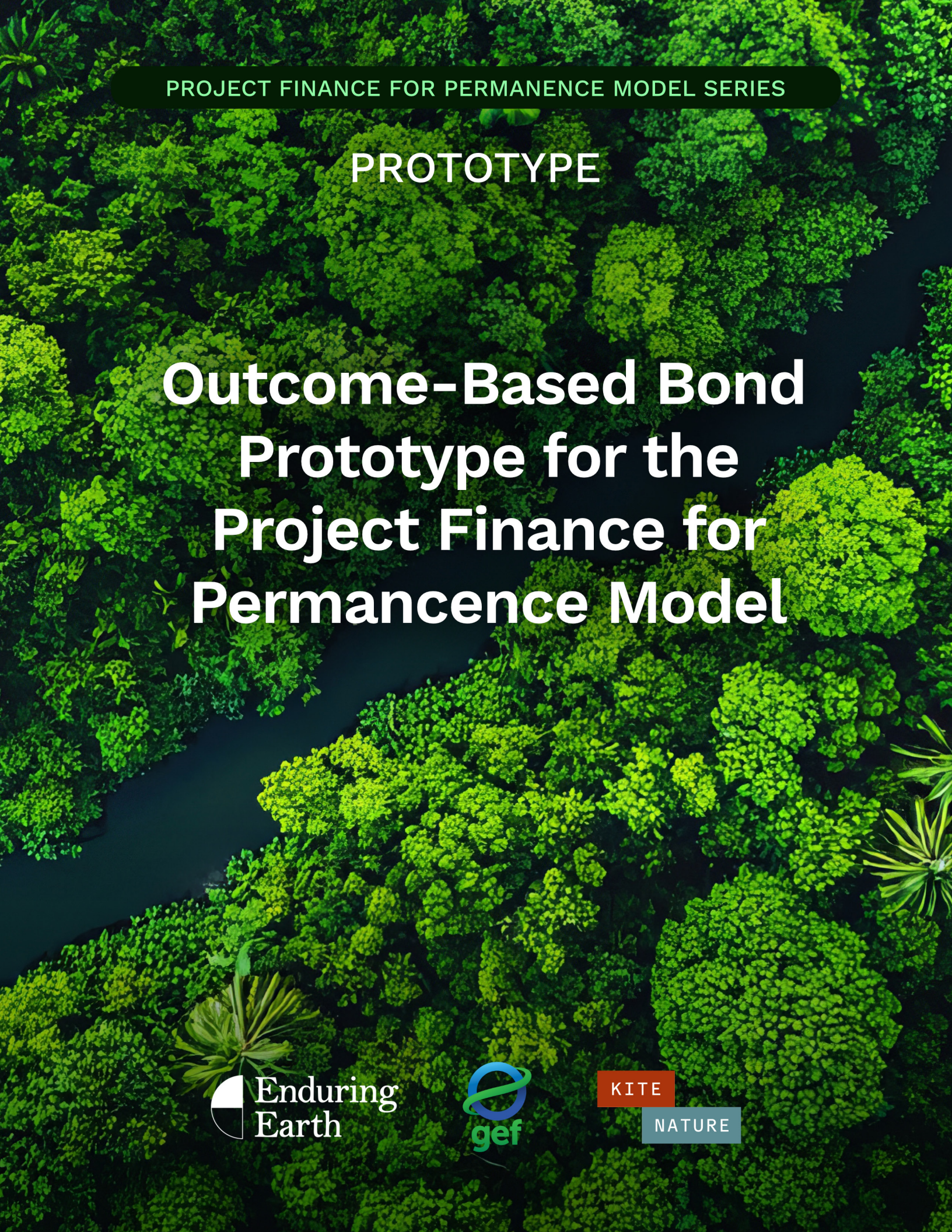

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PROTOTYPE
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Disclaimer:

