nature finance and role of nature investment vehicles

This section provides an overview of the state of nature finance globally, including the needs and sources for large-scale nature finance. It also defines a nature investment vehicle and outlines its potential role in mobilising private finance for nature.

The degradation and loss of natural capital is a material economic and financial risk

Natural capital is defined as the stock of renewable and non-renewable natural resources (e.g. plants, animals, air, water, soils, minerals) (Capitals Coalition, 2016). These stocks of natural resources combine to yield a flow of benefits to people through 'ecosystem services' that consist of provisioning, regulating and maintenance, and cultural services (Capitals Coalition, 2016; United Nations et al., 2021). Ecosystems and the services they provide are essential for both climate change adaptation (e.g. through flood and storm protection) and climate change mitigation (e.g. through carbon sequestration and storage), while also underpinning wider societal and economic resilience through services like pollination, water purification and provision of timber. It is estimated that around 55% per cent of global gross domestic product (GDP), equivalent to approximately US\$58 trillion, is moderately or highly dependent on nature and its services, with all economic sectors reliant on nature to some degree (Evison et al., 2023; updated from Herweijer et al., 2020). Figure 2.1 presents a simplified representation of the relationship between nature, natural capital and the economy.

Figure 2.1. Nature, natural capital and the economy



Source: Adapted from TNFD (2023)

The degradation and loss of critical natural systems therefore undermine resilience and are recognised as sources of material economic and financial risk. Evidence shows this risk could affect food, water and energy prices, fiscal balances, supply chains and financial markets (IPBES,

2024; World Economic Forum [WEF], 2024; Ranger et al., 2026). A growing body of research positions ecosystems as macro-critical infrastructure, being as vital to national resilience and prosperity as roads, railways and electricity grids, and warns that the degradation of “global systemically important natural systems” could transmit systemic risk through the global economy (Ranger et al., 2026; Wollenweber et al., 2026).

There is a demonstrable need to scale up private investment for nature

Despite the evidence for the benefits of investing in nature, and that the degradation of natural capital is a material economic and financial risk, finance continues to flow overwhelmingly towards activities that degrade nature. In 2023, an estimated US\$7.3 trillion in public and private capital supported nature-negative activities, more than 30 times the US\$220 billion invested in nature annually, of which only around US\$23 billion came from private sources (UNEP, 2026). Private capital remains concentrated in a small number of instruments, with biodiversity offsets, payments for ecosystem services (PES), certified commodity supply chains and sustainable corporate bonds being the largest contributors to private NbS investment (UNEP, 2026).

A central challenge is how to scale up this investment and redirect harmful flows. UNEP estimates that finance for natural capital must increase around two-and-a-half times to roughly US\$571 billion annually by 2030 to meet global climate, biodiversity and land-restoration targets (UNEP, 2026). Investment is required across various areas, with the greatest need being in restoration and sustainable land management. It is also required in marine NbS, which currently receive significantly less attention and funding despite the vital role of oceans in climate change mitigation and adaptation, food security and biodiversity conservation (O’Leary et al., 2023).

‘Investments in nature’ encompass investments in a broad range of activities

Investment in nature is defined as an investment where the use of proceeds is directed towards activities that benefit nature. Activities that ‘benefit nature’ consist of the following four categories (adapted from Multilateral Development Banks [MDBs], 2025 and International Finance Corporation [IFC], 2023):

- 1. Restoring and conserving biodiversity or ecosystems.** This can be achieved through activities including rewilding, increasing landscape connectivity, establishing protected areas and establishing buffer zones with native species or natural ecosystems.
- 2. Avoiding or reducing the direct drivers of biodiversity or ecosystem loss or degradation.** These drivers consist of land- and sea-use change, overexploitation and unsustainable use of nature, pollution, invasive species and climate change (IPBES, 2019). Indicative examples of activities mapped to driver-of-change categories are provided in [Appendix 1](#).
- 3. Integrating NbS across economic sectors.** These NbS include measures for improving water quality and pollution control, water flow regulation, flood and drought management, soil and shoreline stabilisation, urban NbS, sustainable agriculture and forestry and natural climate solutions. Due to the cross-cutting definition of NbS, activities are likely to overlap across activity categories 1 and 2 above.
- 4. Developing policies, tools or other enabling instruments.** Enabling instruments provide benefits for nature by enabling activity categories 1, 2 and 3. Examples include policies and tools that enable integrated spatial planning, research, training and capacity development, enabling investment in nature or integrating it into financial decision-making (e.g. through disclosure frameworks or risk reduction tools) and value chain interventions, such as traceability mechanisms and technologies.

These four categories of activity align with and contribute to the goals and targets of the GBF (CBD, 2022). Activities qualify where the benefit to nature is intentional and material, and where

the activity does not cause significant harm to other environmental objectives. When investing in nature, the finance ultimately flows to frontline actors, such as farmers, local fishermen, timberland companies, nature park managers and local communities (van Raalte and Ranger, 2023). Box 2.1 outlines how investments in nature generate revenue, the types of investors involved and the financial instruments used.

Box 2.1. Nature investment: returns, investors and financial instruments

Investments in nature generate financial returns through traditional and untraditional revenue streams, cost savings and appreciation of asset values. Revenue streams can be generated from investments across established economic sectors (e.g. sustainable forestry, sustainable agriculture, sustainable aquaculture and ecotourism), infrastructure (e.g. green buildings, green water management and natural hazard protection), and direct investment in projects that conserve or restore ecosystems or reduce/mitigate the drivers of nature change. [Appendix 2](#) provides a summary of illustrative returns that can be generated from investing in nature.

Investors in nature are diverse and have varying profit motivations. They include a variety of public, private and quasi-private sector actors, ranging from governments and development agencies to commercial investors and real sector corporations. Investors have differing characteristics and profit motivations, and varying degrees of separation between investments and actions. [Appendix 3](#) provides descriptions of types of investors in nature, including level of profit motivation.

A diverse range of grant, debt, equity and derivative-based investment instruments are utilised to direct financial resources towards activities that benefit nature, including private loans, green bonds, sustainability linked bonds, private equity and carbon and biodiversity credits. Instruments may be combined or used in isolation, and there may be variation in the degree to which returns are tied to environmental performance. The suitability and available options for these instruments depend on factors such as the characteristics of the investor (e.g. retail/institutional, investment size, duration, return expectations, risk appetite) and the entity seeking capital (e.g. government, municipality, small/large business, NGO, project). [Appendix 4](#) provides a summary of financial instruments that can be used to invest in nature.

Source: Adapted from van Raalte and Ranger (2023)

Nature investment vehicles as a mechanism to catalyse large-scale investment into nature

Nature investment vehicles are vehicles with various legal structures that pool funds, such as private equity funds, private debt funds and SPVs, to channel finance into activities that benefit nature. Vehicles may have been established by investment managers or by other actors (e.g. governments, DFIs, NGOs) and their legal structure influences the level of control and liability of different stakeholders, as well as who bears fiduciary duty (van Raalte and Ranger, 2023). Unlike direct bilateral finance or one-off instruments such as debt-for-nature swaps, nature investment vehicles are a standing structure that can raise capital repeatedly and combine multiple investor types within a single vehicle, rather than requiring a bespoke transaction for each deal. They can also layer several revenue mechanisms and de-risking tools across a diversified portfolio rather than relying on a single instrument. The investment manager typically leads the investment process, holding specialist expertise on nature investment.

A growing body of policy-oriented literature positions pooled investment vehicles as a response to address barriers to mobilising private investment in nature. Considering the nascent and complex nature of investment in nature, and that nature investments are often location- and environment-specific (Knight et al., 2022), nature investment vehicles can be well-suited to structuring tailored investments due to their specialist knowledge. The World Bank identifies biodiversity investment opportunities as typically small-scale and non-commercial, characteristics that make direct private-sector financing difficult without an intermediating structure (World Bank Group, 2020). By aggregating multiple smaller projects into a single, professionally managed vehicle, funds can assemble investments of institutional scale while spreading risk (King et al., 2023; Schroders, 2023).

Similarly, Ranger et al. (2025) identify collective investment vehicles as a means of pooling resources to address the small deal size and intermediation challenges that otherwise deter institutional investors from adaptation- and nature-related infrastructure, and the Organisation for Economic Co-operation and Development (OECD) frames specialised vehicles and instruments as central to the “biodiversity finance toolkit”, documenting how they interact with the wider policy and regulatory environment to unlock capital that would not otherwise be deployed (OECD, 2026). Nature investment vehicles therefore have the potential to complement the activities of other channels for harnessing finance for nature, such as DFI.

However, evidence is lacking on whether any nature investment vehicles are successfully generating financial returns as well as details of their structuring and models, with most existing literature on this topic being grey and policy-oriented rather than academic research. A recent systematic literature review of biodiversity finance noted a scarcity of empirical analysis on how different structures, including blended versus purely private, navigate the trade-off between financial return and biodiversity impact (Dang et al., 2025, drawing on Flammer et al., 2025). Using deal-level data from a private biodiversity investment manager, Flammer et al. (2025) find that deals with more favourable risk–return profiles tend to be financed by pure private capital, while blended finance is more often used for larger-scale deals with greater biodiversity impact but a less commercially attractive risk–return profile. The dataset, while illustrative, remains small (33 deals) and is drawn from a single institution. The 2023 study by van Raalte and Ranger was the first attempt to systematically collect and analyse a sample of nature funds using public data, noting gaps in data availability. Therefore, while nature investment vehicles are in theory well-placed to address the structural barriers to private investment in nature, the evidence base substantiating this remains limited – a gap that this report contributes to addressing.

3. Findings: state of nature investment vehicles

This section reviews 54 nature investment funds operating across different regions and sectors to examine the characteristics and structure of large-scale nature investment vehicles that mobilise private finance for nature.

Following a description of the study's methods and limitations, the analysis is split into five sections:

1. Overview of nature investment vehicles and their characteristics
2. Mapping of actors
3. Nature investment vehicles' use of proceeds
4. Financing into nature investment vehicles
5. Financing out of nature investment vehicles.

[Appendix 1](#) contains the full list of criteria for defining a 'nature investment vehicle'. [Appendix 5](#) contains the list of nature investment vehicles that met the criteria for inclusion in the database.

Methods

A database of 54 large-scale nature investment vehicles was compiled through the following process:

1. Updating relevant investment vehicles identified in van Raalte and Ranger's (2023) report and related analysis (31 investment vehicles)
2. A public call-out for submissions (four investment vehicles)
3. A desktop review to identify further investment vehicles, e.g. through reports and papers, including a review of the Green Finance Institute (GFI)'s [Revenues for Nature](#) collection of case studies (19 investment vehicles).

A desktop review of publicly available material was undertaken for each investment vehicle, covering investment use of proceeds, investors, engagement partners, structure and de-risking mechanisms.

To be considered a 'large-scale nature investment vehicle', vehicles were required to meet the criteria contained in Box 3.1 below, adapted from IFC (2023) and MDBs (2025).

Limitations

The analysis was designed to identify nature investment vehicles that harness private finance and are either large-scale and established or have the potential to operate at scale. Efforts were made to be as representative of the market as possible, including identification of publicly available vehicles and a public call for submissions; nonetheless, it is likely that relevant vehicles are missing from the analysis. More broadly, the channels used to identify vehicles for the database are likely to surface vehicles that are already well-documented: for example, those backed by disclosure-mandated DFIs, supported by active investor communications or previously catalogued in earlier research.

The conclusions drawn should be treated as indicative rather than definitive across the wider market and statistics presented in this section (including the prevalence of DFI involvement, NGO engagement, and disclosed financing structures) should be read as reflecting the visible, better-documented part of the market, rather than the market as a whole.

Box 3.1. Large-scale nature investment vehicle criteria

1. Vehicle type

The investment vehicle must be a:

- i. 'Collective' (or 'pooled') fund (e.g. open-ended fund, closed-ended fund, hedge fund, private debt vehicle); or
- ii. SPV designed to pool funds from investors.

2. Portfolio of projects

The investment vehicle must invest in a portfolio of projects or, failing this, in a single project with a value greater than US\$2 million.

3. Investment use of proceeds (UoP)

Investment UoP must benefit nature through one or more of the following categories:

- i. Restoring and/or conserving biodiversity or ecosystems
- ii. Reducing the direct drivers of biodiversity or ecosystem loss (i.e. land- and sea-use change, resource use, pollution, invasive alien species and/or climate change)
- iii. Integrating NbS across economic sectors (e.g. water quality and pollution control, water flow regulation, flood and drought management, soil and shoreline stabilisation and/or sustainable agriculture and forestry NbS, natural climate solutions)
- iv. Investing in policy, tools or other enabling instruments (e.g. integrated spatial planning, laws and regulations, research, training, capacity development, integration into financial decision-making and/or value chain developments).

4. Primary purpose

Benefitting nature must be a stated primary purpose of the investment vehicle.

Source: Adapted from IFC (2023) and MDBs (2025)

The following categories were manually allocated to vehicles based on publicly available information and the judgements of the research team and are illustrated in figures that follow:

- NACE Rev 2.1 economic activity¹ (Figure 3.12)
- Direct drivers of nature change addressed (Figure 3.13)
- IUCN primary and secondary challenges addressed (Figure 3.15)
- Realm addressed (Figure 3.16)
- Type of investor (Figure 3.21)
- Structuring mechanisms (Figure 3.23)
- Type of financing recipients (Figure 3.26)
- Revenue-generating mechanisms (Figure 3.29).

Categorisation has not been verified by fund managers.

The level and quality of public disclosure relating to each vehicle vary across different sources, and in places there is conflicting information between sources. While care has been taken to

¹ NACE Rev 2.1 is the EU's statistical classification of economic activities.

ensure information is as accurate and current as possible, inaccuracies may remain, and the findings have not been independently verified with the fund managers of the vehicles included. The database should therefore be considered an initial and evolving resource which will continue to be developed over time. Inputs from the market are welcomed.

Overview and characteristics of vehicles

Fifty-four nature investment vehicles are included in the database, an increase of 29 vehicles from van Raalte and Ranger (2023). The vehicles span a range of structures, stages, strategies and geographies. The database includes a range of investment strategies, including equity funds investing in sustainable agriculture and forestry enterprises, debt vehicles providing loans and guarantees to sustainable businesses and project developers, outcomes-based vehicles generating returns through ecosystem service payments and regulated market vehicles trading water entitlements. It includes over 300 unique actors, including 177 lead financing actors, 41 fund managers and 60 engaged NGO/conservation partners (see Figures 3.6–3.9).

It was possible to identify the total target capital for 31 of the vehicles, totalling US\$11 billion (range: US\$20 million–1 billion), and the total most recent closing capital size for 37 vehicles, totalling US\$9.3 billion (range: US\$6 million–1.24 billion).² Thirty-eight vehicles in the database are in the deployment phase (70%), seven are fully invested/exiting, four are in the piloting stage, three are currently fundraising (not yet deployed) and two are in the design stage (see Figure 3.2). Of the 44 vehicles with disclosed fund structures, 80% are closed-end funds (n=35) with a fixed investment period and finite life, and 20% are open-ended funds (n=9) that allow ongoing capital raising and redemption (see Figure 3.3).

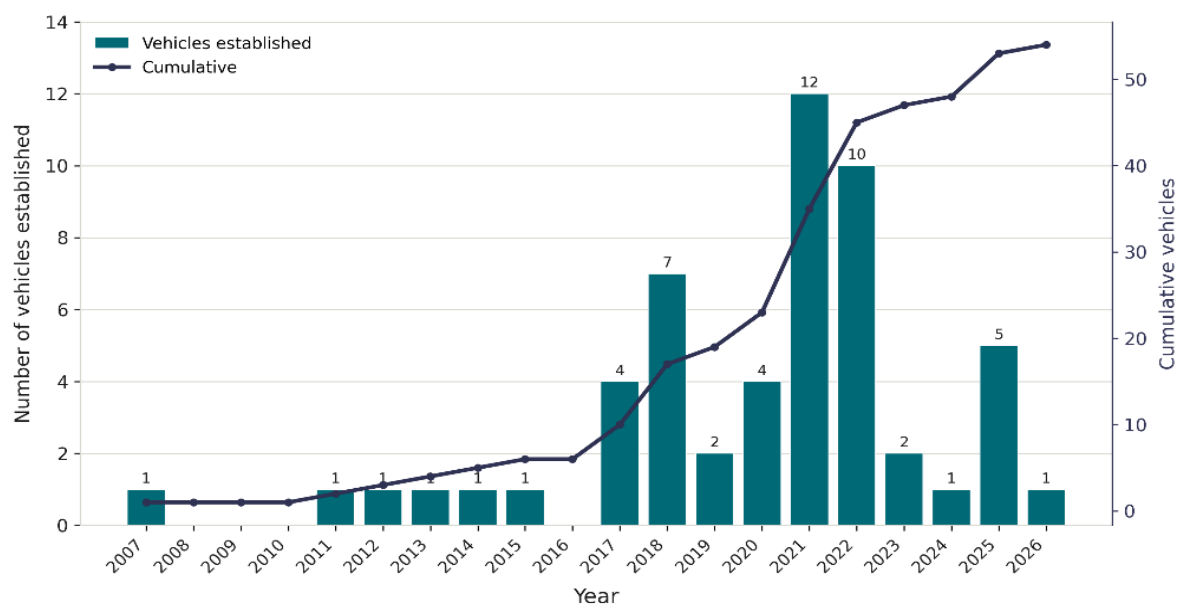
The database indicates a rapid acceleration in the development of nature investment vehicles from 2017 to 2022 which has since declined (see Figure 3.1). A first growth peak was identified between 2017 and 2019 (n=13 vehicles) and a second, larger growth peak in 2021 to 2022 (n=22 vehicles). Growth was observed across all economic sectors but was dominated in absolute terms by agriculture and forestry.³

Of the 54 vehicles in the database, 74% (n=40) report NGO engagement in their public documentation; for the other 26% (n=14) the response was 'unknown', possibly reflecting a lack of data availability rather than an absence of engagement (see Figure 3.4). NGOs serve multiple functions across the vehicles, including technical advisory, project identification and pipeline development, local stakeholder engagement, and monitoring and impact verification. The engagement of NGOs varies across regions (see Figure 3.5). Sub-Saharan Africa has the highest level of engagement (with 89% of 19 vehicles reporting engagement), followed by South Asia (86% of seven vehicles), Latin America (81% of 26 vehicles) and East Asia & Pacific (78% of 18 vehicles). Developed regions show notably lower engagement rates, including 60% engagement in North America and Australasia (of n=10 and n=5 respectively) and 50% engagement in Europe and Central Asia (of n=6). Engagement is also moderately higher in vehicles drawing on both public and private capital compared with only private (79% of 52 vehicles with disclosure compared with 69%).

² Where necessary, values have been converted using US\$ using the average conversion rate for the year the value relates to.

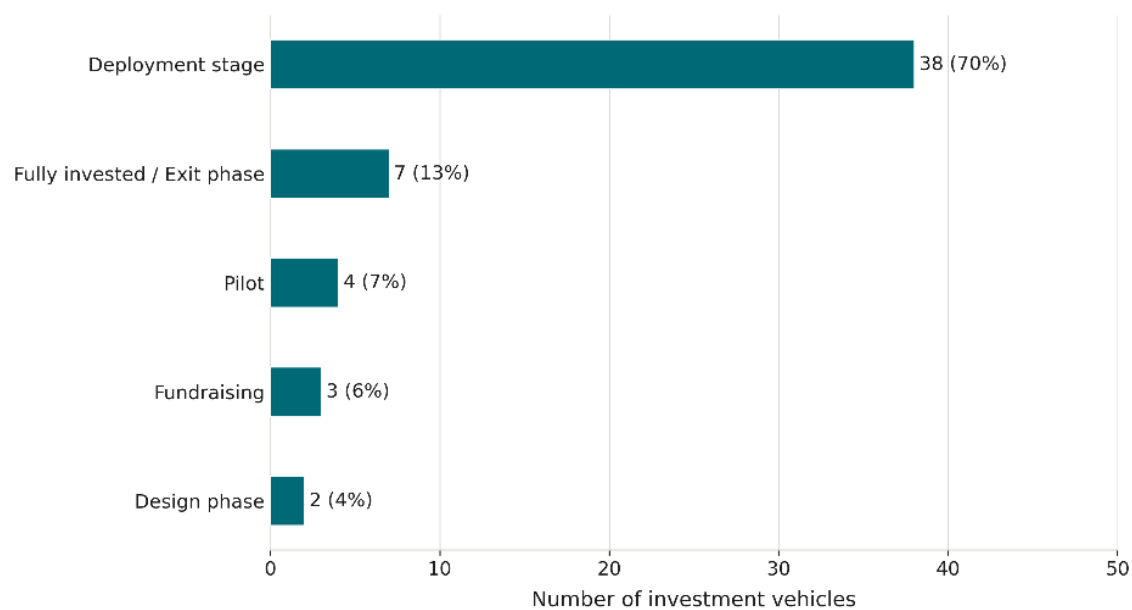
³ Post-2020 growth saw 20 vehicles established for forestry and 17 for agriculture compared with three for water collection and supply, four for electricity and gas supply, four for fishing and aquaculture and two for food manufacturing. Vehicles may invest in more than one sector.

Figure 3.1. Investment vehicles established by year



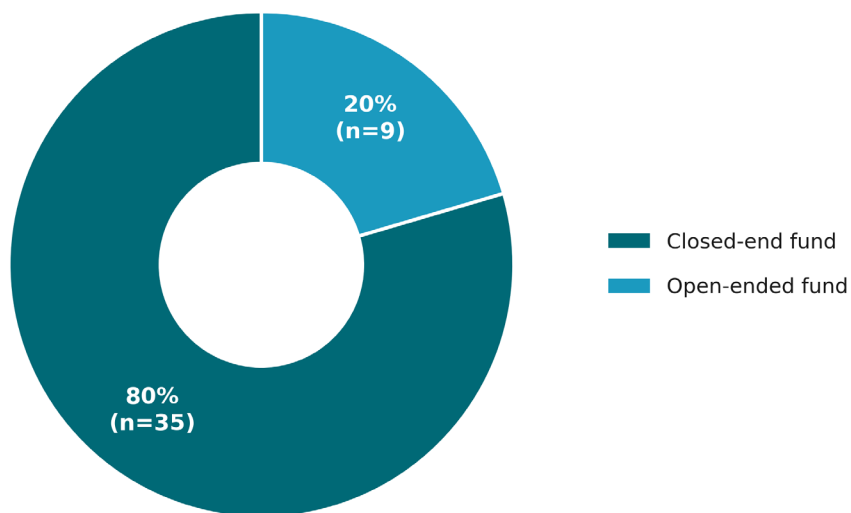
Note: n=54 accepted investment vehicles.

Figure 3.2. Stage of nature investment vehicle development/operation



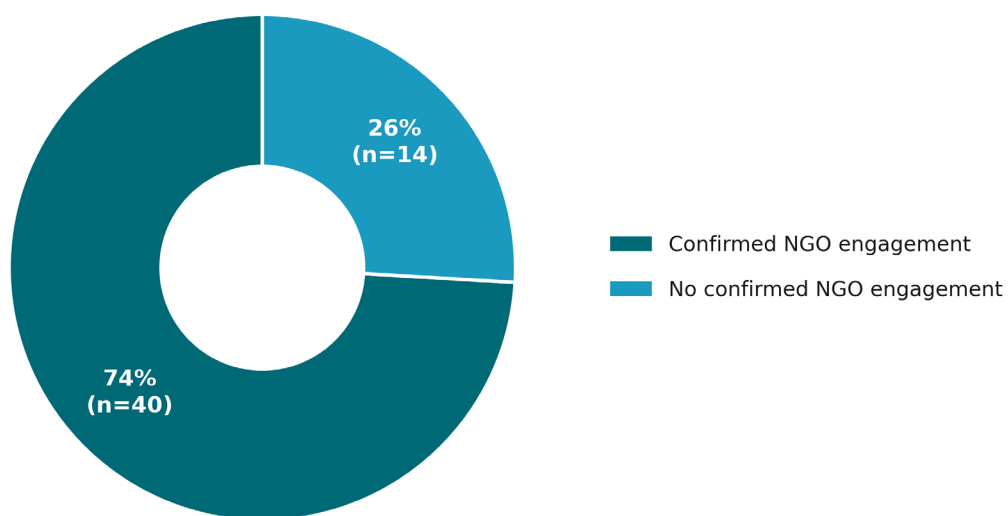
Note: n=54 accepted investment vehicles.

Figure 3.3. Investment vehicle structure: closed/open ended



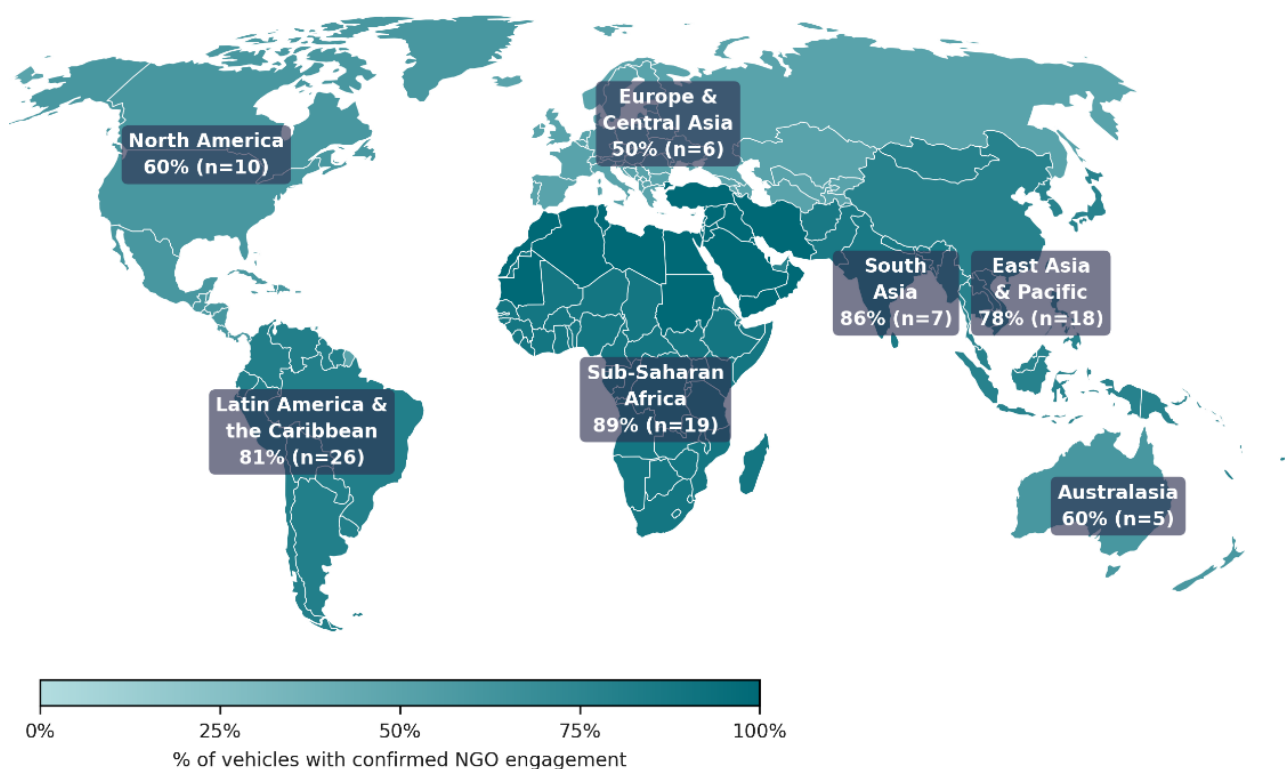
Note: n=44 vehicles with disclosed fund structure.

Figure 3.4. Investment vehicle engagement with NGOs



Note: n=54 accepted investment vehicles. 'Unknown' represents undisclosed NGO engagement.

Figure 3.5. Investment vehicles' engagement with conservation organisations and NGOs by region



Note: n=54 accepted investment vehicles. % = confirmed NGO engagement. Global vehicles (n=4, 75%) not shown on map. Middle East & N. Africa (n=1, 100%) not shown on map.

