

# PLAYBOOK FOR CLIMATE FINANCE

INVESTING IN A THRIVING PLANET







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# Introduction

2024 was the hottest year ever recorded, with more than 150 climate disasters displacing over 800,000 people around the world. Today, eight months into 2025, we have seen the most destructive wildfires in California history, deadly flash flooding from the Himalayas to Texas, record heat waves across Europe, the eastern U.S. and Southeast Asia, and drought in eastern and southern Africa. With climate disaster costs expected to reach U.S.\$145 billion this year – a 6% increase over 2024 – **climate action is not only a moral imperative, it is an economic necessity.**

**Investing in climate action is investing in prosperity.** Climate-smart policies could unlock U.S.\$26 trillion in the global economy by 2030 and consistently drive growth. They mitigate impacts while generating economic, social and environmental gains. A development agenda that integrates climate and biodiversity can spur innovation, resilience and poverty alleviation.

Averting the worst impacts of the climate crisis requires system-wide shifts in how we produce energy and food, build infrastructure, use land and move goods and people. We must mobilize trillions in equitable finance that reaches the most vulnerable communities.

While the good news is that climate finance has grown, surpassing U.S.\$2 trillion for the first time in 2024, the bad news is that annual needs are estimated at U.S.\$7.4 trillion through 2030. The delay in sufficient climate action has created a steeper uphill climb: **To meet critical targets, we must now mobilize significantly larger sums in shorter timeframes.** Crucially, we must accelerate funding to both climate mitigation and adaptation solutions.

At COP28 in 2023, countries adopted a landmark target to triple global renewable energy capacity and double the annual rate of energy efficiency improvements by 2030. Achieving this clean energy transition at the pace required to meet climate goals will demand a dramatic increase in investment—rising by U.S.\$3 trillion from 2023 levels to reach the U.S.\$4.8 trillion needed each year by 2030.

With nearly half of global GDP dependent on nature, investing in nature-based solutions (NbS) is sound economics. NbS cut emissions, build resilience and prevent ecosystem collapse while improving disaster protection and food and water security. By 2030, NbS could deliver 11.3 billion tonnes of CO<sub>2</sub>-equivalent reductions—comparable to ending global oil combustion. They are highly cost-effective: Every U.S.\$1 invested in restoration yields U.S.\$7–30 in returns while supporting jobs, poverty reduction and security.



Despite this, NbS are severely underfunded. To meet targets, annual investment must rise from U.S.\$46 billion in 2022 to U.S.\$400 billion by 2030, mostly in emerging and developing countries. Crucially, more funding must reach Indigenous Peoples and traditional communities—who manage vast carbon stores but receive less than 1% of climate finance directly.

Adaptation investment also falls drastically short, receiving just 5% of climate finance in 2022. Yet adaptation brings strong financial returns, and failure to close this gap will deepen the human impacts of the climate crisis while also increasing costs, especially in climate vulnerable regions.

**Countries have already emphasized the need to make climate investments happen.** The outcomes of the first global stocktake highlighted the need to protect biodiversity, halt and reverse deforestation, and conserve, protect, and restore nature to achieve the Paris Agreement. At COP28, 18 countries endorsed the Joint Statement on Climate, Nature and People, and 43 countries across six continents have underlined the need for dedicating a significant portion of climate finance for nature.

Yet even while momentum builds for financing climate and nature, shifting geopolitical headwinds are causing shrinking official development assistance budgets from the U.S. and Europe. The World Economic Forum's 2025 Global Risk Report identified extreme weather and geoeconomic confrontation as the decade's top threats. The interlinkages between these two challenges cannot be ignored – the climate crisis will worsen food and water insecurity, political instability, and displace millions.

The climate and biodiversity crises are exactly where TNC has developed solutions. This report showcases ten of our most innovative financial tools, which we are using to mitigate climate risk, build resilience and support community livelihoods that depend on healthy ecosystems. Our first edition of this report in 2020 outlined emerging work for smart climate finance. Five years later, we're proud to share new solutions, evolved strategies and lessons learned on the path to scale nature-based climate action with urgency and equity.

Whether you're a policymaker, investor, philanthropist or community leader, we welcome collaboration. Contact us to explore how we can work together to scale climate finance that puts nature and people at the center.

For people, nature and climate,

**Clare Shakya**

Global Managing Director of Climate

**John Verdick**

Director, International Climate Policy

**Michael Becker, PhD**

Director, Global Climate Communications





## CASE STUDY 1:

# Investing in Community-Driven Climate Solutions

### SCALING MADE SIMPLE

#### GUIDING CONCEPT:

Indigenous and community-led climate initiatives scale access to finance by building capacity, overcoming shared barriers and deploying innovative tools that root conservation in self-determination, sustainable livelihoods and equitable benefit sharing.

#### WHY IT WORKS:

These models succeed by embedding community leadership, ensuring equitable benefit-sharing and aligning financial mechanisms with local values and livelihoods. They overcome systemic barriers by fostering trust and co-creating solutions with communities.

#### TIPS FOR SCALING:

- Respect meaningful community engagement, culturally aligned participatory governance, and Indigenous and community rights, including those pertaining to self-determination and free, prior and informed consent (FPIC). Pair finance with **capacity building and market access support**.
- Adapt financial mechanisms to **local contexts** and ecosystems.
- Ensure **direct funding flows** to communities, not intermediaries.
- Center Indigenous and traditional voices in **policy and finance decision-making**.





For decades, a critical gap has persisted in climate finance. While Indigenous Peoples and traditional communities steward vast portions of the world's carbon stores and biodiversity, they receive less than 1% of the world's climate funding. The causes are systemic and include limited global understanding of Indigenous realities, geographic and linguistic divides, intermediary partners who absorb significant funding shares, project metrics that ignore traditional knowledge systems and insufficient Indigenous leadership in global finance decision-making. The result is a vicious cycle that prevents many of the communities most effective at combating climate change from accessing climate finance.

To address these challenges, TNC collaborates with Indigenous and traditional communities around the world to advance models that blend traditional knowledge with market mechanisms. These innovative models deliver measurable environmental and social impacts while transforming how climate finance reaches those who need it most.

To drive climate finance at the community level, Village Savings & Loan Associations (VSLAs) and green credit unions offer promising opportunities.

In Mongolia, for example, TNC is working with community-based organizations to form VSLAs designed specifically for conservation. These community-managed savings groups pool members' resources to provide small loans and grants for conservation-aligned investments that not only directly fund healthy grassland management but also help community members to diversify their income-generating and financial management activities to allow them to maintain more sustainable levels of livestock. For generations, Mongolian communities have sustained themselves by tending their families' livestock. But growing droughts, and climate change-related weather shocks, along with decades of overgrazing driven by government subsidies, are making traditional herding increasingly difficult, threatening both communities and the millions of hectares of grasslands that they manage.

But with TNC's help, 104 community-based organizations and some 2,000 households across 2.4 million hectares of communal grasslands in Mongolia have established conservation-focused VSLAs since 2023. Mid-term analysis indicates that these communities are achieving superior livelihood diversification, household non-livestock savings, governance, and natural resource management than their non-VSLA counterparts. For instance, governance quality measures have been 36% - 68% higher, natural resource management plan (NRMP) development and implementation has been 55% higher, and NRMP financing is 70% higher



on average among VSLA communities versus non-VSLA communities. To achieve greater impact at scale, TNC is helping these informal Mongolian VSLAs transition to government-insured credit unions. To date, three new green credit unions have been established, and five more have committed to developing green financial products for herders and allocating at least 5% of annual profits to conservation activities.