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

ADB	Asian Development Bank
AfDB	African Development Bank
CAF	Development Bank of Latin America and the Caribbean
CIF	Climate Investment Funds
CRU	Carbon Removal Unit
ESG	Environmental, Social and Governance
FCDO	UK Foreign, Commonwealth & Development Office
GEF	Global Environment Facility
IBRD	International Bank for Reconstruction and Development (World Bank)
ICMA	International Capital Market Association
IDB	Inter-American Development Bank
ITMO	Internationally Transferred Mitigation Outcome
IUCN	International Union for Conservation of Nature
KPI	Key Performance Indicator
MRV	Monitoring, Reporting and Verification
NGO	Non-Governmental Organization
OFA	Outcomes Finance Alliance
PFP	Project Finance for Permanence
SBTN	Science Based Targets for Nature
SDGs	Sustainable Development Goals
SECO	Swiss State Secretariat for Economic Affairs
SFM	Sustainable Finance Mechanism
SLB	Sustainability-Linked Bond
SLBPs	Sustainability-Linked Bond Principles
SPO	Second Party Opinion
SPT	Sustainability Performance Target
SPV	Special Purpose Vehicle
TNC	The Nature Conservancy
TNFD	Taskforce on Nature-related Financial Disclosures
VCU	Verified Carbon Unit
WCS	Wildlife Conservation Society
WRI	World Resources Institute
WWF	World Wildlife Fund

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 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.

Virtual focus group sessions were convened to generate key insights for the SFM prototype that align with PFP-specific needs and enablers and provide insight into key decisions to address persistent challenges. Three focus group sessions were organized virtually to discuss the outcome-based bond model for PFPs between November 2025 and January 2026. Participants included PFP teams and content experts from Pew Charitable Trusts, World Wildlife Fund (WWF) and The Nature Conservancy (TNC), along with specialists from the Enduring Earth and Wildlife Conservation Society (WCS). Inputs collected through these sessions were complemented by additional desk research and interview notes to inform the development of this SFM prototype.

The outcome-based bond prototype is organized into four main building blocks (sections):



Rationale and Background

Outlines the challenges outcome-based bonds may help address, provides a definition and general background information on outcome-based bonds, identifies key market opportunities and the strategic advantages of outcome-bonds as an SFM in the PFP context, and possible SFM objectives in the PFP context.



Structural and Financial Elements

Illustrates the possible structure of outcome-based bonds in the PFP context, describing the relevant roles, financial structure, financial flows and the Monitoring, Reporting and Verification (MRV) approach of the model.



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

Building on key challenges identified through focus groups and interviews, five dedicated sections propose strategies for PFP teams and the Enduring Earth partnership to (1) develop the market ecosystem for outcome-based bonds, (2) mitigate transaction complexity and costs, (3) support outcome integrity, (4) establish robust data and verification, and (5) adequately integrate outcome-based bonds within the PFP architecture.



Implementation Roadmap

Based on expert input, proposes a reference roadmap to guide PFP teams in assessing, designing, and potentially issuing outcome-based bonds within the PFP context. The roadmap is structured into the main phases of the PFP lifecycle, integrating critical milestones from the typical bond issuance 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

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The Challenge

Key Points

1. In some PFP contexts, traditional policy-based SFMs are narrow in scope, constrained in their growth potential, and vulnerable to volatility and political risks.
2. Sovereign instruments can mobilize capital at scale but depend on political will and fiscal space, with potential debt sustainability concerns.
3. Despite a broad range of alternatives, PFP portfolios of SFMs lack mechanisms that mobilize private finance at scale based on conservation success rather than revenue generation.

PFPs have traditionally relied on policy-based instruments (e.g., fees or taxes) in their strategies to cover the progressive funding gap resulting from the transition fund spend-down. However, these SFMs often tap into a limited range of economic sectors and stakeholders (e.g., tourism), are susceptible to market volatility (e.g., tourism-based revenues are vulnerable to global shocks), can be exposed to political risks (e.g., revenues that flow into consolidated budgets may be redirected without generating additional funding for the PFP), and may have limited growth potential, especially in countries with constrained economies and fiscal capacity.

PFPs can also provide opportunities to leverage large-scale sovereign instruments

(e.g., debt conversions and sovereign bonds), but the feasibility and implementation timelines of these options are heavily dependent on political commitment, buy-in, and fiscal capacity in their relevant jurisdictions, requirements that may substantially increase the barriers and complexities of aligning them with the PFP lifecycle. Furthermore, instruments such as sovereign bonds may create additional sustainability concerns and challenges if they increase sovereign indebtedness.

Partner efforts to strengthen traditional SFMs and diversify PFP funding beyond policy-based instruments and sovereign options have led to a broad universe of potential SFMs. PFP teams are aware of the need for diversified combinations of options that jointly meet the key SFM attributes (i.e. applicability, additionality, volume, timing and durability) as no isolated option may successfully tackle financial sustainability within and across PFPs. However, a remaining gap among the previously explored SFMs is the capacity to mobilize private finance at scale that is directly linked to conservation performance, rather than government budgets or private revenues.