Mapping of actors: nature investment vehicles, investors, fund managers and conservations partners

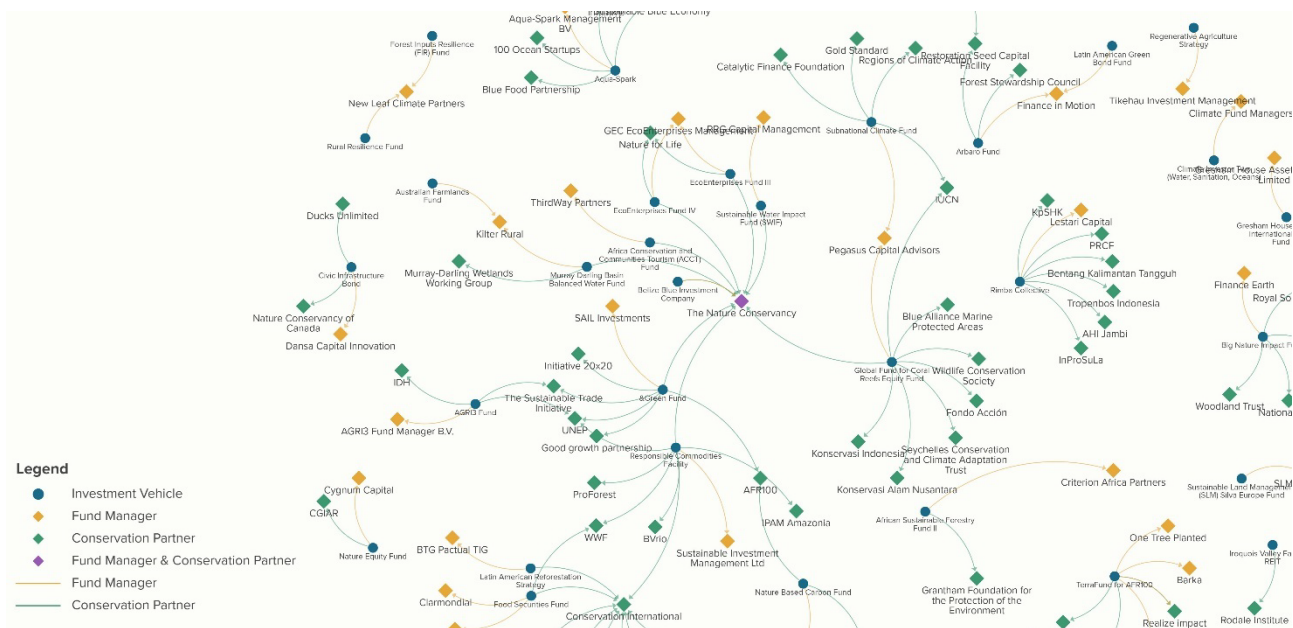
A mapping of the different actors (nature investment vehicles, investors, fund managers and conservation partners) involved in nature investment vehicle design was built using publicly available information. The database contains over 300 actors with over 400 connections.

The stakeholder mapping of nature investment vehicles, their NGO partners and fund managers is available to access [here](#) and the stakeholder mapping of nature investment vehicles and their investors [here](#).

The mapping identifies 41 unique fund managers, reflecting a fragmented market with no single dominant manager (see Figures 3.6 and 3.8). Mirova and New Forests manage the largest number of nature investment vehicles at five each. The investment manager landscape includes 29 specialist nature and conservation investment managers and eight traditional asset managers with dedicated nature strategies (e.g. Climate Asset Management⁴ and Mirova). Specialist managers identified in the database typically focus on particular sectors, including forestry (e.g. New Forests), water (e.g. Kilter Rural), agriculture (e.g. SLM Partners) and natural capital more generally (e.g. Lestari Capital, Finance Earth), or specific regions (e.g. Criterion Africa Partners). For-profit fund managers account for 83%.

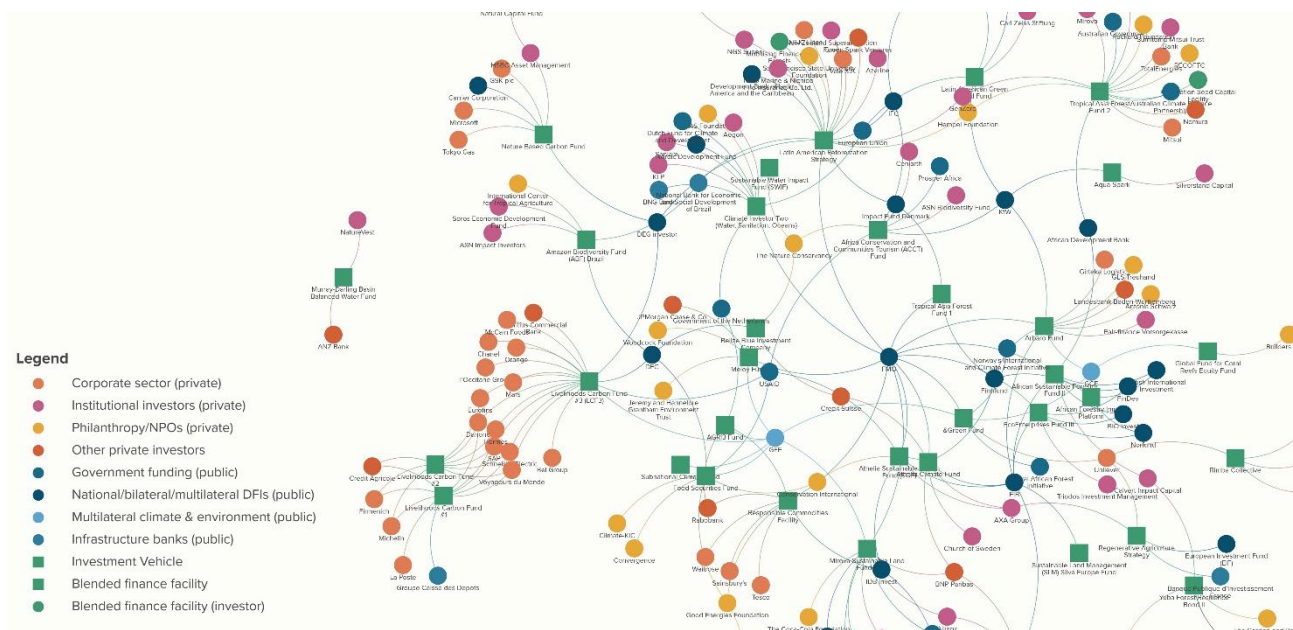
⁴ Climate Asset Management is a joint venture between HSBC Asset Management and Pollination.

Figure 3.6. Extract of stakeholder mapping between investment vehicles, NGO partners and fund managers (overview of 142 connections between actors)



See full stakeholder mapping [here](#)

Figure 3.7. Extract of stakeholder mapping between nature investment vehicles and investors (overview of 270 connections between actors)



See full stakeholder mapping [here](#)

The Nature Conservancy and Conservation International are the most frequently engaged conservation organisations in the database, each being engaged by 27% of 33 vehicles that have disclosed NGO partners (n=9) (see Figure 3.9). Both are US-headquartered global conservation organisations with established presence across the tropical and subtropical regions that dominate the database. Beyond these two organisations, NGO engagement is fragmented with 60 unique conservation partners identified across 33 vehicles with disclosed NGO partners, of which 50 (83%) were disclosed by only a single vehicle.

The lead actor landscape of nature investment is characterised by a concentrated public sector and a fragmented private sector (see Figure 3.10). Public actors are present in 75% of the 52 vehicles with disclosed lead actor data, but this presence is concentrated among a small number of repeat investors, with only 46 unique public actors identified across the database. FMO, the Dutch entrepreneurial development bank, is the most prevalent lead actor in the database, appearing in 26% of 46 vehicles that have at least one disclosed lead actor (n=12). The four most frequently appearing lead actors were all public institutions: FMO, Global Environment Facility (GEF), the European Investment Bank (EIB) and the United States Agency for International Development (USAID). Private lead actors are more fragmented by comparison, with 126 unique private actors identified. Approximately 79% of the private actors identified in the 46 vehicles (n=100) with a disclosed lead actor appear in only a single vehicle, and no single private actor appears in more than three.

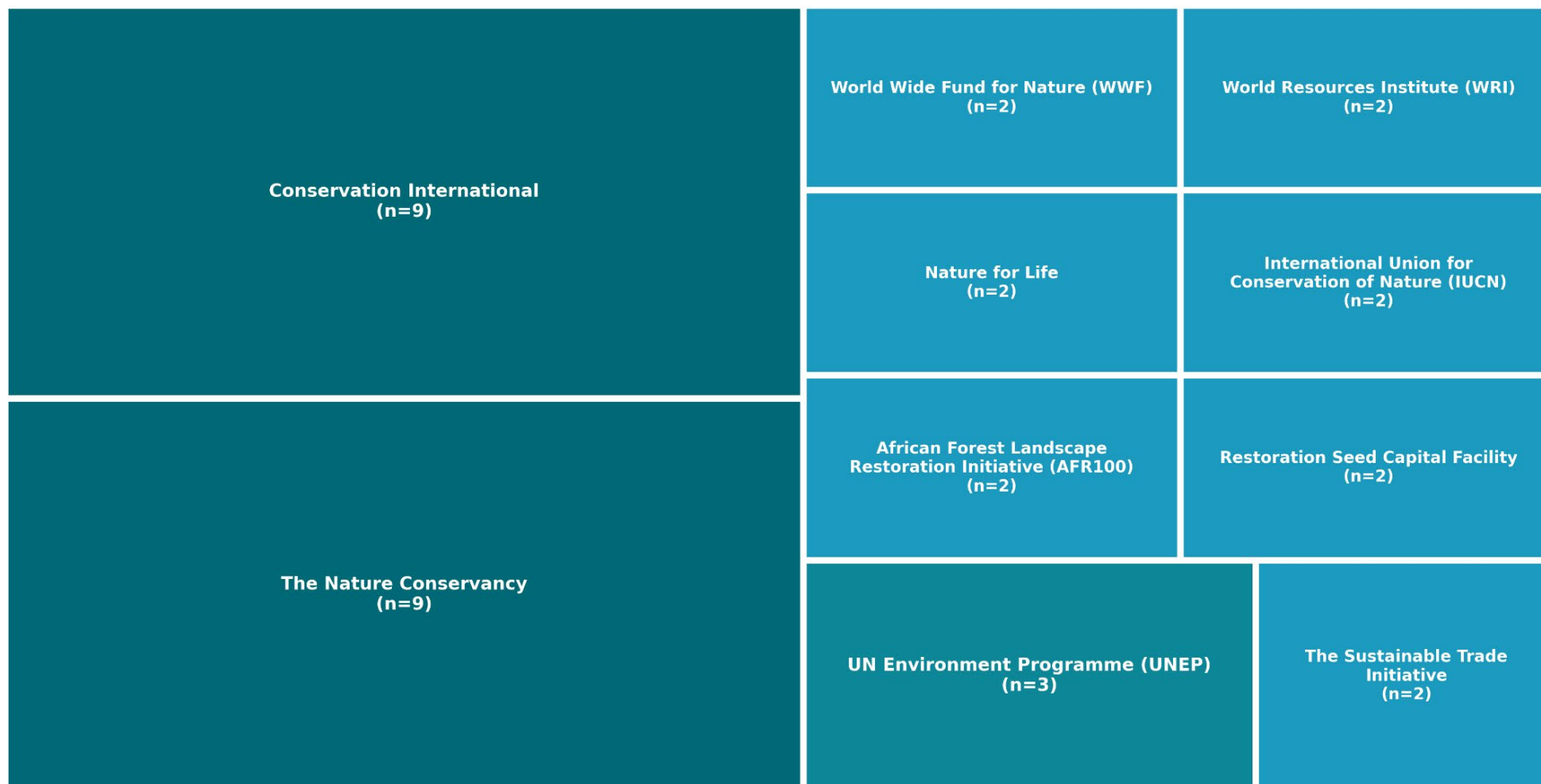
The French corporate actors in the treemap – Danone, Schneider Electric, Hermès and Voyageurs du Monde – are each lead investors across three iterations of the Livelihoods Carbon Fund rather than across distinct vehicle structures, meaning their prevalence reflects repeat commitment to a single investment rather than broad engagement across the market. Private actor disclosure is inconsistent, with actors often not being named or illustrative examples named as opposed to comprehensive lists. The prevalence of private actors may therefore be understated.

Figure 3.8. Nature investment vehicle fund managers: no. of vehicles per manager

Climate Asset Management (n=3)	Mauá Capital (n=1)	Gresham House Asset Management Limited (n=1)	Lestari Capital (n=1)	Realize Impact (n=1)	Ecotierra Capital (n=1)	Blue Forest (n=1)	
	Impact Earth (n=1)	CrossBoundary (n=1)	Sustainable Investment Management Ltd (n=1)	One Tree Planted (n=1)	Barka (n=1)	Rare (n=1)	
Mirova (n=5)	AGRI3 Fund Manager B.V. (n=1)	Clarmondial (n=1)	Tikehau Investment Management (n=1)	SLM Partners (n=1)	RRG Capital Management (n=1)	World Resources Institute (n=1)	
	Criterion Africa Partners (n=1)	Vistra (n=1)	Iroquois Valley Farmland REIT (n=1)	BTG Pactual TIG (n=1)	Innpact Fund Management S.A. (n=1)	Cygnum Capital (n=1)	
	ThirdWay Partners (n=1)	Aqua-Spark Management BV (n=1)	The Nature Conservancy (n=1)	Finance Earth (n=1)	Dansa Capital Innovation (n=1)	Climate Fund Managers (n=1)	
New Forests (n=5)	New Leaf Climate Partners (n=2)		Pegasus Capital Advisors (n=2)		Livelihoods Venture (n=2)		SAIL Investments (n=1)
	Finance in Motion (n=2)		Kilter Rural (n=2)		Deliberate Capital (n=2)		GEC EcoEnterprises Management (n=2)

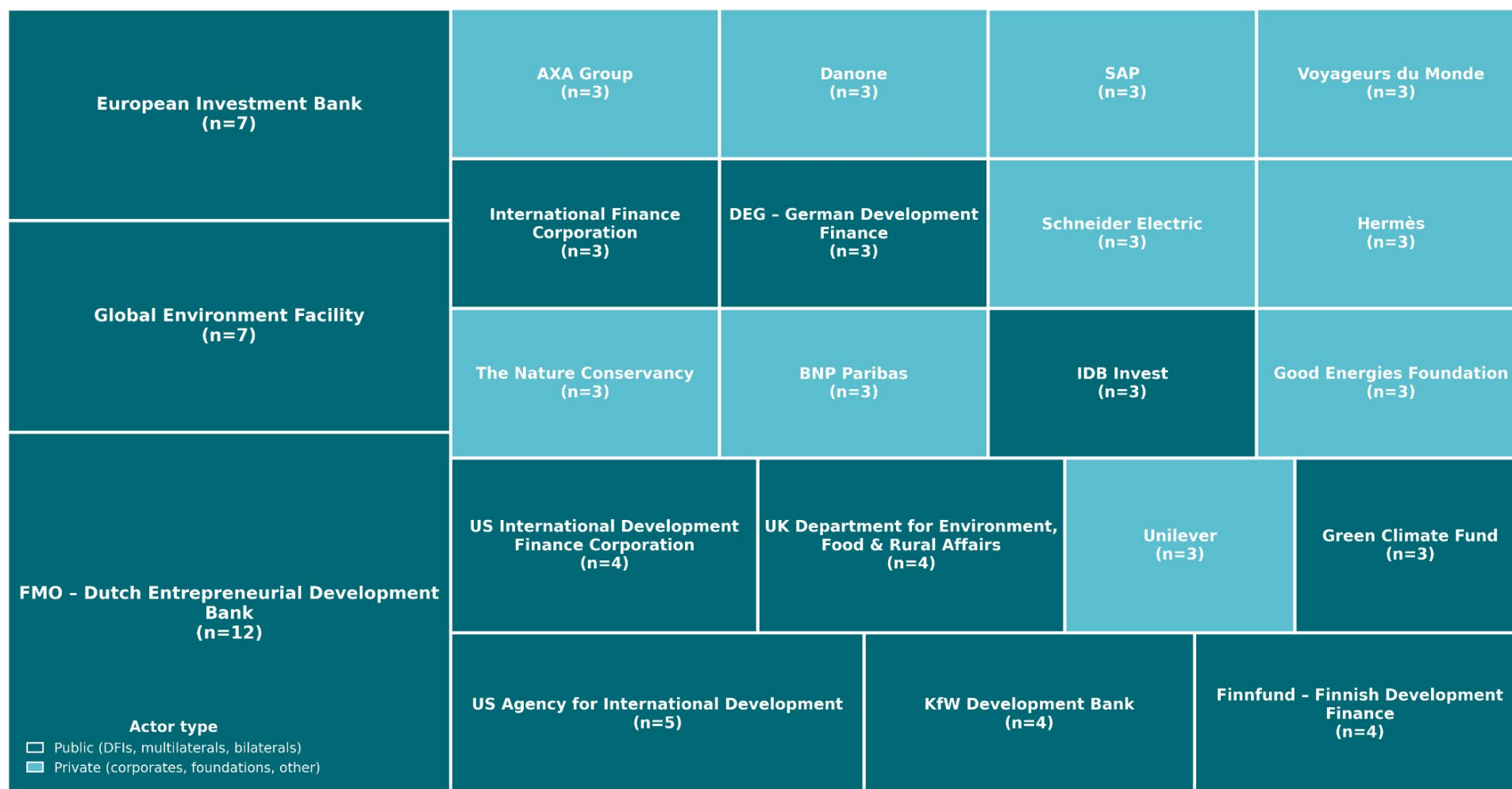
Note: n=54 accepted investment vehicles (58 total manager mentions across 41 unique managers; two vehicles list co-managers).

Figure 3.9. Engagement by nature investment vehicles with NGO/conservation organisations: no. of mentions per NGO



Note: n=33 vehicles with disclosed NGO engagement. NGOs with fewer than two mentions excluded (50 NGOs).

Figure 3.10. Lead financing actors for nature investment vehicles: no. of vehicles per actor and public v. private



Note: n=46 vehicles with disclosed lead actors. Actors with fewer than three mentions are excluded (155 actors, 181 mentions)

Nature investment vehicles' use of proceeds

Investment use of proceeds is geographically concentrated in developing regions (see Figure 3.11). Of the 54 vehicles in the database, 76% invest in one or more of the following regions: Latin America & the Caribbean (n=26, 48% of vehicles), Sub-Saharan Africa (n=19, 35% of vehicles) and East Asia & Pacific (n=18, 33% of vehicles). This is in contrast to 32% of the 54 vehicles investing in one or more of North America (n=10, 19% of vehicles), Europe & Central Asia (n=6, 11% of vehicles) and Australasia (n=5, 9% of vehicles).⁵ Investment in South Asia is notably lower than in other developing regions (n=7, 13% of vehicles), and there is a notable investment gap in the Middle East, North Africa, Afghanistan and Pakistan region (n=1, 2% of vehicles).

Consistent with the findings of the 2023 report by van Raalte and Ranger, forestry and agriculture remain the dominant economic activities receiving investment (see Figure 3.12). Direct investment in crops and animal products is made by 52% of the 54 vehicles in the database (n=28) and in forestry and logging by 54% (n=29), reflecting the established revenue streams in these activities. The presence of other economic activities, such as fisheries and aquaculture (n=8, 15% of vehicles), waste collection and disposal (n=6, 11% of vehicles) and water collection and supply (n=5, 9% of vehicles), is indicative of sectoral diversification into specialist sectors. AquaSpark, established in 2014, was the first investment vehicle in the database to address fisheries and aquaculture, and the Murray-Darling Basin Balanced Water Fund, established in 2015, was the first to address water management. Only one vehicle in the database directly invests in financial service activities, the LAGreen Fund, which invests in green bonds issued by Latin American financial institutions and companies, representing a capital markets facilitation model that structurally differs from the direct asset investment approach.

All 54 nature investment vehicles address the direct drivers of nature change (see Figure 3.13). Land- and sea-use change (n=47, 87% of the 54 vehicles), and overexploitation and unsustainable use of nature (n=41, 76% of the 54 vehicles), are the most addressed drivers of nature change across the database. This aligns with these being identified as leading direct drivers of nature change (IPBES, 2019; Jaureguiberry et al., 2022). Their dominance also reflects the concentration of investment in agriculture and forestry, the economic activities most directly linked to these two drivers (see Figure 3.12).

While the driver of pollution appears to be well represented as a strategic objective of vehicles (n=30, 56% of vehicles), this is largely due to pollution reduction being a co-benefit of sustainable agriculture investment, for example through reduced fertilizer use in vehicles such as the &Green Fund and AGR13 Fund, as opposed to being a primary investment mandate. Other investment vehicles that address pollution in the database have done so to act on marine pollution as part of broader ocean conservation mandates, including the Athelia Sustainable Ocean Fund and Global Fund for Coral Reefs Equity Fund, or to deliver water treatment and waste management investment, such as Climate Investor Two or the Subnational Climate Fund. Invasive alien species are not explicitly addressed by any vehicle in the database.

Most vehicles in the database address conservation and/or restoration directly (see Figure 3.14). Of the 54 vehicles in the database, 72% directly address either conservation, restoration or both (n= 32, 59% address restoration; n=25, 46% address conservation). The remaining 28% of vehicles (n=15) do not explicitly target conservation or restoration as a primary outcome, instead benefitting nature through addressing the direct drivers of nature change, NbS integration and enabling mechanisms, such as enabling investment in nature. Climate change mitigation and adaptation together was the most prevalent co-benefit across the database, being cited as a primary challenge addressed (alongside environmental degradation and biodiversity loss) in 52%

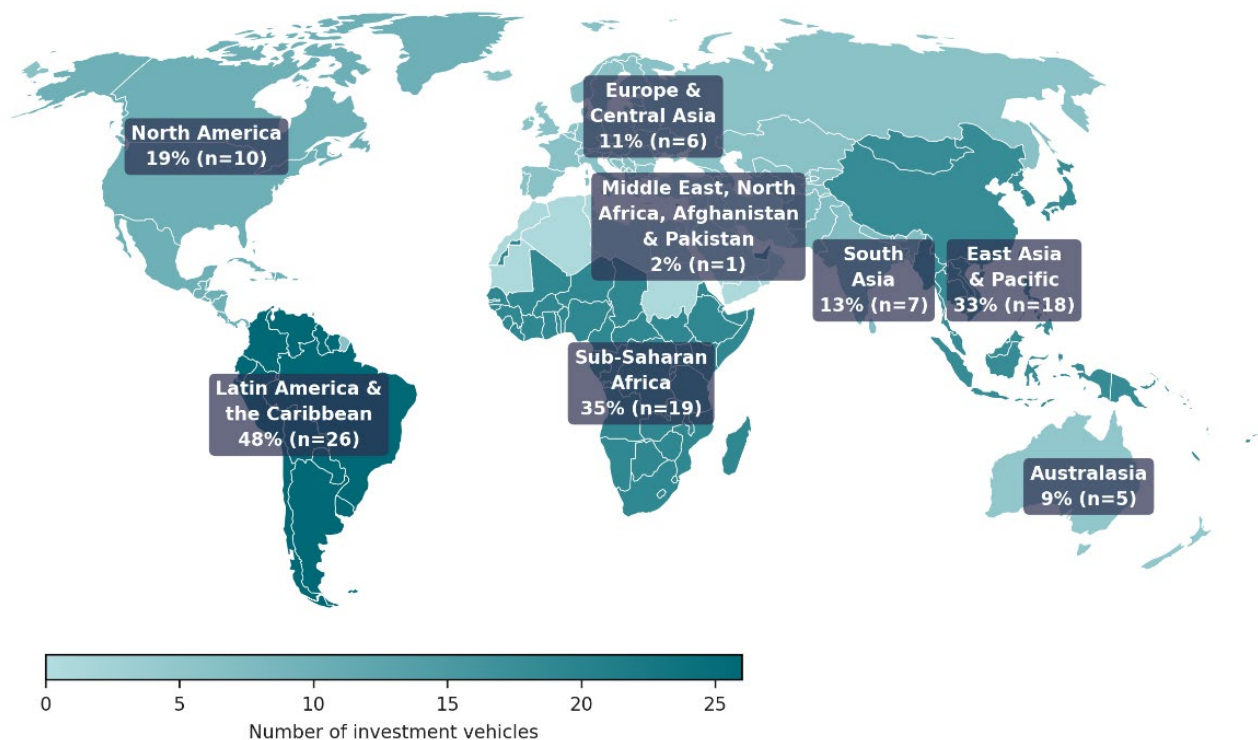
⁵ Four vehicles were identified to have a global scope, but specific regional projects could not be fully identified. Investment vehicles may invest in more than one region.

of the 54 vehicles (n=28), and a secondary challenge addressed in 33% of vehicles (n=18) (see Figure 3.15). This is also reflected by climate change being addressed as a driver of nature change in 65% of vehicles (n=35) (see Figure 3.13).

Investment in the terrestrial realm far outweighs investment in marine and freshwater realms in the database (Figure 3.16). Of the 54 vehicles in the database, 89% (n=48) have invested in terrestrial ecosystems compared with 31% (n=17) in freshwater and 28% (n=15) in ocean ecosystems. Of the 15 vehicles that have some marine component, only six exclusively target marine ecosystems; 93% of the 15 marine vehicles (n=14) draw on a combination of public and private finance compared with 72% of 46 vehicles with disclosure targeting terrestrial realms (n=33) and 63% of 16 vehicles with disclosure targeting freshwater realms (n=10). Examples of marine-specific investment vehicles include the Global Fund for Coral Reefs Equity Fund, managed by Pegasus Capital Advisors, which invests in commercial projects and companies with business models that reduce threats and stressors to coastal habitats, and the Small-Scale Fisheries Impact Bond, which finances community-led co-management of small-scale fisheries, relying on outcomes-based payments to generate revenue.

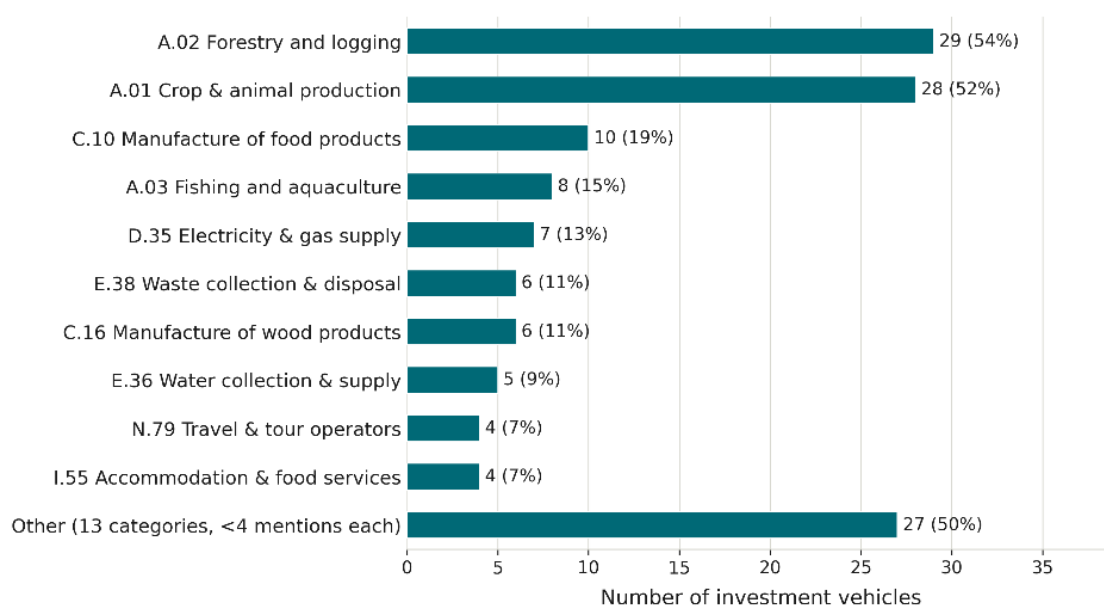
Growth in vehicle numbers accelerated across all realms post-2020, but investment vehicles addressing the terrestrial realm grew fastest in absolute terms, increasing from 21 to 40 vehicles between 2020 and 2022 (see Figure 3.17). The number of vehicles in the marine and freshwater realms also grew over the same period, with the number addressing the marine realm increasing from seven to 13 and freshwater from nine to 16. Growth in investment vehicles addressing marine and freshwater realms in the database has effectively stalled since 2022 with totals remaining largely unchanged in the years since.