Building on this success, TNC is expanding conservation VSLAs to protect other threatened ecosystems—including peatlands and freshwater systems—and is working to advance similar models in Peru, Tanzania and Papua New Guinea, demonstrating how peer-to-peer lending can scale when rooted in traditional governance structures.

At the enterprise level, targeted funding paired with capacity building can help Indigenous businesses protect climate and communities. TNC's community-focused Enterprise Catalyst addresses the persistent barriers facing Indigenous enterprises: limited financing, poor market access and perceptions of high investment risk.

In the Brazilian Amazon, the Catalyst is supporting Uasei, an Indigenous association managing 518,000 hectares of rainforest while sustainably harvesting açai. Rather than treating Uasei as beneficiaries, the Catalyst elevates them as true partners. More than 70 Uasei members, including women and youth, participate in general assemblies to co-create strategic visions for their economic future.

Members receive training in business management, bookkeeping, marketing and strategic planning as well as detailed market and financial data to make informed business decisions. Uasei is now on track to reach profitability for the first time, delivering livelihood and climate benefits by providing viable alternatives to ranching, agriculture and other activities that drive deforestation.

TNC is looking to expand the Catalyst model to Kenya and Gabon, proving how community enterprise-based conservation approaches can scale across ecosystems.

And finally, one of the largest-scale examples of community finance is Jurisdictional REDD+ which rewards measurable reductions in deforestation and forest degradation through results-based payments or carbon credits. In the Brazilian state of Pará, a groundbreaking U.S.\$180 million Jurisdictional REDD+ agreement with the LEAF Coalition, a global initiative to halt deforestation, demonstrates this approach's transformative potential.

The program will support a more than 40% reduction in deforestation across 50 million hectares (nearly half of the state) while ensuring that more than half of the initiative's financial rewards flow directly to Indigenous Peoples, traditional communities and family farmers.

What makes this program so transformational isn't just its scale, but its participatory governance. More than 50 free, prior and informed consent (FPIC) consultations with Indigenous, local and Afro-descendant communities and the general public are embedding community leadership in program design, ensuring local people have active roles rather than being passive beneficiaries.

This mechanism proves that when properly designed with community input, large-scale climate finance can directly reach crucial forest guardians while respecting Indigenous rights and traditional governance systems.

These varied approaches, alongside a growing population of Indigenous and traditional community-led funds internationally, demonstrate powerful climate financing strategies whose core common principles include respecting human rights and Indigenous and traditional community sovereignty; supporting Indigenous and community leadership and self-determination; investing in local governance and community-led institutions; integrating the profound wisdoms of traditional knowledge and process into market-based mechanisms; and co-stewarding processes that are inclusive, equitable, and transparent.

To meet the climate challenge, stakeholders must dramatically increase direct funding for these proven approaches, advance policies that ensure equitable benefit-sharing, foster direct partnerships between communities and investors and center Indigenous and traditional community voices in climate governance – from local implementation to international negotiations.



## CASE STUDY 2:

# Catalyzing Impact Investment for Renewable Energy Deployment

### SCALING MADE SIMPLE

#### GUIDING CONCEPT:

TNC's Cumberland Forest Project is a pioneering impact investment fund that combines equity, debt, carbon finance and seller financing to sustainably manage 253,000 acres in the Central Appalachians.

#### WHY IT WORKS:

The Cumberland Forest Project demonstrates how private capital can drive conservation while supporting community development. By combining carbon finance, solar development on degraded lands, and community funds, it aligns investor returns with climate, biodiversity and local economic goals at scale.

#### TIPS FOR SCALING:

- **Blend capital sources** (equity, debt, carbon offsets, seller financing) to deliver competitive rates of return alongside conservation and community benefits.
- **Repurpose degraded lands** (e.g., former coal mines, landfills) for solar energy to avoid land-use conflicts and unlock new revenue streams.
- **Integrate multiple land uses**—forestry, tourism, restoration and clean energy—for diversified impact and resilience.
- **Establish community funds** to ensure local buy-in and equitable development.





Healthy natural systems play an essential role in solving the climate crisis. Research by TNC shows that nature can provide up to a third of the greenhouse gas emission reductions needed through 2030 to stabilize global warming below 2 degrees Celsius. Forests, in particular, offer some of the greatest—and least expensive—opportunities to mitigate carbon emissions.

However, the world's forests are disappearing at a rate of nearly 25 million acres annually and land use change (deforestation, agriculture, and other land conversions) overall accounts for 25 percent of global greenhouse gas emissions.

TNC's Cumberland Forest Project is demonstrating how private impact investment can advance natural climate solutions, support biodiversity and bring benefits to local communities—all while delivering financial returns.

Spanning 253,000 acres across Virginia, Kentucky and Tennessee, the Cumberland Forest Project is one of the largest conservation efforts in the eastern United States. Launched in 2018 by TNC's impact investing arm, NatureVest, the project is integrating traditional land conservation with sustainable enterprises and public access to protect and sustainably manage working forests that provide habitat for more than 60 at-risk species and store over 26 million metric tons of carbon dioxide.

In collaboration with communities, governments and conservation groups, the project is supporting local economies through forestry jobs, clean energy development, recreation and tourism. Nearly half of the project area—some 121,473 acres—has been secured under permanent open space easements, and more than 98,000 acres have been designated as public recreational areas. To date, 4.5 million metric tons of carbon dioxide equivalent has been sequestered.

Guided by TNC's Mining the Sun report, the project seeks to transforming former coal mines into solar energy fields. In partnership with TerraForm Power, ENGIE and Dominion, 22 solar energy projects are being developed on former mining lands along with four storage project lease options. These projects have the potential to generate more than 179 megawatts of solar power and store 320 megawatts of energy—enough to power 6,638 Appalachian homes annually. This clean energy development will not only create short-term construction jobs but also generate increased local tax revenue for schools, libraries, parks and other civic priorities.

What really sets the Cumberland Forest Project apart, however, is its design as an impact investment fund that seeks competitive rates of return for third-party investors. TNC is a co-investor in the fund and manages the project's properties as the fund's General Partner. The financing model relies on equity investors, debt, carbon finance and seller financing. Pooled capital, along with more than U.S.\$20 million in carbon offsets and a two-year seller financing agreement, enabled the purchase of the project's properties. The timing of the seller agreement allowed offsets to be monetized and used to repay the seller, reducing upfront capital needs.

Another innovative feature of the model is the Community Fund financed through mineral royalties from the properties. To date, the Fund has committed U.S.\$700,000 to support more than 40 community-led projects that align with conservation goals.

The Cumberland Forest Project's unique financing model, as well as its all-in conservation strategy that combines traditional land conservation, clean energy development, repurposing of coal mines, sustainable forestry, public access and community benefits, offers a replicable model for climate-smart land use. Already, [New York](#), [Michigan](#) and [Maryland](#) are looking to place solar fields on local landfills and formerly mined lands.

Each component of the project—whether implemented individually or together—offers a practical path to mitigating greenhouse gas emissions, supporting biodiversity, revitalizing economies and building climate resilience.

To explore how this model works and what's possible through collaboration and investment, read the latest [impact report](#).