General Background on Outcome-Based Bonds

Outcome-based bonds are debt instruments that channel finance to a specific project or activity and make a portion of the return to investors contingent on verified project or activity outcomes.[1] These types of bonds are typically structured as non-sovereign instruments (e.g., issued by multilateral development banks). They differ from sovereign and corporate Sustainability-Linked Bonds (SLBs), which link financial terms to issuer-level (e.g., country-wide, firm-wide) sustainability targets rather than project- or program-level outcomes, and from use-of-proceeds bonds (e.g., green, blue and other thematic bonds) that earmark funds for environmental activities but are not performance-linked.

The World Bank is the lead issuer of outcome-based bonds, including at least six bond issuances for the equivalent of around USD 825 million in total size (aggregate nominal amount) since 2021 (see Table 1).

In the World Bank examples, foregone investor coupons are converted into amounts transferred to projects generating the desired outcomes, while success payments to investors are secured through donors or alternative project revenue sources.[2] For the purpose of this prototype, these two models are respectively referred to as “philanthropy-backed outcome bonds” and “revenue-backed outcome bonds.”

1 The World Bank (2023). *Outcome bonds: Linking investor returns to sustainable development project outcomes. World Bank Blogs.* Accessed on February 18, 2026: https://blogs.worldbank.org/en/voices/outcome-bonds-linking-investor-returns-sustainable-development-project-outcomes

2 The World Bank (2025). *IBRD Funding Program: Outcome bonds.* Accessed on February 18, 2026: https://treasury.worldbank.org/en/about/unit/treasury/ibrd/outcome-bonds

Outcome-Based Bond Examples:	Philanthropy-Backed Model	Alternative Revenue-Backed Model			
	Wildlife Conservation Bond	Vietnam Emission Reduction–Linked Bond	Plastic Waste Reduction-Linked Bond	Amazon Reforestation–Linked Outcome Bond	Clean Cooking Outcome Bond
Outcomes Linked To Interest Payment	Net Rhino Growth Rate (i.e., increase in the black rhino population)	Issuance of VCUs	Issuance of plastic credits and VCUs, and sales price of plastic credits	Issuance of CRU	Issuance of ITMOs
Issue Date	March 23, 2022	February, 2023	January, 2024	August, 2024	December, 2025
Size/ Maturity	USD 150 million/ 5-year	USD 50 million/ 5-year	USD 100 million/ 7-year	USD 225 million/ 9-year	USD 200 million/ 6-year
Project Investment Payment	Approximately ZAR152 million (around USD 9.5 million) in total conservation investment disbursements to parks	Approximately USD 7.2 million in purchase agreement with VCU project developer	Approximately USD 14 million in disbursements to VCU and plastic credit project developer	Approximately USD 36 million in disbursements to CRU project developer	Approximately USD 30.5 million in disbursements to ITMO project developer
Commercial Partners	Credit Suisse and Citi	Citi	Citi	HSBC	Standard Chartered Bank

Table 1. Comparison of World Bank (IBRD) examples of outcome-based bond issuances

In the philanthropy-backed outcome bond model, the relevant projects or activities receive predictable grant funding in agreed tranches. Grant payments to the project or activities may be subject to reasonable suspension events (e.g., performance failure, mismanagement, integrity issues, etc.) and require robust MRV, but project and activity funding is not contingent on outcome achievement. This model does not depend on revenues from the relevant projects or activities either, thus releasing the implementers (i.e., grantees) to focus on delivery, monitoring and reporting. As such, this model can be widely applicable to support core conservation activities.

In the revenue-backed outcome bond model, relevant projects or activities receive upfront financing to support the generation of Verified Carbon Units (VCUs), Internationally Transferred Mitigation Outcomes (ITMOs), Carbon Removal Units (CRUs), plastic credits, or similar. As shown in Table 1, the World Bank has issued this type of bond to support forest restoration,[3] clean cooking,[4] plastic reduction[5] and emission reduction.[6] As such, this model is more narrowly applicable to projects or activities that generate tradeable units. Because of its potentially greater scalability, this model offers an attractive alternative to explore when specific conditions to generate such units are in place.