Figure 3.11. Regional distribution of nature investment vehicles' use of proceeds: proportion of vehicles with investment in region



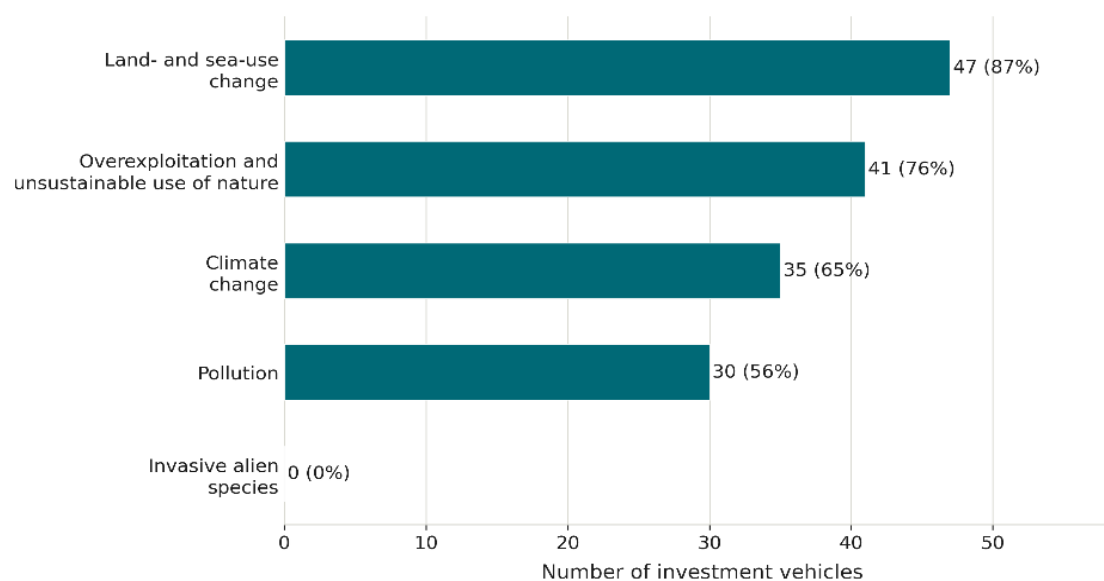
Note: n=54 accepted investment vehicles. Vehicles operating across multiple regions have been counted once per region. Percentage calculated as share of all vehicles with investment in region. 'Global' vehicles (n=4) not shown on map

Figure 3.12. Economic activities receiving investment from nature investment vehicles



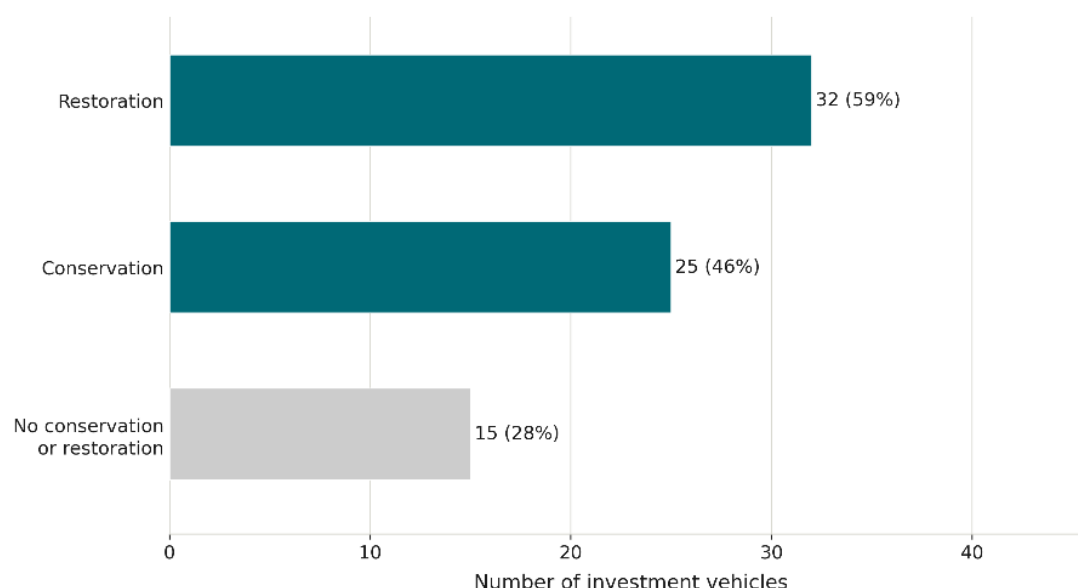
Note: n=54 accepted investment vehicles. NACE Rev 2.1 categories. Categories with fewer than four mentions grouped as 'Other'. Vehicles covering multiple activities counted once per activity.

Figure 3.13. Number of nature investment vehicles addressing the different direct drivers of nature change



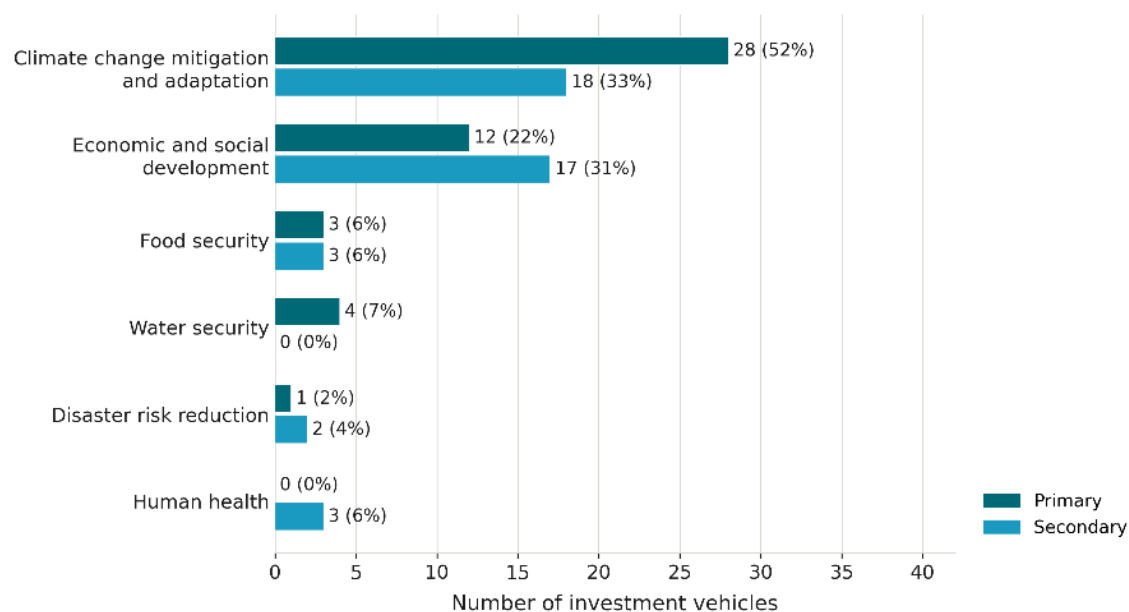
Note: n=54 accepted investment vehicles. Addressing multiple drivers counted once per driver.

Figure 3.14. Number of nature investment vehicles investing in conservation and restoration



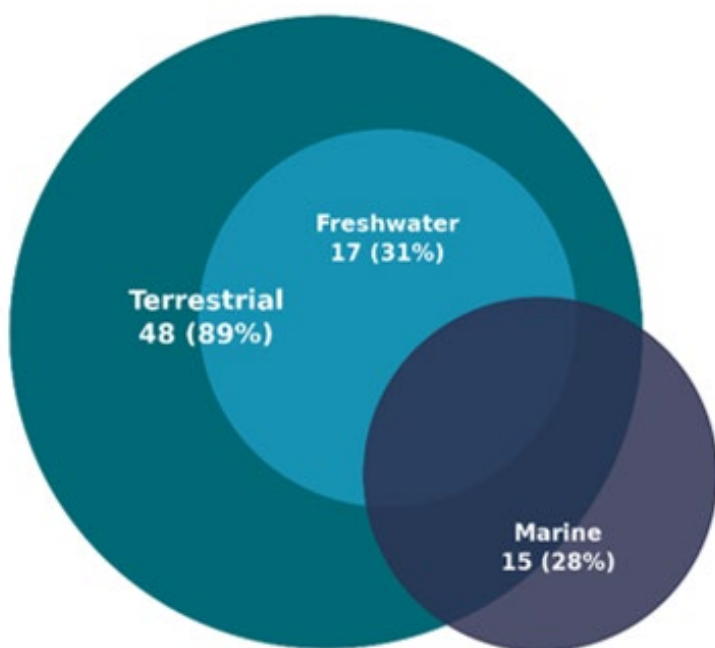
Note: n=54 accepted investment vehicles. 18 vehicles addressed both conservation and restoration.

Figure 3.15. Number of nature investment vehicles addressing the primary and secondary challenges to nature identified by the IUCN



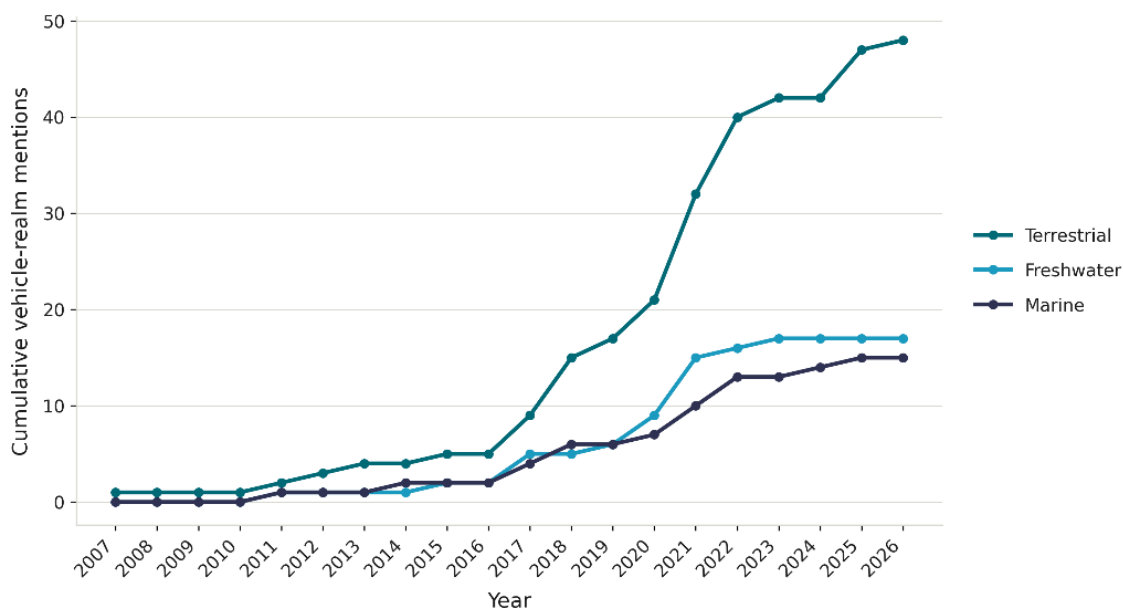
Note: challenges identified by IUCN (2020). n=54 accepted investment vehicles. 'Environmental degradation and biodiversity loss' excluded as it is addressed by all vehicles as a primary issue. Vehicles addressing multiple challenges counted once per challenge.

Figure 3.16. Number of nature investment vehicles addressing each of the three natural realms



Note: n=54 accepted investment vehicles. Vehicles spanning multiple realms counted once per realm. Circle area is proportional to the number of vehicles.

Figure 3.17. Natural realms addressed by nature investment vehicles over time



Note: n=54 accepted investment vehicles. Each vehicle counted once per realm per year of establishment. Vehicles may span multiple realms.

Financing into nature investment vehicles

The ratio of vehicles drawing on blended finance structures compared with the number operating as fully private vehicles is three-to-one (see Figures 3.18 and 3.20). Of 52 vehicles in the database with disclosed financing sources (n=39), 75% are financed through a combination of public and private capital. This compares with 25% that are fully privately funded (n=13), of which three receive donations or concessional capital from private philanthropy or non-profit organisations. It is worth noting that the 25% private figure may be understated, as privately funded vehicles may have less publicly available documentation available. Of the 39 vehicles identified as having a blended structure, the proportion of commercial capital provided at the most recent disclosed closing could be identified for only seven vehicles, reflecting limited transparency. Where disclosed, the commercial capital share ranges from 4% to 98%, including vehicles that are almost entirely publicly funded with minimal private capital participation as well as vehicles for which public concessional capital provides only a small catalytic tranche alongside predominantly commercial investment.

Vehicles in North America and Australasia are identified as having the greatest level of independence from public funding support in the database, whereas Sub-Saharan Africa and Latin America demonstrate structural dependence on catalytic capital (see Figure 3.19). In North America 78% of nine vehicles with disclosed funding sources and in Australasia 75% of four vehicles are fully privately funded, though small sample sizes in both regions limit confidence in results. Investments in these regions include the purchase and regeneration of Australian and American farmland and water assets (through the Australian Farmlands Fund, Murray-Darling Basin Balanced Water Fund and Iroquois Valley Farmland REIT) and investment in sustainably managed productive timberland, afforestation and forest nurseries (through Forest Inputs Resilience, Gresham House Sustainable International Forestry Fund, New Forests Australia New Zealand Landscapes and Forestry Fund, and Yuba Forest Resilience Bond II). On the other side of the spectrum, only 16% of 19 vehicles with disclosed funding sources in Sub-Saharan Africa and 19% of 26 such vehicles in Latin America are fully privately funded, followed by 22% of 18 vehicles in East Asia & Pacific.

Institutional investors and national, bilateral and multilateral DFIs are each identified in at least 60% of 50 vehicles in the database with disclosed financing actor types (see Figure 3.21). Disaggregating the sources of investment, national, bilateral and multilateral DFIs such as FMO, EIB, KfW and IFC are the dominant public funding sources, present in 60% of 50 vehicles in the database with disclosed financing actor types (n=30). This is a substantially greater amount than multilateral climate and environment finance institutions such as GEF and the Green Climate Fund (GCF) (n=10, present in 20% of 50 vehicles with disclosure) and direct government funding (n=11, present in 22% of 50 vehicles with disclosure). On the private side, institutional investors, including pension funds, insurance companies and asset managers, are identified as investors in 68% of 50 vehicles with disclosure (n=34). These companies include AXA Group, Zurich Insurance Group, HSBC Asset Management, Mirova and NGS Super. This is followed by philanthropy and non-profit organisations (n=24, present in 48% of 50 vehicles with disclosure), other private investors such as commercial/investment banks (e.g. Rabobank, BNP Paribas, Credit Suisse and JP Morgan), venture capitalists (n=22, present in 44% of 50 vehicles with disclosure) and corporate investors (n=17, present in 34% of 50 vehicles with disclosure). In most cases, corporate investors co-invest alongside other investor types. For example, the Livelihoods Carbon Fund #1 includes investment from corporates such as Danone, Schneider Electric, Michelin and Hermès, alongside state-owned financial institution Groupe Caisse de Dépôts and private financial institution Crédit Agricole.

Equity is the dominant type of financing into the vehicles in the database (see Figures 3.18 and 3.22), present in 82% of 45 vehicles in the database with disclosed financing type (n=37). This reflects both the return profile of many nature investments, where value is generated through

asset appreciation (e.g. land, timber, natural capital) alongside income, favouring instruments with upside exposure rather than fixed returns, and the prevalence of blended structures in which catalytic capital itself is often deployed as junior or first-loss equity rather than grants or subordinated debt. Debt appears in 40% of the 45 vehicles (n=18), often through instruments such as green bonds or concessional DFI loan facilities. Grant or donation funding appears in 40% of the 45 vehicles identified (n=18).

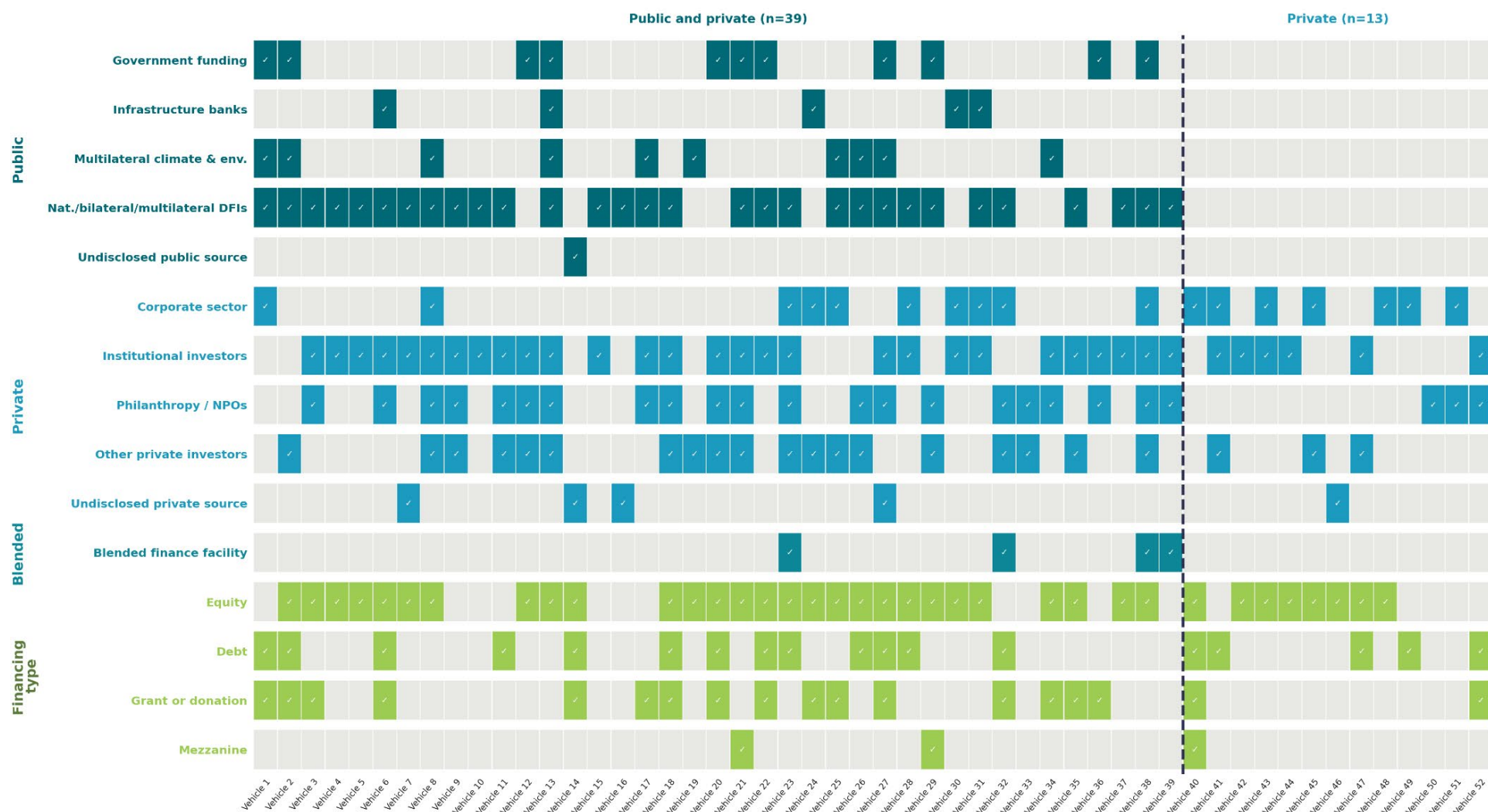
Structuring mechanisms are often designed to de-risk investments and provide support to underlying investees, with technical assistance being the most prevalent structuring mechanism (see Figure 3.23). Structuring mechanisms are disclosed or partially disclosed for 46 of the 54 nature investment vehicles in the database, though disclosure is inconsistent and non-standardised. Technical assistance is estimated to be present in 83% of the 46 vehicles with disclosure (n=38), being near-universal in blended finance vehicles (n=33, 92% of 36 vehicles with disclosure) but present in fewer than half of purely private vehicles (n=4, 44% of nine vehicles with disclosure). A formal grant-funded technical assistance facility is estimated to be present in 30% of the 46 vehicles with disclosure (n=16), all of which are vehicles with a blended finance structure (see Figure 3.24).

Privately funded vehicles deliver technical assistance through a range of models. The Amazonia Sustainable Supply Chains Mechanism integrates technical assistance directly into its investment model, delivering bespoke capacity-building, product quality improvement and market linkage support to Amazonian community suppliers alongside upfront finance and off-take agreements. TerraFund for AFR100 represents a contrasting model, delivering assistance at portfolio scale through TerraMatch, a standardised digital platform that systematises vetting, training, monitoring and impact verification across hundreds of locally led restoration organisations.

First-loss or subordinate capital (n=22, present in 48% of 46 vehicles with disclosure) and off-take agreements or sales contracts (n=18, present in 39% of 46 vehicles with disclosure) are the primary commercial de-risking instruments identified in the database (see Figure 3.23). Off-take agreements are disclosed in 67% of nine private vehicles with disclosure (n=6) compared with 33% of 36 blended vehicles with disclosure (n=12). Guarantees are present in 26% of the 46 vehicles with disclosure (n=12, 26%) and insurance and hedging instruments are identified in only 7% of 46 vehicles with disclosure (n=3). De-risking instruments are found to be among the least consistently reported aspects of vehicle documentation, limiting comparability.

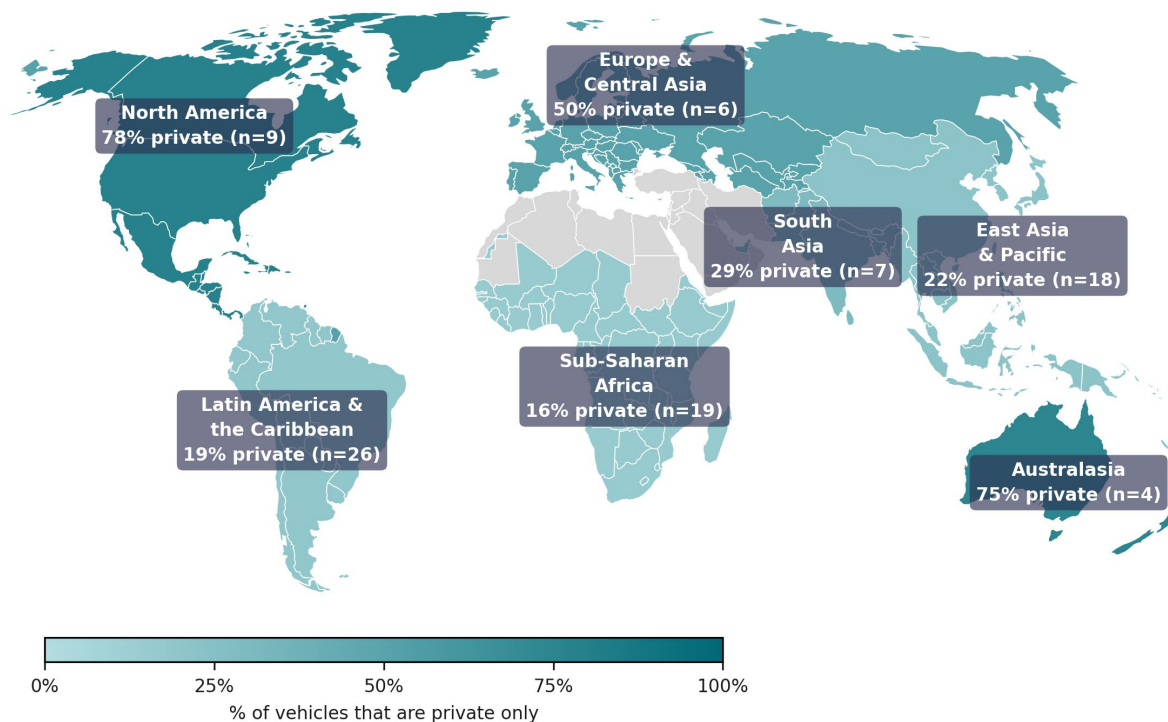
Vehicle capital size varies considerably across the database (see Figure 3.25). Vehicle size, based on the most recent closing, is disclosed for 37 vehicles in the database and ranges from US\$6 million–1.24 billion (mean: US\$253 million, median: US\$132 million). The gap between mean and median signals a right-skewed distribution with a small number of very large vehicles, including two exceeding US\$1 billion. The distribution is concentrated in the mid-size range, with 54% of the 37 vehicles with disclosure (n=20) falling between US\$50 million and US\$300 million. No single size category exceeds 32% vehicle distribution.

Figure 3.18. Sources and types of nature investment vehicle financing



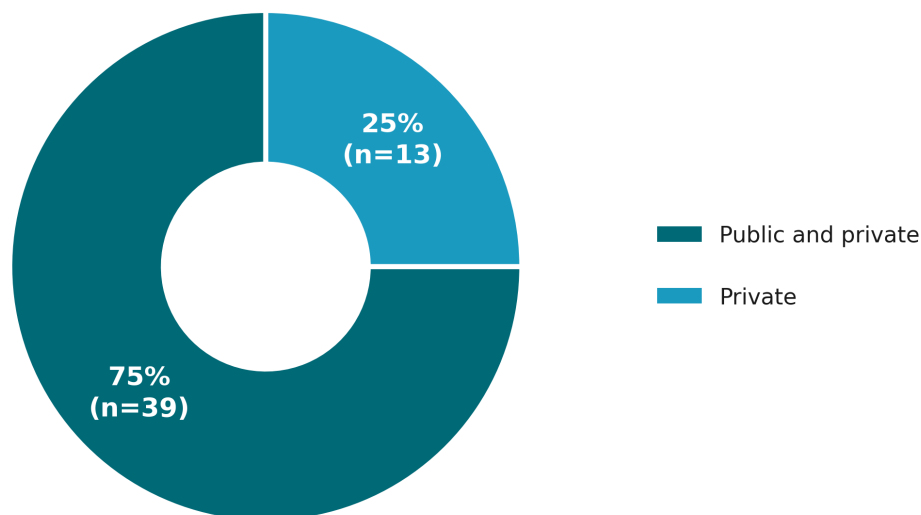
Note: n=52 vehicles with financing sources disclosed. Two vehicles with undisclosed financing sources are excluded. ✓ = vehicle was identified to draw the financing source based on publicly available documentation.