## CASE STUDY 3: Scaling Blue Carbon Solutions

### SCALING MADE SIMPLE

#### GUIDING CONCEPT:

With the world's first seagrass carbon offset project and the launch of BC+, a global initiative to scale market-ready ocean-based businesses, TNC is helping unlock the full potential of blue carbon finance to restore coastal ecosystems, support communities and drive climate action.

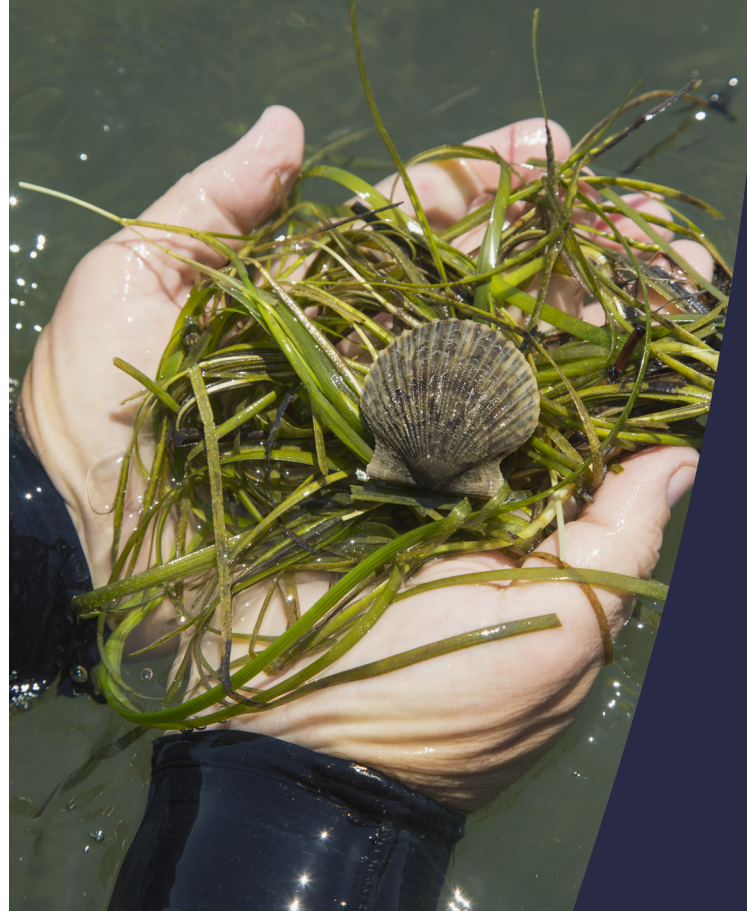
#### WHY IT WORKS:

Blue carbon ecosystems like mangroves, seagrasses and salt marshes offer powerful climate solutions by capturing carbon (mitigation) and protecting coastlines from storms and erosion (adaptation). Projects like the Virginia Coast Reserve and BC+ show that restoring these ecosystems and supporting market-ready businesses can attract investment while preserving cultural heritage and enhancing resilience.

#### TIPS FOR SCALING:

- **Develop verified blue carbon credit projects** to monetize restoration and conservation efforts.
- **Support local enterprises** that align economic activity with ecosystem health.
- **Use blended finance** to overcome high development costs and low carbon credit prices.
- **Build capacity and regulatory frameworks** in high-potential regions to access blue carbon markets.
- **Scale through business incubators** that provide technical, financial and marketing support to nature-positive ventures.





Our climate and our ocean are intrinsically linked. The ocean is responsible for every second breath we take and absorbs more than 25% of CO<sub>2</sub> emissions and over 90% of the excess heat due to global warming.

The world's coastlines—specifically blue carbon ecosystems like mangroves, marshes, kelp and seagrasses—provide more ecosystem services per unit area than any other ecosystem on Earth. But despite the benefits they provide, the world has lost half its salt marshes and mangrove forests and nearly one-third of its seagrasses. Investments in rapid coastal development and unsustainable extractive industries such as aquaculture and agriculture are the leading causes of this loss.

Restoration, sustainable management and strategic financing can enhance coastal resilience, spur economic growth and increase biodiversity. Yet in 2015, only 1% of Official Development Assistance (ODA) finance went to coastal ecosystems. This lack of grant and public funding necessitates a shift to innovative blended financing to maximize concessional and commercial capital. Currently, the most significant climate-related investments in coastal habitats are driven by the potential returns from carbon markets. Restoration and conservation efforts that enhance carbon sequestration and generate tradable blue carbon credits can incentivize industries and governments to invest in these ecosystems.

TNC is demonstrating the value of coastal investment and blue carbon markets through on-the-ground projects around the world. One such project is the Virginia Coast Reserve, the longest expanse of coastal wilderness on the East Coast of the United States covering 133,000 acres. TNC manages 40,000 of these acres, which include barrier islands, eelgrass, salt marsh, mudflats and upland forests. Eelgrass disappeared from the bay in the early 1930s due to disease and poor water quality. In 2003, TNC joined partners at the Virginia Institute of Marine Science to restore 584 acres of eelgrass that now have spread naturally and cover nearly 9,000 acres—the largest area of restored seagrass in the world. These large sea meadows not only play a critical role in stabilizing sediment for neighboring marshes and increasing their natural ability to protect coastlines, but they also capture and store carbon in their soils and biomass, making them both an adaptation and mitigation solution. Using the Verified Carbon Standard, we are developing the world's first seagrass carbon offset project. The sale of these carbon offsets will support continued management efforts of this vital habitat.



While blue carbon markets provide social, economic and environmental benefits, many areas with the highest potential to generate blue carbon credits lack the capacity and necessary regulatory framework to access these markets. It is also difficult to scale blue carbon market finance to these areas because of the relatively small available projects and the low price of carbon credits compared to high cost of developing high-quality, verified blue carbon crediting projects. In addition, investments only in carbon credits can limit financial flows to coastal conservation projects that provide outsized benefits for climate adaptation and mitigation.

To address these challenges, Conservation International (CI) and TNC launched an effort called Blue Carbon+ (BC+) in 2024, inspired by regenerative agriculture initiatives.

CI and TNC are leveraging their global reach, scientific expertise and financial acumen to advance emerging business models that integrally link the production of goods and services with the preservation of healthy coastal systems. Businesses selected by BC+ learn how to access new markets and navigate regulatory obstacles. They receive the scientific insights needed to capitalize on blue carbon opportunities while ensuring local communities and natural systems continue to benefit as their market reach expands. BC+ takes the lessons learned from individual businesses to scale demand and develop more blue carbon-positive businesses across the globe.

Tidal Moon, an Aboriginal-owned sea cucumber business in Australia's Shark Bay, is one of the businesses BC+ is supporting. Aboriginal people launched Australia's first export industry centuries ago, trading sea cucumbers with Asian markets. Today, Tidal Moon wants to resurrect that ancient trade route. Combining traditional knowledge with modern technology, Tidal Moon sustainably harvests and processes sea cucumbers which can be used for medicinal, nutritional and cultural purposes. Along with conserving coastal systems that provide habitat to sea cucumbers, Tidal Moon is also creating jobs and preserving traditional knowledge for the wellbeing of Aboriginal communities and their cultural practices. BC+ is helping Tidal Moon build staff capacity, launch its export operations and develop new products for the cosmetics market. BC+ is also providing support for Tidal Moon's marketing strategy to attract new investors.