In parallel to these models, conservation nonprofits have also explored a variety of outcome-payments structured through Special Purpose Vehicles (SPVs) to leverage philanthropic contributions contingent on outcomes and raise capital from investors. In this prototype, these are referred to as "Philanthropy-backed outcome payment through SPVs." While these may relate to smaller-scale and more targeted transactions, they can be considered as an alternative where full bond issuance is not feasible or proportionate (e.g., limited scale or early-stage projects that may not enable or justify bond issuance).

Given the importance of funding generation for core conservation activities (see Table 2), the following sections of this SFM prototype primarily focus on the philanthropy-backed outcome bond model. The potential use of the revenue-backed outcome bond, and the philanthropy-backed outcome payment models in PFPs is illustrated in **Annex 1** on alternative outcome finance models for PFPs. Further notes on these alternative models are clearly identified throughout the prototype, as relevant, but their detailed characteristics and implementation pathway are not described in further depth due to their specific scope of application within PFPs.

3 The World Bank (2024). *World Bank Outcome Bond Accelerates Reforestation of the Amazon Rainforest.* https://thedocs.worldbank.org/en/doc/d193f2f326d510eb475259ec46aa91dc-0340022024/original/Amazon-Reforestation-Linked-Outcome-Bond-Case-Study.pdf

4 The World Bank (2025). *World Bank Outcome Bond Expands Access to Clean Cooking Technologies.* https://thedocs.worldbank.org/en/doc/6d80ee5981812832804ee8548404967a-0340012026/original/Case-Study-Clean-Cooking-Outcome-Bond.pdf

5 The World Bank (2024). *World Bank Outcome Bond Mobilizes Private Capital for Projects that Tackle Plastic Pollution.* https://thedocs.worldbank.org/en/doc/a8e38e1c4426100de215af2a9212e6ed-0340012024/original/Case-Study-Plastic-Waste-Reduction-Linked-Bond.pdf

6 The World Bank (2023). *Emission Reduction-Linked Notes Mobilize Private Capital for Climate Friendly Project.* https://thedocs.worldbank.org/en/doc/d7d99578840ed938c52b08f6b9831f16-0340012023/original/Case-Study-Vietnam-Emission-Reduction-Linked-Bond.pdf

Revenue-Backed Outcome Bond Model Alternative Model	• Channels funds to project developers in a demonstrated range of approximately USD 7 to 36 million based on previous reference cases, noting that higher volumes may be achievable depending on project scale and market conditions. • Project developers generate tradeable units (e.g., carbon, emission reduction, plastic, etc.) • Investor coupons may include a fixed or variable interest portion based on principal investments in capital markets (beyond the projects) plus a variable portion linked to the tradeable units that are generated through the project(s). • This model is suitable for projects that tackle environmental threats and pressures, e.g., reforestation, decarbonization, emissions reduction, recycling, waste management, etc.	Pontential Complexity
Philanthropy-Backed Outcome Bond Model Prototyped Model	• Channels funds to projects and activities in a total amount over the bond lifetime of around USD 10 million based on previous reference cases, with potential to increase to USD 20-30 million based on proposed new issuances. • Project and activity implementers deliver measurable environmental outcomes (e.g., area protected, population growth of key species, time-bound reductions in key pressures on ecosystems that are realistically achievable in the bond lifetime), along with robust monitoring and reporting. • Bond principal is protected (e.g., AAA-rated World Bank-IBRD bond). Foregone investor coupons are replaced by a payment backed by donors, contingent on verification and achievement of outcomes. • This is suitable for conservation projects and activities that do not generate tradeable units or direct commercial revenues.	
Philanthropy-Backed Outcome Payment Through An SPV Alternative Model	• Channels funds from outcome payers and/or (impact) investors to projects and activities in variable ranges depending on context. Relevant pilots foresee total project funding amounts in ranges below USD 10 million. • Project and activity implementers deliver measurable environmental outcomes (e.g., area protected, population growth of key species), along with robust monitoring and reporting. • Upfront capital from (impact) investors and negotiated success payments may be paid by corporates, landscape actors, local governments, and ecosystem service users who may partner as outcome payers. • This is suitable for conservation projects and activities that do not generate tradeable units or direct commercial revenues but have clear and reliable beneficiaries to engage as outcome payers.	