Figure 3.19. Financing sources for nature investment vehicles by region



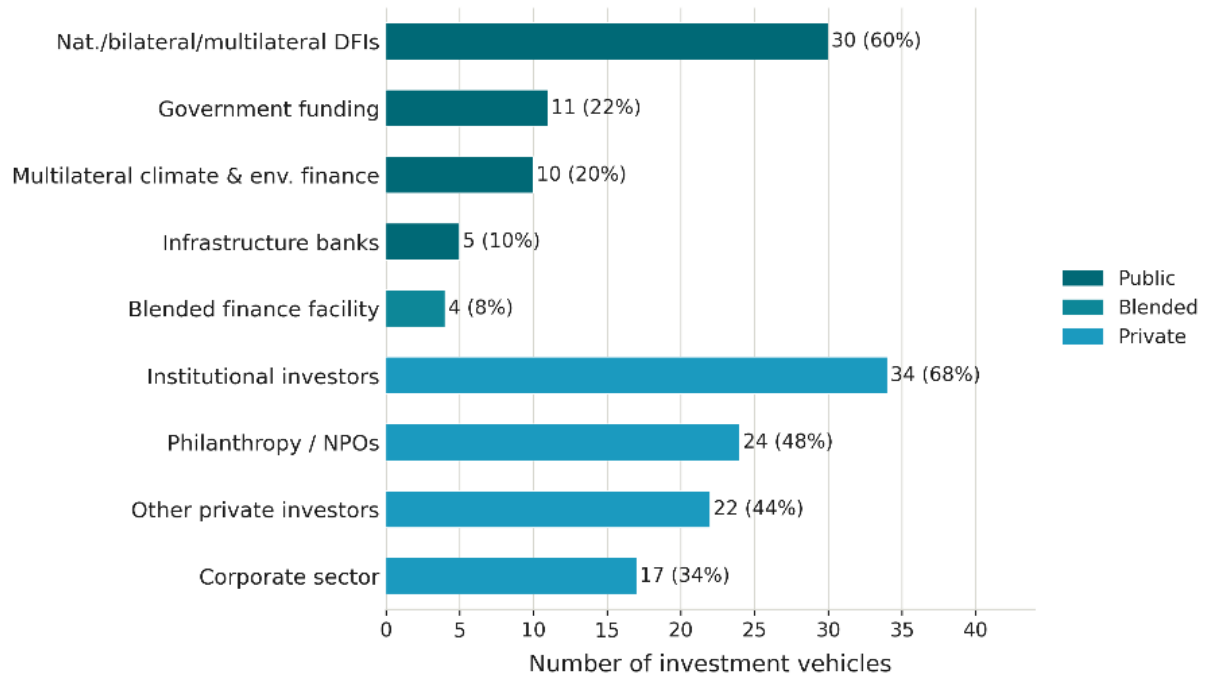
Note: n=number of vehicles operating in each region. Two vehicles with undisclosed financing sources are excluded. Global vehicles (n=4, 0%) and operating in Middle East & N. Africa (n=1, 0%) are excluded

Figure 3.20. Sources of financing for nature investment vehicles – public v. private



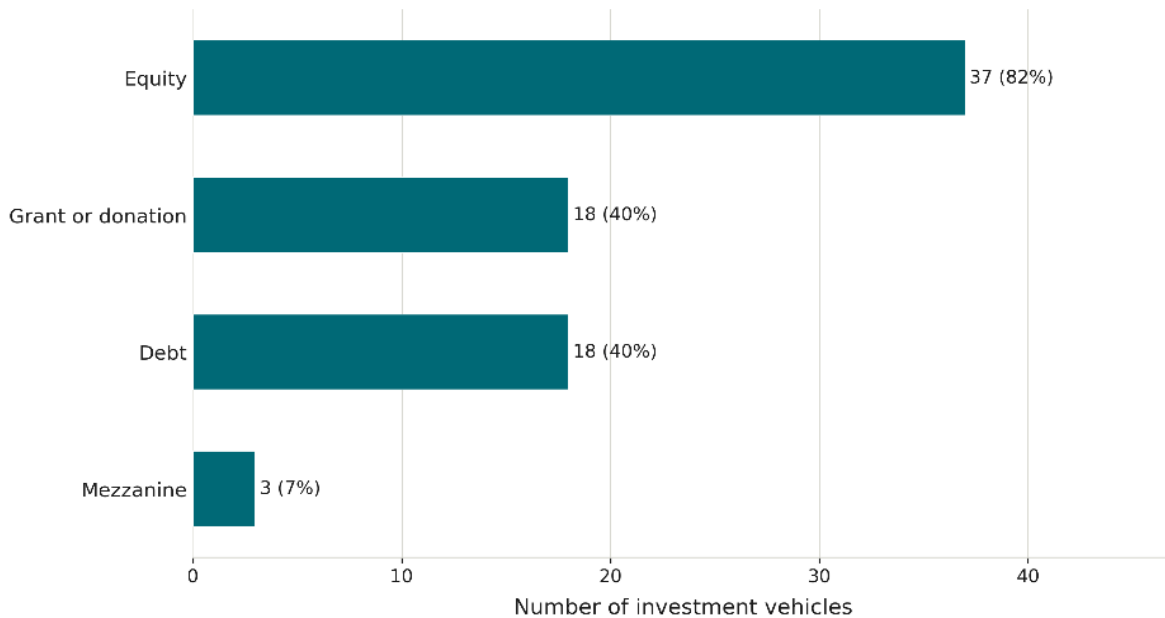
Note: n=52 vehicles with disclosed financing sources.

Figure 3.21. Types of investors in nature investment vehicles



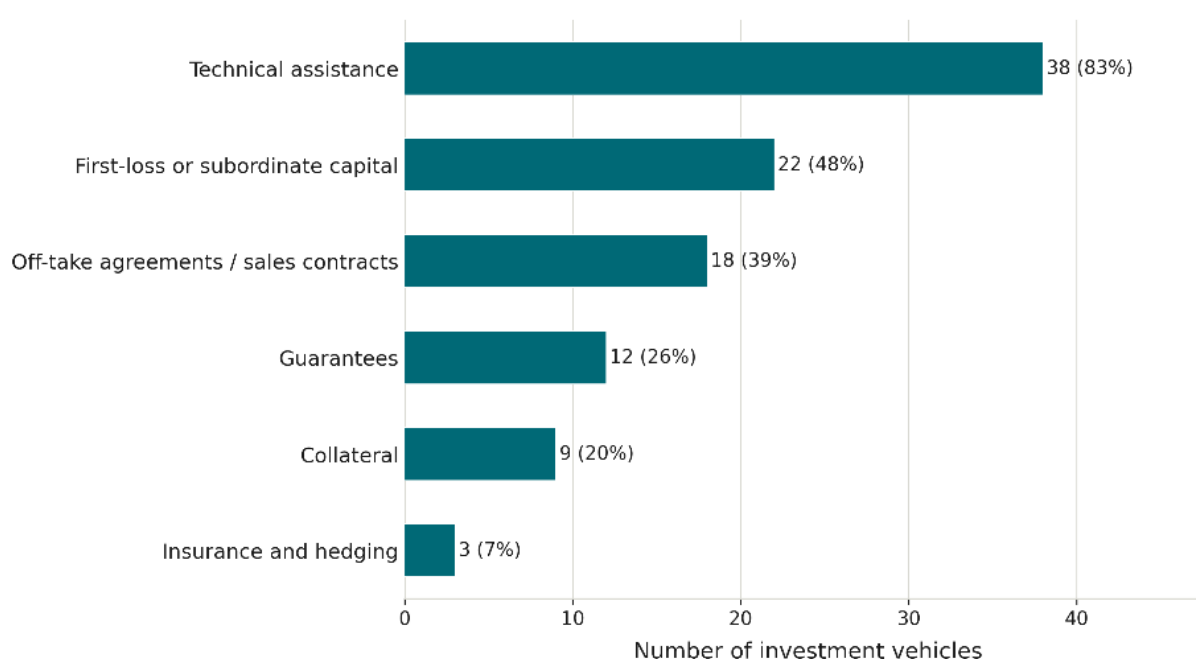
Note: n=50 vehicles with at least one disclosed financing source. Vehicles drawing on multiple sources counted once per source. Vehicles may not disclose all financing sources.

Figure 3.22. Types of financing for investment vehicles



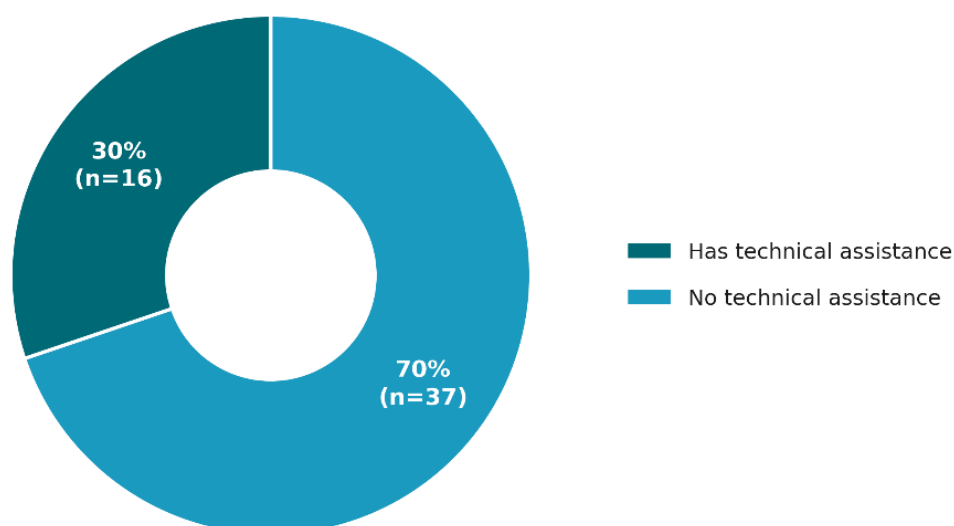
Note: n=45 vehicles with disclosed financing type. Vehicles drawing on multiple financing types counted once per type. Vehicles may not disclose all financing types.

Figure 3.23. Structuring mechanisms for investment vehicles



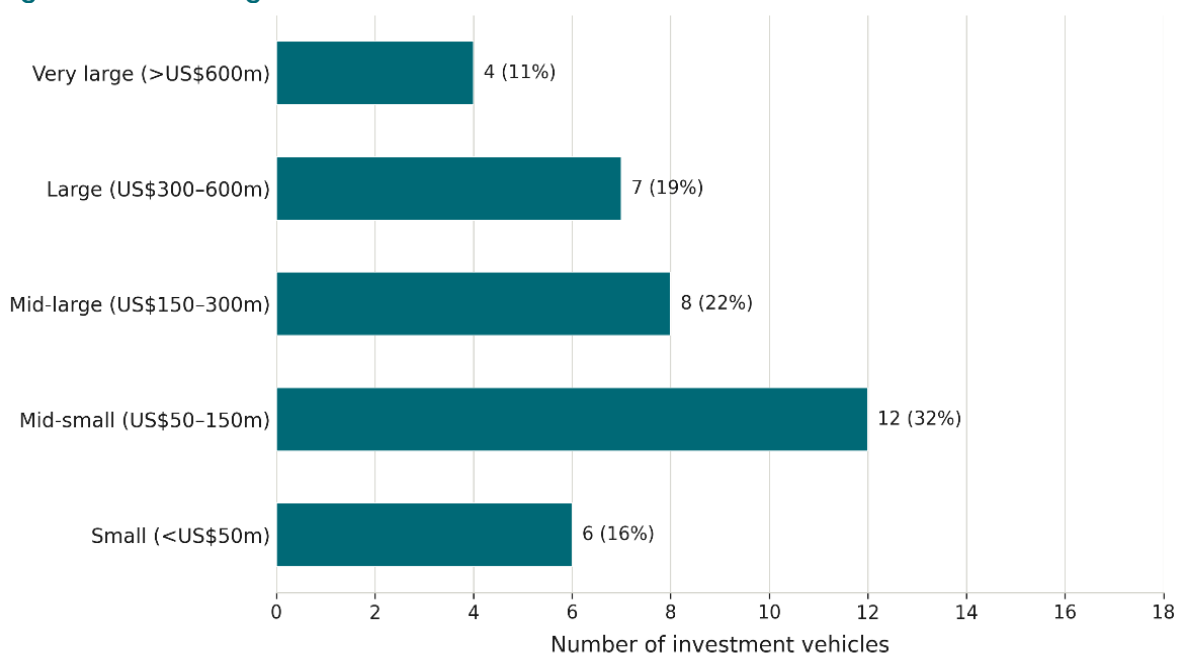
Note: n=46 vehicles with disclosed structuring mechanisms. Vehicles using multiple mechanisms counted once per mechanism. Vehicles may not disclose all structuring mechanisms.

Figure 3.24. Number of nature investment vehicles with a formal technical assistance facility



Note: n=53 vehicles with disclosed formal TA facility status. Vehicles may not disclose all TA facilities.

Figure 3.25. Average size of nature investment vehicles



Note: n=37 vehicles with disclosed closing amounts. Figures have been converted to US\$ where necessary

Financing out of nature investment vehicles

Capital is deployed commercially to one or more of private companies, financial institutions or asset acquisition by 83% of the 54 vehicles in the database (n=45) (see Figure 3.26). Capital is deployed into private companies by 67% of the 54 vehicles (n=36), including investments into sustainable agriculture, forestry and aquaculture companies, and deployed through directly acquiring assets by 31% of the 54 vehicles in the database (n=17). It is deployed to financial institutions by 4% of the 54 vehicles (n=2). For example, the AGR13 Fund provides partial risk guarantees and subordinated loans to commercial and partner banks. Investment flowing directly into NGOs (domestic: n=13, 24% of 54 vehicles with disclosure; international: n=3, 6% of vehicles with disclosure) and cooperative initiatives (n=9, 17% of 52 vehicles with disclosure) is often a result of their being co-recipients alongside private company recipients rather than primary recipients. Eight vehicles direct capital to NGOs or cooperatives as primary recipients, typically grant-making or community-focused vehicles such as the Livelihoods Carbon Fund #3 which provides investment to NGOs including Practical Action to finance ecosystem restoration, agroforestry and rural energy projects, receiving result-based payments in the form of carbon credits.

Transparency about the deployment of capital to underlying projects is limited, with 24 vehicles not disclosing underlying projects. Where projects have been disclosed, this ranges from providing full lists of all project names (e.g. TerraFund for AFR100, AGR13 fund and AquaSpark) to a small number of illustrative examples. This disclosure gap limits the ability to assess the ecological additionality and geographical distribution of investment at the project level. It was possible to identify the number of projects receiving investment for 23 investment vehicles and these ranged from 2 to 600, with only four vehicles investing in more than 50 projects or investees (mean: 53, median: 14).

Nature investment vehicles deploy capital primarily through equity into commercially viable sustainable enterprises, with debt playing a significant secondary role across a range of lending and credit facilitation models (see Figure 3.27). Equity is present in 73% of 45 vehicles in the database with disclosed fundings types (n=33) compared with 44% for debt (n=20). Equity-

deploying vehicles typically took ownership stakes in commercially oriented sustainable enterprises, generating returns through business value creation and asset appreciation. The African Forestry Impact Platform, for example, invests in a portfolio of plantation-forestry operating companies that are expected to provide stable cash flows, while the Latin American Reforestation Strategy Fund deploys limited partnership (LP) equity to purchase degraded land parcels and establish operating companies managing timberland and restoration assets. Debt-deploying vehicles provide loans, guarantees or credit facilities to sustainable organisations. For example, the &Green Fund provides long-term concessional loans and guarantees to sustainable commodity producers, and the Africa Conservation and Communities Tourism Fund provides flexible private debt to conservation tourism operators in Eastern and Southern Africa. The Latin American Green Bond Fund represents a further variant, purchasing green bonds issued by Latin American financial institutions and companies while also providing technical assistance to first-time green bond issuers.

Grant funding is deployed by 30% of 53 vehicles with disclosure (n=16), with technical assistance being the most prevalent form of grant funding (see Figure 3.28). This figure should be treated as a conservative estimate, as grant deployment is among the least consistently disclosed aspects of documentation, with the boundary between in-kind technical support and formal grant instruments often being unclear in publicly available materials. It is possible to identify the amount of grant funding for only three vehicles, two of which are expected amounts, ranging from US\$15 million–180 million. All 16 grant-deploying vehicles draw on either public development finance or philanthropic donors. No fully commercially private vehicle in the database discloses deployment of grant funding.

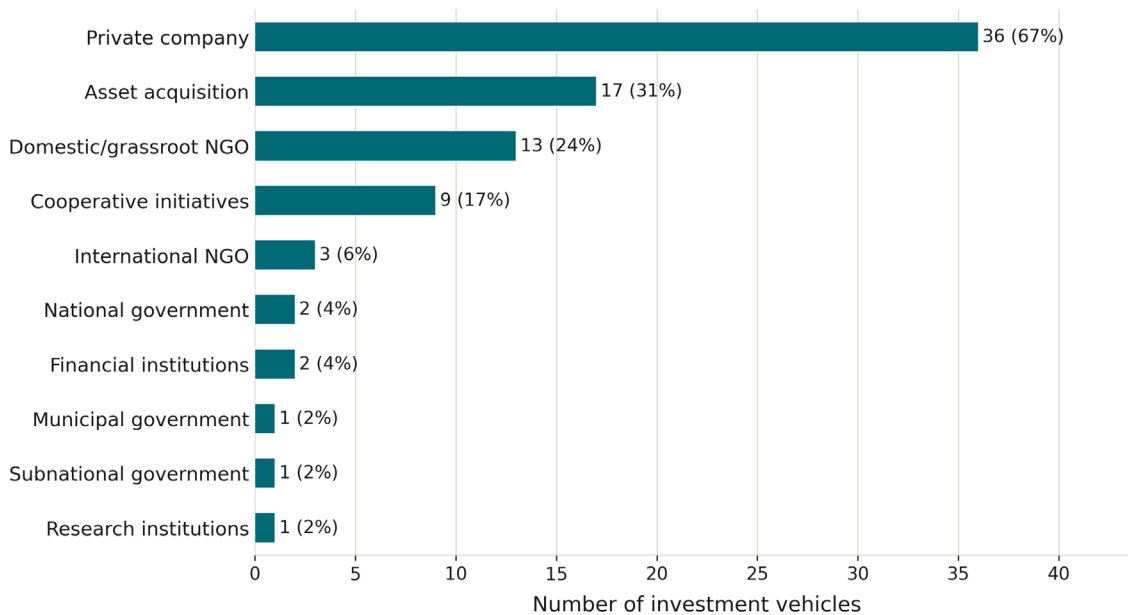
Commodity and land production is the most prevalent revenue-generating mechanism, identified in 65% of the 54 vehicles (n=35) (see Figure 3.29), consistent with forestry and agriculture being the dominant economic activities in the database (see Figure 3.12). Returns are generated primarily through commercial markets for sustainable goods, such as timber, agricultural commodities and rubber, and the productive value of well-managed assets. The Tropical Asia Forest Fund 2, for example, primarily generates returns through timber and rubber sales from sustainably managed plantation forestry in Southeast Asia.

Carbon and ecosystem service credits appear in 33% of the 54 vehicles (n=18) (see Figure 3.29). Carbon and biodiversity credit revenue streams involve the sale of high-integrity carbon credits and/or biodiversity units to corporates, real estate developers and other buyers; for example, the Big Nature Impact Fund generates revenue through verified carbon credits under the Woodland Carbon Code and Peatland Code, and biodiversity units under England's Biodiversity Net Gain (BNG) legislation. Of the 18 vehicles with carbon and ecosystem service credits as a revenue mechanism, 72% (n=13) generate returns through carbon credits only. Three vehicles currently generate revenue through biodiversity credits alongside carbon, and two indicate future intention to do so as biodiversity credit markets develop. Land and natural asset appreciation appears in 31% of the 54 vehicles (n=17), reflecting the capital gains component of nature investment, where farmland, timberland and restored natural assets are expected to appreciate as they are brought into sustainable management.

Other revenue-generating mechanisms appear in fewer than 10% of the 54 vehicles, including tourism and recreation fees (9%, n=5 of 54 vehicles); outcomes-based payments (7%, n=4 of 54 vehicles); green debt instruments (6%, n=3 of 54 vehicles); water rights trading (4%, n=2 of 54 vehicles) and infrastructure service revenues (4%, n=2 of 54 vehicles). The African Conservation and Communities Tourism fund provides an example of revenue being generated from tourism and recreation fees through providing loans to conservation tourism operators across Sub-Saharan Africa to support conservation practices and tourism operations, whose repayments are paid through revenue generated from tourist fees, such as guest accommodation and safari revenues.

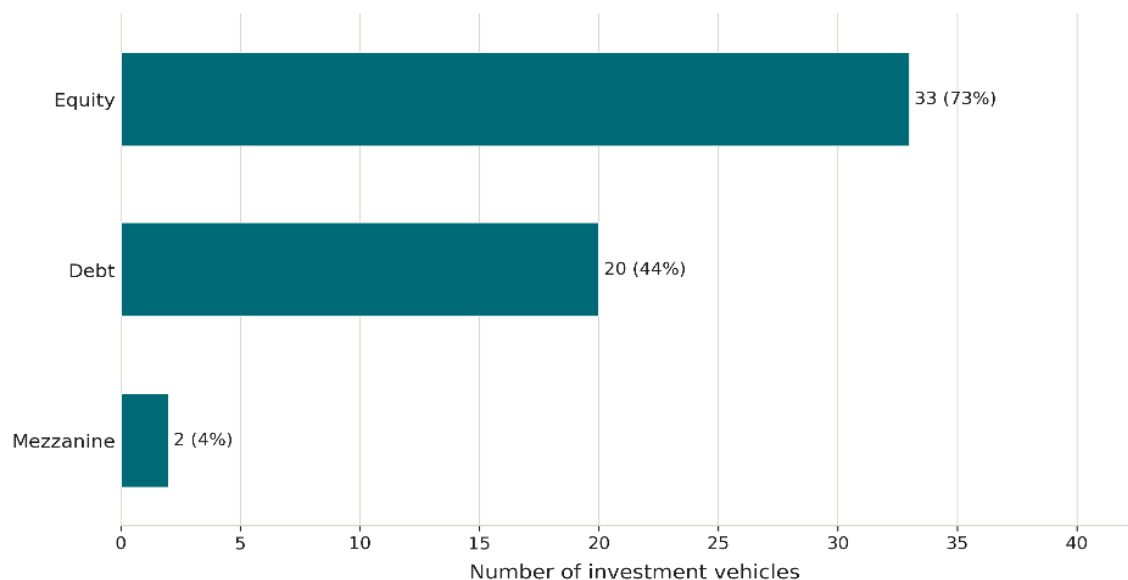
Of the 54 vehicles, 48% combine two or more revenue-generating mechanisms (n=26). For example, the Tropical Asia Forest Fund 2 combines timber and rubber commodity sales with carbon credit generation as a supplementary income stream. It is possible to identify target ROI for commercial investors for 20 vehicles; this ranges from 4–20% (mean: 10.8%, median: 10.75%).⁶ Revenue-generating mechanisms were not always explicitly disclosed in publicly available information, and in some cases required inference from information about investment strategy, target sectors and underlying assets.

Figure 3.26. Types of recipient of nature investment vehicle financing



Note: n=54 vehicles with disclosed recipient types. Vehicles with multiple recipient types counted once per type.

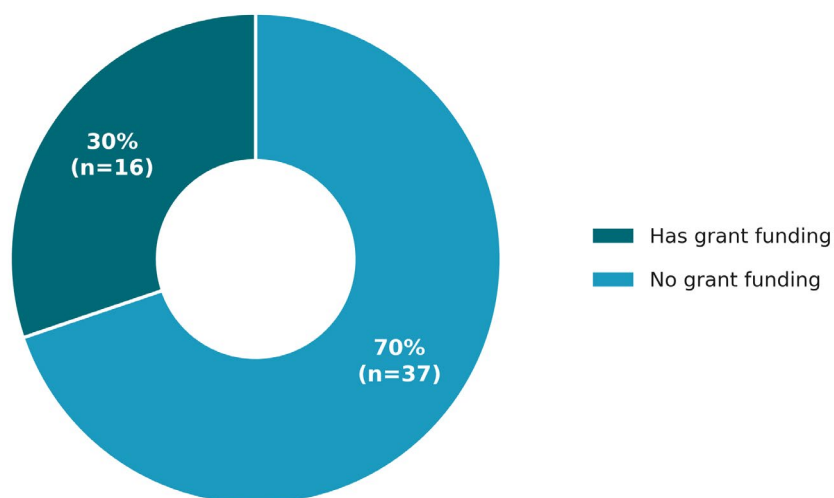
Figure 3.27. Commercial funding deployed by nature investment vehicles: financing type



Note: n=45 vehicles with disclosed commercial funding type. Vehicles with multiple funding types counted once per type.

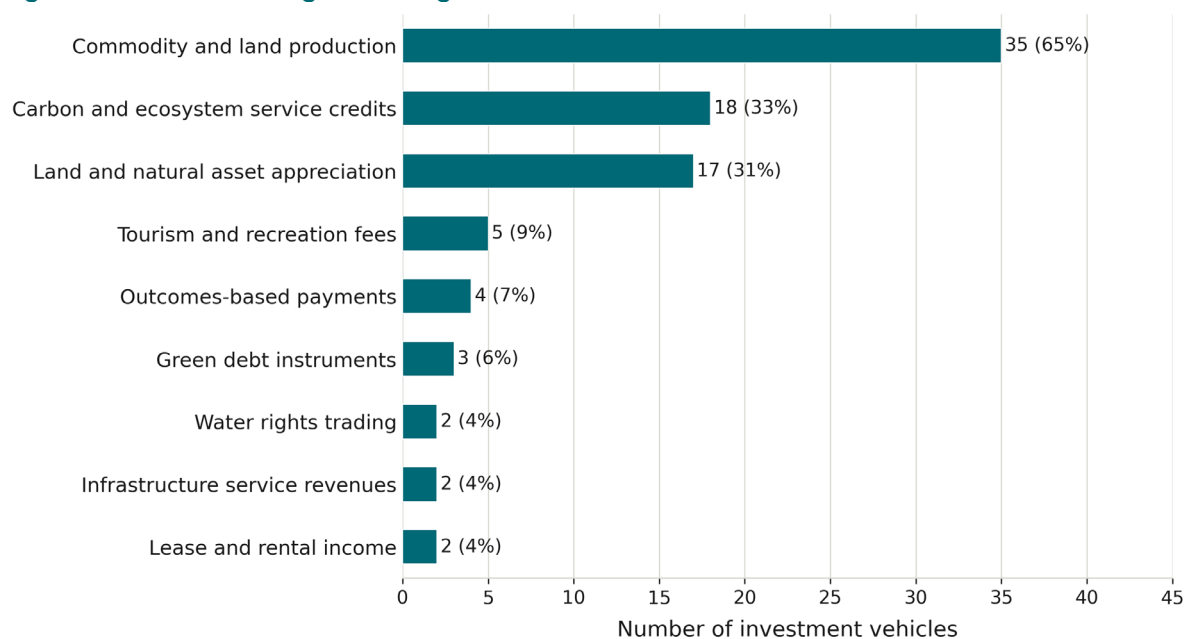
⁶ Where a range of targets was disclosed, the mid-point was used for the purposes of the analysis.

Figure 3.28. Proportion of nature investment vehicles deploying grant financing



Note: n=53 vehicles with disclosed grant funding status.

Figure 3.29. Revenue-generating mechanisms for nature investment vehicles



Note: n=54 accepted investment vehicles. Vehicles with multiple revenue mechanisms counted once per mechanism.

4. Case studies

This section provides five in-depth case studies illustrating varying nature investment vehicle structure and performance – or expected performance.

The case studies provide granular detail on how specific nature investment vehicles have been structured to mobilise large-scale private finance in practice, what barriers they encountered in doing so, and lessons to inform the design of future vehicles.

The sample was selected to demonstrate a range of strategies, financing structures, geographies and stages of development and includes:

- Three examples of nature investment vehicles in the deployment phase
- One example of a vintage vehicle that is fully deployed
- One example of a vehicle in the pre-close stage, offering insights into novel investment models.

The case studies were compiled using detailed input provided directly by the investment manager of each investment vehicle (see Acknowledgements, p.2). This provides a level of operational detail not available from public disclosure alone. The reported challenges and lessons learned reflect each manager's own perspective on their fund and have not been independently corroborated. The case studies should therefore be read as practitioner-reported reflections rather than independently verified assessments.

Table 4.1 provides an overview of the case studies, which then follow in detail.

Table 4.1. Overview of in-depth case studies of five nature investment vehicles⁷

Vehicle name and Fund Manager	Years of operation	Geographical focus	Stage	Current fund size	Capital structure	Description	Revenue mechanisms
1. Nature Equity Fund (Cygnus Capital)	Pre-close	Sub-Saharan Africa (primary); Southeast Asia	Fund design and fundraising	US\$150 million (target)	Closed-end collective investment fund	Growth-equity fund managed by Cygnus Capital that targets the under-capitalised midstream of tree crop value chains. Its purpose is to build the industrial bioeconomy in producer countries: embedding nature-positive operations across all investments, monetising multiple revenue streams from each commodity, and connecting smallholders with global markets for certified, traceable, deforestation-free supply.	Multiple revenue streams consisting of: 1. Certified processed ingredients from agroforestry commodities 2. By-products: monetising waste streams or creating secondary products 3. Carbon or ecosystem service credits (optional upside)
2. Latin American Green Bond Fund (Finance in Motion)	5 years	Latin America & the Caribbean (ODA-eligible countries)	Deployment stage	US\$250 million (achieved most recent close)	Closed-end evergreen collective investment fund	Aims to strengthen sustainable bond markets across Latin America & the Caribbean by investing in thematic bonds and supporting issuers throughout the issuance process. The fund combines capital investment with technical assistance to help issuers develop credible bond frameworks, align with international standards and improve transparency for investors.	Return on green bonds issued

⁷ Four of the five case studies are included in the database of 54 nature investment vehicles. Forestry Fund A sits outside the database but is included to illustrate a well-established fund with a long track record of 18 years.

