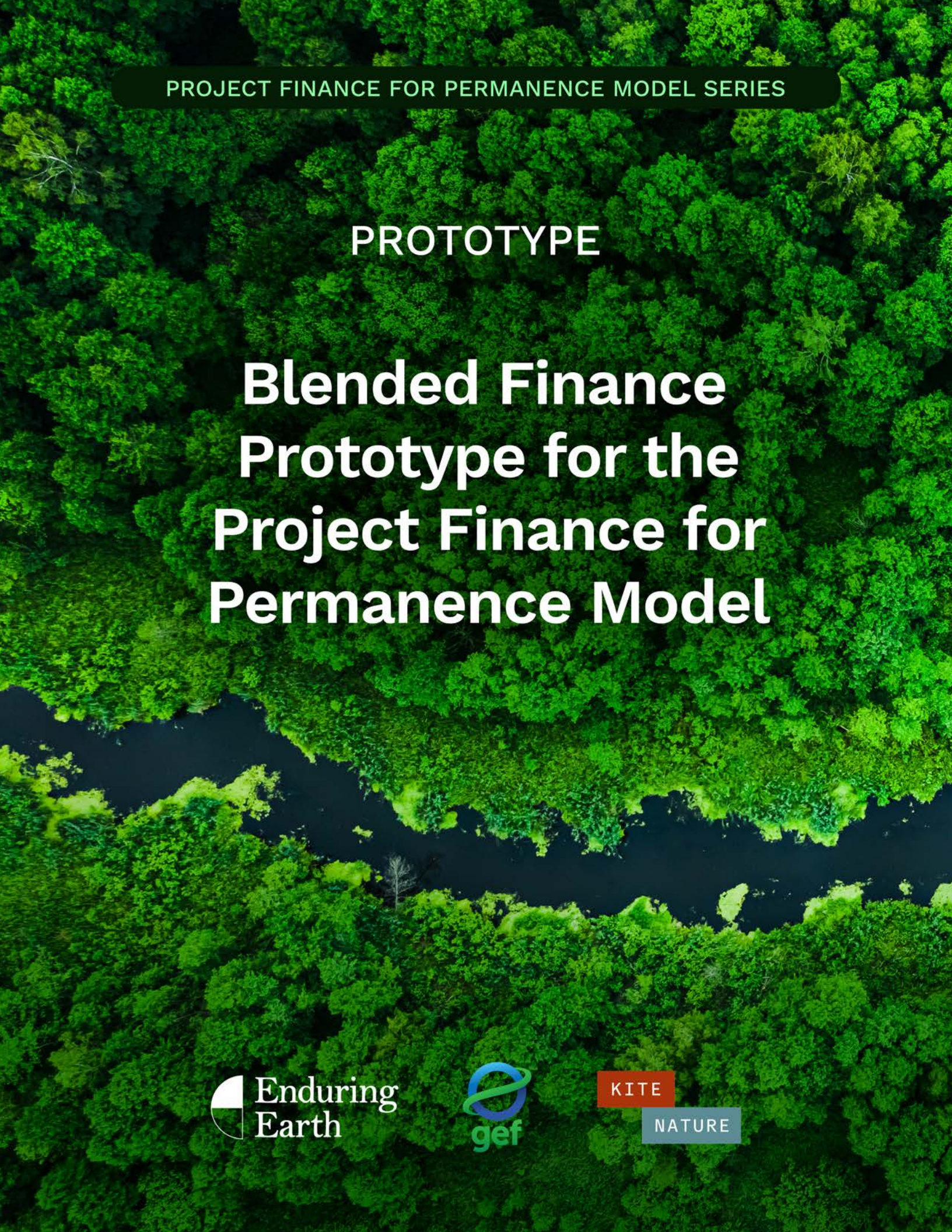

PROJECT FINANCE FOR PERMANENCE MODEL SERIES
PROTOTYPE
Blended Finance Prototype for the Project Finance for Permanence Model
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Disclaimer:

This prototype draws on third-party inputs and publicly available information on real-world cases of implementation. While reasonable efforts have been made to ensure accuracy, the author does not guarantee the completeness, accuracy, or reliability of such information.

Nothing in this prototype constitutes, or should be construed as, investment, legal, or financial advice. The views expressed are those of the author and do not necessarily reflect those of Enduring Earth or its partners.

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List of Acronyms and Abbreviations

ACCT	Africa Conservation and Communities Tourism Fund
AFLP	Artisanal Fishing Loan Program
AFD	Agence Française de Développement (French Development Agency)
AFP	Adaptation Finance Program
CCCF	County Climate Change Fund
CSR	Corporate Social Responsibility
CTF	Conservation Trust Fund
DBN	Development Bank of Namibia
DEG	German Development Finance Institution
DFC	Development Finance Corporation
DFI	Development Finance Institution
ESG	Environmental, Social and Governance
ESMS	Environmental and Social Management Systems
FFEM	Fonds Français pour l'Environnement Mondial (French Facility for Global Environment)
FMO	Dutch Entrepreneurial Development Bank
FPIC	Free, Prior and Informed Consent
FSC	Forest Stewardship Council
GEF	Global Environment Facility
GHG	Greenhouse Gas
GIIN	Global Impact Investing Network
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (German Corporation for International Cooperation)
IFC	International Finance Corporation
IKI	International Climate Initiative
IRIS+	Impact Reporting and Investment Standards
JICA	Japan International Cooperation Agency
KfW	Kreditanstalt für Wiederaufbau (German Credit Institute for Reconstruction)
KPI	Key Performance Indicator
MRV	Monitoring, Reporting and Verification
MSME	Micro, Small and Medium Enterprise
NbS	Nature-based Solutions
NIF	Nature Investment Facility
OPIM	Operating Principles for Impact Management
PFP	Project Finance for Permanence
PRI	Principles for Responsible Investment
SEDF	Socioeconomic Development Fund
SFM	Sustainable Finance Mechanism

SME	Small and Medium Enterprise
SPV	Special Purpose Vehicle
TA	Technical Assistance
TLIF	Tiger Landscapes Investment Facility
TNC	The Nature Conservancy
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
WCS	Wildlife Conservation Society



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Introduction

Ensuring long-term financial sustainability is central to the Project Finance for Permanence (PFP) model, and a diverse mix of Sustainable Finance Mechanisms (SFMs) is essential to achieving it. Enduring Earth is therefore exploring how a broader set of SFMs can be more effectively integrated into PFP design and implementation.

Following a baseline and opportunity mapping based on desk research and interviews with experts and market actors, promising SFMs were identified and grouped into four strategic categories for PFPs: Core SFMs (i.e., established SFMs, widely explored and closely aligned with PFPs), Contextual SFMs (i.e., SFMs with proven application in conservation finance but selective and context-specific application in PFPs), Emergent SFMs (i.e., SFMs with growing interest among PFP teams but not yet widely tested in PFPs), and Frontier SFMs (i.e., innovative SFMs, but nascent and evolving markets).

This strategic grouping informed the selection of two emergent SFMs for further exploration and prototyping through this consultancy. While these types of SFMs are becoming increasingly prioritized by PFP teams, they have not yet been tested within PFPs. PFP teams have experience designing or implementing these SFMs (or similar mechanisms), but primarily outside the PFP context. By prototyping emergent SFMs, we aim to increase understanding of their applicability within the PFP model and inform the definition of suitable design elements, strategies and key steps for their use in PFPs.

Two virtual focus group sessions held in January 2026 provided key insights on the fit of blended finance mechanisms within PFPs, and key decisions to address persistent challenges. Participants included PFP teams and content experts from the Enduring Earth partnership, along with guest participants from the Wildlife Conservation Society (WCS), ThirdWay Partners, the United Nations Development Programme (UNDP), and Commonland. Inputs collected through these sessions were complemented by additional desk research and interview notes to inform the preparation of this SFM prototype.

The blended finance prototype is organized into four main building blocks (sections):



Rationale and Background

This section outlines the challenges blended finance may help address in the PFP context, provides a definition and general background information on blended finance, identifies key market opportunities, outlines the strategic advantages of blended finance as an SFM in the PFP context, and suggests possible SFM objectives in the PFP context.



Structural and Financial Elements

This section illustrates two possible blended finance models for the PFP context, describing the relevant roles for their deployment and their structural design elements.



Strategies to Strengthen Blended Finance Pipelines, Scalability and integration in PFPs

Building on key inputs from focus groups and interviews, this section recommends strategies for PFP teams and the Enduring Earth partnership to address key challenges blended finance mechanisms may face related to pipeline development, transaction scalability, alignment with the PFP conservation plan (or conservation and community plans, if these are separately elaborated), and operational and financial integration in PFPs.



Implementation Roadmap

Based on expert input, this section proposes a reference roadmap to guide PFP teams in assessing, designing and deploying blended finance mechanisms within the PFP context. The roadmap is structured around the main phases of the PFP lifecycle, integrating critical milestones from the typical blended finance pathway with a balanced sequential implementation of the previously identified strategies.

This SFM prototype is primarily intended for PFP practitioners, including Enduring Earth partners and implementing organizations. However, this tool may also be relevant to the broader conservation finance community, with the understanding that its application to other contexts may require further adaptation.

Rationale and Background

The Challenge

Key Points

1. PFPs have traditionally relied on policy-based instruments to address funding gaps, with limited participation from private capital.
2. Government counterparties want to mobilize private capital for PFPs as they face public funding limits with competing demands for tax revenues.
3. Private capital typically requires reliable cash flows, which many conservation activities do not produce.
4. Blended finance can help unlock private investment through risk-sharing arrangements but faces practical challenges in conservation contexts.
5. Integration of livelihood and socioeconomic objectives in PFPs creates opportunities to align conservation outcomes with revenue generating activities.
6. Blended finance mechanisms show promise but there remains a need for a clearer and more unified case for the role of blended finance within PFPs and a shared understanding of how it can be applied and scaled, building on PFP-specific enablers and contexts.

PFPs have traditionally relied on policy-based instruments, such as fees or taxes, to address the progressive funding gap resulting from the transition fund spend-down. While these instruments can provide durable revenue streams to cover core conservation costs, they typically involve limited participation from private capital.

A key constraint is that private capital generally depends on the generation of reliable cash flows capable of supporting repayment of capital or investment returns. Many core conservation activities in protected and conserved areas do not inherently produce such cash flows, limiting the ability of PFPs to directly mobilize private investment for conservation implementation.

Blended finance mechanisms offer risk-sharing arrangements that can help unlock private investments for societal objectives, but applying blended finance in conservation contexts also presents persistent challenges. These typically include balancing profitability and scalability with ecological carrying capacity, underdeveloped pipelines of investable conservation-linked enterprises, limited bankability of projects and resource users, and small transaction sizes relative to structuring costs, among others.

Current PFP deals in implementation (such as the First Nation-led PFPs or ARPA Communities) and planning stages (including

Belize, Bolivia, Gabon, Kenya, and Namibia, among others) explicitly include community development, sustainable livelihoods, and economic transitions as key elements of conservation strategies. These dimensions create opportunities to align conservation outcomes with economic activities that may generate revenue streams and attract private or development finance. Enduring Earth partners also have experience mobilizing private investment to support livelihoods and economic transitions in conservation programs, including through blended finance mechanisms that support activities in and around protected and conserved areas. However, these approaches have not yet been systematically adapted, tested, or scaled as sustainable finance mechanisms within PFPs.

To realize this potential, however, there remains a need for a clearer and more unified case for the role of blended finance within PFPs, and a shared understanding across the partnership of how these mechanisms can be applied and scaled drawing on PFP-specific enablers to become a structural part of the broader SFM mix.



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General Background on Blended Finance

Blended finance is typically used as a broad concept in the international development and impact investment sectors. This prototype builds on the understanding of blended finance as defined by Convergence,[1] a global network of businesses and institutions that produces market intelligence and knowledge products to advance blended finance in emerging markets. A selection of key elements from the definition of blended finance by Convergence are included below.

Working Definition of Blended Finance

- "Blended finance is the use of catalytic capital from public or philanthropic sources to increase private sector investment in sustainable development."
- "Blended Finance is not an investment approach, investment Instrument or end solution."
- "Blended finance is a structuring approach that allows organizations with different objectives to invest alongside each other while achieving their own objectives (whether financial return, social impact, or a blend of both)." [2]

To differentiate among the multiple blended finance mechanisms being used worldwide, it is essential to start with a clear understanding of the different options typically available. For conceptual and design purposes, Convergence identifies four blended finance archetypes. [3] These refer to the use of concessional capital, guarantees or insurance, Technical Assistance (TA) funds, or design-stage grants through structured vehicles that enhance the viability of transactions involving private finance.

These single archetypes are the simplest forms of structuring blended finance, where one element of concessional or philanthropic finance is combined with a return-seeking debt or equity finance element. However, in practice, blended finance funds and facilities (such as the case studies included throughout the prototype) often combine elements of two or more archetypes into their structure.

1 Convergence (2025). *Who We Are*. Accessed on February 28, 2026: https://www.convergence.finance/about

2 Convergence (2025). *Blended Finance*. Accessed on February 28, 2026: https://www.convergence.finance/blended-finance#definition

3 Convergence (2025). *Blended Finance*. Accessed on February 28, 2026: https://www.convergence.finance/blended-finance#definition

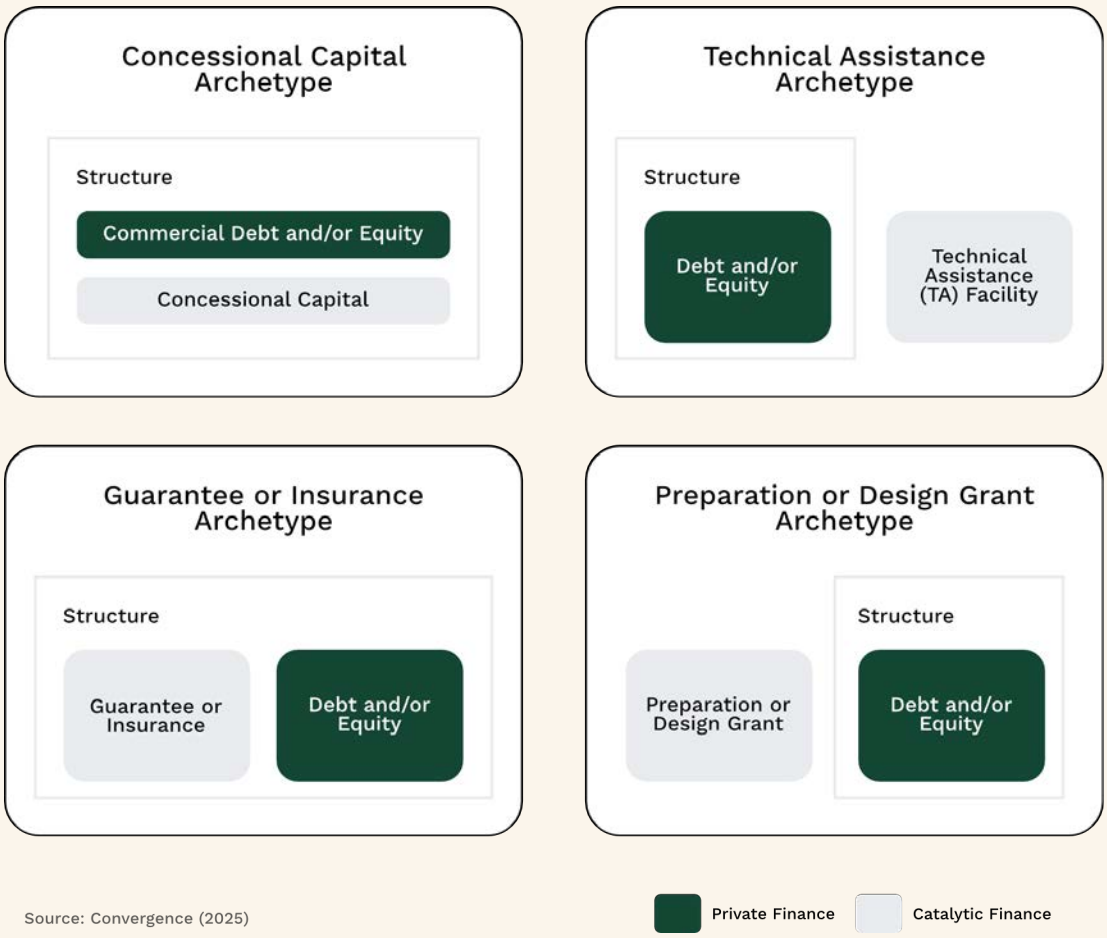


Figure 1. Common blended finance archetypes identified by Convergence [4]

In this prototype, the application of these archetypes is illustrated through case studies and two indicative models identified for potential use in PFPs: sustainable enterprise model (focused on revenue-generating activities aligned with conservation objectives) and the stewardship transition model (focused on reducing pressures and improving stewardship).