In just its first year, BC+ has raised U.S.\$30 million to identify and scale high-potential blue carbon positive businesses around the world. With the backing of BC+, businesses will pioneer and grow global demand for products and services that contribute to global climate action through blue carbon solutions.







## CASE STUDY 4:

# Insuring Ecosystems to Reduce Climate Risks

### SCALING MADE SIMPLE

#### GUIDING CONCEPT:

Through partnerships with the insurance sector and local communities, TNC is pioneering insurance products for nature—from coral reefs to forests—that channel finance toward ecosystem restoration and protection, reduce climate risks and catalyze faster, more equitable recovery for communities and ecosystems.

#### WHY IT WORKS:

By quantifying the risk-reduction value of nature and embedding it into insurance design, these products unlock new funding streams for conservation while improving community resilience. Parametric insurance offers rapid payouts while resilience-linked policies incentivize proactive ecosystem management.

#### TIPS FOR SCALING:

- **Use parametric insurance** to enable fast, trigger-based payouts for ecosystem recovery.
- **Incorporate nature-based risk reduction** into underwriting to lower premiums and deductibles.
- **Build local capacity** to deploy payouts effectively and equitably.
- **Combine nature insurance with other tools** (e.g., livelihood and business interruption policies, risk pools, emergency funds) to maximize community benefits.
- **Convene cross-sector partnerships**—insurers, governments, businesses, communities and NGOs—to overcome regulatory and financial barriers.





TNC is partnering with the insurance sector to develop innovative products that both recognize the role nature plays in reducing climate risks for communities and provide incentives to sustainably manage natural systems that shield against those risks. TNC also is working with communities and other local stakeholders to establish the institutional partnerships and technical capacity needed to quickly and effectively utilize insurance payouts to build the resilience of ecosystems and the communities that depend on them.

TNC first piloted natural asset insurance in Quintana Roo, Mexico, in 2019. In partnership with Swiss Re and others, TNC facilitated the development of a parametric insurance policy for Quintana Roo's coral reefs and beaches. Parametric insurance offers pre-agreed payouts based on the occurrence of set parameters—such as wind speed exceeding a specified velocity in a defined location—rather than compensation for actual loss. This results in faster payouts than traditional indemnity policies which require lengthy damage assessments and can delay community and ecosystem recovery.

The Quintana Roo policy has been triggered twice, unlocking funds to repair the coral reefs. In 2020, Hurricane Delta triggered a nearly U.S.\$850,000 payout—the first time an insurance coverage ever paid for the recovery of a natural asset. In 2024, Hurricane Beryl triggered a roughly U.S.\$430,000 payout. Specially trained divers quickly deployed after the hurricanes to remove debris and reattach broken corals, greatly improving the reef's ability to recover.

TNC is now expanding this insurance model across a wider range of geographies, ecosystems and risks. Following the success at Quintana Roo, TNC worked with partners to develop similar insurance coverage for reefs in Hawaii in 2022—the first-ever natural asset insurance policy in the United States.

TNC is also demonstrating how insurance can encourage investment in ecosystem management. Earlier this year, TNC partnered with insurance advisor WTW and others to develop a policy that incentivizes landscape scale forest management practices that reduce the risk of catastrophic wildfires—such as thinning flammable vegetation and conducting prescribed burns—by factoring them into the underwriting process to lower costs. Through this wildfire resilience policy which covers more than 1,300 acres of forest, the Tahoe Donner Association, a homeowners' group in Truckee, CA, saw a 39 percent reduction in its premium and an 89 percent lower deductible compared to standard rates after demonstrating the risk reduction benefits of active forest management practices.





California's growing wildfire crisis underscores the urgency of such solutions. Nearly 4 million Californians live in wildfire-prone areas. The Los Angeles fires of January 2025 alone burned 57,000 acres, with economic damages estimated at U.S.\$76 billion to U.S.\$131 billion. Only U.S.\$45 billion of that was insured.

As insurance costs continue to rise and companies increasingly withdraw coverage, wildfire resilience policies can incentivize risk reduction while helping to maintain affordability and continued access to insurance. These policies also promote local action while supporting healthy forests that bolster biodiversity and carbon storage.

Interest is growing in the role insurance can play in building resilience and channeling finance toward actions that reduce climate risks for people and ecosystems.

TNC is using its role as a convener to catalyze collaboration across the insurance industry, academia and environmental and humanitarian organizations to scale ecosystem insurance coverage.

In June 2025, alongside London Climate Action Week, TNC brought together dozens of leaders from around the world to brainstorm how to remove financial, regulatory, capacity and institutional barriers to large-scale adoption of insurance that supports nature, climate and people. Ideas discussed included mechanisms to sustainably finance premiums, using risk pools to improve the accessibility and affordability of insurance, and opportunities to influence policy and regulation to advance widespread adoption. TNC is also exploring new approaches to increase the benefits that vulnerable communities receive from these programs, such as combining livelihood insurance—which protects against the loss of income due to climate-related events—with natural asset insurance or with other incentives to foster nature positive outcomes.





## CASE STUDY 5:

# Refinancing Sovereign Debt for Climate and Biodiversity Gains

### SCALING MADE SIMPLE

#### GUIDING CONCEPT:

Nature Bonds projects are innovative sustainable financial mechanisms that enable countries to reduce their debt burdens and unlock funding for conservation and climate action.

#### WHY IT WORKS:

Nature Bonds projects align national financial priorities with global climate and biodiversity goals. By combining debt refinancing, credit enhancements, and conservation commitments, they create win-win solutions for governments, local communities and ecosystems—without increasing debt burdens.

#### TIPS FOR SCALING:

- Structure deals with **credit enhancements** (e.g., guarantees, insurance) to reduce risk and attract investors.
- **Tie refinancing to measurable conservation and climate outcomes**, such as protected areas, restoration targets, and climate resilience.
- Include **permanent endowments and parametric insurance** to ensure long-term funding and rapid disaster recovery.
- Ensure **inclusive governance** by allocating resources directly to Indigenous Peoples and local communities.
- **Build coalitions** of governments, donors, multilateral banks, and private investors to scale the model across climate-vulnerable nations.



TNC's Nature Bonds program is an innovative finance mechanism that helps countries refinance a portion of their national debt, unlock long-term conservation funding and receive tailored science, policy and planning support to help them achieve their conservation, climate and biodiversity goals while improving livelihoods for local communities.

Since 2016, TNC has successfully implemented Nature Bonds projects in six countries—Barbados, Belize, Ecuador, Gabon, Seychelles and The Bahamas.

Nature Bonds projects bring governments, philanthropies, banks, private donors and other partners together to create deals that bring benefits to communities and nature. The mechanism refinances a portion of a country's external debt—often at a discount—using capital supported by public-private partnerships, along with credit enhancements and guarantees from multilateral institutions and philanthropic investors. In return for the savings, countries commit to protecting their oceans, lands or other natural systems. Nature Bonds projects include conservation funding streams, usually permanent endowments, and also frequently contain climate-smart features like parametric insurance or disaster clauses, ensuring that countries can invest in nature without increasing their debt burden.

One of the first nations to benefit from this innovative financial mechanism was Belize, which worked with TNC in 2021 to complete a U.S.\$364 million debt conversion that reduced its debt by 12% of GDP. The deal enabled Belize to repurchase U.S.\$553 million of external debt at a 45% discount. The refinancing created U.S.\$180 million in conservation funding over 20 years, including an endowment projected to grow to U.S.\$92 million by 2041.