3. Forestry Fund A (Gresham House Asset Management Limited)	18 years	England, Scotland and Wales	Fully invested and operating	US\$537.5 million (gross asset value)	Closed-end limited partnership	The fund offers direct exposure to a real asset by investing in a diversified portfolio of woodlands across England, Scotland and Wales. It generates returns via the sale of FSC® certified sustainable timber.	Multiple revenue streams consisting of: 1. Timber sales 2. Carbon credit generation 3. Leases to windfarms 4. Option agreements 5. Renewable energy developments
4. Big Nature Impact Fund (Finance Earth)	> 1 year	England	First close, yet to deploy	£64.6 million (achieved most recent close)	Closed-end collective fund	Aims to generate a financial return alongside positive nature, climate and social impact by investing directly into nature restoration or high integrity nature-based solution projects across England. It expects to generate review via the Biodiversity Net Gain (BNG) regime as well as carbon credit schemes.	Multiple revenue streams consisting of: 1. Carbon credits 2. Biodiversity units sold under the compliance-led BNG regime in England
5. Nature Based Carbon Fund (Climate Asset Management)	4 years	Sub-Saharan African, Latin America and Asia	Deployment stage	US\$445 million (achieved most recent close)	Closed-end collective fund	Supports institutional and professional investors to meet their net zero goals by investing in NbS to generate voluntary carbon credits. Investments are diversified across REDD+, afforestation/reforestation, agroforestry and blue carbon, and use a combination of upfront financing and payment-on-delivery mechanisms.	Generation of carbon credits sold to institutional and professional investors

1. Nature Equity Fund – Cygnum Capital

Fund characteristics and description

Vehicle type	Closed-end collective investment fund (blended-finance private equity fund)
Year established	In pre-marketing; first close targeted Q1 2027
Fund duration/term	10 years plus 1+1-year extensions; 5-year investment period (+1)
Domicile/jurisdiction	Luxembourg (with Mauritius); UK-regulated Alternative Investment Fund Manager (AIFM) (Cygnum Capital AM Ltd)
Geographical focus	Sub-Saharan Africa (primary); South-East Asia
Target sectors/ asset classes	Tree-crop/agroforestry midstream (aggregation, processing, conversion) and circular/biochemical layer; Series B+ growth equity and quasi-equity
Stage of vehicle	Pre-marketing/pre-first close (fund design and fundraising)
Target size of fund	US\$150 million plus US\$5 million embedded technical assistance facility

The Nature Equity Fund (NEF) is a growth-equity fund, managed by Cygnum Capital, that targets the under-capitalised midstream of tree crop value chains (i.e. certification, processing and market-access). The NEF provides growth equity and quasi-equity to Series B and later stage operators where it takes a majority stake or a minority stake with significant governance rights. Its purpose is to build the industrial bioeconomy in producer countries: embedding nature-positive operations across all investments, monetising multiple revenue streams from each commodity, and connecting smallholders with global markets for certified, traceable, deforestation-free supply.

Investment manager

Parent company/ management owned	Cygnum Capital Group
Headquarters location	London, UK
Regional offices	Operates across seven market hubs and 35+ active countries
Year founded	2008
Estimated assets under management (total)	Approximately US\$1.45 billion
Sector focus	Energy, decarbonisation, food and bioeconomy
Number of funds	Multiple funds across food, agriculture and climate
Managed nature funds	Nature Equity Fund
Team size	95+ investment professionals across the platform
Does team include ESG* specialists?	Yes, with third-party ESG verification and annual independent audit
*Environmental, social and governance	

Fund structure and capitalisation

The NEF is structured as a blended, close-ended limited partnership. Its US\$150 million target is split into two tranches: a senior equity tranche of US\$75–100 million targeting a 10–15% return and a junior equity tranche of US\$35–50 million without a specified return. The junior tranche consists of first loss capital, absorbing any losses, and returns are distributed by level of seniority. The commercial capital for the senior tranche is expected to originate from institutional investors and family offices whereas the catalytic capital for the junior tranche is expected to come from development agencies, foundations and impact-first investors. The fund manager invests an equivalent of 1% of the total fund size and a further US\$5 million is set aside as technical assistance facility.

Nature Equity Fund capitalisation

Capital 'in'	Amount (US\$) – target
Concessional/catalytic capital	\$35–50 million (first-loss junior equity)
Commercial capital	\$75–100 million (senior equity, A shares)
Total	\$150 million

Note: all figures are target and pre-close.

The NEF aims to develop multiple revenue streams per commodity invested in:

- **Certified processed ingredients** sold to industrial buyers with US dollar or Euro denominated offtake contracts. European Union Deforestation Regulation (EUDR) or Corporate Sustainability Due Diligence Directive (CSDDD) certification provides greater traceability and assurance of quality allowing price premiums that can widen when general commodity prices fall.
- **By-products:** monetising products derived from waste streams from processing main ingredient or creation of secondary products.
- **Carbon credits or ecosystem service credits:** possible source of revenue if land-use practices shift to meet sustainability targets, framed as an optional upside.

A range of de-risking measures is expected to support returns across the portfolio:

- The blended structure and the use of catalytic capital absorb initial losses of around 20–30% of the portfolio.
- Investments are only made where a buyer relationship or letter of intent is established to avoid any speculation on returns.
- The portfolio is diversified across both geography and commodity, capping portfolio allocations per country at 30% and pursuing multiple revenue streams per commodity.
- Currency risk is managed by offtake contracts priced in US dollars or Euros and by applying conservative foreign exchange assumption.
- Portfolio companies are expected to prove their commercial and technological maturity (by being Series B or Technology Readiness Level 5 or higher) and to grant the fund manager a board seat.

Alongside these de-risking instruments, a US\$5 million technical assistance facility cofinanced from grant funding will operate parallel to the NEF. The technical assistance funds adaptation support, market access, technical NbS support, and data monitoring, reporting and verification

(MRV) via the Consultative Group on International Agricultural Research (CGIAR) and other specialist networks. This helps build preparedness towards the demands of EUDR/CSDDD compliance, operationalising nature and impact MRV, and supports climate adaptation and smallholder integration.

Nature impact approach

Nature is treated as an investment criterion. The NEF invests in operators whose business model aligns with a healthy, nature-positive, productive landscape such as tree crops or agroforestry (e.g. shea, cashew, vanilla, coconut). These landscapes contribute towards multiple impact outcomes including acting as climate adaptation infrastructure, sequestering carbon, stabilising soil and diversifying farmer incomes. These outcomes are governed via shareholder agreements and nature/impact commitments that cover land management practices, restoration and conservation targets, increasing farmers' incomes, improving gender outcomes and compliance with EUDR/CSDDD.

These outcomes will be tracked at both the investee and portfolio levels. At the investee level, the technical assistance facility supports the MRV systems required for independent certification. At the portfolio level, outcomes are measured through key performance indicator (KPI)-linked milestones which are independently audited, covering:

- Hectares under regenerative management
- Women reached at origin
- Greenhouse gas emissions reductions
- Farmer income uplift
- Jobs created.

The NEF aligns itself across a range of both mandatory and voluntary frameworks for its various nature and non-nature impact targets. At the investee level, it aims to ensure EUDR/CSDDD compliance and certification via its shareholder agreements. At the portfolio level, it primarily aims to align with Sustainable Finance Disclosure Regulation (SFDR) Article 9, the GBF and the TNFD. Additionally, it intends to achieve broader alignment with the GCF Integrated Results Management Framework, the 2X Challenge, IFC Performance Standards, Global Reporting Initiative (GRI) or International Sustainability Standards Board (ISSB) report standards, Rio Markers and the W+ standard. Alignment to these standards is expected to be independently audited for impact reporting on an annual basis.

Portfolio and performance

The NEF aims to achieve a 10–15% net internal rate of return on investment (IRR) for senior equity with first distributions to be made in the sixth year of operation. The returns will be distributed by levels of seniority. The portfolio is envisioned to consist of six to eight bioeconomy platforms across Africa and Southeast Asia spanning three segments of actors: sourcing and agroforestry, processing and ingredients, and circular economy innovators. Ticket sizes are estimated to be US\$5–20 million with 50% of the capital reserved for any future follow-ons to support scale-up and consolidation.

Summary of challenges and lessons learned

Several design choices defined the NEF, each with trade-offs that required consideration:

- **Mid-stream focus:** The NEF deliberately avoids a real estate/plantation model and instead invests in the midstream where value is currently lost at origin so that value can be captured and redistributed to smallholders. This differentiates the NEF from the crowded smallholder and downstream-retail side of agri-finance, but requires operator-level control (board seats and reserved matters in every deal).

- **Equity structure:** A growth equity/quasi-equity structure was chosen to capture value creation and suit operators who need patient, strategic partners.
- **Lean team leveraging a larger platform:** A five-person team leverages Cygnum's wider platform. This is designed to be efficient but is dependent on strong industrial-advisor and operating-partner networks.
- **Exit-first discipline:** Requiring a named buyer at entry narrows the pipeline but materially de-risks liquidity.

Early market engagement has confirmed the validity of the core thesis: the midstream capital gap was found to be echoed in nearly every operator conversation, and industrial buyers actively demand certified, traceable, deforestation-free origin supply.

The NEF's risk framework identifies six principal challenges, each with embedded mitigations:

Risk	Mitigation strategy
Commodity-price volatility	• Certified processed intermediates on specification-grade B2B contracts decouple from spot prices • Multi-stream economics reduce single-commodity dependence • Certification premiums widen counter-cyclically
Foreign exchange/currency	• US\$/€-priced offtake • US\$-denominated Luxembourg structure with hedging • Conservative foreign exchange assumptions
Political and regulatory	• Diversification across 5+ jurisdictions • DFIs as co-investors • EUDR/CSDDD compliance built into every shareholders' agreement
Exit liquidity	• Exit-first model with named buyers and active strategic consolidators
Operational/execution	• Technology Readiness Level (TRL) 5+/Series B+ entry • Board control • Industrial-advisory network and Portfolio Operating Partner support for a lean team
Climate and nature	• Tree-crop and agroforestry focus • Embedded restoration targets • Deforestation-free supply as the product itself

The central barrier for fundraising is mobilising catalytic first-loss capital at the scale needed to crowd in commercial investors and building institutional conviction in emerging-market nature equity. The blended structure and technical assistance facility are designed to overcome this.

2. Latin America Green Bond (LAGreen) Fund – Finance in Motion

Fund characteristics and description

Vehicle type	Close ended evergreen collective investment fund
Year established	2021
Fund duration/term	Closed-ended evergreen
Domicile/jurisdiction	Luxembourg
Geographical focus	Latin America and the Caribbean (Official Development Assistance [ODA]- eligible countries)
Target sectors/asset classes	Green bonds (eligible projects include the universe of the International Capital Market Association [ICMA] green project categories such as renewable energy, energy efficiency, green buildings, sustainable water and wastewater management pollution prevention and control, and sustainable management of natural resources and land use)
Stage of vehicle	Deployment stage
Target size of fund	US\$500 million

The LAGreen Fund's mission is to strengthen sustainable bond markets across Latin America and the Caribbean and channel capital towards investments that deliver measurable environmental outcomes. By investing in thematic bonds and supporting issuers throughout the issuance process, the fund aims to expand access to sustainable finance while promoting robust impact and reporting practices. Managed by Finance in Motion, the LAGreen Fund was established in 2021 by the German development bank (KfW) with starting capital from Germany's Federal Ministry for Economic Cooperation and Development (BMZ) and the European Union. The fund combines capital investment with technical assistance to help issuers develop credible bond frameworks, align with international standards and improve transparency for investors. The LAGreen Fund operates through a close-ended evergreen structure, enabling it to provide long-term capital while periodically attracting new investors and expanding its portfolio over time.

Investment manager

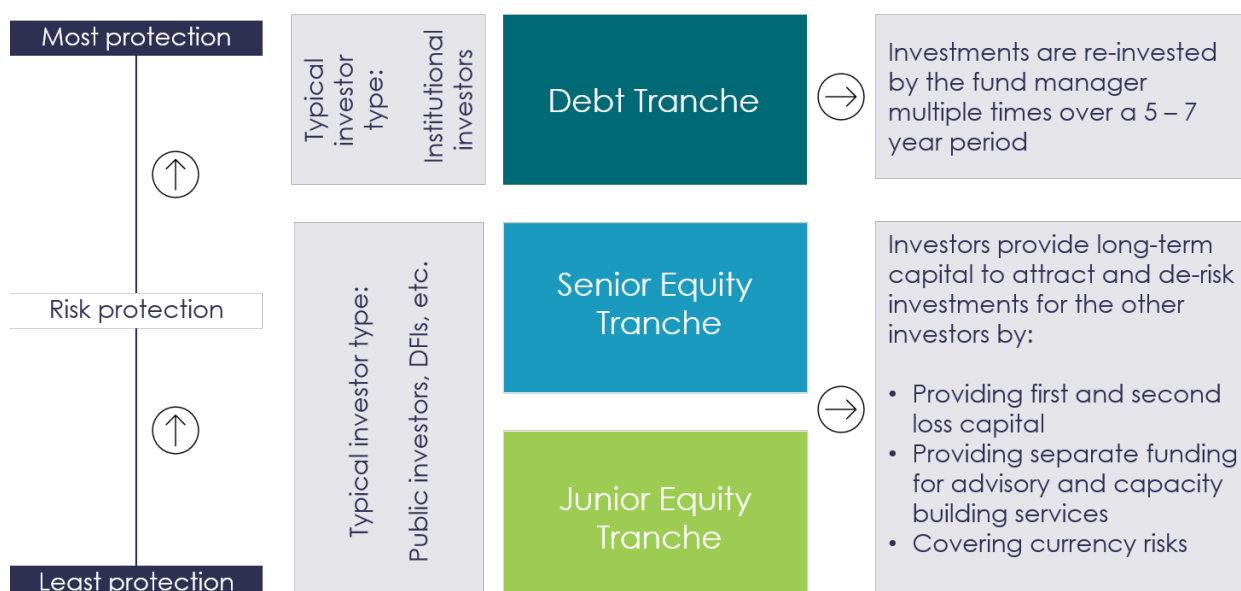
Parent company/management owned	Finance in Motion
Headquarters location	Frankfurt, Germany
Regional offices	Africa, Europe, Latin America and the Middle East
Year founded	2009
Estimated assets under management (total)	Approximately €4.1 billion (31 March 2026)
Sector focus	Emerging markets
Number of funds	10 funds (all Article 9 Funds, including sub-funds)
Managed nature funds	LAGreen Fund, Eco.business Fund, Arbaro Fund
Team size	More than 280 employees

Does team include ESG specialists?	Yes, via its dedicated Sustainability Division which brings together a large team of ESG and impact specialists who are fully integrated into the eligibility assessment, due diligence, investment process and monitoring for the duration of the investment.
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Fund structure and capitalisation

The LAGreen Fund follows a multi-tiered blended finance structure combining catalytic equity capital from the public sector and development banks with commercial debt capital from family offices, pension funds, banks and to a limited extent development banks. The equity tranche is divided into a junior and senior tranche that vary by risk–return profile, creating a first and second loss layer. The debt tranche is divided into subordinated and senior fixed income notes which also vary by risk–return profile – see visualisation below.

Visualisation of equity and debt tranches of the LAGreen Fund



Source: Finance in Motion (unpublished; shared with authors)

Equity financing is used as leverage to crowd in commercial debt finance, with equity to account for at least 40% of all funding in and debt for at most 60%.

LAGreen fund capitalisation

Capital 'in'	Amount (US\$)
Concessional/catalytic capital	\$100 million
Commercial capital	\$150 million
Total	\$250 million

The LAGreen Fund has raised US\$250 million against its US\$500 million target and is currently fully leveraged. Capital is deployed by investing in the thematic bonds it helps structure, which

amounted to US\$235 million as of June 2026. The ticket sizes of these investments ranged from US\$3.5–20 million and averaged US\$10 million.

The LAGreen Fund uses a combination of de-risking mechanisms. In summary:

- The fund has two distinct layers of equity to absorb losses, which makes the risk–return ratios on the debt tranches attractive to commercial capital.
- Dividends for junior equity are retained to allow a build-up of the first-loss buffer.
- A technical assistance facility, financed through grants provided by BMZ and the EU, sits parallel to the fund to reduce transaction and market risks across the life cycle of the bond. It covers introductory training, identification of eligible projects, framework development, alignment with international standards, providing second party opinions, and post-issuance reporting and impact measurement. For **bond issuers**, this lowers the barrier to entry by reducing upfront costs and manages the complexity of structuring green bonds, improving internal capacities and strengthening governance, transparency and reporting. For **investors**, the fund reduces risk by selecting issuances with adequate eligible assets, high-quality impact and reporting capabilities. This supports the credibility of the issuance and helps mitigate reputational risks.

Nature impact approach

Nature-related outcomes are addressed as an eligible category of impact within LAGreen’s wider mandate to finance positive environmental outcomes. The type of environmental outcome supported depends on the sector invested in and the use of proceeds (e.g. natural resource management, pollution prevention/control, circular economy). Nature-related performance is monitored through KPIs as well as appraising the issuance and its structure:

- The LAGreen Fund assesses the issuer’s sustainability strategy, the expected impact of the transaction, their reporting practices and capacity to deliver on sustainability targets (including those related to nature). The expected impact is weighed against national commitments, local regulations/policies, ecosystem services and relevance.
- Impact KPIs are selected by the investee while the fund assesses if the KPIs are adequate and align with the fund’s expectations and international practices such as the ICMA principles or other relevant taxonomies. The first report is expected within a period of 12–18 months after issuance. The issuer is solely responsible for drafting the report, publishing it and ensuring its veracity.
- The technical assistance facility enables this process by supporting capacity-building at the issuer level and co-designing the processes to collect relevant and necessary information to report on the KPIs.

Examples of KPIs that issuers may report on include:

- Tonnes of CO₂ avoided per year
- Cubic metres of water treated or saved
- Megawatt hours of renewable energy generated per year
- Tonnes of waste reduced, reused or recycled
- Square metres of sustainable construction financed.

As the LAGreen Fund focusses on emerging markets, where sustainability-related data availability may differ across sectors and countries, the fund applies a bespoke ESG Framework via its management system. The system comprises an ESG policy, exclusion list and detailed procedures to monitor and mitigate adverse impacts such as significant harm to high-conservation-value areas. At the due diligence stage, bond issuers are assessed on their capacity

and commitment to manage impacts in alignment with the IFC Performance Standards, the International Labour Organization (ILO) Fundamental Conventions, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. Where relevant, the Integrated Biodiversity Assessment Tool (IBAT) and Global Forest Watch are utilised to identify deforestation hotspots and assess investee proximity to biodiversity-sensitive areas.

The LAGreen Fund is also aligned with the Operating Principles for Impact Management and the ICMA Green and Sustainability Bond Principles. Furthermore, it is subject to enhanced sustainability disclosures under Article 9 of the SFDR.

Portfolio and performance

The LAGreen Fund maintains a diversified portfolio of 15 investments across Brazil, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Mexico, Panama and Peru, denominated in US dollars or local currencies across senior and subordinated bonds, with a typical holding period of five years. A breakdown of the portfolio is available in the table at the end of this subsection.

Summary of challenges and lessons learned

The LAGreen Fund operates in a market that faces structural challenges and a range of barriers which are addressed in various ways. Its risks and mitigation strategies are:

Challenges	Mitigation strategy
Operational barriers to accessing local markets and custody accounts	Finance in Motion's new debt issuance platform has been tailored to address these barriers, providing international investors (like the LAGreen Fund) but also co-investors with access to locally issued bonds.
Variation in issuer support needs before bond issuance (pre-issuance)	Technical assistance is used to address gaps, strengthen internal capacities, identify eligible portfolios or measures and prepare credible impact commitments aligned with best market practices. This normally takes the form of frameworks or secondary party opinions (SPOs).
Variation in issuer support needs after bond issuance (post-issuance), including limited investee capacity to collect, monitor and report impact data in line with investor expectations	Technical assistance helps investees strengthen monitoring systems, improve data collection and prepare impact reports aligned with investor expectations and best market practices.
Divergence in private investor expectations of impact	Impact reporting is complemented with tangible project-level stories to provide concrete examples that engage sophisticated investors.

Investors' approach to impact was observed to vary across the board. Some investors intentionally seek impact attributes in their investments whereas there are others who are satisfied with the use of a green label of any kind.

The decision to require a minimum 40% equity share and adopt a blended finance structure also presented challenges. The fund's split was made under the assumption of easy availability of first- and second-loss capital from public investors to sustain growth. Shifts in the global political/financial context have constrained these sources since. Also, blended finance structures remain poorly understood by commercial investors, who often lack the tools to fully understand and assess risks and returns. Therefore, first-loss protection, for example, remains inadequately reflected in credit risk assessments and rating methods to date.

LAGreen Fund portfolio breakdown

Name of investment	Status	Country	Sector	Description of investment	Investment amount (US\$)	Year	Nature performance metrics
Gencau	Active	Brazil	Agribusiness Cocoa processor	Investment in a local capital market instrument (CRA) to finance cocoa fruit procurement in Brazil.	\$3.8 million	2025	Area of low impact agriculture (ha) Volume of certified product sourced (expected indicators based on framework)
Banco de Bogotá	Active	Colombia	Financial institutions	Investment in the first Basel III-compliant subordinated sustainability bond in Colombia. The bond supports projects with positive environmental and social impacts, renewable energy, climate resilience, sustainable transport, water and energy efficiency, and circular economy solutions.	\$10 million	2023	Area of sustainable agriculture/aquaculture or fisheries (ha) Volume of water saved (m ³)
BBVA Colombia	Active	Colombia	Financial institutions	Investment in the first blue bond issued by a Colombian financial institution. The bond is focused mainly on financing clean-water infrastructure, water treatment and sewage projects to support sustainable water management and resilience to climate-related water risks.	\$17 million	2023	Volume of water collected or saved (m ³)
Grupo Bancolombia	Active	Colombia	Financial institutions	Investment in the first sustainability-linked bond by a financial institution in Latin America. The bond is structured around sustainability targets to reduce the carbon intensity of the bank's portfolio and	\$18.1 million	2022	Other sectors not focused on nature (renewable energies, transport and circular economy)

				expand financing to low-income people with limited access to finance.			
Banco Nacional de Costa Rica	Active	Costa Rica	Financial institutions	Investment in Costa Rica's first blue bond. The bond supports water treatment, sewage connectivity, sustainable fisheries and sustainable agriculture.	\$5 million	2024	Volume of water collected or saved (m³) Volume of sustainable or certified products (tons) Area under sustainable management in agriculture, aquaculture or fisheries (ha)
Promerica	Active	Costa Rica	Financial institutions	LAGreen's first investment, supporting Banco Promerica Costa Rica's green bond for sustainable construction and green practices in Costa Rica.	\$20 million	2021	Other sectors not focused on nature (e.g. sustainable construction)
Banco Internacional	Active	Ecuador	Financial institutions	Investment in the first blue bond issued by a financial institution in Latin America. The bond mainly finances sustainable fisheries and aquaculture value chains in Ecuador.	\$23 million	2022	Volume of sustainable or certified products (tons)
Banco Agrícola	Active	El Salvador	Financial institutions	Investment in El Salvador's first blue bond, issued by Bancoagrícola. The bond supports water and wastewater management, pollution prevention and cleaner production.	\$10 million	2025	Area under sustainable management in agriculture, aquaculture or fisheries (ha) Volume of water collected or saved (m³)
BAC Guatemala	Active	Guatemala	Financial institutions	Investment in BAC Guatemala's first sustainability bond. Proceeds finance green and social projects, including sustainable agriculture, green buildings, circular economy and green transport.	\$20 million	2024	Area under sustainable management in agriculture (ha) Volume of water collected or saved (m³)

Banco Promerica Guatemala	Active	Guatemala	Financial institutions	Investment in the first thematic bond issued in the Guatemalan market. Proceeds support green initiatives for SMEs, including clean energy and climate-related projects.	\$20 million	2024	Area under sustainable management in agriculture (ha)
Mega	Active	Mexico	Leasing	Investment in the first thematic bond by a non-bank financial institution in Latin America. Proceeds support protected agriculture, certified aquaculture, solar PV and water treatment projects.	\$24.9 million	2022	Area under sustainable management in agriculture (ha)
VINTE	Active	Mexico	Construction	Proceeds finance EDGE-certified housing with energy, water and emissions benefits.	\$9.7 million	2025	Other sectors not focused on nature (sustainable construction)
CIFI	Active	Panama	Financial institutions	Investment in a Green Bond issued by CIFI. The use of funds consists of Renewable Energy (RE) projects in Panama	\$10 million	2023	Other sectors not focused on nature (renewable energy)
BANBIF	Active	Peru	Financial institutions	Investment in Peru's first subordinated green bond. Proceeds finance sustainable agriculture, sustainable construction and clean transport.	\$20 million	2024	Area under sustainable management in agriculture, aquaculture or fisheries (ha) Volume of sustainable or certified products (tons) Volume of water collected or saved (m ³)
Caja Cusco	Active	Peru	Financial institutions	Investment in Caja Cusco's sustainability bond, the first issuance of its kind by a Peruvian municipal savings and credit institution.	\$14.7 million	2025	Area under sustainable management in agriculture, aquaculture or fisheries (ha) Volume of sustainable or certified products (tons) Volume of water collected or saved (m ³)

3. Forestry Fund A – Gresham House⁸

Fund characteristics and description

Vehicle type	Closed-ended Limited Partnership
Year established	2008 (founder shared issued)
Fund duration/term	Initial term to 30 November 2033, extendable by two four-year periods to final termination on 30 November 2041
Domicile/jurisdiction	UK (Scotland)
Geographical focus	England, Scotland and Wales
Target sectors/asset classes	Commercial forestry, timber production, renewable energy opportunities (wind power and battery storage), carbon sequestration and woodland carbon credits
Stage of vehicle	Mature/fully invested operating fund
Size of vehicle	US\$537.5 million (total capital deployed as of November 2025)

Forestry Fund A, managed by Gresham House Asset Management (GHAM), was established in 2008. It invests directly in diversified commercial forest assets across England, Scotland and Wales, aiming to generate income through sustainable timber production and actively managing its assets. The fund offers direct exposure to a real asset that has limited correlation with the traditional equity and bond markets to investors. Its portfolio comprises 65 forests covering around 20,500 hectares in England, Scotland and Wales. Forestry Fund A aims to certify its portfolio with the Forest Stewardship Council® (FSC®) and the Programme for the Endorsement of Forest Certification (PEFC), using the UK Woodland Assurance Standard (UKWAS) as the basis for assessment.

Although GHAM has since launched newer-generation strategies, including Forest Fund VI, Forest Fund VII and Sustainable International Forestry Fund (SIFF), with more explicit and integrated nature-related objectives, Fund A was selected for this case study because its longer operating history provides an established track record of realised financial performance and evidence of institutional investability within the natural capital asset class, while its management practices have evolved in line with emerging sustainability standards and guidance. SIFF, which reached a first close of €257 million in December 2025, represents the next stage of this investment proposition: an Article 9 SFDR strategy targeting long-term, risk-adjusted returns from a diversified portfolio of sustainably managed timberland and afforestation assets across Australia, New Zealand, the UK, Ireland and continental Europe, with additional co-investment opportunities and climate and biodiversity objectives. Forestry Fund A therefore provides the stronger evidence base for assessing investment performance, while SIFF demonstrates the continued evolution of GHAM's sustainability-led investment approach, albeit with a more limited operating history.

⁸ An exchange rate of GBP to US\$ of 1.3239 was used by the fund manager for all monetary figures in this section.

Investment manager

Investment manager	Gresham House Asset Management Limited
Parent company/ management owned	Gresham House Limited
Headquarters location	London, UK
Regional offices	Edinburgh, Dumfries, Witney (UK); Dublin (Ireland); Zurich (Switzerland); Frankfurt (Germany); Liechtenstein; Copenhagen (Denmark); Stockholm (Sweden); Luxembourg; Singapore; Melbourne (Australia); Tokyo (Japan); Jackson, Hattiesburg (US)
Year founded	2014 (as current enterprise)
Estimated assets under management (total)	£16.9 billion as of 31 May 2026 (unaudited)
Sector focus	Forestry and natural capital; renewable energy and energy transition; public equity; private equity/venture capital; infrastructure, housing and real assets; multi-asset income strategies
Number of funds	Over 90 funds and segregated mandates
Managed nature funds	Forestry Partnership LLP, Gresham House Forest Fund I LP, Gresham House Forest Fund VI LP, Gresham House Forest Growth & Sustainability LP, Gresham House Forestry Fund LP, Gresham House Sustainable International Forestry Fund, Gresham House Sustainable Timber & Energy LP, Gresham House Timberland LP, British Strategic Investment Fund Strategy (BSIF I) and British Sustainable Infrastructure Fund (BSIF II).
Team size	325 employees
Does team include ESG specialists?	Yes: sustainability expertise is integrated across forestry investment and asset management teams and a dedicated Sustainable Investment function supports ESG oversight. ESG specialists are involved in investment screening, due diligence, sustainability reporting, KPI monitoring and implementation of the Sustainable Investment Framework. This is supported by external forestry managers, certification auditors, environmental specialists and other specialist advisers, who provide expertise on forest certification, biodiversity management, carbon projects and compliance with UKWAS and relevant FSC® certification requirements.