References to these two proposed models are included throughout the prototype. More detailed descriptions are provided in the *Blended Finance Models for the PFP Context section*, below.

4 Convergence (2025). *Blended Finance*. Accessed on February 28, 2026: https://www.convergence.finance/blended-finance#definition

Market Opportunities for Blended Finance in PFPs

Although blended finance targeting biodiversity remains limited, market trends offer emerging opportunities for PFP-related funds and facilities to attract private and development finance.

1. Blended Finance Activity in Relevant Sectors for PFPs

Blended finance transactions in the global market primarily focus on sectors such as infrastructure, financial services, agriculture, and energy, and transactions directly targeting nature and biodiversity remain limited (approximately 1% of the ~USD 18 billion in blended finance deals reaching financial close in 2024).[5] However, there are signs of potential growth in the nature- and biodiversity-related market share, particularly through strong linkages with other sectors.

- **Nature-based Solutions** (NbS) remain a nascent market for blended finance but are recognized due to their linkages with climate adaptation and mitigation.[6] Ecosystem restoration activities that generate revenue streams from carbon credit sales or sustainable agriculture are common examples potentially relevant in the PFP context.
- **Agriculture** is one of the most targeted sectors in blended finance transactions[7] and particularly relevant for NbS-related investments, where agroforestry and climate-smart agriculture are the primary focus areas.[8] This suggests opportunities for PFPs where ecosystem protection intersects with agricultural land use (see example of *Adaptation Finance Program* in the proposed PFP deal in Kenya, below).
- **Climate** is the leading focus area within blended finance, representing about 70% of blended finance flows from 2019-2024. This is largely driven by renewable energy and energy efficiency investments, although climate-related NbS represent an emergent target of bonds and fund vehicles using blended finance.[9] While scaling these transactions remains a challenge, the size of this market may represent a growing opportunity for PFPs, particularly where conservation activities and regulatory contexts enable carbon credit generation.

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5 Convergence (2025). *The State of Blended Finance 2025.* https://www.convergence.finance/resource/state-of-blended-finance-2025/view

6 Convergence (2025). *Blended Finance for Nature-based Solutions. Data Brief.* https://www.convergence.finance/resource/blended-finance-for-nature-based-solutions/view

7 Convergence (2025). *The State of Blended Finance 2025.* https://www.convergence.finance/resource/state-of-blended-finance-2025/view

8 Convergence (2025). *Blended Finance for Nature-based Solutions. Data Brief.* https://www.convergence.finance/resource/blended-finance-for-nature-based-solutions/view

9 Convergence (2025). *State of Climate Blended Finance 2025.* https://www.convergence.finance/resource/state-of-climate-blended-finance-2025/view

2. Roles for Sovereign Actors in Blended Finance Markets

As the blended finance market continues to develop across sectors, there is a broad recognition of the important roles sovereigns play, not only as public capital providers, but also in creating enabling environments for blended finance.

Scaling blended finance in relevant focus areas, such as climate and development, still requires further systemic reforms and strong country ownership.[10]

Governments are also recognized as key actors in advancing blended finance markets, including as market convenors, providers and managers of market and sector data, enablers of investable project pipelines through investor-friendly regulations and fiscal incentives, and credit enhancers through government led platforms.[11]

This represents a clear opportunity for PFPs, as sovereign led initiatives, where relevant government roles and commitments to generate a conducive environment for blended finance may be embedded in the PFP.

3. Emerging Examples of Conservation-Linked Blended Finance Mechanisms with Potential Applicability In PFPs

Context-specific blended finance mechanisms, such as investment funds and risk-sharing facilities implemented by Enduring Earth partners and other recent initiatives, provide indicative examples and illustrate possible pathways for aligning financing vehicles with PFP conservation plans (or conservation and community plans, if these are separately elaborated) in sectors such as fisheries and tourism. Although these mechanisms still operate at relatively small capitalization, strong market uptake has enabled expansion beyond pilot stages and replication. Descriptions and relevant details of some of these cases are provided in the following sections and *Annex 1*.

[10] Convergence (2025). *State of Climate Blended Finance 2025*. https://www.convergence.finance/resource/state-of-climate-blended-finance-2025/view

[11] World Economic Forum (2025). *Redefining the sovereign's role in blended finance for sustainable development* (September 9, 2025). Accessed on March 3, 2026: https://www.weforum.org/stories/2025/09/redefining-the-sovereigns-role-in-blended-finance/

Strategic Relevance of Blended Finance in the SFM Mix of PFPs

Blended finance may offer a distinct set of potential strategic advantages to the SFM mix in PFPs, as presented below according to the key attributes PFP deal teams seek in potential SFMs.

Applicability of Finance to PFP Cost Categories

- Blended finance mechanisms such as the sustainable enterprise model could directly assign a revenue share to cover broad PFP cost categories, subject to local enabling conditions and intentional integration into the design of the respective mechanism.
- Blended finance mechanisms focusing on sectors with clear links to conservation (e.g., tourism, fisheries, agriculture, etc.) may tie investments to specific conservation revenues (e.g., entry and activity fees, concessions, compensation payments, licenses, etc.) and generate a positive financial spillover from new sources of finance to cover core PFP costs.
- The diversity of blended finance archetypes may provide sufficient flexibility to structure financing vehicles that address specific PFP priority cost categories.
- Blended finance mechanisms may be designed around PFP KPIs and targets that result in cost savings and reduced donor dependency in achieving conservation milestones and maintaining conservation outcomes in the long term.

Additionality of Finance and Financial Sources, Beyond the Committed Resources of the PFP

- Blended finance mechanisms provide risk-sharing structures that cater to specific funders and types of capital. In the PFP context, this may attract additional finance from impact-oriented investors, Development Finance Institutions (DFIs) and new or existing philanthropic donors with strategic links to local economic development, livelihoods, sustainable use and/or specific themes or sectors of the respective fund or facility.



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Volume of Finance Available for the PFP

- The volume of finance generated will depend on an enabling context for revenue-generating activities that provide sufficient capacity to repay loans and/or support financial returns to private capital. The extent to which these revenues contribute to PFP needs will also depend on structural design decisions. It should be noted, however, that the volume of finance may be easily underestimated if estimates consider only the direct financial flows to the PFP, channeled through its administrator. A complete estimation of the volume of finance made available for the PFP must also consider other relevant financial flows, such as cost savings and reduced donor dependency for PFP implementation, and additional finance that may directly support other organizations in their relevant roles within the PFP.
- It is estimated that every USD 1 of concessional capital in blended finance transactions can mobilize around USD 4 of total commercial capital on average.[12] While this leverage ratio will vary depending on sector risk, pipeline maturity and level of concessional funding embedded in the blended finance mechanism, the indicative average illustrates the potential for PFP funding to leverage commercial capital when suitable conditions are in place.

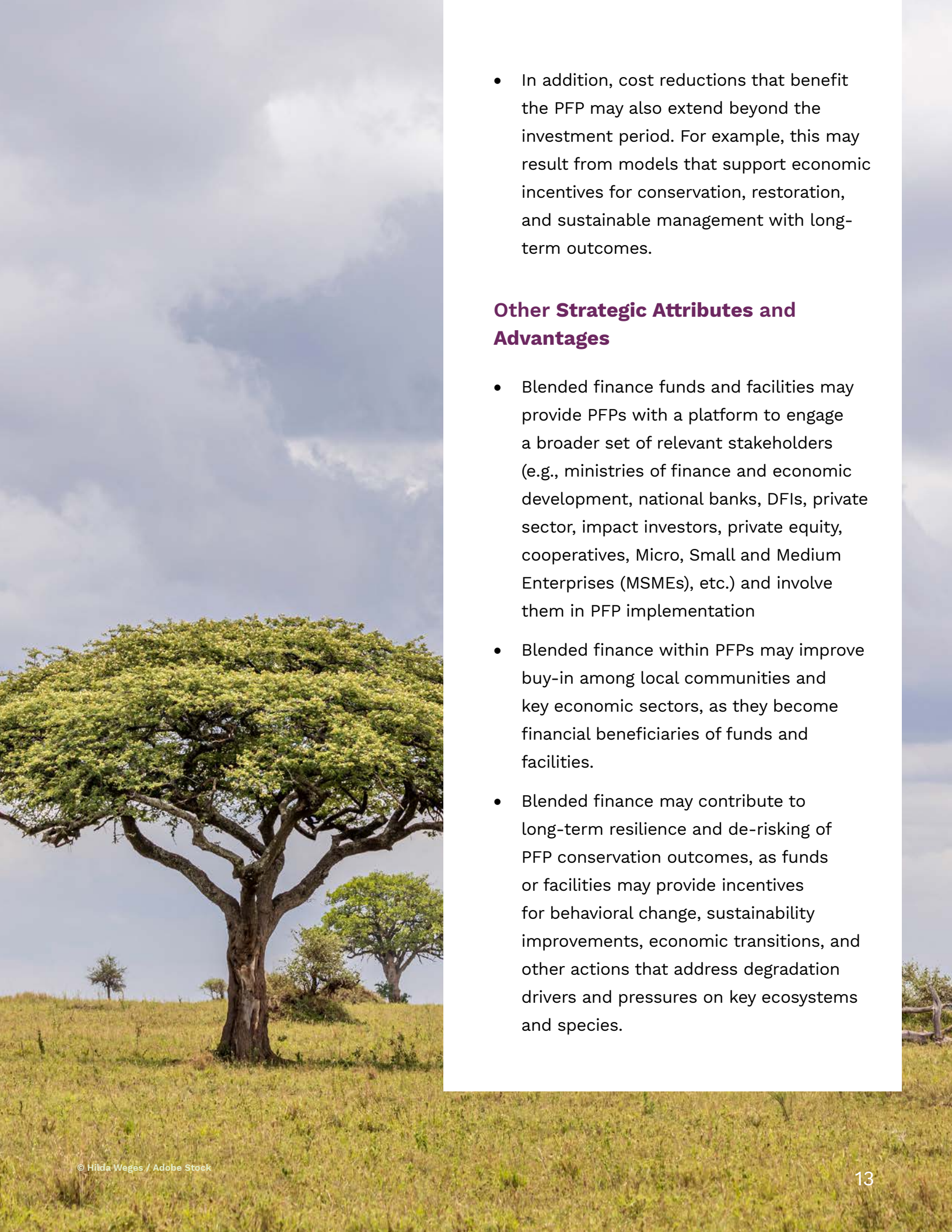
Timing of the Financial Streams in Relation to PFP Needs

- The timing of capital deployment through blended finance mechanisms will depend on structuring decisions, providing flexibility to align with relevant PFP needs. For example, relevant funds or facilities may adopt continuous or revolving models (e.g., open windows for microloans), or periodic replenishment models (e.g., facilities replenished annually or multi-annually), as relevant in each specific context.

Durability of the Financial Streams for PFP Needs

- Similar to the timing of capital deployment, the durability of the respective fund or facility is subject to design decisions. For example, a blended finance mechanism may be established as a one-off pilot or as a lasting program that may extend beyond the PFP transition fund spend-down.
- Blended finance may also create or strengthen other financial streams that support PFP needs over the long term. For example, by supporting enterprises that continue to generate conservation or climate finance beyond the investment period, a time-bound blended finance intervention may still generate durable financial flows in the PFP context.

[12] Convergence (2023). *How much does a dollar of concessional capital mobilize? News* (February 21, 2023). Accessed on February 28, 2026: https://www.convergence.finance/news/4cC8kVJXvOFZDVxGQ6HLNH/view



- In addition, cost reductions that benefit the PFP may also extend beyond the investment period. For example, this may result from models that support economic incentives for conservation, restoration, and sustainable management with long-term outcomes.

Other Strategic Attributes and Advantages

- Blended finance funds and facilities may provide PFPs with a platform to engage a broader set of relevant stakeholders (e.g., ministries of finance and economic development, national banks, DFIs, private sector, impact investors, private equity, cooperatives, Micro, Small and Medium Enterprises (MSMEs), etc.) and involve them in PFP implementation
- Blended finance within PFPs may improve buy-in among local communities and key economic sectors, as they become financial beneficiaries of funds and facilities.
- Blended finance may contribute to long-term resilience and de-risking of PFP conservation outcomes, as funds or facilities may provide incentives for behavioral change, sustainability improvements, economic transitions, and other actions that address degradation drivers and pressures on key ecosystems and species.

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Key Requirements and Enablers for Blended Finance in PFPs

The design of a blended finance mechanism will largely depend on the context and the objectives for which it is structured. However, a common set of requirements and enabling conditions should be considered to assess suitability and feasibility.

1. Economically Justifiable Use of Concessional or Catalytic Resources

In general, the use of blended finance is deemed to be economically justified under the following conditions: [13]

- If it maximizes positive net social returns over private returns.
- If private returns without blended finance are insufficient but become viable after risk-adjustment or catalytic support.
- If no alternative use of public resources would generate equal or greater social return at lower cost.

In the PFP context, blended finance could then be considered appropriate only where:

- Mobilized private investment contributes meaningfully to PFP financial sustainability or conservation outcomes.
- Private investment would not occur at sufficient scale or speed without blended support.
- PFP-related capital (through grants or alternative SFMs) cannot address the same financing or impact-related constraints at lower cost.

[13] Pegon, M. (2023). *Beyond leverage ratios: a strategic approach to blended finance.* IDB Invest. https://idbinvest.org/en/publications/beyond-leverage-ratios-strategic-approach-blended-finance

2. Financial Viability and Bankability of Targeted Projects

The feasibility of a blended finance mechanism in a PFP will critically depend on the financial viability of the projects to be financed (i.e., the project pipeline).

Revenue-generating potential must be sufficient to service debt or generate equity returns where private capital participation is envisaged. In the PFP context, this may be determined by the ability of enterprises, cooperatives, project developers, or resource users to absorb financing and generate sufficient revenues to meet financial expectations of the model.

Where repayment capacity is weak or highly uncertain, the level of concessional finance required may undermine leverage and cost-efficiency objectives. Without credible bankability, concessional capital may risk substituting for, rather than mobilizing, private investment.