Belize committed to protecting 30% of its ocean territory, including parts of the Mesoamerican Reef, through a participatory Marine Spatial Planning process. The financial deal included parametric insurance coverage to provide payouts based on pre-established parameters, offering financial security and quick payouts, improving response and resilience against natural disasters. The project also supported blue carbon initiatives to enhance carbon storage in coastal ecosystems.



Building on the success in Belize, [TNC worked with The Bahamas](#) on a U.S.\$300 million Nature Bond project in 2024 that replaced commercial debt with a lower-cost loan. The deal is expected to unlock U.S.\$124 million for marine conservation over 15 years, plus U.S.\$8 million in conservation endowment returns. The endowment aims to reach U.S.\$20 million by 2039.

The project supports climate-smart Marine Protected Area (MPA) management and a national Mangrove Management Plan, including the restoration of mangrove habitats in Grand Bahama and Abaco, areas severely impacted by Hurricane Dorian. It covers 6.8 million hectares of ocean, the largest MPA system in the Caribbean.

The project was the first sovereign debt deal to partner with the private sector. It was co-guaranteed by Builders Vision and the Inter-American Development Bank, with credit insurance from AXA XL. The project was also the first of its kind to include explicit climate mitigation and adaptation goals in its conservation outcomes.

The deal's inclusion of parametric insurance will also help The Bahamas quickly recover from natural disasters, and an option to pause debt repayments in the event of future pandemics or natural disasters allows the nation to continue conservation work without delays.

TNC has expanded the Nature Bonds program beyond marine ecosystems, and last year in Ecuador launched its first land and fresh water-based Nature Bonds project. The transaction refinanced U.S.\$1.53 billion of Ecuador's international bonds, generating over U.S.\$800 million in net fiscal savings by 2035 and securing approximately U.S.\$460 million over 17 years to finance the Amazon Biocorridor Program (BCA).

The BCA provides a national policy and financial framework to safeguard biodiversity and improve livelihoods in the Ecuadorian Amazon. Its resources are channeled through the independent Biocorredor Amazónico Fund, ensuring transparent governance and long-term accountability. Importantly, at least 45% of resources are directed to Indigenous peoples, local communities, and civil society organizations, embedding inclusion and legitimacy into financial flows.

This innovative mechanism links fiscal stability with conservation outcomes. It enables Ecuador to expand 1.8 million hectares of new protected areas, improve management of 4.6 million hectares of existing ones, and strengthen river protection and restoration efforts. Beyond ecological gains, it secures predictable, multi-decade funding, builds local governance capacity, and supports monitoring systems. By combining sovereign debt relief with conservation finance, the Nature Bonds-BCA project demonstrates how financial innovation can drive lasting climate resilience and sustainable development.

Now, through the new Debt Conversion Coalition launched at last year's UN Convention on Biological Diversity, TNC and partners are working to scale this model to other climate-vulnerable coastal nations.

To achieve this, the Coalition is working to bring more stakeholders into the effort. Donors and philanthropic organizations can co-guarantee innovative deals and fund endowments that support nature-positive outcomes. Multilateral development banks are needed to provide credit enhancements and technical assistance to unlock investment at scale. Governments must commit to ambitious conservation and climate goals aligned with international frameworks and private investors are needed to drive capital toward resilient, low-carbon economies.

Working together, nature-positive debt refinancing can become a mainstream tool to empower vulnerable nations to invest in ecosystems that protect both people and nature.





## CASE STUDY 6:

# Harnessing High-Quality Carbon Markets to Benefit Climate and Communities

### SCALING MADE SIMPLE

#### GUIDING CONCEPT:

TNC is scaling high-integrity carbon markets by combining scientific innovation, Tribal and community partnerships and investment-readiness strategies to build a robust pipeline of carbon projects that deliver measurable climate, biodiversity and socioeconomic benefits.

#### WHY IT WORKS:

By advancing rigorous methodologies like dynamic baselines and co-creating projects with communities, TNC is helping carbon markets evolve toward greater transparency, equity and impact. Investment-readiness tools and upfront financing unlock private capital for nature-based solutions.

#### TIPS FOR SCALING:

- **Use science-based methodologies** (e.g. dynamic baselines) to ensure credibility and market acceptance.
- **Support community-led projects** that align carbon finance with cultural, economic and environmental goals.
- **Provide upfront financing and technical assistance** to make projects investment ready.
- **Deploy incubators and accelerators** to strengthen business models and attract private capital.





To avoid the worst impacts of the climate crisis, the world must make rapid and ambitious cuts in greenhouse gas emissions this decade. High-quality carbon markets are an essential tool for meeting that goal.

Particularly important are high-quality carbon markets for natural climate solutions (NCS)—such as preventing deforestation, restoring wetlands or improving farming practices—because of their ability to not only fight climate change but also to protect biodiversity and support global sustainable development goals.

NCS carbon credits have faced intense scrutiny in recent years over their environmental and social impacts, which has spurred a new wave of science and regulation. TNC has supported this market transition by leveraging its many years of experience to influence new market rules and norms. For example, TNC and its partners TerraCarbon and American Forest Foundation developed the world's first "dynamic baseline" methodology. Dynamic baselines have now spread across carbon markets and have been recognized by the Integrity Council for the Voluntary Carbon Markets (ICVCM), which recently approved dynamic baseline methodologies as the first methodologies to be used with Improved Forest Management projects. Dynamic baselines also are required for all projects by the Symbiosis Coalition, the largest advanced market commitment in carbon markets. TNC plans to leverage additional science improvements through its new Science for High-Integrity Frameworks to Transform Carbon Markets (SHIFT-CM) initiative, a partnership led by TNC and Yale University with direct connections to ICVCM and many other research institutions.

In 2023, TNC also launched the Natural Climate Solutions Accelerator (NCSA) with the goal of turbocharging a pipeline of high-quality, scalable NCS projects that mitigate carbon emissions and benefit people and nature. Today, the NCSA has 19 carbon projects in its portfolio with the potential to mitigate up to 12 million metric tons of carbon dioxide by 2030.

One of those projects is being implemented in partnership with the Bois Forte Band of Chippewa in northern Minnesota. In 2022, the Bois Forte Band reclaimed over 11,000 hectares of land within its traditional reservation boundaries through a purchase that marked the most significant privately funded Tribal Nation land return in the United States. Before the land transfer, the Band held 5% of its original territory. The acquisition nearly doubled that land base.



The Bois Forte Band is now exploring the implementation of Improved Forest Management practices on 9,000 hectares of the land to meet their vision for a sustainable future that balances cultural, spiritual, environmental and economic values.

TNC, together with the National Indian Carbon Coalition, is providing technical and financial support in collaboration with the Band to develop a high-integrity carbon project that will use the dynamic baseline approach to measure carbon impact.

Named *Akiing Azhenan*—meaning “Take Back The Land” in traditional Ojibwe language—the project will generate revenue to pay off outstanding debts from the land purchase and could set a precedent for tribes across the United States using carbon markets to finance rematriation efforts while stewarding their lands for climate and economic benefits.