Fund structure and capitalisation

Forestry Fund A was established in 2008 as a Scottish Limited Partnership (LP) funded through LP equity capital. Its five classes of equity reflect the Fund's five successive capital raises:

1. Founder Shares – investments from December 2008
2. Initial Shares – capital raised in 2009
3. A Shares – capital raised in 2012 and 2013
4. B Shares – capital raised in 2017
5. C Shares – capital raised in 2020.

All five share classes rank *pari-passu* and have equal entitlement to distributions.

Capital entering the Forestry Fund A was raised from commercial investor capital or commercial lending from a range of private individuals (high-net-worth and retail), family offices, advised clients and institutional investors, supplemented by the credit facility from Barclays bank. As of November 2025, total LP equity raised over the fund life was US\$248.7 million, net assets stood at US\$520.2 million, and the forestry portfolio diversified across 65 properties was valued at US\$537.5 million. The credit facility from Barclays, worth US\$18.9 million, is capped at 20% of the value of net assets under the LP agreements and occupies a senior position. It currently represents 3.6% of net assets. The minimum investment size expected of an LP is 30 shares (c. US\$132,000).

Forestry Fund A capitalisation

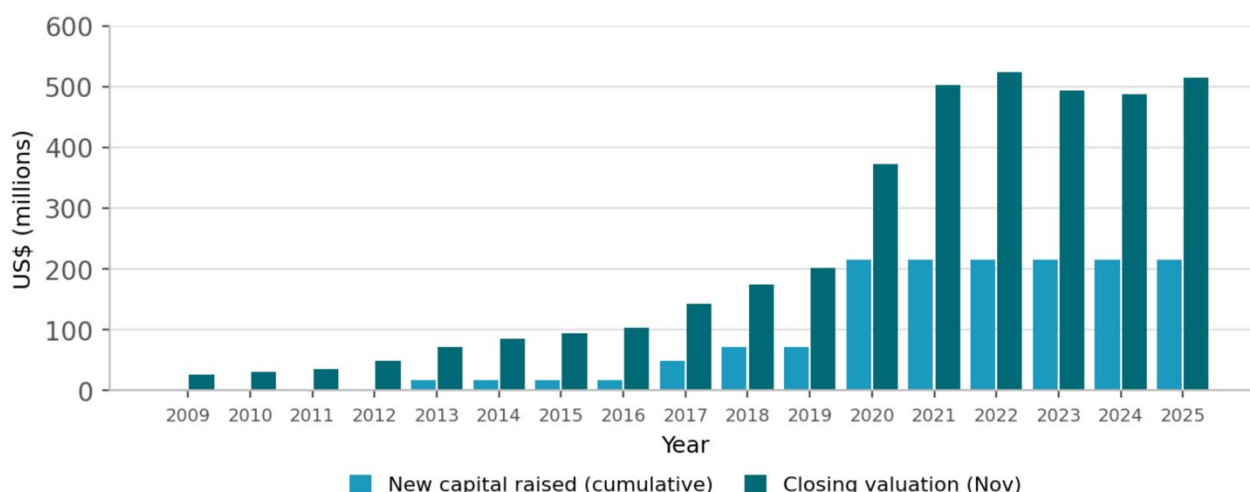
Capital 'in'	Amount – last (or most recent) close (US\$)	Last close (or most recent close) year
Concessional/catalytic capital	0	N/A
Commercial capital	\$248.7 million	2020
Total	\$248.7 million	2020

Forestry Fund A has deployed the entirety of its capital raised. The capital is directly used for the acquisition of forest properties, their continued management as well as any enhancement made to them. Of the 65 properties purchased, the cost of acquisition ranges from US\$450,100 to US\$31.2 million with an average of around US\$6.9 million. The portfolio gross asset value stood at US\$537.5 million as of November 2025.

Forestry Fund A capital deployed

Capital 'out'	Amount (US\$)	Year figure relates to
Concessional deployment	0	N/A
Commercial deployment	100% deployed Gross asset value (forestry portfolio gross asset value): c. \$537.5 million AUM (net asset value): c. \$520.2 million (30 November 2025)	2025
Total capital deployed to date	100% deployed Gross asset value: c. \$537.5 million (forestry portfolio)	2025

Cumulative new capital raised and closing valuation for Forestry Fund A (US\$ millions)



Source: Gresham House (unpublished; shared with authors)

Forestry Fund A utilises multiple risk mitigation measures to ensure the long-run viability of the Fund:

- **Portfolio diversification:** The portfolio of 65 sites is distributed across England, Scotland and Wales, reducing geographical concentration in any single region. Further diversification across the species of tree, as well as tree age, has been considered to reduce exposure to specific risks.
- **Management standards:** All forest assets are managed in accordance with UKWAS standards and the UK Forestry Standard (UKFS).
- **Financial calculations:** Leverage remains conservative and risk is further reduced through insurance and regular independent portfolio valuation exercises.
- **Monitoring climate risk:** Climate risks are minimised through a combination of monitoring/desk analyses plus the use of heat- and water-stress-tolerant seed stocks.
- **Insurance:** All assets are insured against fire and public liability.
- **Market timing:** Given the cyclical nature of the timber market and its price fluctuations, GHAM maintains flexibility in timber harvests to ensure wood is sold when prices are sufficiently high.
- **Revenue stacking:** In addition to timber sales, alternative revenue streams include carbon credit generation, wind farm leases, option agreements and renewable energy developments.
- **Technical expertise:** Management of the forestry assets is a collaboration with GHAM's in-house expertise alongside external forestry managers, contractors, valuers and specialists.

Nature impact approach

Forestry Fund A's core investment proposition is underpinned by the broader resilience and productivity of the managed forests. Nature, climate and social impacts are a key consideration and are governed under GHAM's internal charter alongside adherence to certification schemes and management standards such as the FSC, UKWAS and UKFS.

Prior to acquisition, all potential sites are subject to desktop and site-based environmental due diligence that covers priority habitats, protected species, soil composition and hydrological features which inform long-term forest planning.

To ensure the maintenance of structural and species diversity, the following policies are adhered to:

- Maximum 65% of the forest area can be allocated to a single species.
- Minimum 5% of planted trees must consist of native broadleaved woodland or shrubs and minimum 10% must be retained for open ground or managed for biodiversity.
- All high conservation value features such as ancient woodland or riparian zones are protected and managed to support habitat connectivity and reduce water pollution risks.
- Operational activities are designed to minimise disturbance to birds listed under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) or the International Union for Conservation of Nature (IUCN) Red List of Threatened Species to account for breeding and nesting periods.

Performance is monitored and reported against KPIs that are established by GHAM's Forest Charter, which covers the following themes:

- **Biodiversity:** Making use of habitat or species proxies, including the proportion of land managed primarily for biodiversity, the area allocated to native species, single-species concentration and number of rare, threatened or endangered species. GHAM is currently trialling the Wallacea Trust Methodology for quantifying biodiversity across Scottish and Welsh sites to assess if a consistent and comparable biodiversity metric can be applied across actively managed forests to support clearer measurement of ecological change over time and improve the robustness of asset- and fund-level reporting.
- **Climate:** This covers standing carbon stock, annual carbon sequestration, carbon credits registered and operational emissions.
- **Certification:** This entails the proportion of forest land/timber sales certified under recognised schemes and corrective actions identified via internal reviews or independent certification audits under UKWAS against the FSC® and PEFC frameworks.

Asset-level climate scenario analysis informs project design, restructuring, species selection and deployment of heat- or water-stress-tolerant seeds.

To ensure best practice, the following policies are adhered to:

- High carbon soils are identified using the Ecological Site Classification Decision Support System to guide afforestation towards appropriate locations.
- Ground preparation, drainage and restocking are designed to minimise soil disturbance and former peatlands or wet woodlands are restored to avoid loss in carbon stocks.

Social factors are also considered, and begin with engagement with statutory bodies, neighbouring landowners, local communities and other interested parties.

Portfolio and performance

Forestry Fund A maintains a diversified portfolio of forest assets across England, Scotland and Wales – see figure below.

Portfolio breakdown of land use type (A) and productive crop area (B)



Source: Gresham House (unpublished; shared with authors)

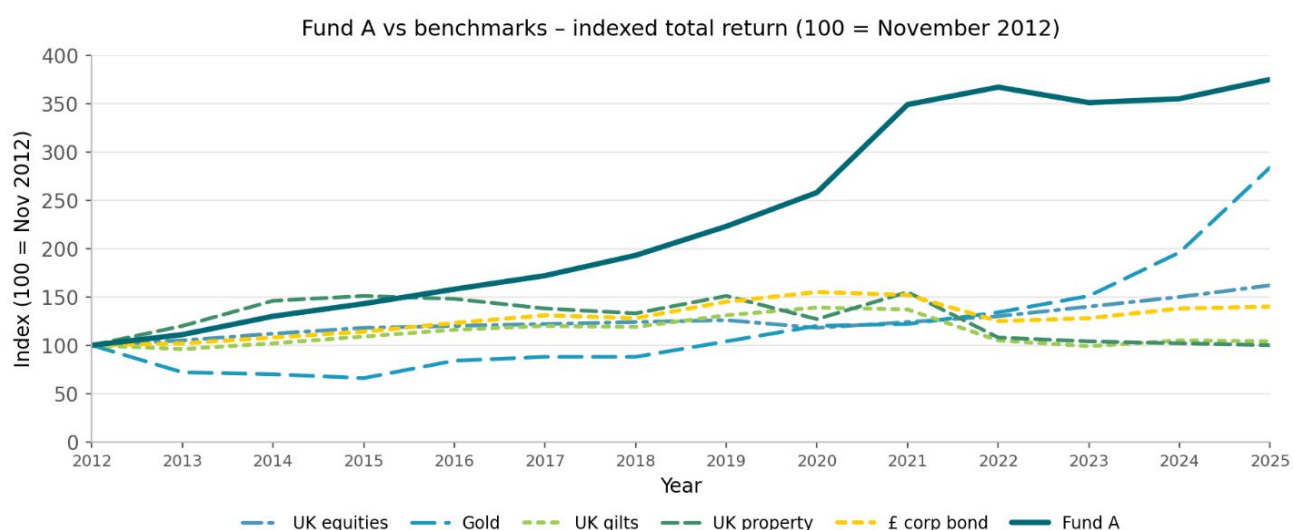
Forestry Fund A has maintained an operational profit since inception. In financial year 2025, the fund generated a turnover of US\$16.9 million, resulting in a profit of US\$5.9 million for the year. It distributed US\$7.5 million to investors. Performance was supported by an uplift of the forestry asset valuations amounting to US\$24.4 million including a US\$1.2 million uplift in pending issuance units (PIUs) under the Woodland Carbon Code.

Forestry Fund A turnover and profit for FY 2024 and FY 2025 (US\$)

Metric	2024–25	2023–24
Total turnover	\$16.9 million	\$18.4 million
Operating costs	\$(6.7) million	\$(4.9) million
Administrative and other expenses	\$(3.4) million	\$(3.1) million
Operating profit	\$6.9 million	\$10.3 million
Interest receivable	\$0.1 million	\$0.3 million
Interest payable	\$(1.2) million	\$(1.5) million
Profit for the year	\$5.9 million	\$9.1 million
Distribution	\$(7.5) million	\$(7.6) million
Loss*/Profit for the year after distribution	\$(1.6) million	\$1.5 million
*Losses are presented as numbers enclosed in brackets		

Forestry Fund A's performance has significantly outpaced other common investments such as gold, UK gilts, corporate bonds and UK property rebased to November 2012 – see figure below.

Indexed return for Forestry Fund A against alternative investments



Source: Gresham House (unpublished; shared with authors)

The returns generated by Forestry Fund A vary depending on the type of share class, with the earlier share classes having generated a higher rate of return. As of 2025, the IRR varied from 7.7% for shares bought in 2020 to up to 11.3% for shares bought in 2008 with a portfolio-wide average of 10.1%, exceeding target IRR of 7%.

Forestry Fund A investor returns

Share class	IRR	Since
Founder limited partnership shares	11.3%	December 2008
Initial limited partnership shares	11.0%	January–August 2009
‘A’ Additional limited partnership shares	10.3%	August 2012–March 2013
‘B’ Limited partnership shares	9.4%	September–December 2017
‘C’ Limited partnership shares	7.7%	September–December 2020
All share classes	10.1%	

The table below contains an illustrative breakdown of forestry assets held by Forestry Fund A.

Forestry Fund A portfolio breakdown (illustrative examples)

Forestry investment	Status	Country	Area (ha)	Activity	Investment amount (US\$)	Timeframe	Year of investment
1	Invested	Scotland	957.82	Commercial forestry	\$12,403,500	25 years	2020
2	Invested	Scotland	241.41	Commercial forestry	\$700,000	25 years	2008
3	Invested	Scotland	280.06	Commercial forestry	\$856,500	25 years	2009
4	Invested	Scotland	624.96	Commercial forestry	\$9,654,800	25 years	2018
5	Invested	Scotland	713.89	Commercial forestry	\$14,422,300	25 years	2020
6	Invested	Scotland	84.16	Commercial forestry	\$2,415,600	25 years	2022
7	Invested	Scotland	186.33	Commercial forestry	\$5,838,800	25 years	2020
8	Invested	Scotland	114.31	Commercial forestry	\$4,967,200	25 years	2020
9	Invested	Scotland	170.03	Commercial forestry	\$1,907,600	25 years	2020
10	Invested	Scotland	403.13	Commercial forestry	\$3,716,800	25 years	2013
11	Invested	Wales	874.69	Commercial forestry	\$31,233,800	25 years	2021
12	Invested	Scotland	82.63	Commercial forestry	\$849,400	25 years	2021
13	Invested	Scotland	83.76	Commercial forestry	\$450,100	25 years	2008
14	Invested	Scotland	641.34	Commercial forestry	\$7,568,400	25 years	2019

Source: Gresham House (unpublished; shared with authors). Investments are illustrative examples from a portfolio of 65 investments.

Summary of challenges and lessons learned

The design and operation of Forestry Fund A include key choices to address challenges or trade-offs. Design decisions include investing directly in forest assets as opposed to companies, which requires a high degree of management but provides a tangible and tax-efficient asset to protect investors against downsides.

Example design challenges and how they have been addressed by Forestry Fund A include:

Challenge	Response
Timber price volatility and market cyclicalities	While forestry is a well-established asset-base, timber prices are subject to cyclical fluctuations that can reduce income relative to expectations. To address this, operational flexibility is maintained to time harvests with periods of higher prices and there are multiple revenue streams to diversify cash inflow. To ensure sufficient timber production, forest management has been outsourced to specialist managers. However, a trade-off is the higher costs of operation and management fees.
Woodland investments require a long-term investment timeframe	To ensure long-term investor buy-in, Forestry Fund A has limited leverage to reduce dependency on debt, which would occupy a senior position in terms of payouts. By investing in woodlands, the fund offers a relatively uncorrelated asset compared with more traditional investments, making it an attractive option for investors who want to diversify away from market fluctuations.

Other challenges identified from the nearly 18 years of operation include the lengthy nature of regulatory approval processes, which affects harvesting schedules and the timing of cash flows; and limited secondary markets constraining liquidity, which leads to discounting by investors when calculating net asset value (NAV) if they exit ahead of schedule. Clear communication of the investment strategy, governance framework, active management approach and underlying asset base has been central to successful fundraising.

The continued rise in asset values, while positive for total return, has created challenges for income/distribution targets which were designed as a percentage of NAV, as UK timber prices have not increased at the same rate as the asset values; this makes generation of income yields more difficult. To avoid overharvesting and sacrificing total return to provide income, the target income yield has reduced from 3% of NAV at the Fund's inception in 2008 to closer to 1.5% more recently.

4. Big Nature Impact Fund – Finance Earth

Fund characteristics and description

Vehicle type	Closed-ended collective fund
Year established	2026 (first close was in May 2026)
Fund duration/term	12 years
Domicile/jurisdiction	UK (Scotland)
Geographical focus	England

Target sectors/asset classes	Woodland creation, peatland restoration and Biodiversity Net Gain habitat creation, plus up to 10% in emerging nature markets (e.g. nutrient credits, natural flood management, saltmarsh/blue carbon) and up to 10% in strategic investment in NbS supply chain businesses (impact private equity)
Stage of vehicle	Deployment and fundraising stage
Target size of vehicle	£120 million

The Big Nature Impact Fund (BNI Fund), managed by Finance Earth, invests directly in nature restoration or high-integrity nature-based solution projects across England with an objective to generate a financial return alongside positive nature, climate and social impact. The BNI Fund adopts a close-ended structure blending first-loss capital from the Department for Environment, Food and Rural Affairs (Defra) with commercial capital from the private market. Including £30 million in commitments from Defra, the fund reached its first close of £64.6 million in May 2026, exceeding its £50 million first close target. The fund was originally conceived to target £400 million but this was revised to £120 million after being redesigned following the exit of a joint-venture partner. Revenue is expected to be generated via the sale of ecosystem services in the form of carbon credits or biodiversity units under the compliance-led BNG regime in England.

Investment manager

Investment manager	Finance Earth
Headquarters location	London, UK
Regional offices	Malaysia and India
Year founded	2016
Estimated assets under management (total)	Finance Earth's broader track record spans over £100 million raised to date across funds and projects
Sector focus	NbS, sustainable supply chains
Number of funds	Two
Managed nature funds	Big Nature Impact Fund; Fisheries Improvement Fund
Team size	Nine employees in the team who can draw further support from the wider Finance Earth advisory team of around 30 members
Does team include ESG specialists?	Yes: all teams have ESG expertise, having worked across natural capital projects on both the investment advisory and fund management sides of Finance Earth.

Fund structure and capitalisation

The BNI Fund follows a two-tiered blended structure combining both concessional and commercial capital and follows a Scottish LP structure with Finance Earth acting as the Alternative Investment Fund Manager (AIFM) of the fund. Concessional capital is provided by Defra as part of its 2022 tender to create a blended impact investment fund focussing on nature recovery in England, whereas commercial capital is raised from private investors including institutional investors, pension funds and insurance companies, as well as other private investors such as family offices and foundations. Private LPs receive their capital and preferred returns first, ahead of Defra, which provides some downside risk mitigation to other investors by acting

as a form of first-loss capital. Finance Earth is mandated by Defra to attract at least £2 in private capital per £1 in capital from Defra. The BNI Fund has worked with the UK's leading environmental NGOs (e.g. National Trust, RSPB, Woodland Trust and Royal Society of Wildlife Trusts) to co-design the fund's investment products.

Big Nature Impact Fund capitalisation

Capital 'in'	Amount (£) – target	Amount (£) – last (or most recent) close	Last close (or most recent close) year
Concessional/ catalytic capital	£30 million	£30 million	2026
Commercial capital	£90 million	£34.6 million	2026
Total	£120 million	£64.6 million	2026

The BNI Fund's first close attracted leading institutional investors and foundations, including Zurich Insurance Group, Admiral Insurance, Esmée Fairbairn Foundation and the Church of England's Social Impact Investment Programme. Finance Earth itself has committed £2 million, including contributions from its investment team. The first close was anchored by the £30 million cornerstone commitment from Defra, of which just over £17 million can now be accessed for deployment, having met the 2:1 ratio. The BNI Fund aims to reach final close within 2027.

The BNI Fund (which is yet to deploy capital at the time of writing) aims to predominantly invest via equity or equity-like debt into nature restoration projects. Up to 10% of the allocation is permitted for strategic investment in companies within the nature restoration supply chain. Funds invested in nature projects will be invested directly into projects in partnership with landowners and project developers with a focus on leasehold or a non-acquisition structure in place of buying up land.

The BNI Fund primarily utilises two forms of de-risking mechanisms:

- **First-loss capital:** The fund makes use of a blended structure to generate more attractive risk-adjusted return for private investors.
- **Technical assistance:** The UK nature investment market remains in development, and some projects have required additional 'last mile' support to prepare them for investment. Finance Earth's advisory team is delivering the UK Nature Accelerator, a dedicated programme separately funded by Defra and Esmée Fairbairn Foundation that provides investment-readiness support to selected projects aligned with the fund's investment strategy. The Accelerator aids with financial modelling, transaction structuring, contracting, capacity building and template documentation. It has supported 15 projects so far and has received over 120 applications across its four rounds. The fund has an exclusive right of refusal over Accelerator projects.

Nature impact approach

Sustainability and environmental integrity are core to the BNI Fund. The fund evaluates nature impact throughout the life cycle of the project.

To ensure the long-term impact of each project is reached, the fund utilises a variety of approaches:

- **Exclusion-criteria screening:** Potential investments are initially screened against a set of exclusion criteria before moving onto to additional screening.

- **Nature impact assessment:** Prospective investments are screened against an impact due diligence framework covering a variety of ESG factors. Finance Earth's Investment Committee only approves projects with a demonstrable positive impact and will be supported by an independent Science and Impact Advisory Panel (SIAP) of academics that will regularly review the integrity of prospective investments.
- **Codes and standards:** Investees undergo independent validation and verification via Woodland Carbon Code, Peatland Code or BNG standards. Buyers of credits generated from projects must align with the [Nature Market Principles](#), a set of principles for high-integrity nature markets to which the fund has committed across all investments and market transactions. These principles have been designed by Finance Earth, the RSPB, the Woodland Trust and the Wildlife Trusts, and include both supply and demand side principles (Finance Earth et al., 2023).

The BNI Fund will adopt a layered approach to monitoring the performance of projects, enabling ongoing measurement of milestones and impacts achieved by the projects. An in-house development manager will oversee the technical delivery of nature restoration activities against agreed milestones and projects will be monitored using a mix of technologies and services including remote methods (e.g. satellite monitoring) and onsite (e.g. drones, eDNA and visitor counting). Projects are required to report on a set of social and environmental KPIs such as jobs created and public access. The fund also reports under the UK's Financial Conduct Authority (FCA) 'UK Sustainability Impact' label.

Portfolio and performance

The BNI Fund intends to primarily invest in nature restoration projects using a partnership approach with landowners and project developers. It will focus on leasehold or equivalent long-term, non-acquisition contractual structures.

The fund expects to generate revenue through the sale of carbon credits into the voluntary carbon market or biodiversity units sold under the regulatory BNG framework in England. It also expects that some projects (particularly carbon projects) will access public grants and generate auxiliary revenues such as from timber. Ticket sizes for projects are expected to range from a minimum of £1 million up to £5 million.

Summary of challenges and lessons learned

The design of the BNI Fund has evolved over the five years since it was originally conceived in response to external events, informed by early investor feedback, with key updates as follows:

- **Investment strategy:** The fund initially launched with a more diversified impact strategy, including an allocation to the blue economy, within an overall impact-focused private equity allocation of 25%. Acting on initial investor feedback that the fund was trying to do too much across too many asset classes, the blue economy allocation was dropped and the impact private equity allocation was reduced to 10%, focused entirely on the supply chain around the core asset classes of terrestrial carbon and biodiversity projects. This provided investors with a more coherent asset allocation that better reflected the core expertise of the AIFM.
- **Fund size and geographical scope:** The fund narrowed its scope from an original ambition for a UK-wide, £400 million ambition fund based on a two-partnership structure to deal with the restriction on Defra capital that could not be deployed outside of England, to a £90–120 million England-specific vehicle following the withdrawal of a joint-venture partner in late 2024. This was a trade-off between scale and deliverability but also helped to simplify the structure for investors to the more familiar single partnership vehicle, while increasing the fund's relative share of concessional first-loss capital (25–

33% of total capital expected) to enhance the effective downside risk protection provided to private investors.

The fund manager's reflections on raising private finance for nature are as follows:

- **Investor engagement and education:** Significant time and resources were required to aid prospective investors in understanding the underlying markets and the investment strategy. Nature markets (e.g. BNG) were unfamiliar to prospective investors, and a considerable amount of time was spent with investors explaining how these markets operate and how they differ from other 'real asset' classes.
- **Blended finance structure:** Given that nature markets remain nascent, the fund has focused on a blended structure with first-loss capital to address perceived risk and improve investors' comfort with the overall risk-return profile.
- **Investment strategy and fund structure:** Notwithstanding the blended finance model, the fund structure was designed to be as familiar to institutional investors as possible, and with an investment mandate targeted to established markets, while also providing sufficient diversification across revenue streams. This helps to communicate and sell the opportunity to investors that are new to natural capital.
- **Stakeholder relationships and partnerships:** Finance Earth's position as a leading impact investment advisor with strong sectoral knowledge of UK nature markets gave investors confidence in the fund's approach. Established relationships with major pipeline providers, notably environmental NGOs, also helped demonstrate that the fund has credible access to deal flow. Having Defra as the cornerstone investor is a significant factor in the success of the fund, lending credibility to the strategy and providing investors with crucial downside risk mitigation through the first-loss structure.

5. Nature Based Carbon Fund – Climate Asset Management

Fund characteristics and description

Vehicle type	Closed-end collective fund
Year established	2022
Fund duration/term	15 years
Domicile/jurisdiction	Luxembourg
Geographical focus	Sub-Saharan Africa, Latin America and Asia
Target sectors/asset classes	Agriculture, forestry and other land-use (AFOLU); conservation, restoration and regeneration of mangroves, wetlands and peatlands (blue carbon); and savanna fire management
Stage of vehicle	Deployment stage
Size of vehicle	US\$445 million (achieved close)

The Nature Based Carbon Fund (NBC Fund) supports institutional and professional investors to meet their net zero goals by investing in NbS to generate voluntary carbon credits. Investments are diversified across REDD+,⁹ afforestation/reforestation, agroforestry and blue carbon projects, and use a combination of upfront financing and payment-on-delivery mechanisms. The fund

⁹ Reducing Emissions from Deforestation and Degradation.

works closely with carbon project developers and NGOs to provide catalytic, at-scale financing to projects in emerging markets, generating carbon credits with risk adjusted-pricing while sharing benefits with local communities. The fund achieved its target of US\$445 million in 2025.

Investment manager

Investment manager	Climate Asset Management
Parent company/ management owned	HSBC/Pollination (Climate Asset Management is a joint venture)
Headquarters location	London, UK
Regional offices	Luxembourg and the Netherlands
Year founded	2020
Estimated assets under management (total)	US\$1.078 billion
Sector focus	Agriculture, sustainable forestry, NbS
Number of funds	Three
Managed nature funds	Nature Based Carbon Fund, Carbon Nature Fund and Natural Capital Fund
Team size	Approximately 50 employees
Does team include ESG specialists?	Yes: the sustainability team is composed of ESG specialists

Fund structure and capitalisation

The NBC Fund is structured as a set of Luxembourg-based partnerships with a holding company that offers flexibility in how investments are structured. The fund generally uses standardised project or infrastructure financing structures to create an institutionalised market for nature-based assets. The fund targeted US\$445 million in capital commitments from corporates with voluntary net zero commitments (such as GSK plc and the Carrier Corporation), as well as DFIs. All capital is committed through subscriptions of interest as limited partners. The minimum investment size is US\$20 million, subject to the discretion of the general partner.

Nature Based Carbon Fund capitalisation

Capital 'in'	Amount (US\$)
Concessional/catalytic capital	0
Commercial capital	\$445 million
Total	\$445 million

Investments into carbon projects can take three possible routes:

1. Upfront debt/equity financing of the project
2. Payment on delivery of carbon credits
3. Full equity ownership of project.

Investments in carbon-credit-generating projects require a long-term commitment and rigorous project design and execution. They are exposed to policy uncertainties as well as market risks over that timeframe. De-risking mechanisms include portfolio diversification across geography, project type, implementation partners, developers, project development stage (i.e. early-stage vs. credits issued), and methodology. The NBC Fund also adopts risk-adjusted pricing, payment-on-delivery structures, extensive due diligence, an environmental, social, governance and impact (ESG-I) framework, and enhanced due diligence in weak-governance jurisdictions.

Nature impact approach

The NBC Fund follows an ESG-I management framework throughout the lifetime of an investment. As well as an excluded activities list, projects are screened for their material risks, impact potential, due diligence with tax, carbon emissions, ESG impact, legal, financial/operational risk and compliance.

Projects are rated in terms of:

- Alignment with the fund's investment strategy
- Track record of project implementation
- Quality of ESG-I processes
- Team capacity and experience.

The ESG-I management framework aligns with leading international methodologies and frameworks including some of the UN Sustainable Development Goals (SDGs). Additionally, the fund has both a 'do not harm' risk policy and a 'do good' impact framework. This enables benefits to flow to the local community, including in the form of income diversification, access to employment, improved yields, improved food and water security and access to safe drinking water.