A realistic assessment of pipeline maturity, transaction size, revenue potential, timing of cash flows, and investee capacity is therefore essential.

---

3. Availability of Catalytic and Commercial Capital

Blended finance requires both sufficient concessional or philanthropic capital to assume catalytic risk, and credible private capital appetite aligned with the respective structure.

Availability of both types of capital for a blended finance mechanism in specific PFP contexts may be determined by:

- The PFP geography, which may affect the risk profile of potential investments and alignment with geographic scopes or mandates of potential funders.
- The relevant PFP sectors, which may or may not align with the thematic priorities or investment strategies of funders.
- A feasible transaction size that allows meaningful contributions to PFP impact while aligning with the minimum ticket sizes or allocation constraints of potential investors.

Without alignment across geography, sector, and transaction size, the mobilization of private capital may remain limited regardless of the structuring approach.

4. Supportive Regulatory Frameworks and Institutional Capacity

Beyond financial viability and capital availability, blended finance depends on supportive regulatory frameworks and adequate institutional capacity. Investor confidence may be constrained where regulatory frameworks are weak, while the overall effectiveness of the blended finance mechanism may be greatly determined by relevant institutional capacities of the parties involved.

Supportive regulatory conditions in the PFP context may include legal clarity around land and resource rights, enforceable contracts, predictable licensing, permit and concession systems, revenue retention mechanisms, and policies that enable sustainable economic activities aligned with the PFP conservation plan.

Relevant institutional capacity may include the ability of public institutions, fund managers, pipeline developers, of other designated entities within the PFP context to oversee the mechanism, manage financial flows, monitor legal compliance, implement environmental and social safeguards, and track performance against KPIs.



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Possible Blended Finance Objectives in the PFP Context

Blended finance mechanisms can serve different purposes responding to specific context needs. Drawing on the relevant models and potential advantages identified for PFPs, this section provides an illustrative list of possible objectives deal teams may consider when structuring blended finance in PFPs.

1. Financial Resource Mobilization

- Generate supplementary long-term finance for broad PFP cost categories, where assigning a revenue share to the PFP is socially acceptable and financially feasible.
- Mobilize debt or equity finance to support social and economic activities included in the PFP conservation plan, where these activities can be supported through financially viable and bankable project pipelines.
- Mobilize debt and equity finance towards activities that contribute to core conservation objectives (e.g., private management or restoration of ecosystems) or conservation finance (e.g., increased protected area revenues, sales of carbon or biodiversity credits, payments for ecosystem services, outcome-based finance, etc.) within the PFP.
- Reduce donor dependency and mitigate financial risks by avoiding future PFP costs associated with environmental degradation.
- Diversify the PFP funding structure by leveraging philanthropic and public finance to attract additional development and private finance.

2. Long-term Resilience of PFPs

- Improve the economic and social resilience of PFPs by financially supporting sustainable economic development and environmental stewardship in and around protected areas.
- Minimize drivers of ecosystem degradation by financing relevant economic transitions.

3. Partnership Development

- Strengthen PFP partnerships by engaging a broader set of relevant stakeholders (e.g., ministries of finance, economic development, national banks, DFIs, private sector, impact investors, private equity, cooperatives, MSMEs, etc.)
- Strengthen PFP buy-in among beneficiary communities and key economic sectors.
- Market development
- Demonstrate the commercial viability of conservation-linked enterprises and business models in the PFP context.
- Create proof of concept for future replication or scaling in new PFPs or across the PFP portfolio.

Structural and Financial Elements


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Blended Finance Models for the PFP Context

In line with the working definition used in this prototype, blended finance is a structuring approach that allows multiple partners to invest alongside each other while achieving a combination of financial and societal objectives.14 Its potential role within PFPs therefore extends beyond generating isolated financial flows, as highlighted in focus groups and consultations with PFP teams and Enduring Earth partners conducted during this consultancy.

To illustrate the potential of blended finance, Figure 2 provides a conceptual representation of how different types of outcomes may integrate into the PFP. As shown in the figure, activities financed through blended finance mechanisms may generate financial and impact-related outcomes for a PFP, which are respectively measured through financial and impact KPIs.

Progress toward the fund's impact KPIs may directly contribute to achieving milestones in the PFP conservation plan, while financial KPIs may allow accounting for a positive financial spillover (i.e., additional finance) to support the PFP conservation plan.

In addition, cost savings and/or reduced donor dependency may be expected for the PFP in the medium to long-term, as investments in enterprises may support PFP conservation activities, and investments in sustainable activities may reduce pressures, thereby potentially releasing PFP funds for other purposes.

[14] Convergence (2025). *Blended Finance*. Accessed on February 28, 2026: https://www.convergence.finance/blended-finance#definition

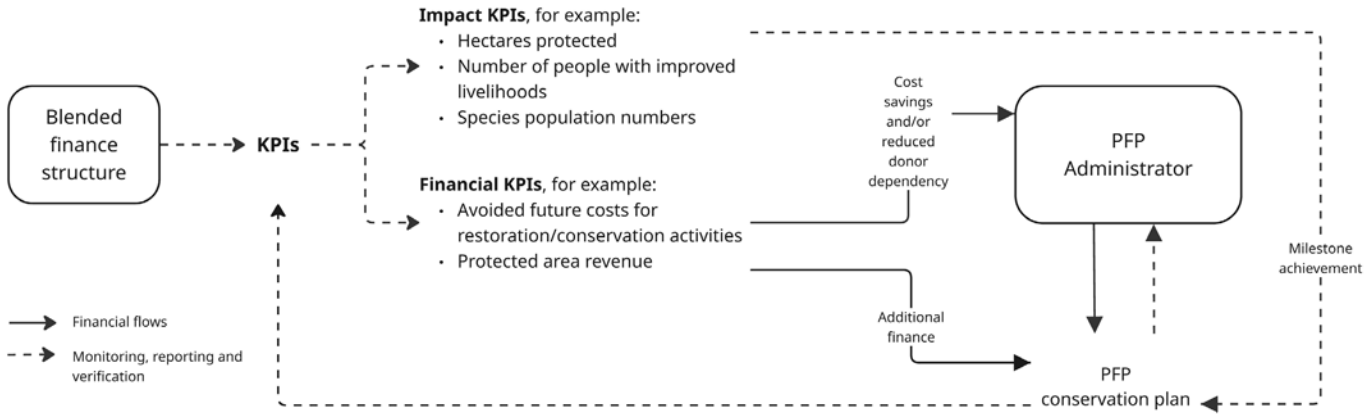


Figure 2. Conceptual illustration of hypothetical financial and impact-related flows from blended finance structures to a PFP

As mentioned above, this prototype focuses on two specific models that cover a range of potentially suitable design aspects for PFPs: (1) the sustainable enterprise model, and (2) the stewardship transition model. These two models differ primarily in their target beneficiaries, level of market maturity, and pathways for generating financial and conservation outcomes. Table 1 provides a comparative overview of both models, while further details are provided in the next sections specific to each of them. These models build on the blended finance archetypes and case studies discussed in focus groups and expert consultations, as well as desk review.



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	Sustainable Enterprise Model	Stewardship Transition Model
Core Objective	Deploy return-seeking capital into conservation-linked enterprises	Strengthen livelihoods and resource stewardship through sustainable practices
Primary Beneficiaries	Established enterprises (Small and Medium Enterprises (SMEs), tourism operators, and value-chain actors)	Natural resource users, cooperatives, communities and MSMEs (including micro enterprises)
Stage of Economic Activity	Growth or mature enterprises with proven business models	Early-stage, informal, or non-bankable activities requiring strengthening
Financial Instruments	Equity and/or debt through a capital stack (catalytic, commercial and philanthropic)	Credit lines via financial institutions, supported by instruments such as TA and guarantees
Main Role of Concessional Capital	Improve risk-profile of enterprise investments (i.e., bankability)	De-risking lending and build capacity of borrowers and intermediaries
Financial Flows to PFP	Potential direct flows (e.g., revenue sharing), financial spillover (e.g., protected area revenue, covenants) and cost savings	Cost savings and potential financial spillover (e.g., protected area revenue)
Pipeline Requirements	Pipeline of revenue-generating enterprises	Pipeline of natural resource users needing credit access and capacity building

Table 1. Key distinctions between the indicative sustainable enterprise and stewardship transition blended finance models

Given that blended finance can be structured in a variety of ways to meet context-specific needs, these models are intended solely to illustrate possible pathways for PFP deal teams. Concrete design choices will remain specific to each PFP context and its own priority needs.

Indicative Blended Finance Model for Sustainable Enterprises

When is the sustainable enterprise model applicable?

This model may be most applicable where sustainable enterprises (e.g., SMEs, tourism operators and relevant value chain entities) have clear linkages to conservation and communities, their operations are already well established and can move into the growth or maturity phases of a standard business life cycle.

The proposed indicative model to serve this type of enterprise uses a capital stack (i.e., catalytic, commercial and philanthropic) to deploy return-seeking capital into revenue-generating activities, as illustrated in Figure 3. Since attracting and servicing private debt or equity are at the core of this model, having a sufficiently developed pipeline of projects capable of generating predictable cash flows is essential.

How would the sustainable enterprise model generate relevant financial flows in the PFP context?

In the PFP context, eligible enterprises should help either advance or finance objectives of the PFP conservation plan. This model may offer clear opportunities for long-term PFP revenue generation in PFP jurisdictions (or portfolios) where pipelines of well-established sustainable or conservation-linked enterprises already exist or can be realistically developed in reasonable timeframes.

A positive financial spillover for the PFP may be built into the model as part of the contractual requirements (i.e., covenants) for investees based on the expected capacity of well-established enterprises to financially support conservation as part of their business models. This could include conservation-related payments for concessions, user and activity fees, compensations or licenses, among other charges that may directly support the implementation of the PFP conservation plan.

Applications of the sustainable enterprise model built around KPI sets that also emphasize cost savings and reduced donor dependency could be relevant to account for blended finance contributions to PFP financial plans.

As a potential case-specific addition, robust investment pipelines could offer opportunities to capture a portion of the enterprise revenues and channel them to the PFP (as shown in Figure 3), provided that the blended finance mechanism is built into the PFP and the PFP can present a clear value proposition to the respective businesses or investors (e.g., provision of ecosystem services, social and economic resilience, risk mitigation, or other benefits). If feasible, these additional finance streams could be implemented, for example, as a percentage of the management or performance fees charged by the investment manager, a percentage of the returns, or a revenue share percentage paid by the investee. In all these cases, a clear alignment of interests between all the actors in the mechanism and their

financial interests will have to be considered. Further details are provided in the *Financial Flows and Deployment Mechanics* section below.

From the cases identified as a suitable fit, and discussed in focus group sessions, the Africa Conservation and Communities Tourism (ACCT) Fund and the Namibia Socioeconomic Development Fund (SEDF) provide examples where a sustainable enterprise model supports conservation outcomes and conservation finance flows (on the next page). In this model, a capital stack is used to offer concessional support to private conservation businesses that commit to delivering conservation and community related benefits (including revenues). While the ACCT focuses on strengthening specific types of tourism businesses, the SEDF aims to promote economic diversification of Namibian community conservancies in particular.

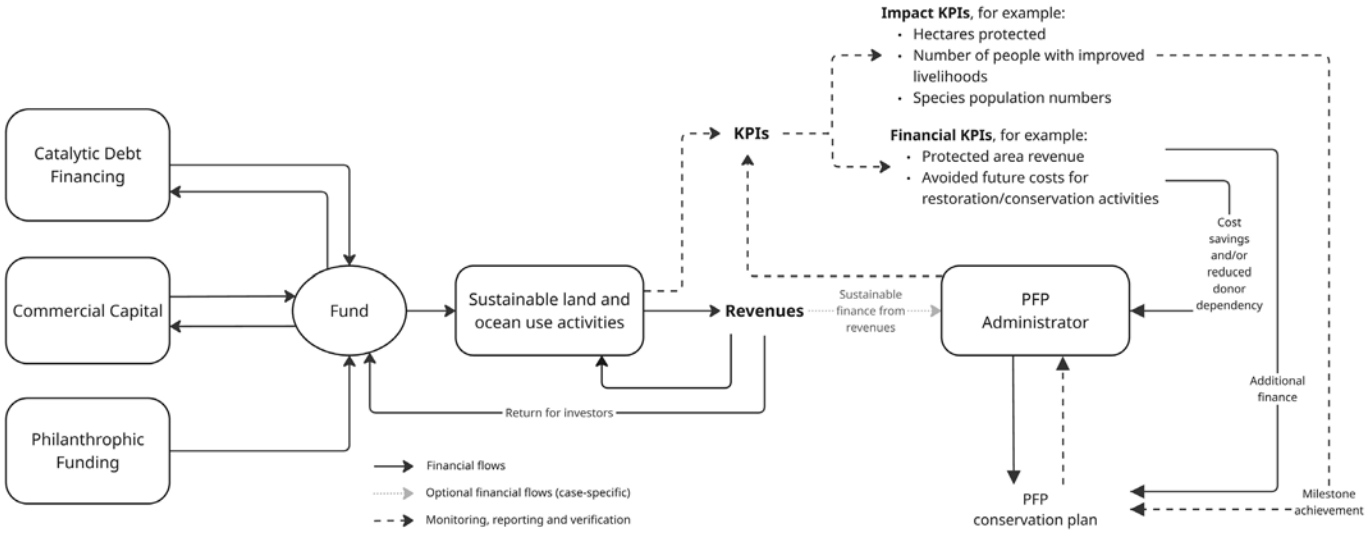


Figure 3. Indicative sustainable enterprise model for blended finance in the PFP context



Relevant Case Studies for the Indicative Sustainable Enterprise Model

Africa Conservation and Communities Tourism (ACCT) Fund, Sub-Saharan Africa (2023)

As an initiative of TNC and ThirdWay Partners, the ACCT is an investment fund with a USD 70 million closing that deploys loans with favorable terms to private conservation tourism businesses in and adjacent to protected and conserved areas.

Revenue generation for conservation is included as a requirement in loan agreements. In practice, conservation revenues are generated through payments of lease and concession fees and park entry fees and are explicitly reflected in one of the fund's KPIs: "Direct financial flows to conservation landscape owners or managers."

Other KPIs cover job creation, community members benefiting from downstream flows of tourism employment income, protected areas with active operators, and direct contributions to the socio-economic benefit of the community.

The fund's structure aligns with the "concessional capital archetype" defined by Convergence, and its capital stack comprises four tranches, .i.e., a catalytic tranche, a junior tranche, a senior tranche, and a grant tranche, reflecting differentiated risk-return profiles across investor types.

TNC and ThirdWay Partners are considering how lessons from the ACCT model could inform conservation efforts in other regions, including efforts aligned with existing PFPs.

Socioeconomic Development Fund (SEDF), Namibia (concept stage)

Proposed by WWF and considering approximately USD 4 million from PFP grant capital, the SEDF aims to provide micro, small and medium sized loans to Namibian conservancy-linked enterprises that traditionally lack access to finance from commercial banks.

The SEDF will support income diversification and resilience in conservancies, focusing on sectors such as tourism, indigenous natural products and agriculture.

The proposed structure aligns with elements of the "*concessional capital*" and "*technical assistance*" archetypes from Convergence. PFP philanthropic funds aim to absorb early risk to enable soft loans being issued by the Development Bank of Namibia (DBN). A business advisory and incubation component implemented through a specialized partner (Impact Tank) will be embedded in the mechanism to support investment readiness.