TNC also is working in Africa to deliver carbon finance for communities protecting and sustainably managing their lands. The Africa Forest Carbon Catalyst (AFCC) provides upfront affordable financing and technical assistance to conservation projects with the aim of making them “investment ready.” The AFCC works across forests, rangelands, oceans and wetlands focusing on projects with large carbon storage potential and high biodiversity values. Since its inception in 2021, it has mobilized approximately U.S.\$10 million for 24 projects in Angola, Congo, Democratic Republic of Congo, Kenya, Mozambique, Nigeria, Sierra Leone, Tanzania and Zambia.

Five of those projects are listed in the Verra project registry and have the potential to cumulatively mitigate 2.8 million metric tons of carbon dioxide, protect about 4.4 million hectares of forest and rangelands and benefit about 740,000 people. By 2027, the AFCC program overall aims to deliver 20 million tons of emissions reduction, conserve and restore 10 million hectares and has already surpassed its target to support the livelihoods of 500,000 people.

To ensure the success of these and future NCS carbon projects around the world, TNC is not only working to attract private investment capital but also has deployed the Carbon Project Business Incubator to make projects investment ready. TNC is currently piloting five Incubator projects, collaborating directly with project teams to prepare them for the rigorous due diligence required by private investors. This includes developing compelling marketing materials and investor pitch decks, as well as strengthening operational and business models to demonstrate long-term capacity to manage the projects—ultimately making a strong case that these are investments worth making.







## CASE STUDY 7:

# Investing in Traceability to Drive Sustainable Supply Chains

### SCALING MADE SIMPLE

#### GUIDING CONCEPT:

TNC is transforming agricultural finance and supply chains in Latin America by developing innovative lending models that redirect capital toward traceability schemes and deforestation-free production—unlocking scalable climate, biodiversity and market benefits across forest-risk regions.

#### WHY IT WORKS:

Initiatives like IFACC and VISEC show that targeted financial tools and traceability platforms can shift supply chains toward sustainability. By offering favorable lending terms and integrating multi-stakeholder governance, these models support producers in meeting deforestation-free standards while protecting ecosystems and livelihoods.

#### TIPS FOR SCALING:

- Design financial products with longer tenors, grace periods and reduced interest rates to **support producers transitioning to sustainable practices.**
- **Integrate traceability platforms** that verify deforestation-free production across supply chains.
- **Align with emerging regulations** like the EUDR to drive market demand and compliance.
- **Foster collaborative governance** by engaging producers, banks, governments and civil society.





Redirecting finance away from environmentally harmful practices is essential to achieving climate and biodiversity goals. Some of the most destructive practices taking place today are in the agriculture sector, which is the leading cause of deforestation around the world and one of the biggest sources of global greenhouse gas emissions. Agriculture also threatens 86% of the world's species at risk of extinction. Rapidly expanding soy production and cattle ranching across Latin America are driving much of this harm.

New regulatory and market pressures, however, are beginning to shift capital toward more sustainable agriculture practices. The European Union, for example, enacted the EU Deforestation-free Regulation (EUDR) in 2023 that requires companies to prove their products have neither come from recently deforested lands nor contributed to forest degradation. Growing global demand for products that meet deforestation- and conversion-free (DCF) standards is also pushing supply chains and capital flows to align with climate and biodiversity goals.

One example of this is a Latin American initiative called [Innovative Finance for the Amazon, Cerrado and Chaco \(IFACC\)](#), which is tackling the financial incentives that drive deforestation. Launched by TNC, the Tropical Forest Alliance and the United Nations Environment Program, IFACC brings together companies, banks and investors to advance lending and investment models that help agriculture businesses in Brazil, Argentina and Paraguay transition away from destructive practices.

IFACC is working to mobilize U.S.\$10 billion in commitments and disbursements by 2030 with the ultimate goal of unlocking the U.S.\$30 billion in capital needed to ensure beef, soy and other agriculture commodities produced in [the Amazon, Cerrado and Chaco regions](#) meet deforestation standards.

Since its launch in 2021, [IFACC has brought 17 financial products to market](#) including first-loss guarantees, technical assistance grants and a plug-and-play blueprint for catalytic capital that mainstream lenders can adopt. IFACC's products offer more favorable financial conditions than those typically available such as longer tenors, grace periods and reduced interest rates, recognizing that farmers often require additional time and costs to shift to sustainable production systems.



To date, IFACC has disbursed nearly U.S.\$500 million through its financial tools and provided technical guidance to hundreds of mid-sized producers, helping safeguard rural livelihoods and enabling compliance with new trade regulations. IFACC's support so far has helped implement sustainable management practices on 341,434 hectares, prevented the conversion of more than 183,000 hectares and avoided the release of some 25 million metric tons of carbon dioxide.

IFACC is now working with donors, development finance institutions, corporations and banks to unlock the next wave of financing. They also are demonstrating that with the right tools, partnerships and incentives, agricultural finance can be transformed into a force for climate and nature.

Initiatives like IFACC work in concert with regulatory mechanisms to redirect financial flows towards more sustainable production models. A key component of sustainable production is supply chain traceability, allowing companies and consumers to verify the sustainability of products and drive market demand towards those products. Promising examples of supply chain traceability can be found across Latin America, moving the market towards supporting DCF production and serving as pace-setting initiatives for financial investment.

In Argentina, agricultural expansion has destroyed one-quarter of the 100-million-hectare Gran Chaco's forests over the past 35 years, putting both ecosystems and livelihoods at risk. In response, WISEC (Sectoral Vision for the Argentine Gran Chaco) was developed as a national-level monitoring, reporting and verification platform that ensures full traceability of soy and beef from origin to export. What sets WISEC apart is its collaborative governance model which brings together producers, associations, intermediaries, exporters, government agencies, stock exchanges, banks, universities, NGOs and certification bodies. The system integrates data at every stage of the supply chain, ensuring that products meet DCF standards and comply with emerging trade regulations.

A 2023 study found that WISEC could help avoid 655,000 hectares of deforestation under future market-aligned scenarios—equivalent to nearly 33 million metric tons of carbon dioxide annually.

WISEC's success has been underpinned by domestic ownership, collaborative and multi-stakeholder governance and growing global demand for DCF products. Its recognition by Argentina's government and alignment with international regulations also position it as a model for other countries. This approach is now being replicated by Paraguay, which is developing its own digital system to trace DCF soy. Bolivia is also exploring WISEC implementation.

Together, IFACC and WISEC are not only producing tangible results across Latin America but also serving as models for other forest-risk regions such as the Congo Basin, Borneo and West Africa.





## CASE STUDY 8:

# Blending Capital to Scale Adaptation and Resilience

### SCALING MADE SIMPLE

#### GUIDING CONCEPT:

Blended finance instruments are mobilizing diverse sources of capital to tackle the interconnected climate and biodiversity crises—accelerating climate adaptation, enhancing biodiversity management and supporting the transition of carbon-intensive cattle ranching toward more sustainable, resilient practices.

#### WHY IT WORKS:

SolNatura+ and Future Landscapes R2A both demonstrate how concessional layers, guarantees and flexible fund architecture can unlock investment for high-impact projects that would otherwise be excluded due to risk, scale or maturity. These models also ensure capital reaches small and medium-sized initiatives through special purpose vehicles (SPVs) and microfinance channels.