Disclosures are made in accordance with Article 9 of the SFDR. At the project level, each project develops an MRV regime with quantified KPIs which is implemented alongside regular verification and certification, site visits and project oversight board meetings. Management is adaptive with corrective actions taken based on MRV results. Projects use recognised independent standards to assess the impact generated, including the Climate Community Biodiversity Alliance, Gold Standard or SD Vista. The carbon credit quality and impact assessment will be integrated into a proprietary impact measurement and management (IMM) framework for quantification, monitoring and reporting.

Portfolio and performance

The fund has raised US\$445 million with a minimum ticket size of US\$20 million subject to the general partner's discretion. To date, three investments have been made with a typical holding period of 15 to 17 years. The portfolio includes investments in restoring degraded forests, sustainable commercial forestry, and regenerative agriculture and agroforestry systems, delivering carbon credits, ecosystem restoration and socioeconomic benefits to local communities.

Summary of challenges and lessons learned

Several design choices have been made in the structuring of the NBC Fund to create a vehicle that met institutional investors' expectations while investing in a nascent and complex asset class, some of which involved trade-offs:

- **Project prioritisation:** To meet its objective to deliver measurable positive biodiversity and community outcomes as well as achieve an attractive rate of return, the fund prioritised projects that could generate high-quality carbon credits via robust verification processes.

However, this has reduced the number of eligible investments and may lengthen project development timelines.

- **Diversification:** Diversification across project types, maturities and geographies reduces risks. However, this leads to more operational complexity and increases due diligence requirements.

Several factors have supported mobilising private finance for nature:

- **Institutional credibility:** The joint venture between HSBC Asset Management and Pollination gave investors' confidence that the strategy combined mainstream investment expertise with specialist natural capital capabilities.
- **Clear commercial proposition:** Rather than positioning the vehicle purely as impact investment, the fund offered a return linked to the production of high-integrity carbon credits, alongside biodiversity and community benefits.
- **Strong market timing:** Fundraising coincided with a growing number of corporate net zero commitments and increasing recognition of the importance of nature following the adoption of the Global Biodiversity Framework and the emergence of frameworks such as TNFD.
- **Demonstrating deployment:** Developing an investable pipeline is essential to raising capital.
- **Carbon credit integrity:** Investors wanted confidence that projects would generate high-quality, independently verified carbon credits amid increasing scrutiny of voluntary carbon markets. Climate Asset Management consistently emphasised 'high-integrity' credits and rigorous project selection.
- **Execution risk:** Nature-based projects have long development periods, biological uncertainty and operational complexity. The NBC Fund addressed this risk by partnering with experienced local project partners and diversifying investments across Africa, Asia and Latin America.

5. Vehicles rewarding nature performance: listed equity funds and the mainstreaming of nature-related risk

In this section we take a brief look at other types of vehicles that reward strong nature performance and management beyond nature investment vehicles.

Publicly listed nature global equity funds seek exposure to companies providing nature-related solutions or improving their management of nature-related impacts, thereby contributing to benefitting nature through capital-allocation signals and stewardship rather than through direct use of proceeds. Among their number are Robeco Biodiversity Equities, Mirova Biodiversity Solutions, Aviva Natural Capital Global Equity Fund (NCGE), Federated Hermes Biodiversity Equity Fund and AXA IM ACT Biodiversity Equity.

Nature global equity funds acknowledge that sustainable operations can contribute to an investee's long-term resilience. They generally state alignment with SFDR (Aviva Investors, 2025a; AXA Investment Managers, n.d.; Mirova, 2024; Union Bancaire Privée [UBP], 2026; GFI, 2025; Bosch et al., 2022) and adhere to a strategy informed by themes relating to nature. These funds invest in a diverse range of companies, extending well beyond those with a dedicated nature focus. Funds appear to reward sustainable resource use, innovation and the commitment to transition existing operations towards nature-positive outcomes.

Their assessment of nature performance generally relies on bespoke, fund-specific assessment frameworks that combine quantitative and qualitative analyses: for example, Mirova's Sustainability Opinion, Federated Hermes' Impact Database or Robeco's sustainability-investment rating. Assessment processes may draw on external tools such as the [Iceberg Data Lab Corporate Biodiversity Footprint](#) and the [ENCORE](#) tool (Mirova, 2024; GFI, 2025; Robeco, 2022; Iceberg Data Lab, n.d.; Global Canopy et al., n.d.). Active fund management is a common feature across these funds (Aviva Investors, 2025a; AXA Investment Managers, n.d.; Mirova, 2024; GFI, 2025; Bosch et al., 2022). Funds state engagement with their holdings in a variety of ways, including requesting improved disclosure through the adoption of frameworks, recommendations and guidance, such as the TNFD (Aviva Investors, 2025a; Bosch et al., 2022; AXA Investment Managers, 2025), and scrutinising companies' operations, products or supply chains at regular intervals and during annual board engagements. Aviva, for example, sets out three core requests for portfolio companies and follows a pathway to divestment if those goals are not met (Aviva Investors, 2025a).

Boxes 5.1 and 5.2 contain examples of two nature global equity funds. Both these funds have underperformed against their benchmarks (Aviva Investors, n.d.; Robeco, n.d.); however, neither fund uses a bespoke nature-focused benchmark, which could be seen as reflecting the misaligned incentives for nature-positive outcomes across listed equity markets. There is currently no accepted nature-specific benchmark against which to judge the performance of nature global equity funds.

Beyond nature global equity funds, there is a broader trend of mainstream, non-nature-specific funds beginning to integrate nature-related risks and opportunities into their investment processes and decision-making. This shift is being driven in part by the uptake of the TNFD recommendations (TNFD, 2025a), as well as investor-led engagement initiatives such as [Nature Action 100](#). This mainstreaming reflects a growing acknowledgement among investors that nature loss and degradation constitute a material financial risk which needs to be actively assessed and managed.

Box 5.1. Aviva Investors Natural Capital Global Equity Fund

Overview: Launched in November 2021, Aviva Investors' Luxembourg-domiciled NCGE Fund invests in companies that are either contributing to a nature-positive economy or transitioning their operations to support one. By September 2026, the fund's size was US\$51.47 million. Since inception, it has generated a 4.30% annualised return. The fund invests at least 90% of its total net assets in equities or equity-related securities.

Investment approach: The NCGE positions nature as central to long-term value generation. It invests in listed public entities belonging to two types of companies:

1. **Solutions:** companies producing products and services that reduce human impact on nature
2. **Operational leaders:** companies transitioning their supply chain and/or operations to contribute to nature-positive outcomes.

Monitoring, reporting and verification: MRV is conducted through an annual qualitative alignment review, which rates holdings from 'not aligned' to 'aligned' across three areas:

1. SMART nature targets
2. Materiality and dependencies disclosure
3. Demonstrating actions that contribute to nature-positive outcomes.

Source: Aviva Investors (2025a); Aviva Investors (2025b); Aviva Investors (n.d.)

Box 5.2. RobecoSAM Biodiversity Equities

Overview: Launched in October 2022, the Luxembourg-domiciled RobecoSAM Biodiversity Equities fund invests in companies that support the sustainable use of natural resources and ecosystem services, as well as technologies, products and services that reduce biodiversity threats or help restore natural habitats. The fund engages WWF-Netherlands on its design and its active ownership strategy. The size of the fund is currently US\$4.43 million. It targets investments under Article 9 of the EU SFDR and since its inception has returned an annualised 8.9% net of fees, though its more recent one-year return has been moderated to 3.96%.

Investment approach: Robeco situates its biodiversity equity strategy as a response to nature loss being a systemic threat, as well as presenting opportunities for business, as companies improving their nature impact may earn high long-term risk-adjusted returns, for example through access to lower cost of capital or certification enabling premium pricing.

The fund consists of a portfolio of around 40 companies across four activity types:

1. Sustainable land use
2. Freshwater networks
3. Marine system
4. Traceable products.

Monitoring, reporting and verification: Assessment of portfolio companies is conducted through a sustainable investment rating that incorporates nature-related impacts and dependencies, utilising the [ENCORE](#) tool. Active engagement with up to 25% of portfolio firms, covering operations and supply chains, is conducted each year.

Source: Robeco (2022); Robeco (n.d.); Bosch et al. (2022)

6. Discussion and implications for practitioners

This section summarises our findings and draws recommendations for project practitioners designing nature investment vehicles, as well as those who play a role in supporting the enabling environment. Where we offer explanations for observed patterns, these represent plausible interpretations consistent with the data rather than relationships that have been formally tested; alternative explanations may also apply.

Overview

The report set out to examine whether and how nature investment vehicles are creating opportunities for institutional-scale private investment in nature, where private, blended and public capital are currently concentrated, and what the emerging market reveals about the conditions needed to scale investment further. It does so through a review of 54 existing vehicles, five in-depth case studies, standardised criteria for defining a nature investment vehicle and a stakeholder mapping of more than 300 actors and 400 connections. The analysis is primarily descriptive: it characterises what current practice looks like, how it has developed and where important gaps remain.

The findings show that institutional-scale private investment in nature is feasible. Institutional investors are involved in 68% of 50 vehicles with disclosed financing types (n=34), 13 vehicles are funded entirely through private capital, and 83% of the 54 vehicles (n=45) deploy capital into one or more of private companies, asset acquisition or financial institutions. Nature investment vehicles appear to help make this possible through aggregation, diversified revenue streams, professional management, partnerships and risk-mitigation mechanisms. However, disclosure gaps mean the analysis cannot yet establish the extent to which these models generate sustained financial returns or verified ecological outcomes.

At the same time, the market is developing unevenly and appears to contain different stages of maturity. Some segments with established assets and revenue streams – such as forestry, agriculture and other productive land-based activities – include fully private models and appear capable of attracting commercial capital without public blending of finance. Other segments attract private investment but continue to rely heavily on catalytic public or philanthropic finance. A third group remains substantially underdeveloped, including parts of the marine and freshwater realms, some drivers of nature loss and several high-priority geographies. The implication is that barriers to investment are not uniform across nature finance and should not be treated as such.

This differentiation has an important implication for public policy and public finance – interventions should be targeted where they are most additional. Where commercially viable private markets are emerging, the priority should be to provide stable regulation, standards, data and market infrastructure while avoiding unnecessary subsidy. Where private investment is possible but constrained by identifiable risks, catalytic capital can be targeted at those barriers through instruments such as first-loss finance, guarantees, technical assistance and project preparation. Where investment markets remain largely absent, public and philanthropic finance may need to play a more active market-creation role through pilots, evidence generation, aggregation and development of new revenue models. Some nature outcomes that primarily generate public goods may continue to require sustained public funding rather than transition to fully commercial models.

Discussion of key findings

Growth in the number of nature investment vehicles appears to be concentrated in mature models and developing unevenly

A first growth peak between 2017 and 2019 was identified (n=13 vehicles established), which may have been catalysed by the Paris Agreement's entry into force in 2016 and the emergence of voluntary carbon markets. A second, larger growth peak in 2021–2022 (n=22 vehicles established) may reflect the convergence of Climate COP26 commitments, the formation of the TNFD in 2021 and the lead up to the adoption of the GBF at Biodiversity COP15 in 2022. Year-on-year vehicle establishment across the database declined between 2023 and 2026, possibly reflecting pipeline consolidation, rising interest rates, increased regulatory scrutiny of ESG and impact investment claims as well as broader macroeconomic factors. It may also reflect a broader trend of vehicle consolidation and M&A activity, seen within the forestry sector in particular, which could result in capital increasingly flowing into natural assets through the consolidation of existing platforms rather than the creation of new vehicles (Payton, 2026). However, the decline could also reflect a data gap due to limitations in the database, with more recently established vehicles less likely to have generated public documentation due to their being in early stages.

Growth in the number of vehicles in the database appears concentrated in a narrow band of established activities, namely forestry and agriculture: more than half of the 54 vehicles have invested in each of these, possibly reflecting the established revenue streams in these activities. While the analysis highlighted a range of diversified revenue-generating mechanisms, which is consistent with portfolio diversification strategies, it indicated continued reliance on traditional revenue streams, namely the commercial sale of sustainably produced goods and assets through forestry and agriculture (65% of 54 vehicles, n=35). This suggests an important opportunity not only to mobilise capital for dedicated nature-positive activities but also to use nature finance as transition finance – helping mainstream land-based sectors shift towards more nature-positive and resilient business models. Mechanisms like carbon and ecosystem service credits (33% of 54 vehicles, n=18) are widely used as supplementary revenue streams, but these markets remain small, and further evidence is needed to demonstrate nature investment vehicles using them as the primary mechanism to generate long-term, profitable returns at scale. Despite having low prevalence, water rights trading represents a highly developed and replicable model operating within a regulated market, as demonstrated in Australia by the Murray-Darling Basin Balanced Water Fund, and may offer a template worth exploring in other regions.

Investment in the terrestrial realm also far outweighs investment in marine and freshwater realms, with 89% of the 54 vehicles (n=48) invested in terrestrial ecosystems, compared with 31% in freshwater (n=17) and 28% in marine ecosystems (n=15). Growth in the number of vehicles addressing the marine and freshwater realms appears to have stalled since 2022, which may be driven by revenue model challenges or the complex structuring requirements associated with these ecosystems. This investment gap is particularly notable given the GBF's 30x30 targets (CBD, 2022), which explicitly include marine and freshwater ecosystems. In addition, vehicles targeting marine ecosystems exhibit greater reliance on blended finance than other realms, with 93% of 15 vehicles with disclosure targeting the marine realm combining public and private finance (n=14), compared with 72% of 46 vehicles with disclosure targeting the terrestrial realm (n=33) and 62% of 16 vehicles with disclosure targeting the freshwater realm (n=10). The higher prevalence of blended finance among marine vehicles may reflect lower availability of established revenue mechanisms necessary to attract private capital, though the small sample sizes should be noted. There is also uneven coverage of the IPBES drivers of nature change, with pollution addressed largely as a co-benefit rather than a primary mandate, and no vehicle in the database explicitly naming invasive alien species control as a strategic objective, although it is noted that vehicles such as FSC/PEFC-certified forestry vehicles are likely managing this at a baseline compliance level.

The analysis highlights potential gaps in geographical coverage of investment use of proceeds. The distribution of use of proceeds is largely concentrated in the developing regions of Latin America & the Caribbean (n=26, 48% of 54 vehicles), Sub-Saharan Africa (n=19, 35% of 54 vehicles) and East Asia & Pacific (n=18, 33% of 54 vehicles). This concentration is broadly consistent, at the regional level, with the areas identified by Jung et al. (2021) as being among the highest global priorities for simultaneous biodiversity, carbon and water conservation.

However, the analysis also indicates that some regions may be underrepresented relative to their global conservation significance.¹⁰ South Asia attracts only 13% of vehicles (n=7 of 54 vehicles), despite eastern India having been identified as among the areas of greatest global priority for water quality regulation, along with the broader region encompassing the Himalayan mountain ranges (Jung et al., 2021). Europe & Central Asia and Australasia attract only 11% (n=6) and 9% (n=5) of the 54 vehicles respectively, despite large parts of Mediterranean biomes and the Australian rainforest having been identified as being among the greatest global priorities for biodiversity importance (ibid.). Eastern Canada has been shown to be among the top-ranked areas globally for carbon storage, and the United States as a priority area for water quality regulation (ibid.), yet the 10 vehicles identified in North America largely concentrate in commercial productive landscapes, such as sustainable agriculture, forestry and infrastructure. This indicates investment here could be oriented towards financial return generation in established asset classes rather than the region's areas of greatest conservation significance. Finally, the Middle East, North Africa, Afghanistan and Pakistan region highlighted a notable investment gap, attracting only 2% of the 54 vehicles (n=1).

The database therefore suggests that the barriers limiting nature investment are not uniform across the market: some segments with established revenue streams, such as agriculture and forestry, have found workable models, while others – marine ecosystems and underrepresented regions such as South Asia and Middle East, North Africa, Afghanistan and Pakistan – may remain structurally underdeveloped.

Despite the evidence of private sector involvement, a reliance on public finance and catalytic capital continues

Among the 52 vehicles with disclosed funding structures, vehicles drawing on blended finance structures outnumber those operating as fully private three-to-one. This may indicate that purely private nature investment at scale remains the exception, consistent with broader assessments of catalytic capital dependency in emerging impact asset classes (Convergence, 2025; OECD, 2025). Where disclosed, the commercial capital share ranges from 4% to 98%, indicating that blended finance encompasses a wide spectrum of structures. Although equity is the dominant funding form, grant or donation funding appears in 40% of 45 vehicles with disclosed financing type (n=18), often being designed to absorb early-stage costs and reducing perceived risk to make investment viable (Attridge et al., 2025; OECD, 2025).

Dependence on public finance varies regionally. North America and Australasia are identified as having the highest private finance independence, with 78% of nine vehicles with disclosed funding sources in North America, and 75% of four disclosed vehicles in Australasia being fully privately funded. The high levels of private finance in these regions could reflect a combination of mature carbon markets, the availability of institutional investors and, in Australia, a regulated environmental water market, although small sample sizes should be noted. Conversely, only 16% of 19 vehicles with disclosed funding sources in Sub-Saharan Africa, 19% of 26 vehicles in Latin America and 22% of 18 vehicles in East Asia & Pacific are fully privately funded, possibly reflecting nascent markets and complex land tenure.

¹⁰ It should be noted that the regional categories used in this database are considerably broader than the sub-regional priority areas identified by Jung et al., limiting the precision of this comparison.

The public finance actor landscape is found to be more concentrated than that of private sector actors in the database, with 46 unique public actors compared with 126 unique private actors across 46 vehicles with at least one disclosed lead actor, of which 79% of private actors appear in only a single vehicle. This concentration could indicate a structural risk: reliance on a small number of repeat public actors, such as European bilateral and multilateral DFIs FMO, EIB and KfW, which appear across multiple vehicles, may leave the market susceptible to shifts in public policy priorities and the availability of public funding. This risk may be amplified as the regions identified in the database to be most dependent on catalytic public capital, Sub-Saharan Africa and Latin America, are also among those identified as highest global priorities for biodiversity, carbon and water conservation (Jung et al., 2021). National, bilateral and multilateral DFIs are the dominant public funding source overall, present in 60% of 50 vehicles with disclosed investor type in the database (n=30), substantially higher than multilateral climate and environment finance institutions such as GEF and GCF (n=10, 20% of 50 vehicles with disclosure) and direct government funding (n=11, present in 22% of 50 vehicles with disclosure). This confirms the large role of development finance in shaping investment in nature, with implications for vehicle design and reporting requirements.

There is diversity in financing structures and a range of structuring mechanisms are widely used to de-risk investments and support underlying investees

Each vehicle presents a unique combination of financing actors and sources, reflecting the diversity of ecosystems, geographies and regulatory environments across which nature investment operates. The absence of a dominant template could indicate that vehicle design remains bespoke and highly context-dependent, driven by the specific ecosystem, location, regulatory environment and lead actor, as opposed to convergence around a common model. Capital size also varies considerably, ranging from US\$6 million to US\$1.24 billion, with no single size category exceeding a 32% share of vehicle distribution (of the 37 vehicles with disclosed closing amounts), which could reflect the differing needs of different financing amounts for different contexts. This aligns with the conditions of an investment differing fundamentally between, for example, a tropical forest carbon project in Latin America, a regulated water market vehicle in Australia and a marine conservation bond in the Pacific.

Some vehicles in the database draw on a wide range of sources, for example combining government funding, DFI capital, multilateral climate finance, institutional investors, philanthropy and corporate sector investment simultaneously. This indicates a level of complexity in blended finance architectures that reflects the ecological, jurisdictional and social complexity of the underlying assets. This disparity of financing structures highlights a need for further detail about investment vehicle structures designed specifically for contexts not yet served to support vehicle development, including underrepresented regions (such as South Asia) and underrepresented ecosystems (such as marine ecosystems).

Engagement with NGOs and conservation organisations is a consistent feature of nature investment vehicle design, with engagement particularly concentrated in developing regions. Of the 54 vehicles, 74% (n=40) reported NGO engagement in their public documentation. Developed regions show notably lower engagement rates than developing regions, including 60% engagement in North America (n=6 of 10) and Australasia (n=3 of 5), and 50% engagement in Europe and Central Asia (n=3 of 6). This could be a result of developing regions being more reliant on blended finance structures, which frequently mandate conservation organisation partnerships, a greater need for NGO intermediation due to immature ecosystem service markets or complex land tenure arrangements, or a strong need for engagement with local communities. The pattern may also reflect the concentration of global biodiversity in tropical and subtropical ecosystems (IPBES, 2019; Jung et al., 2021) where conservation organisations have historically built their capacity.

Beyond The Nature Conservancy and Conservation International – each of which are engaged by 27% of 33 vehicles with disclosed NGO engagement (n=9) – the landscape of NGO engagement was fragmented, with 50 of 60 unique engagement partners (83%) being disclosed by only a single vehicle. This could reflect the need for context-specific knowledge when designing nature investment vehicles, tailored to the specific ecosystems, locations and communities being targeted. Several vehicles partnered with more than one conservation organisation simultaneously, possibly reflecting the need for complementary areas of expertise.

The investment manager landscape is similarly dispersed, with 41 unique fund managers being identified, and is being built by a combination of specialist nature and conservation finance managers and institutional asset managers entering the space. Of the 41 fund managers, 29 are specialist nature and conservation investment managers and eight are traditional asset managers with dedicated nature strategies (e.g. Climate Asset Management¹¹ and Mirova). However, this dispersion could be expected to decrease in the future as a result of the current trend of consolidation of fund managers in the forestry asset class noted above: for example, Gresham House's announced purchase of a majority stake in Molpus Woodlands Group in March 2026, and several forestry managers being backed by major financial institutions, including Mitsui and Nomura Holdings' acquisition of an interest in New Forests in 2022 (Payton, 2026).

A range of instruments are used to de-risk investment and support underlying investees. Technical assistance is estimated to be present in 83% of 46 vehicles in the database with disclosed structuring mechanisms (n=38), being near-universal in blended finance vehicles (92%) but present in less than half of purely private vehicles (44%), consistent with DFIs mandating technical assistance as a condition of investment (OECD, 2025; Attridge et al., 2025). The high prevalence of technical assistance likely reflects the project preparation, capacity-building, and regulatory and advisory requirements associated with bespoke vehicle design and investment projects in varying ecological, geographical and regulatory contexts.

First-loss or subordinate capital (n=22, present in 48% of 46 vehicles with disclosure) and off-take agreements or sales contracts (n=18, present in 39% of 46 disclosed vehicles) are the primary commercial de-risking instruments identified. First-loss capital improves the risk-return profile for commercial investors by absorbing losses before other capital tranches, and off-take agreements reduce revenue uncertainty by securing buyers for carbon credits, ecosystem services or sustainable commodities prior to or at fund launch. The near equal prevalence of these two instruments could suggest that nature vehicles are addressing both investor-side risk through capital subordination, and revenue-side risk through contractual demand. Off-take agreements are disclosed in 67% of private vehicles compared with 33% of blended vehicles, which may suggest private vehicles rely more heavily on commercial contractual agreements. Insurance and hedging instruments are identified in only 7% of vehicles (n=3 of 46 vehicles with disclosure). This low prevalence likely reflects disclosure gaps and inconsistent reporting across vehicles but may also reflect genuine product scarcity with nature-linked insurance products remaining nascent (NATURANCE, 2026).

Limitations

As noted in Section 3, the channels used to identify vehicles for the database are likely to surface vehicles that are already well-documented. Therefore, the conclusions should be treated as indicative and may reflect the visible, better-documented part of the market, rather than the market as a whole. Future work would benefit from further validating these findings with fund managers and investors, and from testing specific hypotheses about the drivers of the patterns identified in this analysis.

¹¹ Climate Asset Management is a joint venture between HSBC Asset Management and Pollination.

Disclosure gaps further limit the ability to demonstrate quantified positive returns and long-term model success, with adequate disclosure being the exception rather than the norm in specific areas. These gaps include investment ROI, the proportion of investment that is commercial versus concessional, and details of the specific underlying projects being invested in. The analysis can therefore show where private capital participates and how institutional-scale vehicles are structured, but it does not establish causal mobilisation or additionality – for example, whether public or concessional capital caused private investment that would not otherwise have occurred. We have been able to answer our research questions primarily in descriptive terms, while our ability to assess performance, impact and causal drivers remains more limited.

Moreover, it is acknowledged that nature investment vehicles are only one element needed to mobilise large-scale finance for nature. More broadly, there is also a need to shift the incentives driving capital allocation – away from economic activity that degrades nature and towards its protection and restoration.

Lessons for vehicle design, project practitioners and those operating in the enabling environment

The next challenge is not simply to attract more capital but to expand the investable frontier. For policymakers, this means strengthening enabling conditions and targeting public finance at market gaps; for investors and fund managers, developing specialist structures and capabilities; and for project developers, creating investable propositions with credible revenues, counterparties, evidence and scale.

The following conclusions are intended for practitioners and fund managers designing future nature investment vehicles, as well as policymakers supporting the enabling environment. They vary in evidentiary basis: some are direct findings from the database of 54 investment vehicles, some generalise conclusions from one of the in-depth case studies, and some reflect general sector good practice consistent with our analysis, rather than something it independently demonstrates, supplemented by references to literature where necessary. The particular evidence base is specified below for each conclusion. Conclusions may not apply to all individual circumstances.