As part of the Namibia PFP, the SEDF is expected to align with relevant milestones of the PFP conservation plan. Revenue generation focuses on the financial resilience of conservancies. Although direct financial flows to the PFP have not yet been quantified, it is anticipated that this model may in principle lead to cost savings for the PFP and donors, and additional finance that may directly support objectives from the PFP conservation plan. Consultations suggest that direct allocations of a revenue share to the PFP budget are not envisioned.

Indicative Blended Finance Model for Stewardship Transition

When is the stewardship transition model applicable?

In general, this model emphasizes commercial strengthening and credit enhancement strategies that reduce or remove credit barriers for resource users to improve the sustainability and resilience of their activities and/or livelihoods.

In the PFP context, this model may be applicable where economic transitions among communities and specific sectors are relevant to achieve and safeguard PFP conservation outcomes in or around protected areas, but economic activities are not (yet) well established or sufficiently consolidated to service debt or equity to advance potentially required adaptations. As illustrated through the case studies below, financial and technical support may focus on community-linked MSMEs, producer associations, cooperatives or individual resource users within the PFP context.

In this model, TA facilities directly strengthen commercial viability to attract concessional finance (potentially from DFIs) and support sustainable revenue generation and enhanced resource stewardship among relevant users (Figure 4). Additional de-risking through guarantees may be required to unlock commercial capital where economic activities are still too nascent, small or informal to access this type of finance through conventional channels (Figure 5).

By involving and providing TA and financial support to intermediary financial institutions, this model also shows potential to create self-sustained financial ecosystems that may sustain inclusive stewardship models in the long term.

How would the stewardship transition model generate relevant financial flows in the PFP context?

The relevant financial flows that this model can generate for the PFP will greatly depend on KPI alignment with the PFP conservation plan (figure 4 and 5).

KPI alignment can help ensure that the amounts of finance leveraged through the stewardship transition model contribute to cost savings or reduced donor dependency for the PFP, noting that the ability to measure and monitor such financial contributions will be determined by the alignment of the blended finance outcomes with the PFP conservation plan.

In PFPs with explicit objectives on community resilience, livelihood diversification, mitigation of ecosystem pressures, or conservation enablers, finance generated through the stewardship transition model may be clearly attributable to structural PFP costs. In such cases, the amounts of finance reaching

relevant resource users could also potentially be accounted for as additional PFP finance, although most likely administered and channeled by a third-party partner, rather than the PFP administrator, given that loan origination and management typically require regulated financial institutions.

In addition, the stewardship transition model could also be designed to provide durability to PFP conservation outcomes and manage possible financial risks, since this model could, for example: (1) reduce future funding requirements for key conservation tasks where these may be taken over or no longer necessary as a result of strengthened resource stewardship; (2) avoid unforeseen costs to safeguard the long-term continuity of PFP conservation outcomes where investments mitigate ecosystem pressures; and (3) reduce future dependency on grant support where investments enable local revenue streams that increase economic resilience of communities and/or sustain PFP conservation outcomes.

In contrast with the sustainable enterprise model, the stewardship transition model might often focus on natural resource users with limited or no access to credit and smaller-scale or non-commercial activities, where financing aims to strengthen livelihoods, resilience, and sustainable resource use, rather than scale revenue-generating business models. As a result, this model is less likely to establish financial flows based on a share of enterprise revenues that can be channeled into the PFP through its administrator. Further details are provided in the Financial Flows and Deployment Mechanics section below.

Figure 4 illustrates the combined use of TA funds and development finance to support resource users in line with the proposed stewardship transition model. The pilot program of the Belize Artisanal Fishing Loan Program (AFLP), designed by WWF and discussed in focus group sessions, offers an example of this version of the model.

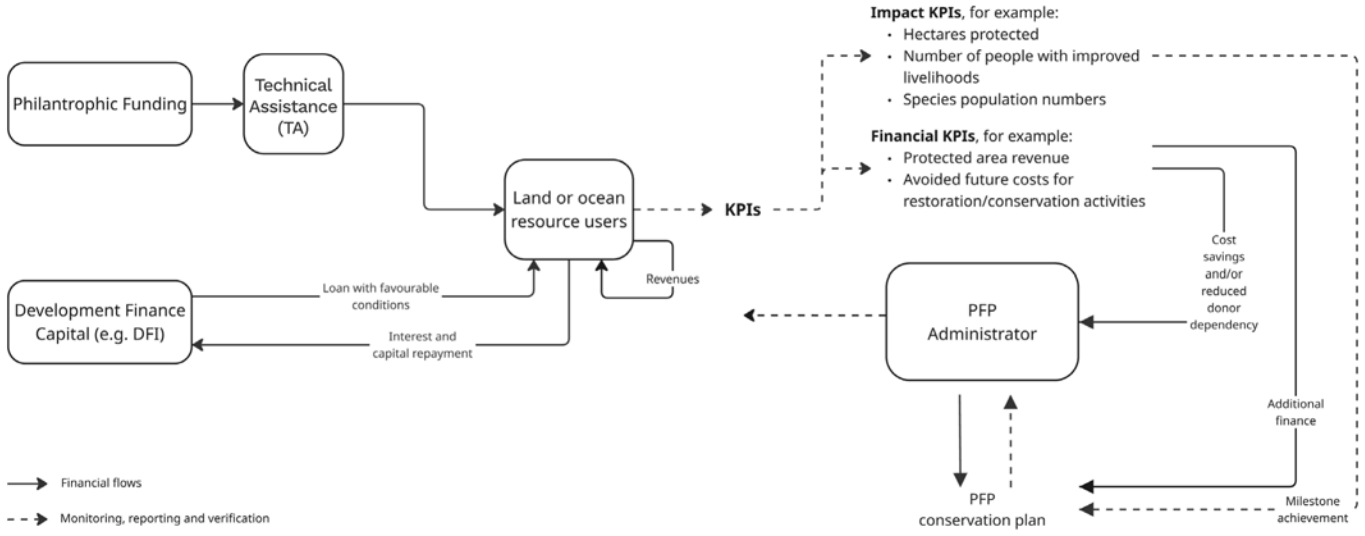


Figure 4. Indicative stewardship transition model for blended finance in the PFP context, simplified version

Relevant Case Study for the Stewardship Transition Model Including TA Funds and Development Finance

Artisanal Fishing Loan Program (AFLP), Belize (2024)

AFLP is a partnership program that offers registered Belizean fishers access to tailored loans that are directly linked to sustainable fishing practices. Fishers receiving these loans are expected to participate in financial literacy training and fisheries stewardship sessions, and adhere to fisheries regulations. Violations can trigger loan penalties or early repayment. Also, fisherwomen receive more favorable interest rates than fishermen, helping address additional barriers to women accessing finance.

The program structure during the pilot phase of the AFLP aligns with relevant elements of the “technical assistance” archetype defined by Convergence. The Development Finance Corporation (DFC) underwrote loans, WWF coordinated partners and funded the program design and TA activities, and the Belize Audubon Society provided training to fishers. Fisher’s Associations contributed knowledge of fishers’ needs and mobilized members.

The pilot phase concluded in October 2025. The Belize DFC, which is now fully responsible for implementing the program, has rolled out the AFLP nationally.

The AFLP has issued 430 loans totaling USD 1.4 million since its launch in February 2024, reflecting strong uptake and demand. The program has been established as a long-term initiative.

While not yet formally integrated into the Belize PFP, the program will potentially support the PFP conservation plan, which includes explicit objectives around livelihood resilience and community stewardship in coastal and marine conservation.



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Figure 5 illustrates the variation of this model including further credit enhancement through guarantees (e.g., first-loss and shared-loss, among others) and broader TA facilities to additionally unlock commercial capital for resource users who typically have limited access to finance, as illustrated in Figure 5. From the cases included in focus group discussions, the proposed Kenya Adaptation Finance Program (AFP) and two UNDP facilities illustrate the combined use of TA and guarantees to support a range of resource users.

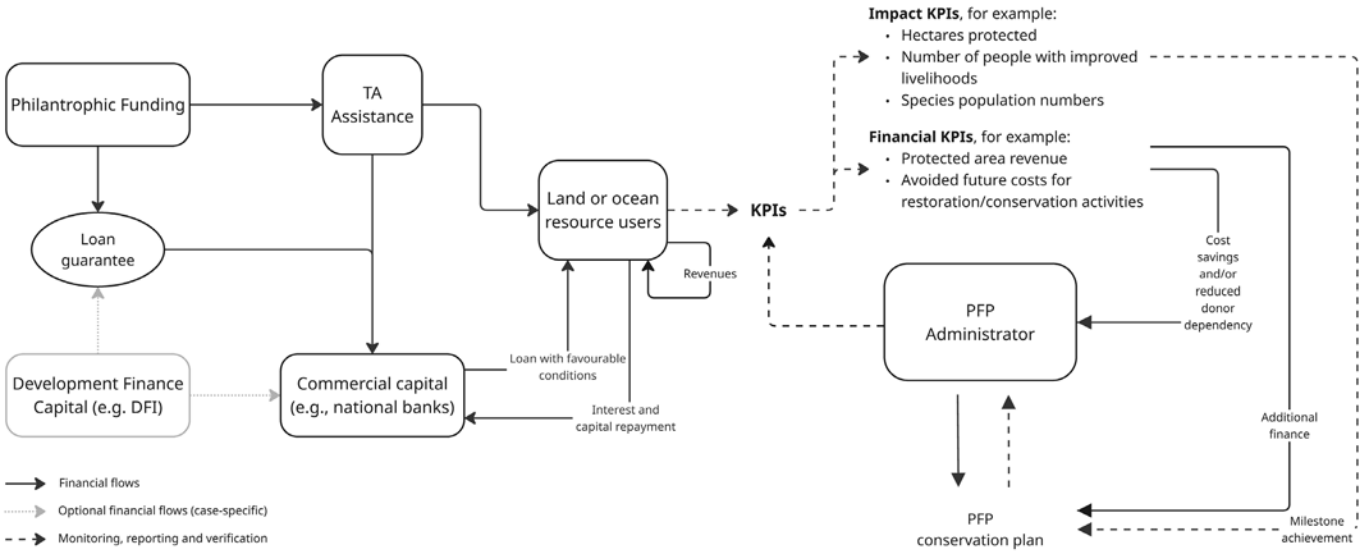


Figure 5. Indicative stewardship transition model for blended finance in the PFP context with enhanced de-risking



Relevant Case Studies for the Stewardship Transition Model with Additional Credit Enhancement

Proposed Adaptation Finance Program (AFP), Kenya (concept stage)

As a hybrid model proposed by TNC, the AFP aims to capitalize a guarantee facility and TA facility to unlock loans for smallholder farmers and Farmer Producer Organizations (FPOs) with limited credit access to implement climate adaptation measures and enhance water outcomes.

As proposed, the AFP would combine elements of the “technical assistance” and “guarantee or insurance” archetypes defined by Convergence. The AFP would articulate cooperation between government stakeholders, including the County Climate Change Fund (CCCF) and county governments, and commercial banks and microfinance institutions (as loan issuers). Guarantees would de-risk loans for commercial financial institutions, and TA would support both financial institutions and FPOs on climate risk.

By supporting resilience of communities and resource users in areas adjacent to protected areas and broader conservation landscapes, the AFP may support milestone achievement, and potentially reduce costs for the PFP.

Tiger Landscapes Investment Facility (TLIF), Bhutan, Malaysia, Nepal and Thailand (concept stage)

As a UNDP initiative, the TLIF expects a capitalization of approximately USD 20 million, of which 50% will be allocated to a TA facility and 50% to a guarantee, with the tentative ambition to unlock around USD 15 million in loans to MSMEs with limited credit access over 5 years.

By removing credit access barriers (e.g., lack of collateral) to MSMEs in tiger landscapes, the TLIF intends to support KPIs on conserved, restored and sustainably managed tiger habitats, Greenhouse Gas (GHG) emission reduction and sequestration, and sustainable livelihoods.

The TLIF combines elements of the “technical assistance” and “guarantee or insurance” archetypes defined by Convergence. UNDP acts as the TLIF’s convener, with United Nations Capital Development Fund (UNCDF) as guarantor, and local financial institutions as intermediaries. These financial institutions issue the loans, backed by a portfolio guarantee and receive TA support from the TLIF.

While not linked to specific PFPs, the TLIF illustrates how this type of blended finance mechanism can focus on potentially relevant objectives for PFPs, and channel support through local financial institutions.

Nature Investment Facility (NIF) (2023)

Multi-partner trust fund established within the UN system with a TA facility and a de-risking facility to support enabling conditions, build pipelines of bankable projects and deliver direct investment in target landscapes in and around World Heritage Sites (WHS) and Key Biodiversity Areas (KBAs). Approximately USD 20 million has been committed to the NIF to be structured as grants, loans and guarantees.

By supporting a broad range of sectors (e.g., tourism, agriculture, forestry, carbon, energy, etc.), the NIF supports KPIs focused on ecosystem protection, restoration and sustainable management, biodiversity finance initiatives, private capital leverage and sustainable livelihoods.

The NIF combines elements of the “technical assistance” and “guarantee or insurance” archetypes defined by Convergence. UNDP acts as the NIF’s convener, with UNCDF as guarantor, and IKI, Cartier for Nature and the Government of Flanders as donors.

This example illustrates a more flexible facility that does not fully align with either indicative model, but it is included under the stewardship transition model given its focus on TA, de-risking and enabling investment through partner institutions.

In contrast with the previous examples, the NIF’s scope is defined around a portfolio of WHS and KBA landscapes, with no further jurisdictional limitation, illustrating the potential for partnerships such as Enduring Earth to establish thematic facilities that support enabling environments across their entire portfolio.



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Relevant Roles in Blended Finance in PFPs

This section outlines key actors for blended finance mechanisms within the PFP context and clarifies their potential roles in mobilizing, managing, and aligning blended finance with the PFP conservation plan. The contents of this section draw on information from the cases described above and blended finance structuring practices provided by Convergence,[15] the OECD DAC Blended Finance Guidance 2025,[16] the OECD DAC Blended Finance Principles[17] and the International Finance Corporation (IFC) blended finance principles.[18]

Manager

The manager (or issuer) is the entity responsible for structuring and operating the blended finance mechanism, including managing capital deployment, investments, and/or lending activities. As blended finance is a structuring approach, the issuer or manager of each structure or vehicle will depend on the specific structural elements, such as: the type of private capital being used, the financing instrument being used to attract capital, the disbursements or investment instruments, the country where the mechanism is being deployed, the country where the mechanism is legally structured or registered, and the final beneficiaries or investees, among others mentioned by interviewed experts.

Sometimes the issuer or manager will be identified depending on the intended design. For example, if a loan program is preferred, a financial institution will be needed.

Alternatively, if the issuer or manager is already involved in the initial design, the type of structure may be selected accordingly. For example, when there is a partnership with an asset manager, a fund may be the most likely outcome.