#### TIPS FOR SCALING:

- **Blend non-repayable and repayable capital** to reduce risk and attract private investment.
- **Use SPVs and microfinance institutions** to channel funding to smallholders and local ventures.
- **Incorporate profit-sharing and carbon finance** to create commercially viable returns.
- **Design flexible fund structures** that support projects of varying sizes and timelines.
- Build cross-sector platforms **that engage NGOs, investors, governments and** technical partners to drive systemic change.





Land use change in Colombia is leading to severe climate and environmental challenges. More than 60% of Colombia's greenhouse gas emissions stem from agriculture, deforestation and cattle ranching, which also put the country's freshwater ecosystems at risk. Growing floods, landslides and other climate impacts threaten millions of people and natural systems across the country.

Achieving carbon neutrality in Colombia by 2050 will require more than U.S.\$50 billion in investments, while an estimated U.S.\$6 billion will be needed each year to preserve Colombia's biodiversity. Despite growing interest in sustainable finance, the market remains underdeveloped and fragmented.

To address these challenges, Fondo Accion, GIZ and TNC funded by the International Climate Initiative (IKI) from the German Federal Ministry for the Environment, Climate Action, Nature Conservation and Nuclear Safety (BMUKN) have launched SolNatura+, a pioneering impact investment fund that blends non-repayable capital, such as government grants or philanthropic donations, with repayable resources such as debt and private investment.

This blended finance model enables the deployment of guarantees, concessional lending and patient equity that unlock capital for nature-based projects that would otherwise be excluded due to their size, risk or maturity.

SolNatura+'s blended funding reduces the cost of capital in debt transactions and extends repayment terms, aligning them with the longer timelines and cash flow cycles of impact-oriented projects. In guarantee structures, first-loss mechanisms reduce the perceived risk for financial institutions and private investors, enabling transactions that would otherwise be unviable. And returns generated by non-repayable capital are 100 percent reinvested, creating a continuous impact cycle.

SolNatura+ goes beyond traditional fund managers and contributors, bringing together diverse stakeholders including originators and financial intermediaries, impact-driven ventures as well as technical and strategic partners such as NGOs, academic institutions and impact investment networks. This multi-layered model makes SolNatura+ more than a financial instrument—it is a cross-sector platform for sustainable development.

The fund's flexible architecture is designed to support initiatives of all sizes. It has the potential to finance large-scale projects directly, through special purpose vehicles (SPVs) and microfinance institutions to ensure that resources reach small and medium-sized initiatives in a controlled and traceable way.



SPVs are a novel approach for overcoming a lack of access to capital, ranchers' debt aversion and limited technical expertise, leading to successful implementation of silvopastoral systems that integrate trees and livestock on the same land to reduce carbon emissions, restore degraded land, enhance biodiversity and improve farm productivity.

Along with SolNatura+'s use of SPVs to channel capital to small and medium-sized initiatives, SPVs are also being explored through TNC's Future Landscapes R2A (Regenerative Ranching and Agriculture) initiative, developed in partnership with IKI and BMUKN. Future Landscapes R2A specifically targets Colombia's cattle ranching sector, which is responsible for 28 percent of the nation's greenhouse gas emissions. The initiative promotes silvopastoral systems and advances the conservation of agricultural buffer areas that are critical for maintaining ecosystem services for local communities.

Through a combination of profit-sharing agreements with farmers, carbon credit sales and technical assistance, Future Landscapes R2A offers a commercially viable return for investors while including guarantees and concessional layers to mitigate risk.

The Future Landscapes R2A initiative has the potential to become the premier financing platform for regenerative livestock not just in Colombia but across Latin America, mobilizing private finance to convert degraded pasture into thriving landscapes that benefit people, climate and biodiversity.

SolNatura+'s blended finance approach and its ability to transform non-repayable contributions into revolving instruments make it a replicable model for nations across Latin America and other emerging markets where private capital must be mobilized for development goals and catalytic funding must be used more effectively and efficiently.

With an initial projected deployment of COP\$500,000 million—approximately U.S.\$125 million—and an expected fivefold capital rotation over its 50-year lifespan, the fund could mobilize the equivalent of approximately U.S.\$625 million.

SolNatura+ is now seeking to attract and collaborate with development partners, multilateral platforms, institutional investors, philanthropic organizations and development banks to expand its territorial reach and accelerate the flow of capital toward sustainable high-impact solutions.







## CASE STUDY 9:

# Mainstreaming Natural Climate Solutions into Planning Processes

### SCALING MADE SIMPLE

#### GUIDING CONCEPT:

TNC is helping countries mainstream Natural Climate Solutions (NCS) into climate and development planning—from village councils to national ministries—ensuring they are backed by public finance and institutional support.

#### WHY IT WORKS:

Embedding NCS into formal planning frameworks ensures these solutions are not just aspirational but actionable. By aligning NCS with existing public finance mechanisms and governance structures, countries can scale nature-positive outcomes while meeting climate and development goals.

#### TIPS FOR SCALING:

- **Embed NCS into climate plans** like NDCs and NAPs, then extend integration into broader development and budgetary frameworks.
- **Leverage public finance**, which remains the largest source of NCS funding
- **Use participatory planning tools** to reflect community priorities and ensure local ownership.
- **Conduct budget tagging and institutional analysis** to identify gaps and opportunities for fiscal and policy reform.
- **Build capacity across governance levels** to mobilize finance and implement NCS effectively.



Natural Climate Solutions (NCS)—such as the restoration of ecosystems and implementation of sustainable management practices—are increasingly being incorporated into planning frameworks around the world. But significant gaps remain in how—and at what scale—they are integrated into climate and development strategies to fully realize their potential.

Similarly, opportunities to maximize the use of existing public finance for NCS are often underutilized, despite their ability to deliver multiple benefits across climate, biodiversity and development agendas. A [TNC study](#) conducted in 2023 across 10 countries found that while public finance remains the largest source of NCS funding, substantial opportunities exist to increase its allocation.

Embedding NCS into climate plans such as Nationally Determined Contributions (NDCs) and National Adaptation Plans (NAPs) is an essential first step. TNC, in fact, has [developed guidance](#) and is actively supporting countries in strengthening the integration of NCS into climate plans. But embedding NCS more broadly into national, subnational and local development plans—and ensuring they are reflected in the associated budgetary processes and financial architecture that drive implementation—is equally as important. TNC is working around the world to help countries take that critical next step.

In India, where climate and land-use pressures threaten ecosystems and agricultural livelihoods, TNC's affiliate, The Nature Conservancy Centre (TNCC), has piloted an approach to integrate NCS into Gram Panchayat (village council)-level development planning. In the Dhar district of Madhya Pradesh, TNCC worked with 17 villages to embed landscape restoration actions into their Gram Panchayat Development Plans (GPDPs). Gram Panchayats are the elected local self-governments in rural India, and GPDPs are their annual development plans funded through governmental allocations (via fiscal transfers, flagship schemes, line department funds, state budget allocations and convergence funds).

Building on this success, TNCC aims to scale the initiative to 25 villages by mid-2026 and set up the pathway to scale to 262 villages by 2030, in partnership with the Regenerative Production Landscapes Collaborative. Integrating NCS actions into these plans has the potential to strengthen the livelihoods and climate resilience of 420,000+ people living in these landscapes.