Lessons for nature investment vehicle design

- 1. Diversifying revenue streams, investments and geographies, as well as building in de-risking mechanisms, can help enable investor confidence.** Nearly half the vehicles in the database combine multiple revenue streams, reducing dependence on any single market and improving financial resilience. However, diversification may also result in trade-offs, including increased operational complexity. De-risking instruments are disclosed for the majority of vehicles, indicating that structured risk mitigation is a near-universal feature of nature investment vehicles. *[Evidence base: database analysis; case studies]*
- 2. Building exit routes and liquidity planning into vehicle design can de-risk liquidity but may result in trade-offs.** Most disclosed fund structures are closed-end structures, which concentrates realisation risk at the end of a fixed life. When a closed-end vehicle of scale reaches termination, it must bring its whole portfolio to market across a defined divestment period. The case studies highlight a risk that secondary markets for natural assets may remain limited, with investors seeking to exit ahead of schedule facing discounting against net asset value. Vehicle designers may therefore wish to consider staged realisation, extension options or continuation structures at the design stage rather than at the point of wind-up. It is also noted in the case studies that identifying a likely acquirer for portfolio investments before capital is deployed can reduce liquidity risk, but may narrow the pipeline. *[Evidence base: database analysis; case studies]*

3. **Balancing standardised elements of vehicle design with bespoke elements for specific sectors and geographies may enable context-dependent design.** Each vehicle presents a unique combination of financing actors and sources, reflecting a market in which vehicle design remains highly context-dependent. Pairing replicable elements, such as proven de-risking structures, with features tailored to specific ecosystems, geographies and regulatory environments may enable efficient context-dependent vehicle design. *[Evidence base: database analysis; OECD, 2025; British International Investment [BII] and Boston Consulting Group [BCG], 2025]*
4. **Investing in partnerships early may strengthen delivery and credibility.** Around three-quarters of the vehicles report engagement with NGOs or conservation organisations, supporting project delivery, local stakeholder engagement and impact verification. The case studies highlight the value of building relationships with stakeholders, including examples of relationships with cornerstone public investors or established platforms that helped to build credibility and investor confidence. *[Evidence base: database analysis; case studies]*

Lessons for addressing coverage gaps and expanding the evidence base

1. **Addressing underrepresented drivers of nature change may offer potential opportunities.** While the drivers of land-use change and overexploitation of natural resources remain highly important, identified by IPBES as leading drivers of nature change, vehicles addressing pollution and invasive alien species represent space for new, innovative vehicle design. *[Evidence base: database analysis; IPBES, 2019]*
2. **Investing in underrepresented ecosystems may help expand the evidence base and encourage further investment.** Vehicle designers may look to address underserved ecosystems, particularly marine and freshwater realms, to contribute to expanding the evidence base for these realms. Aligning investment with areas identified as being global priorities for biodiversity, carbon and water conservation may maximise positive impact. *[Evidence base: database analysis; Jung et al., 2021]*
3. **Comprehensive disclosure can help build a credible evidence base.** Greater transparency may strengthen the ability to demonstrate a positive track record, attract further capital and allow others to learn from and replicate what works. Evidence of successful investments in ecosystems, geographies or impact areas that are underserved may help to mobilise investment to those areas and reduce the need for bespoke project design. *[Evidence base: database analysis]*

Lessons for shaping the enabling environment

1. **Public and concessional capital should be targeted where it is most additional.** Around three-quarters of vehicles with disclosed funding sources combine public and private finance, and DFIs are present in more than half of vehicles with disclosed investor type. However, the analysis also identifies fully private models in some more mature segments and significant gaps elsewhere. There are differentiated roles that public funders can play: stepping back where commercially viable markets are emerging; using catalytic instruments such as guarantees, first-loss capital, technical assistance and project preparation where specific barriers prevent otherwise viable private investment; and concentrating public and philanthropic resources on market creation where investable models remain weak or absent. Encouraging participation from a broader range of national, regional and multilateral public institutions could also reduce concentration risk around a small number of repeat DFIs. *[Evidence base: database analysis; Attridge, 2025; Sheikh, 2025]*

2. **Targeting public and philanthropic capital beyond the most mature forestry and agriculture models can maximise its additionality.** The most established commercial models in the database build on productive assets and familiar revenue streams, while marine and freshwater ecosystems, some drivers of nature change and several regions remain underrepresented. Targeted public and philanthropic support for pilots, project aggregation, evidence generation and new revenue models may help expand the investable frontier. Regulated water rights trading provides one example of how enabling policy and market infrastructure can underpin an investable model, although transferability will depend on local governance and ecological conditions. *[Evidence base: database analysis; Sheikh, 2025]*
3. **Continued development of nature-related data and disclosure infrastructure may help to improve the evidence base.** Gaps in public data identified in the database limit comparability and the ability to build a credible track record of successful investments. Continued support for standardised nature-related data and disclosure frameworks could help address this gap at a market-wide level, rather than relying on individual vehicles to develop bespoke approaches in isolation. *[Evidence base: database analysis; TNFD, 2025b]*
4. **Targeted policy interventions can support the use of public capital to broaden the range and depth of investable opportunities and shift incentives away from activity that is harmful to nature and towards nature investment.** Supportive public policy interventions that provide long-term certainty of sectoral support for nature-based solutions and investment opportunities with positive impact can shape and deepen investable markets and broaden the range of opportunities that can be funded by private capital alone. In combination with whole-of-government policy, interventions that encourages nature protection, restoration and investment can progressively align public and private flows of finance, including through the domestic implementation of measures to action the GBF. Government support can increase flows of capital to those sectors and investments that are already commercially investable or are increasingly so, including through nature investment vehicles. Government can also incentivise wider capital reallocation away from harmful activity and towards investment supporting nature. *[Evidence base: database analysis; IPBES, 2026]*
5. **Polymakers, practitioners and investors can collaborate to support shaping the most efficient and effective enabling environment.** Supportive engagement and sharing knowledge and experience originating from investors and those preparing projects with government and other public stakeholders that shape the enabling environment for nature investment can contribute to ensuring the most effective and impactful interventions, creating positive reinforcement and feedback for investment flows. This includes engagement with regulatory initiatives and broader economy-wide transitions aimed at accelerating the goals and targets of the GBF at the domestic level. *[Evidence base: TNFD, 2025b]*

Next steps and future research

Future research should move from mapping market structures towards evaluating performance, additionality and pathways to scale. Priority questions include whether blended structures progressively reduce their reliance on catalytic support as markets mature; what explains why private capital can flow without blending in some sectors and geographies but not others; how policy, regulation and revenue certainty affect investability; and which models deliver robust ecological outcomes alongside financial performance. Better and more standardised disclosure of financial returns, commercial versus concessional capital, underlying project performance, ecological outcomes and investor exits will be essential to answer these questions.

The central implication is that scaling up nature finance is increasingly a market-development challenge as well as one of capital supply. Nature investment vehicles can help convert smaller, heterogeneous nature-related projects and assets into investable portfolios through aggregation, professional management and standardisation of the investment interface. The next phase of market development should focus on expanding the investable frontier: enabling commercially viable segments to upscale, targeting catalytic capital at specific barriers, and using public and philanthropic finance to develop models where markets remain absent.

Appendix 1. Nature investment vehicle criteria

This appendix contains the screening criteria used to determine whether a finance vehicle can be classified as a 'nature investment vehicle' for the purposes of the nature investment vehicle database.

There are four criteria:

1. The investment vehicle must be a 'collective'/'pooled' or 'special purpose' investment vehicle.
2. The investment vehicle must invest in a portfolio of projects, or if investing in a single project, the value must exceed US\$2 million.
3. The investment vehicle must benefit nature.
4. Benefitting nature must be a stated primary purpose of the investment vehicle.

Criterion 1: Must be a 'collective'/'pooled' or 'special purpose' investment vehicle

An investment vehicle is defined as a product or instrument used by investors to generate positive returns. For the nature investment vehicle database, we are interested in large-scale investment vehicles attracting institutional investors.

The following types of investment vehicle were considered for inclusion in the database:

- a. 'Collective' (or 'pooled') fund (e.g. open-ended funds, closed-ended funds, hedge funds, private debt vehicles)
- b. SPV designed to pool funds from investors.

Direct investment instruments, such as sovereign debt or bonds, were not included.

Criterion 2: Invests in a portfolio of projects or a single project whose value exceeds US\$2m

The database targets vehicles that invest in a portfolio of investments/projects and not a single investment/project. If the vehicle targets a single investment/project, the value must exceed US\$2million to be considered large-scale and be included in the database.

Criterion 3: Investment use of proceeds must benefit nature

To determine whether an investment vehicle benefits nature, the database draws on the IFC's Biodiversity Finance Reference Guide (IFC, 2023) and the MDBs Common Nature Finance Taxonomy (MDBs, 2025). As defined by the latter, nature finance is finance that contributes to the nature-positive goal of halting and reversing nature loss and supporting the implementation of the Global Biodiversity Framework.

For the purpose of this assessment, investment activities should fall into one or more of the following categories, each discussed in more detail below (MDBs, 2025):

1. Restoration and conservation of biodiversity or ecosystems
2. Reduction of direct drivers of biodiversity or ecosystem loss
3. Integration of nature-based solutions (NbS) across economic sectors
4. Design and implementation of policy, tools or other sectoral instruments enabling any of the above.

Investment in business operations and production practices that seek to 'do no significant harm' to nature were not considered suitable for inclusion in the database. The objective of the

investment should be to explicitly have a positive impact on nature as a primary benefit, or one of the primary benefits. For the purposes of the database, a reduction in a negative driver of nature change was assumed to be a positive impact.

Category 1: Restoration and conservation of biodiversity or ecosystems

This category refers to financing of the following activities (adapted from MDBs, 2025):

1. **Restoration:** Restoring degraded land or natural habitat (including at the landscape level), e.g. by:
 - a. Rewilding through creating and restoring habitats for wildlife
 - b. Natural or assisted regeneration of ecosystems
 - c. Increasing connectivity of landscape connectivity
2. **Conservation:** Protecting or maintaining natural habitat features or fragments, e.g. by:
 - a. Establishing protected and conserved areas
 - b. Establishing 'buffer zones' with native species or natural ecosystems (e.g. riparian buffers)
 - c. Establishing conservation easements, servitudes, or rights of way
 - d. Supporting or co-managing marine protected areas (MPAs) and conserved areas.

Category 2: Reduction of direct drivers of biodiversity or ecosystem loss

This category refers to financing activities that reduce drivers of biodiversity or ecosystem loss (adapted from IFC, 2023 and MDBs, 2025):

1. Land- and sea-use change
2. Overexploitation and unsustainable use of nature
3. Pollution
4. Invasive species
5. Climate change.

Table A1 provides illustrative examples of activities that reduce direct drivers of biodiversity or ecosystem loss or degradation under each sub-category.

Table A1. Example activities that reduce the direct drivers of biodiversity or ecosystem loss or degradation

Driver of nature change (IPBES, 2019)	Example activities
Land- and sea-use change	- Improving land management - Measures to prevent and reduce human-wildlife conflict - Shifting to production or land management in line with robust sustainability certifications - Reforestation with native or naturalised species, afforestation or natural forest regeneration on degraded lands with native or naturalised species - Sustainable agriculture - Sustainable forest production and management (e.g. agroforestry) - Implementing fire management/fire risk reduction programmes - Urban biodiversity management

Overexploitation and unsustainable use of nature	- Replacing conventional materials or products with substantial nature footprints (e.g. steel; concrete; aluminium; plastics) - Using natural, non-threatened and locally sourced materials including in the supply chain - Implementing measures that achieve conservation, greater efficiency and sustainable water use where there are clear localised benefits to biodiversity or ecosystem services - Combatting illegal, unreported and unregulated fishing, poaching or other activities - Sustainable aquaculture, fisheries and fishery practices - Preventing overharvesting of natural resources including addressing illegal or unsustainable trade or use of wildlife and forest products
Pollution	- Increasing fertilizer use efficiency or reducing use of fertilizer - Substitution or reduction in pesticide use or other chemicals harmful to biodiversity - Reduction or management of waste to reduce pollutants to the environment - Activities that reduce sediment flow and contamination for water supply, freshwater bodies or marine environments - Improving, manufacturing or installing wastewater treatment facilities, systems or technologies - Reducing light or noise pollution impacts on sensitive species - Reduction of plastic use in product design and operations, including microplastics - Remediating contaminated sites and areas, including non-conforming landfill sites - Collection, storage and treatment of toxic and hazardous chemicals and waste
Invasive species	- Implementing programmes to prevent, eradicate, contain and manage invasive species
Climate change (where there are clear benefits to nature)	- Climate-smart practices, e.g. climate-smart agriculture - Carbon sequestration interventions, e.g. restoration of seagrass or peatland - Climate adaptation interventions, e.g. restoring coastal habitats for flood protection - Sustainable energy that avoids nature impacts - Cultivating climate-resilient plant and crop varieties adapted to local conditions or crop diversification

Source: Adapted from IFC (2023) and MDBs (2025)

Category 3: Integration of nature-based solutions across economic sectors

NbS are defined as “actions to protect, sustainably manage, and restore natural or modified ecosystems, that address societal challenges effectively and adaptively, simultaneously providing human wellbeing and biodiversity benefits” (IUCN, 2020).

This category refers to financing the following activities (adapted from IFC, 2023 and MDB, 2025):

- a. Water quality and pollution control
- b. Water flow regulation, flood and drought management
- c. Soil and shoreline stabilisation
- d. Urban NbS
- e. Habitat restoration and biodiversity enhancement
- f. Sustainable agriculture and forestry NbS
- g. Natural climate solutions.

Category 4: Policy, tools or other enabling instruments

This category refers to financing the following activities (adapted from MDBs, 2025):

- a. **Integrated spatial planning**, e.g. landscape-scale spatial planning and multi-stakeholder spatial planning
- b. **Policy, laws and regulations**, e.g. policy development to support sustainable management, conservation or restoration, land administration legal and regulatory framework reform, interventions aimed at improving governance, developing certifications to ensure best practice is carried out, measures to improve enforcement of environmental laws and regulations, and sustainability standards; and establishment or promotion of regulatory or voluntary frameworks and standards.
- c. **Research, training and capacity development**, e.g. investing in stock assessments and socioeconomic-data collection, development of mapping, tools or platforms with benefits for biodiversity, environmental training programmes or capacity building, awareness raising, behaviour change, education, innovation and outreach, supporting and implementing research promoting enhanced or more efficient management of natural resources, and establishing monitoring and data management systems.
- d. **Integrating nature-related risks and opportunities into financial decision-making or enabling investment in nature**, e.g. establishing or strengthening sustainable financing mechanisms for nature; establishing, promoting and implementing disclosure regulations and reporting standards for nature-related risks and opportunities; fostering development of regulatory or supervisory frameworks for investment in nature; support via technical assistance in structuring and/or provision of de-risking products; and parametric insurance policies or funds for natural assets.
- e. **Value chain development and interventions**, e.g. traceability mechanisms and technologies.

Criterion 4: Benefitting nature must be a stated primary purpose of the investment vehicle

To be included in the database, an investment vehicle should explicitly state that benefitting nature is a primary purpose. Investment vehicles that may benefit nature through their investment use of proceeds, but do not specify this as a primary purpose in their public documentation, are not considered to be nature investment vehicles for the purposes of the analysis.

Appendix 2. Nature investment vehicle revenue streams, cost savings and appreciation of asset values

Investments in nature generate returns through traditional and untraditional revenue streams, cost savings and appreciation of asset values. Revenue streams from investments in nature can be generated from established economic sectors, infrastructure and direct investment in projects that conserve or restore ecosystems or reduce and mitigate the drivers of nature change.

Where investments are in economic sectors, the businesses in these sectors typically support practices that contribute to the restoration, conservation or sustainable use of nature. These sectors generally have traditional revenue streams such as sale of commodities (e.g. timber, crops, fish) or services (e.g. recreational activities). Businesses also have the potential to generate additional revenue through the sale of biodiversity and carbon credits and payments for ecosystem services (PES), as well as potential value uplift through reduced input costs and increased productivity. They can also generate increases in underlying asset value, e.g. land, natural assets and property.

Infrastructure investment includes the creation of natural and semi-natural areas, designed and managed to enable nature to deliver a range of ecosystem services, in both rural and urban settings. These projects can generate revenue through the sale of products, such as water rights and through PES; there are also multiple cost saving benefits and uplift in asset valuations.

Investments in projects that conserve or restore ecosystems or reduce and mitigate the drivers of nature change encompass activities where the primary motive is to protect, maintain or enhance nature (IPBES, 2019). These activities often have no traditional revenue streams and rely on 'artificial' revenue streams such as carbon credits and PES, as well as having cost saving benefits and uplift in natural asset valuations.

Table A2 provides examples of sources of revenue streams, cost-benefits and asset value appreciation that can be generated from investing in nature.

Table A2. Example sources of revenue streams, cost-benefits and asset value appreciation generated from investments in nature

	Sector/ intervention type	Intervention/ project description	Intervention/ project examples	Example of revenue stream	Example of cost-benefits	Asset value
Economic sectors	Forestry	Commercial production combined with safeguarding of the environmental value and services forests provide	Managing invasive species Adopting silvicultural practices Protecting riverine areas	Sale of timber or other forest products Sale of carbon/ biodiversity credits and PES Premium prices, increased yields and market access	Reduced use of artificial materials or inputs (fuel, fertilizers, etc.) Reduced wildfire/flood/erosion costs	Land and natural asset appreciation
	Agriculture	Practices that increase biodiversity, enrich soils, improve watersheds, enhance ecosystem services as well as build resilience	Cover cropping Crop rotation Buffer areas Agroforestry No-tillage practices	Sale of crops or other products Sale of carbon/ biodiversity credits Premium prices, increased yields and market access	Reduced use of artificial materials or inputs (fuel, fertilizers, etc.) Reduced pest control costs Reduced irrigation costs Reduced crop failure costs	Land and natural asset appreciation
	Aquaculture and fisheries	Implementation of aquacultural practices that support or enhance biodiversity or climate adaptation	Integrated multi-trophic aquaculture Habitat enhancement Organic feed Community-based fisheries management	Sale of fish and other products Sale of carbon/ biodiversity credits Licensing/certification income from sustainably certified products	Reduced use of artificial materials or inputs (fuel, fertilizers, etc.) Reduced disease/mortality costs	Appreciation in marine or freshwater lease rights value

			Limiting catch limits and monitoring species population size	Premium prices, increased yields and market access		
	Tourism	Tourism services in natural areas that conserves the environment and improves the wellbeing of communities	Avoiding disturbance of natural areas Conservations fees Waste management Employing local guides	Tourism and equipment fees Sale of secondary products and services. Sale of carbon/biodiversity credits Premium pricing	Reduced costs to protect nature (e.g. revenue funding activities such as anti-poaching, reducing reliance on external funding) Reduced future restoration costs	Land and natural asset appreciation
	Real estate and development	Land acquisition followed by improved land management or ecological restoration to enhance asset value	Rewilding or habitat restoration on acquired land Green infrastructure integrated into developments Conservation easements Nature-based landscape design	Sale of carbon/biodiversity credits and PES Development premiums from nature-positive design Green finance access	Reduced infrastructure maintenance costs through NbS	Land and property value appreciation through restoration
Infrastructure	Green buildings	Vegetation-based building systems in place of artificial materials	Green roofs Living walls	Energy generated from green roofs with solar integration Sale of biodiversity credits	Reduced heating/cooling through improved thermal properties Increased lifespan of the waterproofing	Land and asset appreciation

					Decreased weather-related exterior damage	
	Green water management	Ecosystem-based rainwater collection and water reuse systems	Plants and ecosystem components used as natural filters Constructed wetlands for greywater treatment	Sale of water or water rights	Reduced water purchases Reduced impacts of storm run-off and flooding Reduced need for chemical inputs into water systems	Land and natural asset appreciation
	Natural hazard protection	Restoring or using natural landscapes to reduce the impact of flooding and other hazards	Floodplain restoration. Coastal mangrove and dune restoration. Upstream woodland planting	Sale of carbon/ biodiversity credits and PES	Reduced need for artificial flood defences Reduced natural hazard damage Insurance premium reductions	Land and natural asset appreciation
	Erosion control	Creating or modifying infrastructure to reduce the effects of erosion	Vegetated buffer strips Riparian planting Terracing with native vegetation	Sale of carbon/ biodiversity credits and PES	Reduced artificial erosion control techniques Reduced sediment flows and associated sediment removal costs (roads, drainage infrastructure, etc.) Reduced crop/ productivity losses	Land and natural asset appreciation

Conservation, restoration and reduction of drivers of nature change	Protecting and restoring nature	Protecting and restoring ecosystems and maintaining native biodiversity	Terrestrial forest ecosystem restoration Freshwater habitat restoration Marine protected areas	Sale of carbon/ biodiversity credits, PES, subsidies, biodiversity offset mechanisms Increased ecosystem service functioning (e.g. pollination supporting agriculture)	Reduced costs of engineered alternatives for ecosystem services (e.g. water filtration infrastructure, flood defences) Reduced disaster costs Reduced land management costs	Land and natural asset appreciation
	Reducing pollution	Reduction of artificial materials and chemicals introduced into the environment	Substituting artificial materials for natural or biodegradable alternatives Constructed wetlands to filter agricultural run-off	PES	Reduced regulatory fines/compliance costs Reduced liability/ remediation costs	Land and natural asset appreciation
	Invasive species management	Removal and ongoing control of invasive species to restore ecosystem function	Targeted removal of invasive plants or animals Biological control programmes Biosecurity measures to prevent reintroduction	Sale of biodiversity credits PES from landowners and water utilities benefitting from control programmes Revenue from sale of removed biomass (e.g. timber, bioenergy)	Reduced water treatment costs where invasive species degrade water quality Reduced infrastructure damage (e.g. Japanese knotweed on buildings and flood defences) Reduced regulatory fines/compliance costs Reduced liability/ remediation costs	Land and natural asset appreciation

Source: Adapted from van Raalte and Ranger (2023); EIB (2023); UNEP (2026); NbS Initiative (2023)

Appendix 3. Nature investment vehicle investors and profit motivations

Table A3 contains high-level descriptions of types of investors in nature, including profit motivation. While categorisation is helpful to draw general conclusions, investors within categories may differ significantly, and entities may have multiple strategies with different mandates and profit/impact motives; many large institutions also span more than one category, such as development banks with both sovereign-facing and private-sector arms.

Table A3. Types of investors in nature

Investor	Description	Type	Profit motivation	Examples
Governments/ municipalities	Governmental bodies and organisations responsible for governing and providing public services to citizens	Public sector	Typically low	Indonesian Government; Jambi (Indonesia) Provincial Government; Dutch Ministry of Economic Affairs and Climate Policy; Surrey County Council (England)
Development agencies' multi-donor funds	Entities with pooled resources from multiple countries to support development initiatives and projects in various regions or sectors	Public/ quasi-public sector	Typically low to medium	Private Infrastructure Development Group (PIDG), GCF; Canadian Climate Fund for the Private Sector in the Americas (C2F); Clean Technology Fund (CTF); USAID; GEF
MDBs and DFIs	MDBs: internationally chartered financial institutions, supported by multiple countries, aimed at fostering economic development in less affluent nations; DFIs: government or quasi-governmental entities that invest in low- and middle-income countries	Public/ quasi-public sector	Varies but typically medium	IFC; FMO; Inter-American Development Bank (IDB Invest); USAID

Foundations/ NGOs	Private/third sector non-profit entities that work towards addressing social and humanitarian issues through charitable activities and projects	Private/ third sector	Typically low	David & Lucile Packard Foundation; The Rockefeller Foundation; Conservation International; Omidyar Network; Engineers Without Borders Canada; Global Partnerships; Good Energies Foundation; Grantham Foundation
Impact investors	Private sector organisations or individuals that seek to invest in projects or companies with the intention of generating positive social or environmental impacts alongside financial returns	Private sector	Varies from low to high	Ceniarth LLC; Calvert Impact Capital; Global Energy Efficiency & Renewable Energy Fund; responsAbility Investments AG; Oikocredit; Acumen; Builders Vision
Commercial investors	Private sector entities such as private equity and venture capital firms, institutional investors, financial institutions and asset managers that invest capital in businesses and projects for potential financial returns	Private sector	Typically high	Blackrock; Algemene Pensioen Groep (APG); Barclays; Rabobank; Canada Pension Plan Investments (CPP); HSBC; Lombard Odier Investment Managers
Real economy sector corporations	Private sector entities involved in various industries and sectors, providing goods and services to customers	Private sector	Typically high	Shell; Unilever; Marfrig Group; Mondi; Bunge; Cargill; Golden Agri Resources (GAR); Apple; Microsoft

Source: Adapted from van Raalte and Ranger (2023); UNEP (2026); Convergence (2025); Earth Security (2021); EIB (2023); Flammer et al. (2025)

Appendix 4. Summary of financial instruments

Table A4 provides a summary of financial instruments that can be used to invest in nature. Investments may be executed and traded on both public and private markets. Given the complex and non-standardised terms of many of these instruments, there can be significant variations between and within instrument categories.

Table A4. Types of financial instruments used to invest in nature

Type	Instrument	Description	Public or private market	Financial return required	Liquidity	Investor control over investee
Grant-based	Grant	Non-repayable funds typically provided by governments, foundations, or organisations to support sustainable projects and initiatives.	Private	No return	Low	Typically low (as no ownership or repayment requirement)
	Redeemable grant	A grant to support sustainable projects and initiatives that may need to be repaid if certain conditions are not met or objectives are not achieved or simply repaid after a certain period.	Private	Principal (if conditions are not met)	Low	Typically low to medium (as no ownership)
Debt-based	Private loan	Funds borrowed from a lender, to be repaid with interest over an agreed period. Loan agreements can include customised environmental and social conditions.	Private	Interest and principal	Low	Typically high (as direct relationship)
	Mezzanine loan	A hybrid of debt and equity that ranks below senior debt but above equity in the capital structure. It is repaid with interest over an agreed period and lenders are typically compensated through higher	Private	Interest, principal and other	Low	Typically high (as direct relationship)

		interest rates and/or an equity-linked component.				
	Private note	Debt instruments issued by entities to raise capital from investors, often with a specified interest rate and maturity date. Notes can include customised environmental and social conditions.	Private	Interest and principal	Low	Typically medium (as usually many noteholders)
	Green bond	Debt securities with a defined use of proceeds issued explicitly to finance or refinance projects or activities with positive environmental impacts.	Private or Public	Interest and principal	Low	Typically low (as indirect relationship)
	Social bond	Debt securities with a defined use of proceeds issued explicitly to finance or refinance social projects or activities that achieve positive social outcomes and/or address a social issue.	Private or Public	Interest and principal	Low	Typically low (as indirect relationship)
	Sustainability bond	Debt securities with a defined use of proceeds issued explicitly to finance or refinance a combination of green and social projects or activities.	Private or Public	Interest and principal	Low	Typically low (as indirect relationship)
	Sustainability linked bond	Debt securities where proceeds are used for general purposes, but the financial or structural characteristics (e.g. coupon rate) vary depending on whether the issuer achieves predefined sustainability performance targets.	Private or Public	Interest and principal	Low	Typically low (as indirect relationship)
	Blue bond	Debt security to raise capital to finance marine and ocean-based projects that have positive environmental, economic and climate benefits.	Private or Public	Interest and principal	Low	Typically low (as indirect relationship)

Equity-based	Private equity	Investments in private companies or projects in exchange for ownership stakes and potential returns on investment.	Private	Dividends and value appreciation	Low	Typically high (depends on ownership level)
	Public equity	Ownership shares in publicly traded companies, providing investors with ownership and potential dividends.	Public	Dividends and value appreciation	High	Typically low (depends on ownership level)
	ESG exchange-traded funds	Exchange-traded funds that focus on companies or projects meeting ESG criteria.	Public	Dividends and value appreciation	High	Typically low (as indirect relationship)
Derivative-based	Carbon and biodiversity credits	Tradable units representing an environmental outcome. Carbon credits represent reductions or removals of greenhouse gas emissions. Biodiversity credits represent a measurable positive outcome for nature.	Private or public	Value appreciation	Low to medium	Typically low to medium (as may have no direct contractual relationship)
Other	Debt-for-nature swap	An arrangement where a country's debt is exchanged for funding for environmental conservation or sustainability initiatives.	Private	Depends	Low	Typically low to medium (as debt is forgiven and at sovereign level)

Source: van Raalte and Ranger (2023)

Appendix 5. Nature investment vehicle database

Table A.5 lists the nature investment vehicles included in the database, alongside their fund managers.

Table A.5. Database nature investment vehicles and fund managers

Name of investment vehicle	Fund manager
&Green Fund	SAIL Investments
Africa Conservation and Communities Tourism Fund	ThirdWay Partners
African Forestry Impact Platform	New Forests
African Sustainable Forestry Fund II	Criterion Africa Partners
AGRI3 Fund	AGRI3 Fund Manager B.V.
Amazon Biodiversity Fund Brazil	Impact Earth
Amazonia Sustainable Supply Chains Mechanism	Mauá Capital
Aqua-Spark	Aqua-Spark Management BV
Arbaro Fund	Finance in Motion
Athelia Climate Fund	Mirova
Athelia Sustainable Ocean Fund	Mirova
Australian Farmlands Fund	Kilter Rural
Belize Blue Investment Company	The Nature Conservancy
Big Nature Impact Fund	Finance Earth
Civic Infrastructure Bond	Dansa Capital Innovation
Climate Asset Management Natural Capital Fund	Climate Asset Management
Climate Investor Two	Climate Fund Managers
Climate Smart Shrimp Fund	Deliberate Capital; Conservation International
EcoEnterprises Fund III	GEC EcoEnterprises Management
EcoEnterprises Fund IV	GEC EcoEnterprises Management
Food Securities Fund	Vistra; Clarmondial
Forest Inputs Resilience Fund	New Leaf Climate Partners
Fund for Nature	CrossBoundary

Future Forests Innovations fund	New Forests
Global Fund for Coral Reefs Equity Fund	Pegasus Capital Advisors
Gresham House Sustainable International Forestry Fund LP	Gresham House Asset Management Limited
Iroquois Valley Farmland REIT	Iroquois Valley Farmland REIT
Land Degradation Neutrality Fund	Mirova
Latin American Green Bond Fund	Finance in Motion
Latin American Reforestation Strategy	BTG Pactual TIG
Livelihoods Carbon Fund #1	Livelihoods Venture
Livelihoods Carbon Fund #2	Livelihoods Venture
Livelihoods Carbon Fund #3	Innpact Fund Management S.A.
Meloy Fund	Deliberate Capital
Mirova Environment Acceleration Capital	Mirova
Mirova Sustainable Land Fund 2	Mirova
Murray-Darling Basin Balanced Water Fund	Kilter Rural
Nature Based Carbon Fund	Climate Asset Management
Nature Equity Fund	Cygnus Capital
New Forests Australia New Zealand Landscapes and Forestry Fund	New Forests
Regenerative Agriculture Strategy	Tikehau Investment Management
Responsible Commodities Facility	Sustainable Investment Management Ltd
Restore Fund	Climate Asset Management
Rimba Collective	Lestari Capital
Rural Resilience Fund	New Leaf Climate Partners
Subnational Climate Fund	Pegasus Capital Advisors
Sustainable Land Management Silva Europe Fund	SLM Partners
Sustainable Water Impact Fund	RRG Capital Management
TerraFund for AFR100	World Resources Institute; One Tree Planted; Realize Impact; Barka
The Small-Scale Fisheries Impact Bond	Rare
Tropical Asia Forest Fund 1	New Forests

Tropical Asia Forest Fund 2	New Forests
URAPI Sustainable Land Use Vehicle	Ecotierra Capital
Yuba Forest Resilience Bond II	Blue Forest

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