Relevant Actors

From the models described above:

- When a capital stack is used, as in the sustainable enterprise model, this role will typically be performed by an asset or investment manager (e.g., ThirdWay Partners in the ACCT fund) with a regulatory license and relevant expertise to manage third-party capital. Depending on

[15] Convergence (2025). ***Blended Finance.*** Accessed on February 28, 2026: https://www.convergence.finance/blended-finance

[16] OECD (2025). ***OECD DAC Blended Finance Guidance 2025.*** Best Practices in Development Co-operation, OECD Publishing, Paris. https://doi.org/10.1787/e4a13d2c-en

[17] OECD (2018). ***OECD DAC Blended Finance Principles for Unlocking Commercial Finance for the Sustainable Development Goals.*** Best Practices in Development Co-operation, OECD Publishing, Paris. https://doi.org/10.1787/dc66bd9c-en

[18] IFC (2025). ***How Blended Finance Works. Principles***. Accessed on March 3, 2026: https://www.ifc.org/en/what-we-do/sector-expertise/blended-finance/how-blended-finance-works#principles

the capital being stacked and the type of investment activities, other entities with subject-matter expertise in the relevant type of investments could also serve as the fund manager.

- In loan program examples with TA and/or guarantee facilities, as in the stewardship transition model, the manager role will typically be assumed by the DFI (e.g., DFC in the Belize AFLP program), bank, or other financial institution providing the capital for the loans. If the loans are provided under a fund structure, the same considerations described above for a capital stack will apply. In more complex structures, different institutions may manage specific components of the blended finance mechanism under an umbrella program. For example, a dedicated entity may manage the overall program, or a combined facility (such as UNDP-UNCDF in the TLIF, or an appointed third party in the proposed AFP program in Kenya) and execute agreements with a DFI or local financial institution(s) to manage a credit line (e.g., national banks in TLIF countries and Kenyan commercial banks in the AFP program).

In general, the manager role may not be suitable for the PFP administrator, a CTF, or NGO partners, due to the financial and investment expertise required to manage blended finance funds, and possible financial regulation requirements. However, the PFP administrator, a CTF, partner NGOs, or donors could play a supporting role, for example, as an impact manager or advisor, coordinator, TA facility manager, design funding facility manager, and/or pipeline development advisor. CTFs may also offer a suitable structure to create guarantee accounts, where permitted under their incorporation and governing documents.



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Catalytic Finance Providers

Catalytic funders provide concessional, philanthropic, or public capital that enables blended finance mechanisms to mobilize private investment.

Their role is to address identifiable financing constraints or risk barriers that would otherwise prevent commercial participation, particularly in nature-related transactions perceived as high-risk or insufficiently scaled, as relevant in the PFP context.

Catalytic support may take the form of grants (e.g., TA, preparatory or design funding), concessional investment capital, or risk-sharing instruments such as guarantees. The specific structuring features of this type of capital are discussed in the Capital Structure section below.

Relevant Actors

In the PFP context, typical sources of catalytic capital could include, for example:

- **Philanthropic foundations and NGOs:** Enduring Earth partners, PFP donors and local NGO partners.
- **Government and affiliated public entities:** National or subnational governments and affiliated public entities (e.g., state-owned enterprises and public funds).
- **Corporates:** Corporate foundations, corporations or supply chain companies with aligned Corporate Social Responsibility (CSR) or sustainability budgets in the PFP jurisdictions.
- **Bilateral and multilateral development agencies:** FFEM, AFD, GIZ, KFW, JICA, GEF, among others.
- **DFIs:** DFC, IFC, Dutch Entrepreneurial Development Bank (FMO) and German Development Finance Institution (DEG), among others, which may participate on either concessional or commercial terms depending on their mandate, institutional priorities and the risk-return profile of the transaction.
- **UN agencies:** UNCDF and UNDP.

Commercial Finance Providers and Financial Intermediaries

Commercial funders provide return-seeking capital in the form of debt or equity and participate where the capital structure offers an acceptable risk-return profile relative to their mandates and allocation constraints. They play an important role in overcoming constraints with small ticket sizes by enabling economies of scale and lowering transaction costs.

Participation of commercial funders is contingent on credible pipeline quality, transaction size, regulatory compliance, and appropriate de-risking.

In larger scale or infrastructure-oriented contexts, additional actors such as export credit agencies or credit rating agencies may become relevant. 19 However, such roles will most likely remain limited in MSME- and community-focused PFPs.

Relevant Actors

Depending on the structure, commercial finance providers relevant to the PFP context may include:

- **Commercial banks** (context specific).
- National or regional **DFIs** (e.g. DFC, IFC, FMO, DEG, or national offices such as the DBN from the case studies in Belize and Namibia, respectively), which may participate on either concessional or commercial terms depending on their mandate, institutional priorities and the risk-return profile of the transaction.
- **Impact investors**.
- **Private equity funds** focused on sustainable sectors and family offices with conservation or climate mandates.

Intermediary financial institutions, such as commercial banks, national development banks, microfinance institutions, or specialized MSME lenders, may originate and manage loans to final beneficiaries, sometimes backed by guarantees or concessional capital, as in the loan-based mechanisms of the stewardship transition model.

[19] OECD (2025). *OECD DAC Blended Finance Guidance 2025*. Best Practices in Development Co-operation, OECD Publishing, Paris. https://doi.org/10.1787/e4a13d2c-en

Program Partners

Program partners may support alignment between the blended finance mechanism and the objectives of the PFP conservation plan. While not managing return-seeking capital directly, they may play critical roles in ensuring that financial deployment contributes to conservation outcomes and long-term durability.

More specifically, program partners may contribute through pipeline development, stakeholder engagement, delivery or coordination of TA to investees or financial institutions, impact monitoring, and alignment of KPIs with PFP milestones.

In the proposed stewardship transition model, relevant program partners may provide TA including financial literacy, business development, compliance support, and ecosystem stewardship training to strengthen both commercial viability and conservation outcomes.

In some cases, program partners may also act as catalytic funders, TA facility managers, design funding managers, or strategic advisors, depending on institutional capacity and mandate.

This section outlines key structural design elements that may guide the design of blended finance mechanisms within the PFP context, including parameters that influence their scale, structure, financial mechanics, and governance. Relevant content is organized into four subsections applicable to both proposed blended finance models for PFPs (Table 1).

Relevant Actors

Relevant actors in the PFP context may include:

- The PFP administrator (typically a CTF) and other CTFs.
- National or subnational public authorities (e.g., ministries of environment, finance, or sectoral agencies).
- International and local NGOs.
- Enduring Earth partners and other coordinating platforms.

Structural Design Elements

	Sustainable Enterprise Model	Stewardship Transition Model
1. Financial Scale and Investment Scope	Economic Sectors and Geographic Scope	
	Fund size	Capitalization of relevant facilities
2. Capital Structure	Capital stack	Risk-sharing facilities
3. Financial Flows and Deployment Mechanics	Equity and loan investments	Loan origination through intermediaries
4. Governance, Oversight and Impact Measurement	Fund governance	Program oversight

Table 2. Overview of structural design elements applicable to each proposed blended finance model

1. Financial Scale and Investment Scope

Three aspects are identified as central to determining the potential scale of blended finance in the PFP context:

- Availability of a viable investment pipeline (see the point on the *financial viability and bankability of targeted project* in the *Key Requirements and Enablers* section above).
- The risk-return profile of the activities to be financed (see the point on the *availability of catalytic and commercial capital* in the *Key Requirements and Enablers* section above).
- The extent to which catalytic capital can improve this profile to attract commercial participation (see the point on the *availability of catalytic and commercial capital* in the *Key Requirements and Enablers* section above).

The scale of the conservation landscape, the economic sectors targeted, and the potential to aggregate projects across locations may also influence the volume of capital that can be mobilized.

The following table provides an overview of different options for key design decisions when defining the financial scale and investment scope.

Key Design Decision	**Options** (indicative and Not Mutually Exclusive)			
Geographic Scope:	Landscape or seascape (single PFP)	National (single PFP)	Regional (single PFP or portfolio or PFPs)	Global (portfolio of PFPs)
Thematic Investment Focus:	By economic sector (tourism, fisheries, agriculture, or other)	By type of activity (restoration, production services, or other)	By type of resource user (individuals, communities, cooperatives, MSMEs or other)	

Table 3. Summary of key design decisions for financial scale and investment scope

As described below, some of these decisions will be specific to each of the proposed blended finance models.

In the sustainable enterprise model, the financial scale will largely depend on the presence of bankable enterprises capable of generating predictable cash flows to service debt and equity investments. Case studies such as the ACCT Fund (with a final close at USD 70 million in 2023) illustrate the financial potential of blended finance mechanisms targeting conservation-linked enterprises, noting that a regional geographic scope allows the aggregation of projects across locations. By the end of 2025, the ACCT Fund reported direct financial flows from tour operator payments to conservation landscapes of approximately USD 13.2 million for that year, and USD 38.5 million cumulative over the life of the fund, along with financial flows to communities totaling USD 16 in 2025 and USD 40.5 million.[20]

In the stewardship transition model, the financial scale may be determined by the number of eligible resource users and the financing required to support livelihood transitions. Through a relatively small capitalization for guarantees and TA, these facilities may mobilize larger volumes, potentially over extended periods of time. Such is the case of the AFLP in Belize, where TA support has unlocked USD 1.4 million in loans over two years, as part of a now long-term program, or the Kenya AFP, which expects to unlock around $4 in loans for every $1 in catalytic capital.

[20] ACCT Fund (2025). *ACCT Fund Impact Report 2025*. https://www.nature.org/content/dam/tnc/nature/en/documents/2/0/2025_ACCT_ImpactReport.pdf

In the Enduring Earth partnership context, blended finance mechanisms may be structured at the level of individual PFP jurisdictions or across multiple PFPs or regions (portfolio-level applications, or regional PFP deals), each option presenting distinct advantages and limitations. While single-jurisdiction mechanisms allow greater tailoring to local contexts, portfolio-level or regional approaches may enable larger transactions through project aggregation, diversification, and stronger investor value propositions (Table 3).

	National PFP Deal	**Portfolio of PFPs or Regional PFP Deal**
	Single Jurisdiction or Landscape	**Multiple Jurisdictions and Landscapes**
Pros	• Greater flexibility to tailor the mechanism to the needs of the specific PFP and local communities. • Supports national capacity-building and country ownership. • Builds on and leverages local knowledge and relationships.	• Provides access to a broader pipeline of potentially bankable projects. • Reduces financial risks and transaction costs through economies of scale and diversification. • Strengthens the value proposition for larger investors.
Cons	• Potentially limited pipeline development opportunities. • Potentially limited diversity of projects. • Limited scalability.	• Less flexibility to tailor to the needs of individual PFPs. • Potentially fewer opportunities to strengthen national capacities and ownership. • Risk of strategic misalignment with individual PFP conservation plans and KPIs.

Table 4. Comparison of blended finance mechanisms potentially structured at different scales by the Enduring Earth partnership

2. Capital Structure

The capital structure of a blended finance mechanism determines how different sources of capital are combined to align risk and return expectations among participating investors. The following table provides an overview of different options described in this section for key design decisions when defining the capital structure of the blended finance mechanism.

Key Design Decisions	**Options** (indicative and Not Mutually Exclusive)			
Overall Capital Structure:	Capital stack		Risk-sharing facility	
Risk Absorption Instruments:	TA funds and design grants	Catalytic first-loss capital	Subordinated debt	Guarantees

Table 5. Summary of key design decisions for capital structure

Blended finance mechanisms may combine three broad categories of financial instruments to effectively structure catalytic and commercial capital in a way that improves the risk-return profile of conservation-related investments (Table 5).

Instrument Category	Typical Application	Type and Sources of Capital in the PFP Context
Grant or Grant-Like Instruments	Used for TA, project preparation, or targeted incentives that improve project viability or investment readiness.	Grants and TA (e.g., PFP donors, partner NGOs, philanthropic donors, bilateral or multilateral donors).
Debt, Mezzanine, or Equity Instruments	Used to provide capital to investees expecting financial returns, typically structured with different levels of seniority and risk. Debt is used where cash flows can support predictable repayment, while equity is applied where business models can support growth and offer potential for higher returns.	Senior commercial capital (e.g., commercial banks and institutional investors) or mezzanine or subordinated capital (e.g., DFIs, impact investors).
Guarantees and Credit-Enhancement Instruments	Used to reduce credit risk for lenders or investors by covering a portion of potential losses or improving credit conditions.	Risk-sharing or catalytic capital supporting guarantees or first-loss mechanisms (e.g., public donors, DFIs, PFP donors, and other philanthropic donors).

Table 6. Common instruments to structure blended finance mechanisms and possible sources of capital in the PFP context (adapted from IFC)[21]

[21] International Finance Corporation (IFC) (2025). *The Role of Blended Finance in an Evolving Global Context. Technical Note for the International Financial Architecture Working Group of the G20*. https://www.ifc.org/content/dam/ifc/doc/2025/role-of-blended-finance-in-an-evolving-global-context.pdf

These instruments are typically organized in a risk-absorbing hierarchy, where more concessional or risk-bearing capital absorbs higher levels of risk while commercial capital occupies more senior positions in the repayment hierarchy (Figure 6). Equity typically absorbs higher risk than debt, but its position may vary depending on the structure and market conditions.

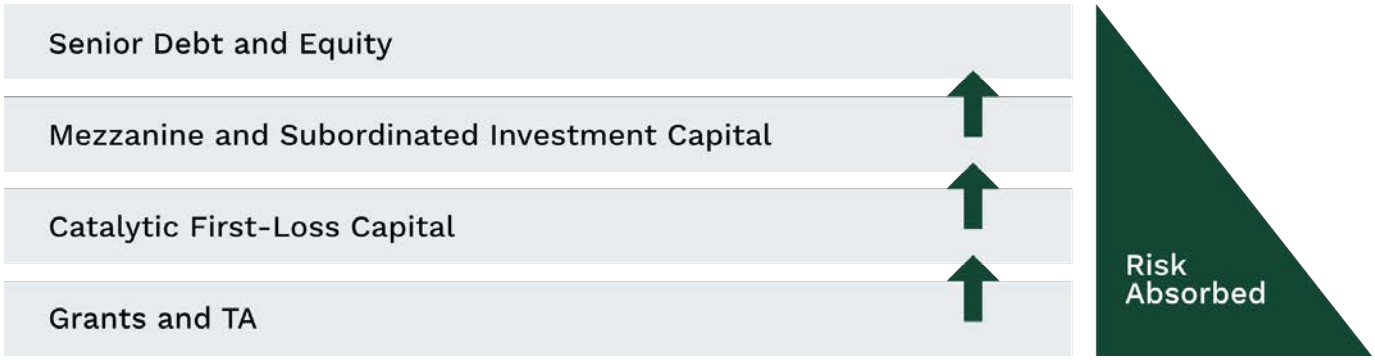


Figure 6. Simplified illustration of the risk-absorbing hierarchy in a typical capital stack (based on IFC)

The degree of concessionality and risk absorption embedded in the structure will be determined by the same aspects that determine its potential financial scale (see the *Financial Scale and Investment Scope* section above): pipeline maturity, risk-return profile of targeted activities, and the expected leverage from commercial investors.

In the proposed sustainable enterprise model, capital structures would commonly take the form of stacked investment vehicles combining catalytic and commercial tranches within a fund or facility (as in the ACCT case).

In the proposed stewardship transition model, catalytic resources would typically be positioned in risk-sharing guarantee facilities and/or TA facilities that improve the credit profile of loans extended by intermediary financial institutions (as in the AFP case in Kenya, or the TLIF case from UNDP).

3. Financial Flows and Deployment Mechanics

The proposed blended finance models for PFPs outline alternative mechanisms through which capital flows from investors to investees, and through which financial returns, repayments, or other financial flows return to investors or to the PFP.