TNCC is supporting the integration of NCS actions into community-led natural resource planning in 260 villages and 30 Community Conserved Areas (CCAs) in the two Indian states of Meghalaya and Nagaland. These village-and landscape-level plans reflect community priorities for biodiversity, climate resilience, and livelihoods, and are designed to align with public programs. In 9 of these villages, implementation of the prioritized NCS actions is currently underway by leveraging ~USD 7,200 through governmental programs and community contribution, thereby demonstrating the potential pathway to unlock public finance for NCS. Efforts are on to leverage sustainable finance for implementation across the 260 villages and 30 CCAs.

Beyond these bottom-up approaches, TNC is also working at the subnational levels across various countries to strengthen the regulatory environments and institutional capacities of local governments to increase access to finance for NCS. For instance, in Indonesia, TNC and its main partner, Yayasan Konservasi Alam Nusantara (YKAN), undertook a budget tagging exercise that tracked public funding allocated to NCS by subnational governments in East Kalimantan over several years. This was followed by multi-stakeholder consultations and institutional analysis to identify opportunities for policy, fiscal and capacity reforms aimed at increasing state budget allocations and improving institutional readiness to finance NCS. These efforts are helping governments better understand where NCS investments are already occurring, where gaps exist and how to mobilize additional public and private finance—including through incentive mechanisms tied to both carbon and non-carbon outcomes.



## CASE STUDY 10:

# Mobilizing Climate Finance Through Multilateral–Private Sector Collaboration

### SCALING MADE SIMPLE

#### **GUIDING CONCEPT:**

TNC is pioneering new pathways for climate finance as the first NGO accredited by the Green Climate Fund for non-grant instruments—unlocking loans and equity to mobilize private capital, scale low-emission development and close the funding gap for climate resilience in emerging economies.

#### **WHY IT WORKS:**

By combining grants, loans, equity and guarantees, multilateral funds like the GCF can catalyze private sector investment at scale. TNC's accreditation for non-grant instruments opens new pathways to structure impactful, investment-ready projects that align with developing country priorities.

#### **TIPS FOR SCALING:**

- Leverage concessional capital to crowd in private investment and reduce perceived risk.
- Use flexible financing instruments (grants, loans, equity, guarantees) to tailor projects for maximum impact.
- Design blended finance models that support MSMEs, bioeconomy ventures and nature-based solutions.
- Partner across sectors to combine technical expertise, financial capacity and local knowledge.
- Align with national climate priorities to ensure relevance, legitimacy and long-term success.





The [Global Environmental Facility \(GEF\)](#), [Adaptation Fund \(AF\)](#) and [Green Climate Fund \(GCF\)](#) have, to date, collectively allocated over U.S.\$30 billion to support climate mitigation and adaptation activities in developing countries. While the number sounds impressive, it pales in comparison to the actual need. Estimates indicate that emerging markets and developing nations around the world (excluding China) will require more than [U.S.\\$2.4 trillion](#) to effectively address climate threats.

Grant funding alone will never be able to meet the needs for investment in climate adaptation and mitigation. Instead, multilateral finance institutions must seek innovative ways to partner with the private sector—which has over U.S.\$250 trillion in assets—to drive low emission, climate resilient development.

The GCF, the world's largest multilateral climate fund, seeks to play a catalytic role in shifting the paradigm of climate finance. As part of this shift, TNC recently became the first NGO to receive accreditation for non-grant instruments—including both loans and equity—from the GCF.

The GCF uses a range of financing instruments—including grants, loans, equity and guarantees—that can be deployed to derisk investment and mobilize finance at scale. The blended finance model also allows GCF's partners to creatively structure projects to maximize impact and leverage public funding to mobilize—or “crowd-in”—private investment. GCF's patient, concessional capital can be utilized to shift financial flows to support low emission and climate resilient projects that advance the climate priorities of developing countries.

For example, the Mirova [Sustainable Land Use Fund](#), which was approved by GCF in early 2025, uses blended finance to overcome the barriers of limited financing, high investment risks and low technical capacity. Through public and private capital, the Fund will support agroforestry, regenerative agriculture and sustainable forestry to mitigate 17.2 million tons of greenhouse gas emissions and improve the climate resilience of 314,000 people in seven different countries.



The International Fund for Agricultural Development is using a grant and a loan from GCF to develop a practical financing model that will mobilize private sector investments in rural climate change adaptation activities for food systems to support micro, small and medium-sized enterprises (MSMEs) and smallholders, benefitting 1.4 million people.

Another GCF project, the Amazon Bioeconomy Fund, will unlock private capital to grow bio-businesses across six nations while protecting Amazon forests, improving livelihoods, reducing over 120 million tons of emissions and increasing climate resilience for more than 675,000 people. The Amazon Bioeconomy Fund, supported by loan, equity and grant funding from GCF, derisks and thus increases investment in sustainable agroforestry, native palm cultivation, non-timber natural forest products, native species timber, aquaculture and community-led nature tourism.

GCF set ambitious targets in its 2024 to 2028 strategic plan including protecting, restoring or sustainably managing 120 to 190 million hectares of terrestrial and marine areas; helping 190 to 280 million people adopt low-emission climate-resilient agricultural and fisheries practices; supporting 90 to 180 national and regional financial institutions; and providing early-stage capital to help 950 to 1500 MSMEs and private sector ventures implement climate solutions.

Through the implementation of new business models and market approaches, GCF is leveraging scarce public grant resources to mobilize private capital that can help achieve its goals. At its June 2025 board meeting, GCF also adjusted policies to allow accredited entities more flexibility by eliminating up front (at accreditation) definitions of maximum project size and types of financial instruments possible, instead pushing assessment of these to the project review stage. Now, all entities have the opportunity to think creatively about how to best structure their projects for highest impact.

Grant-based funding will always play an important role in helping nations mitigate and adapt to climate impacts. But GCF is demonstrating how innovative programs can unlock private sector finance to close the financial gap left by grants alone. With rigorous requirements, partnering effectively is a key part of success not only in accessing but also implementing multi-lateral climate funding. The skills, expertise, experience and knowledge necessary do not reside in single organizations. Success hinges on finding the right combination of partners, persistence and addressing developing country climate priorities.







## Conclusion

Confronting the climate crisis requires bold financial innovation, unlikely partnerships across sectors and decisive implementation. The solutions in this playbook—from sovereign debt conversions to community-centered conservation—prove that climate finance can be catalytic, scalable and inclusive. The cost of inaction is rising. But the tools to build a low-emission, resilient and equitable future are already in our hands. Realizing their potential will require leadership, coordination, co-creation with communities and a commitment to act at speed and scale.

Investing in climate and nature is investing in livelihoods and a resilient future—and it's sound economics. If we get it right, this moment can be a turning point toward a more prosperous, equitable and sustainable world.

**Questions? Collaboration?**

Get in touch with us at [media@tnc.org](mailto:media@tnc.org) or visit [nature.org/climate](https://nature.org/climate).

*The Nature Conservancy is a global conservation organization dedicated to conserving the lands and waters on which all life depends. Guided by science, we create innovative, on-the-ground solutions to our world's toughest challenges so that nature and people can thrive together. We are tackling climate change, conserving lands, waters and oceans at an unprecedented scale, providing food and water sustainably and helping make cities more resilient. The Nature Conservancy is working to make a lasting difference around the world in 81 countries and territories (40 by direct conservation impact and 41 through partners) through a collaborative approach that engages local communities, governments, the private sector, and other partners. To learn more, visit [nature.org](https://nature.org).*