The following table summarizes the main options described in this section for key design decisions on the financial flows and deployment mechanics of the blended finance mechanism.

Key Design Decisions	**Options** (indicative and Not Mutually Exclusive)		
Blended Finance Vehicle:	Investment Fund	Credit Facility Through a Partner Financial Institution	
Financial Flows to the PFP:	Direct flow through a revenue share allocated to the PFP	Financial spillover measured through KPIs (protected area revenue, covenants or others)	Cost savings measured through fund KPIs
Financial Sustainability:	Revolving mechanism	Replicable mechanism	

Table 7. Summary of key design decisions for financial flows and deployment



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It should be noted that these decisions will often be specific to each of the proposed blended finance models, as further described below.

In the sustainable enterprise model, the primary vehicle is an investment fund (Figure 3):

- The fund manager invests directly in conservation-linked enterprises through equity or debt, with returns generated through interest and principal repayments, dividends, or exit events.
- Returns to investors ultimately derive from enterprise revenues generated through activities such as tourism, sustainable agriculture, forestry, or fisheries.
- When applicable, returns are distributed to investors according to a defined payment hierarchy (Figure 6). In the ACCT Fund example, this includes a lower return catalytic tranche, a medium return mezzanine tranche, and a higher return commercial tranche, alongside a grant tranche.
- In some cases, a share of enterprise revenue, management fees, or the investment returns may be directed to the PFP structure (e.g., through payments to the PFP administrator), subject to agreement among the relevant parties.
- Investee agreements may also include commitments to generate financial contributions to conservation areas and communities in the PFP context, through concession payments, user and activity fees, licenses, or local employment. While these financial flows may not be directly integrated into the fund's financial model, they can be tracked through its KPIs. The ACCT Fund illustrates how this positive financial spillover is measured in alignment with an overarching conservation program, where supported tourism enterprises commit to a suite of legally binding conservation and community covenants that help generate financial flows to conservation landscapes (estimated at approximately USD 38.5 million to-date) and to local communities (approximately USD 40.5 million to-date).[22] In a PFP context, such spillovers could generate additional resources that directly support implementation of the PFP conservation plan, whether channeled through the PFP administrator or other relevant actors in the PFP context.

[22] ACCT Fund (2025). *ACCT Fund Impact Report 2025.* https://www.nature.org/content/dam/tnc/nature/en/documents/2/0/2025_ACCT_ImpactReport.pdf

In the stewardship transition model, the primary vehicle is a credit line or risk-sharing facility implemented through a partner financial institution (Figure 4 and Figure 5):

- The partner financial institution originates loans to resource users or community-linked enterprises, with tailored terms such as below-market interest rate, extended repayment periods, grace periods, or reduced collateral requirements.
- A TA facility, where applicable, reduces credit risk by supporting financial training, business advisory services, and legal assistance. Examples include financial literacy programs under AFLP in Belize, enterprise support under SEDF in Namibia, and climate-risk advisory services under the proposed AFP in Kenya. TA may target borrowers, lenders, or financial intermediaries.
- A guarantee facility, where applicable, absorbs part of potential loan losses and improves the risk profile for participating lenders. Guarantee agreements define triggers, payout mechanisms, and other operational terms to reduce the risk of disputes.
- As in the sustainable enterprise model, loan agreements may also include commitments that generate financial spillovers benefiting conservation areas or communities and supporting the broader PFP conservation plan.

In addition, both models may involve revolving features, whereby repaid capital is redeployed into new investments or loans, supporting sustained long-term financing capacity aligned with the PFP conservation plan. In other cases, time-bound blended finance mechanisms may be designed for possible replication (e.g., scaling pilot programs or anticipating new fund closings depending on market uptake).

Furthermore, financial flows to investees may generate cost savings for the PFP, which in turn can release financial resources for other PFP conservation objectives. Strong alignment between investment KPIs and PFP monitoring frameworks may therefore be important to recognize and account for these contributions.

4. Governance, Oversight and Impact Measurement

In the PFP context, the required governance and oversight for blended finance mechanisms will depend on the institutional and legal structure of the financing vehicle (i.e., a fund, or a facility delivered through a partner institution). The following table summarizes the main options described in this section for key design decisions on the governance, oversight and impact measurement of the blended finance mechanism.

Key Design Decisions	**Options** (indicative and Not Mutually Exclusive)			
Governance and Advisory Bodies:	Board or board committee	Steering committee	Governing body at partner financial institution	Advisory committees
Compliance:	Capital provider requirements	Financial service requirements	Jurisdictional requirements	Stakeholder engagement requirements
Impact Management:	Global frameworks' alignment		Independent verification protocol	

Table 8. Summary of key design decisions for governance, oversight and impact measurement



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As described below, some of these decisions will be specific to each of the proposed blended finance models.

In the sustainable enterprise model, the governance typically centers on a fund or Special Purpose Vehicle (SPV). Subject to country-specific regulations, this may include:

- A board or steering committee that provides strategic direction and policy approval to guide the fund manager's team.
- An investment committee that approves investments and risk limits within a mandate.
- A fund manager responsible for origination, due diligence, portfolio management and financial and impact reporting.
- Other partners or advisors on ESG or impact, where relevant. In the ACCT Fund, for example, TNC advises and participates in a conservation committee to oversee reporting on the suite of covenants that align the Fund's impact with desired conservation and community outcomes, among other functions.[23] Specialized advice or oversight may also be required where DFIs or institutional investors participate to ensure alignment with financial institution standards.

In the stewardship transition model, governance is typically embedded in the partner financial institution and supplemented by facility-level oversight. This could include:

- The partner financial institution's credit governance, which may be structured through a credit committee.
- A facility oversight body focused on eligibility rules, guarantee terms and TA delivery, among others.
- Other clearly defined partner oversight roles, which may include pipeline generation, TA management, impact advice, committee member or observer, among others suitable for PFP partner NGOs.

[23] ACCT Fund (2025). *ACCT Fund Impact Report 2024*. https://www.nature.org/content/dam/tnc/nature/en/documents/2/0/2025_ACCT_ImpactReport.pdf

Additional legal and regulatory aspects that may affect governance and oversight, and should be screened during early scoping and structuring phases, include: any applicable financial regulatory aspects depending on who may be solicited for private capital; any requirements that may be imposed by DFIs (e.g., specific investment principles such as IFC Performance Standards, Equator Principles, or standards and certifications such as the Forest Stewardship Council (FSC), Fair Trade or carbon standards); any constraints on foreign capital deployment based on the registration of capital providers; any activities that may constitute a regulated financial service requiring licensing (e.g., investment management or lending); and any requirements for meaningful stakeholder engagement (e.g., Free, Prior and Informed Consent (FPIC)[24] where indigenous peoples may be involved or affected), among others.

In mechanisms focused on conservation and local communities, investors and DFIs will commonly require Environmental and Social Management Systems (ESMS) and functioning grievance mechanisms.

Blended finance mechanisms also typically adopt an impact management framework that defines impact objectives, identifies KPIs, and specifies Monitoring, Reporting and Verification (MRV) protocols.

Independent verification can be built in through third-party monitoring agents, external auditors, or assurance providers. Mechanisms that want to align their impact monitoring, reporting and verification with global frameworks may look at the Operating Principles for Impact Management[25] (OPIM) or the Global Impact Investing Network (GIIN) Impact Reporting and Investment Standards (IRIS+) initiative[26] for guidance on metrics. The Principles for Responsible Investment[27] (PRI) support ESG integration into investments and related reporting practices.

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[24] See for example, IFC Performance Standard 7 on Environmental and Social Sustainability. https://www.ifc.org/en/insights-reports/2012/ifc-performance-standards

[25] IFC (2019). *Investing for Impact: Operating Principles for Impact Management.* https://www.ifc.org/content/dam/ifc/doclink/2019/operating-principles-for-impact-management.pdf

[26] See, for example: https://iris.thegiin.org/metrics/

[27] See, for example: https://www.unpri.org/about-PRI/what-principles-for-responsible-investment

Framework	Type	What it Standardizes	Who Uses It
PRI	Responsible Investment Principles	How to integrate ESG and report on it	Asset owners, asset managers
GIIN/IRIS+	Impact measurement and management (IMM) and metrics guidance	What to measure	Impact investors, DFIs, foundations
OPIM	Impact management standard	How to manage and disclose impact	Impact funds, DFIs, private equity and venture capital

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Table 9. Overview of relevant frameworks for impact measurement and management in blended finance mechanisms



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Strategies to Strengthen Blended Finance Pipelines, Scalability and Integration in PFPs

Strengthening the role of blended finance in PFPs requires addressing a set of practical challenges related to project pipelines, transaction scalability, and integration within the PFP. This section outlines the most critical challenges PFPs may face while designing and implementing blended finance mechanisms, relevant strategies to address them at the PFP deal level and recommendations for possible partnership-level support through Enduring Earth.

Key Challenges in the PFP Context

Blended finance deployment in the PFP context may face several structural and operational challenges commonly encountered in conservation finance programs. The challenges identified can be grouped into four dimensions illustrated in Table 9 and described below.

	Market and Transaction Level	PFP Level
Supply of investable opportunities	**(1)** Pipeline Development Constraints	**(3)** Alignment Challenges with the PFP Conservation Plan
Financing mechanism and deployment	**(2)** Transaction Scalability Constraints	**(4)** Operational and Financial Integration Challenges

Table 10. Main categories of identified challenges for blended finance in PFPs

1. Pipeline Development Constraints

Challenges related to generating investable opportunities aligned with conservation objectives, including:

- Underdeveloped pipelines with limited availability of investable conservation-linked enterprises and projects.
- Small transaction sizes relative to due diligence and transaction costs.
- Limited bankability of conservation-linked enterprises and projects.
- Operational realities of investees that do not align with the requirements of financing products (e.g., cash flow patterns or collateral requirements).
- Insufficient demand or readiness among potential borrowers or investees.

2. Transaction Scalability Constraints

Challenges affecting the ability to replicate and scale blended finance mechanisms across PFPs, including:

- Transaction structures with limited scalability due to high degree of customization and specificity to individual projects, sectors or PFP geographies.
- High structuring and transaction costs relative to deal size.
- Limited availability of precedent transactions or standardized models that can be adapted across PFPs.
- Limited investor familiarity with conservation finance sectors.

3. Alignment Challenges with the PFP Conservation Plan

Obstacles to ensuring that blended finance mechanisms meaningfully support the PFP conservation plan, including:

- Misalignment of outcomes of investable sectors with the conservation priorities of the PFP.
- Difficulty translating conservation objectives into measurable financial or operational indicators.

4. Operational and Financial Integration Challenges

Aspects that potentially affect the integration of blended finance mechanisms within the PFP, including:

- Uncertainty around the magnitude, timing, and reliability of financial flows generated by blended finance mechanisms for the PFP.
- Complexity in allocating, earmarking, or ringfencing financial flows to support specific PFP cost categories.

Strategies for PFP Teams

PFP teams can adopt several strategies to address the challenges identified above and strengthen the deployment of blended finance mechanisms. Building on practical inputs from focus groups and interviews, this section proposes distinct sets of strategies that aim to strengthen investable pipelines, improve transaction scalability and ensure that blended finance mechanisms are aligned with and effectively integrated into the PFP. These are grouped in Table 11 into the four dimensions previously identified and described below.

	Market and Transaction Level	PFP Level
Supply of investable Opportunities	**(1)** • PFP teams strengthen project pipelines and investee readiness • Enduring Earth supports pipeline development, TA and market development	**(3)** • PFP teams align investment activities with the PFP conservation plan • Enduring Earth develops relevant knowledge products (*e.g., master KPI library and cases*) to support alignment with the PFP conservation plan and operational integration into PFPs
Financing Mechanism and Deployment	**(2)** • PFP teams design scalable financing approaches • Enduring Earth enables knowledge sharing to support replication	**(4)** • PFP teams assess, pilot and integrate blended finance mechanisms within the PFP • Enduring Earth develops relevant knowledge products (e.g., models, templates and cases) to support alignment with the PFP conservation plan and operational integration into PFPs

Table 11. Main strategy groups and partnership support to address the identified blended finance challenges in PFPs

Strategies for PFP Teams

1. Strengthen Project Pipelines and Investee Readiness

- During early stages of the PFP lifecycle, map and assess existing and potential revenue streams that may be relevant for the PFP and eligible for blended finance support within the PFP context.
- During early stages of the PFP lifecycle, engage with relevant local partners (e.g., NGOs, CSOs, cooperatives, enterprise incubators) to identify investable conservation-linked enterprises or key resource users.
- Assess appropriate ratios of TA to investments, recognizing that the level of support required may vary significantly across sectors and actors.
- Integrate TA costs into the PFP financial plan and define realistic resource mobilization and allocation to TA activities. This may consider resources to improve investee bankability, including business planning, financial management and compliance (subject to previous assessment of reasonable TA ratios).

2. Design Scalable Financing Approaches

- During early stages of the PFP lifecycle, assess economic sectors and business models with strong alignment with PFP conservation objectives and potential conservation finance cashflows. This may consider carbon finance, payments for ecosystem services, outcome-based finance mechanisms, agroforestry, conservation-based tourism, among others.
- Assess jurisdictional risk and investor perception when structuring transactions, potentially incorporating higher levels of concessional capital (within reasonable ranges) or risk-sharing instruments (e.g., guarantees).
- Identify possible aggregation mechanisms (e.g., fund-based mechanisms, portfolio-based mechanisms, regional mechanisms) or aggregation strategies (e.g., partnerships with financial intermediaries, or cooperative or association-based models) for smaller transactions, reducing the impact of small ticket sizes and high transaction costs.

3. Align Investment Activities with the PFP Conservation Plan

- Integrate conservation and community covenants into investee agreements to support the PFP conservation plan and/or generate financial flows for the PFP (primarily applicable to the sustainable enterprise model).
- Integrate compliance clauses in loan or investee agreements that may strengthen resource stewardship and/or minimize pressures on relevant PFP outcomes. This may consider loan penalties or early repayment triggers, or other incentives for compliance relevant to specific sectors.
- Implement an iterative design and review process of fund or facility KPIs linked to conservation and socioeconomic PFP conservation outcomes.

4. Assess, Pilot and Integrate Blended Finance Mechanisms in the PFP Context

- Identify and estimate blended finance contributions to cost reductions in conservation and integrate realistic projections of reduced costs into the PFP financial plan.
- Implement an iterative review process to support alignment between the impact measurement framework of the blended finance mechanism and the PFP conservation and financial plans, allowing relevant financial flows (e.g., revenues to conservation areas or communities, or cost reductions) to be recognized within the PFP.
- As part of the fund or facility design, engage with possible investees to discuss potential revenue share allocation to the PFP, draft adequate terms, and design clear governance arrangements when revenue-sharing is viable.



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Enduring Earth's Partnership Support

The Enduring Earth partnership can play relevant roles in supporting PFP teams to develop and scale blended finance, as outlined below drawing on focus group and interview inputs.

1. Support Pipeline Development, Technical Assistance (TA) and Market Development

- Facilitate partnerships with financial intermediaries, incubators, or other organizations beyond the PFP jurisdictions that can advise on pipeline development and TA strategies.
- Facilitate dialogue and partnerships with relevant DFIs, bilateral and multilateral development agencies, and international donors.
- Explore the feasibility of regional or portfolio-level blended finance mechanisms (e.g., similar to UNCDF-UNDP cases), or other partnerships, to financially support the development of enabling environments, strengthening of project pipelines, and delivering of TA across PFPs.

2. Enable Knowledge Sharing to Support Replication Across PFPs

- Monitor progress of PFP teams and support them with relevant feedback platforms from the identification of appropriate blended finance mechanisms to the structuring phase of the fund or facility.

3. Develop Relevant Knowledge Products to Support Alignment with the PFP Conservation Plan and Operational Integration into PFPs

- Host a master library of relevant outcomes, metrics and KPIs relevant to blended finance in PFP contexts.
- Keep up to date documentation of cases and lessons from blended finance initiatives implemented in existing PFPs.
- Compile and share further standardized models, templates, and/or case studies that can help reduce structuring costs and accelerate replication across new PFPs.



Implementation Roadmap

Milestones and Strategic Steps in the PFP Lifecycle

Both PFPs and blended finance mechanisms follow their own critical development pathways. Their effective alignment will depend on the specific PFP context and relevant design elements of the blended finance mechanism.

Based on expert consultations and case studies, a reference roadmap has been developed to guide PFP teams in assessing, designing, and potentially deploying blended finance mechanisms within the PFP context.

For each phase of the PFP lifecycle, the roadmap includes an indicative set of critical milestones reflecting the typical pathway for developing blended finance mechanisms.

The suggested critical milestones are complemented by further strategic steps assigned to each PFP phase to address key challenges. These additional steps are directly linked to the strategies proposed for PFP teams above.

This roadmap is intended as a practical reference tool to support sequencing and decision-making, rather than a prescriptive implementation framework.

PFP Awareness

No specific actions are included for the awareness phase, as it is assumed that consideration of a blended finance mechanism would typically begin during the SFM screening process in the viability phase.

PFP Viability

Critical Milestones

- Initial understanding of potential project pipeline, key needs for further development, and possible impact and financial flows in the PFP.
- Preliminary assessment of potential alignment with the PFP.
- If already possible, screening of viability and prioritization of a blended finance mechanism as a potential SFM.

Further Strategic Steps

- Map and assess existing and potential revenue streams that may be relevant for the PFP and eligible for blended finance support within the PFP context (from strategies to strengthen project pipelines and investee readiness).
- Assess economic sectors and business models with strong alignment with PFP conservation objectives and potential conservation finance cashflows. This may consider carbon finance, payments for ecosystem services, outcome-based finance mechanisms, agroforestry, conservation-based tourism, among others (from strategies to *design scalable financing approaches*).

PFP Feasibility

Critical Milestones

- Screening of viability and prioritization of a blended finance mechanism as a potential SFM (if still pending from previous PFP stage).
- Initial definition of blended finance objectives, geographic scope and thematic focus.
- Preliminary identification of suitable blended finance vehicles and capital structure options.

- Assessment of potential project pipeline and preliminary estimation of TA and financing needs, including risk absorption requirements, based on a stakeholder consultation process.
- Preliminary blended finance mechanism design indicating suitable blended finance vehicle, capital structure, risk-absorption instruments, and indicative fund size and/or capitalization of facilities.
- Preliminary identification of potential investor base.
- Confirmation of interest among key partners (e.g., financial institutions).
- Preliminary assessment of legal and regulatory considerations for registration, structuring and compliance.

Further Strategic Steps

- Engage with relevant local partners (e.g., NGOs, CSOs, cooperatives, enterprise incubators) to identify investable conservation-linked enterprises or key resource users (from strategies to *strengthen project pipelines and investee readiness*).
- Assess appropriate ratios of TA to investments, recognizing that the level of support required may vary significantly across sectors and actors (from strategies to *strengthen project pipelines and investee readiness*).
- Assess jurisdictional risk and investor perception when structuring transactions, potentially incorporating higher levels of concessional capital (within reasonable ranges and in relation to material risks) or risk-sharing instruments (e.g., guarantees) (from strategies to *strengthen project pipelines and investee readiness*).
- **I**dentify possible aggregation mechanisms (e.g., fund-based mechanisms, portfolio-based mechanisms, regional mechanisms) or aggregation strategies (e.g., partnerships with financial intermediaries, or cooperative or association-based models) for smaller transactions, reducing the impact of small ticket sizes and high transaction costs (from strategies to *strengthen project pipelines and investee readiness*).
- Implement an iterative design process of fund or facility KPIs linked to conservation and socioeconomic PFP outcomes (adapted from strategies to *strengthen project pipelines and investee readiness*).
- Implement an iterative review process to support alignment between the impact measurement framework of the blended finance mechanism and the PFP conservation and financial plans, allowing relevant financial flows (e.g., revenues to conservation areas or communities, or cost reductions) to be recognized within the PFP (from

strategies to assess, *pilot and integrate blended finance mechanisms in the PFP context*).

- Engage with possible investees to discuss potential revenue share allocation to the PFP, draft adequate terms, and design clear governance arrangements when revenue-sharing is viable (adapted from strategies to *assess, pilot and integrate blended finance mechanisms in the PFP context*).

PFP Planning

Critical Milestones

- Definition of governance and/or oversight bodies.
- Definition of other roles and required services based on engagement with relevant transaction partners.
- Confirmation of partner commitment.
- Impact management framework aligned with the PFP conservation plan.
- Financial modelling aligned with the PFP financial plan.
- Legal and regulatory compliance checklist.
- Market testing with potential investors and financial partners.
- Investment thesis and pipeline development strategy.
- Initial fundraising process.
- Final blended finance mechanism proposal.
- Required templates and draft agreements.

Further Strategic Steps

- Integrate TA costs into the PFP financial plan and define realistic resource mobilization and allocation to TA activities. This may consider resources to improve investee bankability, including business planning, financial management and compliance (subject to previous assessment of reasonable TA ratios) (from strategies to *strengthen project pipelines and investee readiness*).
- Integrate conservation and community covenants into investee agreements to support the PFP conservation plan and/or generate financial flows for the PFP (primarily applicable to the sustainable enterprise model) (from strategies to *align investment activities with the PFP conservation plan*).

- Integrate compliance clauses in loan or investee agreements that may strengthen resource stewardship and/or minimize pressures on relevant PFP conservation outcomes. This may consider loan penalties or early repayment triggers, or other incentives for compliance relevant to specific sectors (from strategies to *align investment activities with the PFP conservation plan*).
- Implement an iterative review process of fund or facility KPIs linked to conservation and socioeconomic PFP outcomes (adapted from strategies to *strengthen project pipelines and investee readiness*).
- Identify and estimate blended finance contributions to cost reductions in conservation and integrate realistic projections of reduced costs into the PFP financial plan (from strategies to *assess, pilot and integrate blended finance mechanisms in the PFP context*).

PFP Closing

Critical Milestones

- Secured TA and grant commitments from PFP donors and partners.
- Secured commitments from catalytic and/or anchor investors.
- Final legal documentation for the blended finance mechanism.

PFP Implementation

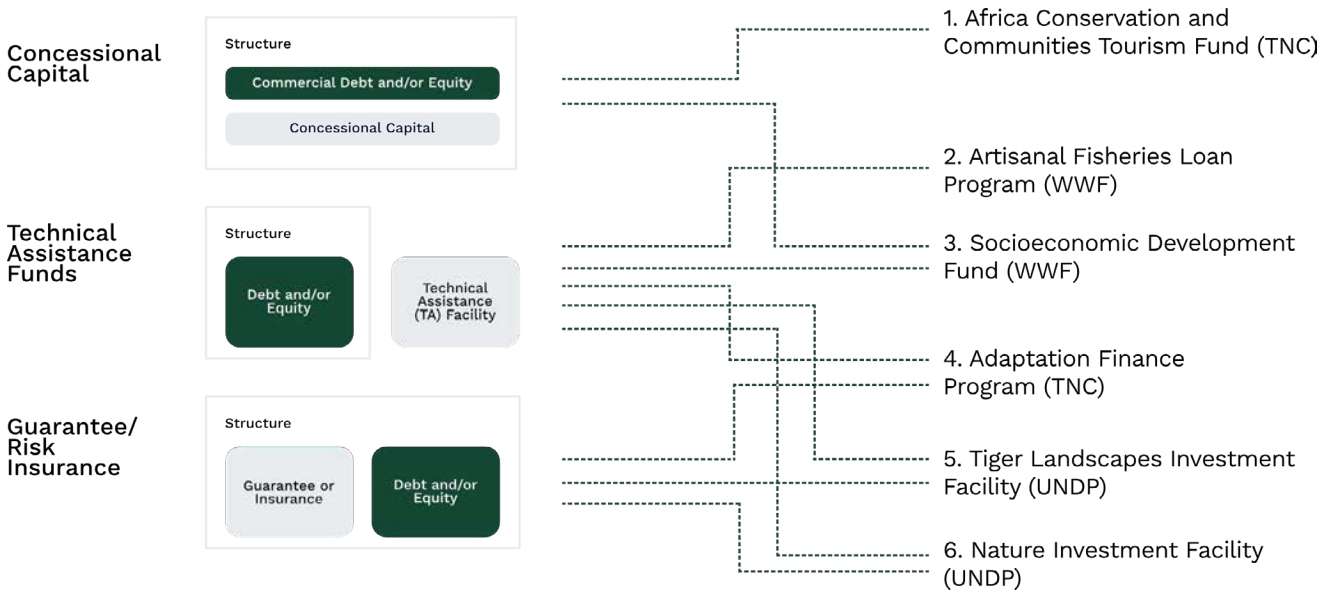
Critical Milestones

- Legal registrations.
- Fund closing or facility launch (may occur earlier but should align with final PFP conservation plan).
- Signed investee or loan agreements.
- Deployment of capital and associated TA.
- MRV processes aligned with the PFP.

Annex 1

Enabling Conditions and Challenges for Strategic Sustainable Finance Mechanisms in PFPs

During the focus group sessions on blended finance for PFPs (January 2026), participants presented six cases of practical applications of blended finance in conservation-related contexts, covering a variety of blended finance archetypes.[28]

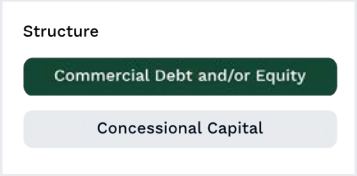


For further information on the archetypes, see http://www.convergence.finance/blended-finance

Figure 7. Overview of blended finance cases discussed in focus group sessions

A summary of key details by blended finance case is presented below, as provided by relevant organizations (i.e., TNC, WWF, and UNDP) to support focus group discussions.

[28] Convergence (2025). *Blended Finance*. Accessed on February 28, 2026: https://www.convergence.finance/blended-finance#definition

1. Africa Conservation and Communities Tourism Fund (ACCT) in sub-Saharan Africa (TNC, 2023)	
Purpose	The Africa Conservation and Communities Tourism Fund (ACCT) was created during the COVID-19 pandemic to assist conservation tourism operators in important biodiversity areas to survive the loss of revenue brought on by travel restrictions. These companies generate critical revenue for protected area management and provide employment and other benefits for local people. Since the industry recovery, which began in 2022, the fund has shifted its focus to supporting the expansion of the industry through debt funding to responsible operators for the building and/or upgrading of camps and lodges. In exchange for favorable terms of the loan agreements, operators make contractual agreements with the fund to increase the conservation and community benefits from their business. KPIs: • Number of local jobs created/retained • Number of community members benefiting from downstream flows of tourism employment income • Total protected area (km2) in which operators are active • Direct financial flows to conservation landscape owners/managers • Direct contributions to the socio-economic benefit of the community
Sectors	Conservation tourism operators in and adjacent to protected and conserved areas in sub-Saharan Africa.
Blended Finance Structure	The general structure of the ACCT aligns with the concessional blended finance archetype (as defined by Convergence) and considers the following capital stack classification:  Class A: Catalytic Tranch Class B1: Commercial Tranche Class B2: Mezzanine Tranche Class B3: Grant Tranche

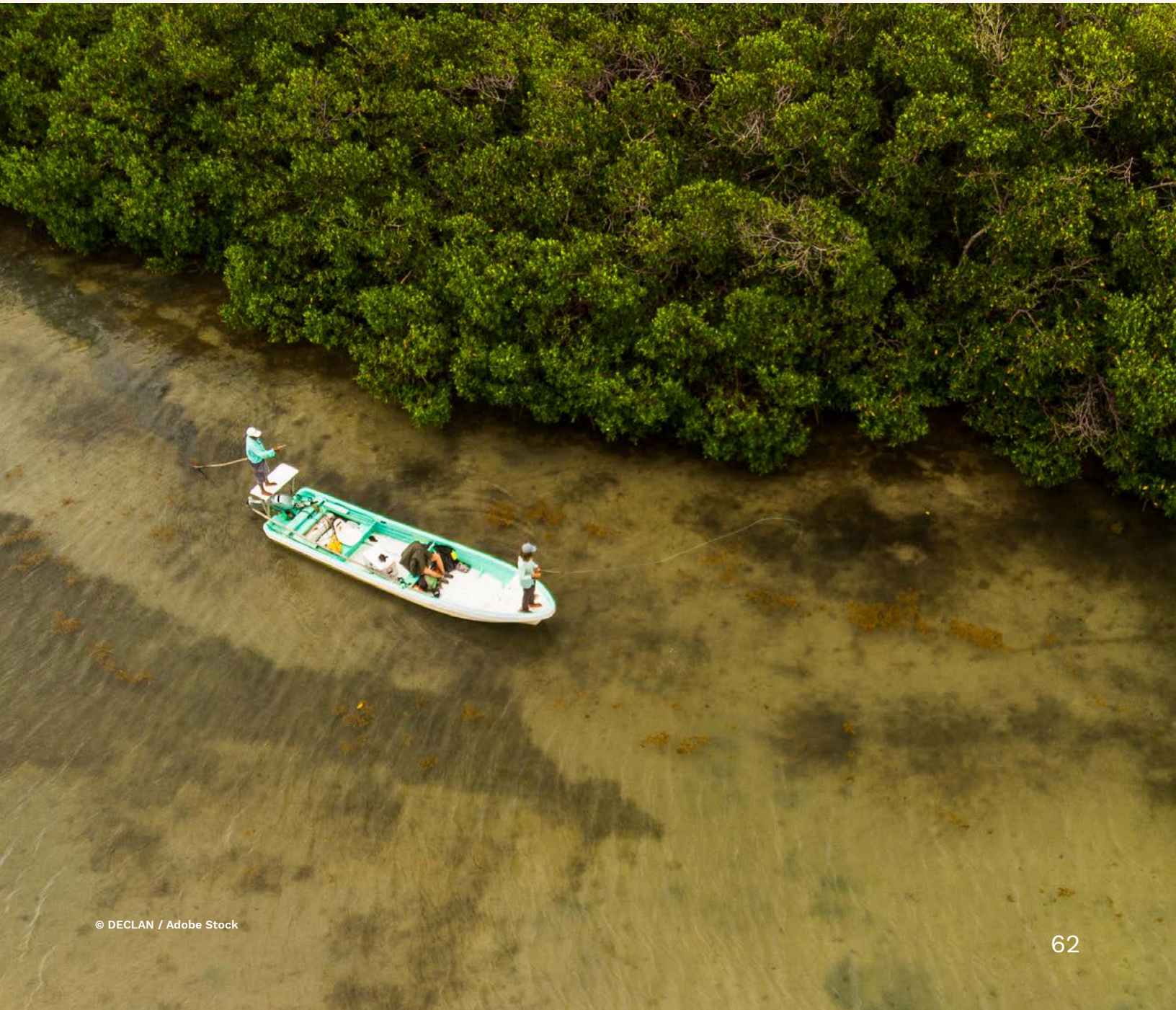
Financial Model	The ACCT Fund had a final close of USD 70 million in April 2023. The fund is managed by ThirdWay Partners, and TNC is the contracted Conservation Advisor to the Fund.
PFP Fit and Potential	ACCT's capital is currently fully deployed. However, TNC and ThirdWay Partners are considering how lessons from the ACCT model could inform conservation efforts in other regions, including efforts aligned with existing PFPs.



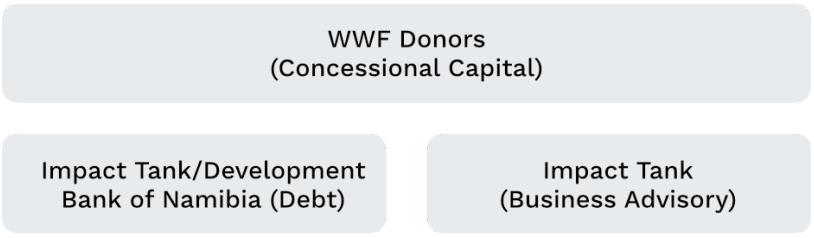
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2. Artisanal Fishing Loan Program (AFLP) in Belize (WWF, 2024)	
Purpose	Financial access remains limited among fishers in Belize as traditional commercial banks and credit unions are constrained by rigid loan requirements and rarely offer tailored financial products to informal livelihoods. Belize's Artisanal Fishing Loan Program (AFLP) offers registered Belizean fishers access to tailored loans that are directly linked to sustainable fishing practices. Fishers receiving these loans are expected to participate in financial literacy training and fisheries stewardship sessions, and are subject to compliance with fishing regulations. Also, fisherwomen receive more favorable interest rates than fishermen, helping address additional barriers to women accessing finance. Examples of headline KPIs: Loan issuance (number and amounts) and number of participating fishers.
Sectors	Artisanal fishing sector.
Blended Finance Structure	The general structure of the program during the pilot phase aligns with the following blended finance archetype (as defined by Convergence):  The Development Finance Corporation (DFC) underwrites loans to fishers and monitors the loan portfolio. The Belize Audubon Society provides training to fishers, and the Fishers' Associations offer knowledge of fisher's needs and mobilize members. WWF is the convener to coordinate partners in meeting programmatic and community impact goals.
Financial Model	Since February 2024 (launch date), the AFLP has issued 430 loans, amounting to US $1.4 million in total capital that would otherwise not be available for the sector. The program originally aimed for a more modest loan portfolio, but has experienced rapid uptake and strong demand since its national rollout.

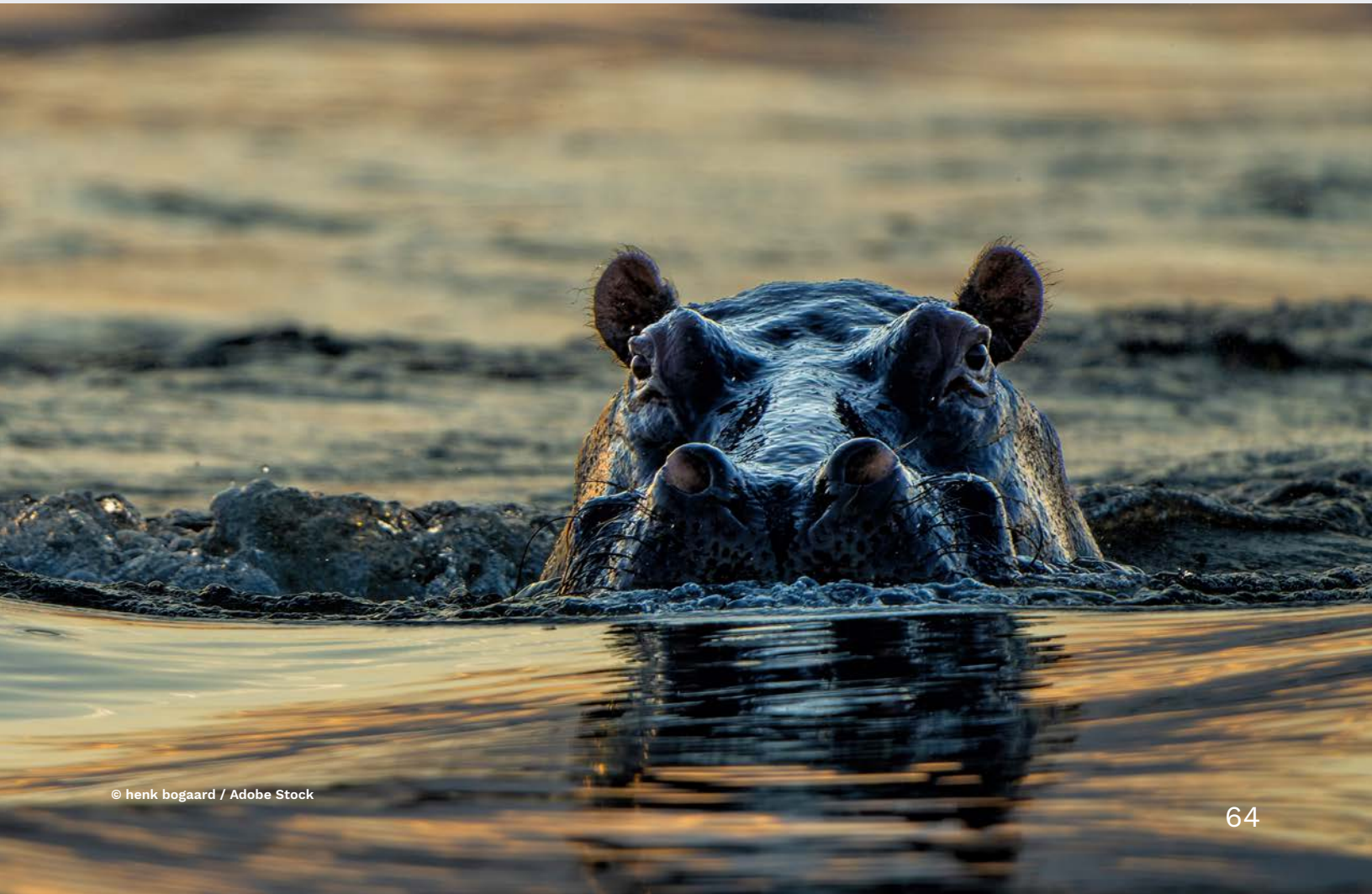
PFP Fit and Potential	A small investment unlocked new capital for loans indefinitely. In a case like this, the PFP would not need to fund the financial institution (DFC in the AFLP case), but could instead focus on aspects that need to be subsidized (e.g., training, TA, etc.) This mechanism can be an adequate fit depending on the PFP goals. In Belize, the AFLP can potentially support the PFP conservation plan, which includes livelihood objectives on increased resilience for people living in target coastal communities that depend on marine and coastal resources, and empowered communities to constructively participate in coastal and marine conservation, among other relevant components.



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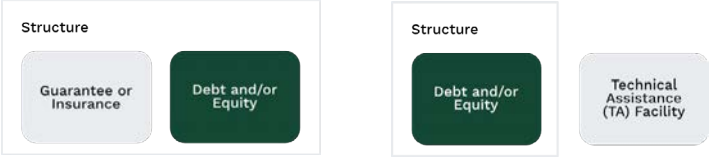
3. Socioeconomic Development Fund (SEDF) in Namibia (WWF, concept stage)	
Purpose	Socioeconomic Development Fund (SEDF) aims to provide finance in the form of micro, small, and medium-sized loans to people living in Namibian conservancies to diversify their economic opportunities. These are the key challenges it addresses: • Conservancy-linked enterprises are too risky, informal, or small for Namibian commercial banks. • Grant funding alone has led to dependency, weak enterprise discipline, and limited scale. • Lack of patient capital + business support constrains income diversification and resilience in conservancies.
Sectors	SEDF is not focused on any specific sectors, but will likely be invested in tourism, indigenous natural products, and agriculture.
Blended Finance Structure	The proposed structure aligns with elements of the concessional and TA archetypes (as defined by Convergence) • WWF: structurer. • WWF donors: concessional capital. • Impact Tank/Development Bank of Namibia: debt providers. • Impact Tank: business advisory provider. 

Financial Model	The financial model includes the following elements: • Catalytic capital: PFP philanthropic funds absorb early risk. • Local finance: Soft loans via the Development Bank of Namibia (DBN). • Instruments: Seed capital, micro-loans, soft loans, working capital. • Non-financial layer: Embedded business advisory + incubation → investment readiness.
PFP Fit and Potential	SEDF is not a standalone fund; it is structurally embedded in Namibia for Life and leverages all the relationships between NGOs and conservancies. Lessons from the SEDF might be useful for other PFPs that have a strong community focus and need to link conservation benefits to improved livelihoods. If linked to a PFP, this model might be constrained by geographies or sectors.



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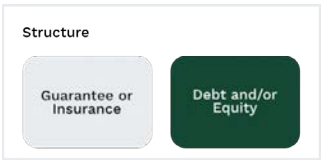
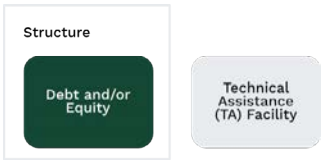
4. Proposed Adaptation Finance Program (AFP) in Kenya (TNC, concept stage)	
Purpose	The proposed Adaptation Finance Program (AFP) would provide smallholder farmers and producer organizations access to credit and TA to increase resilience to climate change. To amplify targeted climate adaptation interventions, the AFP proposes to facilitate cooperation between the County Climate Change Fund (CCCF), county governments, and commercial financial institutions through the coordinated deployment of public and private capital.
Sectors	Agri-enterprise and smallholder agriculture
Blended Finance Structure	The general structure of the program aligns with the following blended finance archetypes (as defined by Convergence):  The AFP would utilize philanthropic funds to capitalize loan guarantees and a TA program. A third-party manager would be appointed to implement the program, including the contracting of TA providers and executing guarantee agreements with financial institutions. Monitoring and Evaluation would also be undertaken by the AFP manager. The AFP serves as an important SFM for Thamani Asili, particularly for coordinated deployment of public and private capital for conservation. The Government-led Project Coordination Unit would be responsible for engaging with county governments to strengthen climate finance capacity in line with Government of Kenya commitments outlined in the Conservation and Community Development Plan of Thamani Asili.
Financial Model	The AFP aims to mobilize loans to agri-enterprise and smallholder farmers for adaptation measures that enhance water outcomes through a loan guarantee facility; and to harmonize public and private capital flows through joint planning with government.
PFP Fit and Potential	The AFP program is designed to support the Kenya PFP.

5. Tiger Landscape Investment Facility (TLIF) in Nepal, Bhutan, Thailand, and Malaysia (UNDP, concept stage)	
Purpose	With the exception of Thailand, the population of wild tigers continues to decrease dramatically in Southeast Asia. Tiger landscapes are large blocks of ecologically connected areas of suitable tiger habitat, which also contribute to human wellbeing, sustainable development, and climate mitigation, through large-scale provision of ecosystem services. The Tiger Landscapes Investment Facility (TLIF) has been developed in response to the urgent need to channel private sector investments into businesses that contribute to the conservation of tiger landscapes, while enhancing financial sustainability and delivering durable, positive outcomes for nature and people. Since the challenges and opportunities associated with the sustainable financing of biodiversity vary among countries, the mechanism should be tailored to each specific national context. KPIs: (1) Hectares of tiger habitat conserved, restored and sustainably managed; (2) Contribution to reduction in and sequestration of GHG emissions; (3) Number of people directly benefiting from TLIF through sustainable livelihoods.
Sectors	Diverse sectors in Nepal, Bhutan, Thailand, and Malaysia. It focuses on MSMEs and conservation initiatives with the potential to deliver positive impacts on tiger landscapes. For example, livelihood alternatives, carbon and biodiversity projects, and biodiversity enterprises.
Blended Finance Structure	The two central components of TLIF are: (a) TA Facility and (b) De-risking Facility. Together, these components ensure that TLIF delivers on its objective to identify, develop, and finance investable MSMEs that have a positive impact on people and biodiversity in the tiger landscapes. The structure of TLIF aligns with the following blended finance archetypes (as defined by Convergence):  The main roles include UNDP (convener), UNCDF (guarantor), IKI (donor), Cartier for Nature - Nature Investment Facility (donor), local financial institution, and the Tiger Conservation Coalition (collaborator).

Financial Model	Currently, around USD 20 million is committed, of which 50% is allocated to TA and 50% to guarantee. It is estimated that USD 10 million guarantees can unlock around USD 15 million in loans for a 5-year period. Two revolving cycles are anticipated. Extension considered upon the donor's approval. Identified financial intermediaries – local financial institutions - issue the loans, backed by a pari-passu portfolio guarantee provided by UNCDF.
PFP Fit and Potential	Dependent on environmental challenge that the PFP would aim to address in a particular country.



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6. Nature Investment Facility (NIF) (UNDP, 2023)	
Purpose	The world's biodiversity is in rapid decline, threatening the ecosystems that sustain economies, communities, and life itself. With over half of global GDP moderately or highly dependent on nature, businesses have both a vested interest and a responsibility to invest in its protection and regeneration. Yet, the flow of private finance into nature remains limited. Financial institutions often perceive biodiversity projects as high-risk, and many initiatives lack the investment readiness or track record needed to attract capital. Overcoming these barriers is essential to turning the tide on biodiversity loss and securing a sustainable global economy. The Nature Investment Facility (NIF) aims to overcome these barriers by improving project pipelines, de-risking investments, and building confidence in the value of natural assets. KPIs: (1) Hectares of ecosystems and buffer zones conserved, restored and sustainably managed; (2) Total number of small, medium, and large-scale enterprises and initiatives benefiting from biodiversity finance; (3) Amount of private sector capital (non-philanthropic, return-seeking) leveraged into biodiversity conservation; (4) Number of people benefiting from the development of sustainable livelihoods.
Sectors	Sectors include nature and wildlife-based tourism, agriculture, agroforestry, forestry, carbon credits, nature impact certificates, energy (firewood), etc.
Blended Finance Structure	There are two central components of NIF: (a) TA Facility and (b) De-risking Facility, which aim to create the enabling conditions for investment, develop a pipeline of investable projects, and deliver direct investment. There are two central components of NIF: (a) TA Facility and (b) De-risking Facility, which aim to create the enabling conditions for investment, develop a pipeline of investable projects, and deliver direct investment. The structure of NIF aligns with the following blended finance archetypes (as defined by Convergence):   The main roles include UNCDF (guarantor), UNDP (convener), UNESCO (implementing partner), IKI (donor), Cartier for Nature (donor), and Government of Flanders (donor).

Financial Model	Currently, around USD 20 million has been committed to the NIF to be structured as grants, loans and guarantees (landscape dependent). Intermediaries may be national commercial banks to issue loans. Recipients include local communities, indigenous peoples, MSMEs, etc.
PFP Fit and Potential	This example suggests an opportunity to collaborate with UNDP and other entities within the UN infrastructure, and/or take the UN model as a reference, for thematic facilities, whether these are for the entire Enduring Earth portfolio or PFPs, or subregions of this portfolio.



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