Table 2. Main characteristics of identified outcome-based bond models (non-sovereign only)

Market Opportunities for Outcome-Based Bonds in PFPs

The market for nature- and sustainability-related bonds (e.g., green and blue use-of-proceeds bonds, SLBs and outcome-based bonds) is rapidly growing, offering PFPs concrete opportunities to pursue outcome-based bonds:

- **World Bank (IBRD) Issuances**: Outcome-based bonds are a World Bank (IBRD) approved instrument (AAA/Aaa issuer credit rating). World Bank (IBRD) issuances are generally principal-protected bonds, which provides investors with additional credit enhancement.[7] If outcome-based bond concepts are eligible for a World Bank (IBRD) issuance, this adds to a strong basis of incentives for investors.
- **Potential Diversification of Issuers**: The current concentration of issuances in one highly rated institution may represent a scalability constraint, reinforcing the importance of diversifying the issuer base over time. While multilateral development banks have not yet established standardized outcome-based programs, their credit profiles, regional mandates, and other sustainability-related issuances suggest potentially feasible near-term opportunities for additional outcome-based bond issuances. Examples such as the Inter-American Development Bank (IDB; AAA/Aaa issuer credit rating), the Development Bank of Latin America and the Caribbean (CAF; AA+/Aa3), the African Development Bank (AfDB; AAA), and the Asian Development Bank (ADB; AAA), have institutional strategies and sustainable debt frameworks prioritizing biodiversity protection, ecosystem restoration, climate resilience and/or sustainable natural resource management. These institutions already issue green, blue, and other thematic bonds (i.e., use-of-proceeds instruments where funds are earmarked for environmental activities). While these instruments are not performance-linked, they are issued within institutional frameworks with defined environmental impact metrics, suggesting potential for these institutions to expand into outcome-based bond issuance, following the World Bank's example.[8]
- **The Global Environment Facility's (GEF) involvement:** GEF's Blended Finance Global Program (formerly, the Non-Grant Instruments program) has offered distinct financing lines,

[7] The World Bank (2025). *IBRD Funding Program: Outcome bonds*. Accessed on February 18, 2026: https://treasury.worldbank.org/en/about/unit/treasury/ibrd/outcome-bonds

[8] For example: *AfDB's Sustainable Bond Framework 2023, ADB's Environment Action Plan 2024-2030, CAF's Sustainable Finance Framework 2025,* and *IDB's Sustainable Debt Framework 2025.*

separate from the grant funding typically channeled to programs like PFPs, to support the use of blended finance and catalyze private investments, explicitly referring to contingent instruments linked to environmental performance [9] (such as outcome-based bonds), among their areas of support. GEF provided instrumental institutional backing as outcome payer for the Wildlife Conservation Bond (Rhino Bond) in South Africa,[10] has also been identified as a potential outcome payer for the proposed Indonesia Coral Bond[11] and has approved concepts supporting the design of a Chimpanzee Bond (Rwanda)[12] and a Lemur Bond (Madagascar).[13, 14]

- **Outcome-Based Finance as a Strategic Funding Modality**: Beyond direct thematic alignment with conservation, a growing group of funders is explicitly interested in outcome-based finance as a tool to advance global development agendas. Initiatives such as the Outcomes Finance Alliance (OFA), convened by the Swiss State Secretariat for Economic Affairs, the UK Foreign, Commonwealth & Development Office and the UBS Optimus Foundation since 2018, illustrate targeted institutional demand for mechanisms that link funding to verified results in support of achieving the Sustainable Development Goals (SDGs).[15] This reflects institutional interest for participation in outcome-based instruments beyond grant-making, including the advancement of results-based financing approaches and market development.
- **Diversification of Outcome Payers:** Consultations with GEF indicate continued interest in expanding the market for outcome-based finance by engaging additional outcome payers for nature-related projects through its Blended Finance Global Program. Furthermore, OFA members have formally declared their commitment to grow the outcome finance market for SDGs.16 In practice, the Indonesia Coral

[9] GEF (2024). *Fourth Call for Proposals under the GEF-8 Blended Finance Global Program.* https://www.thegef.org/sites/default/files/documents/2024-07/GEF-8%20Blended%20Finance%20Program%204th%20CFP_0.pdf

[10] The World Bank (2022). *Wildlife Conservation Bond mobilizes private capital to protect critically endangered rhinos.* https://thedocs.worldbank.org/en/doc/7039bd837e60e484fb3a93ea63951306-0340022022/original/CaseStudy-WildlifeConservationBond.pdf

[11] The World Bank (2025). *Indonesia Coral Bond. An Innovative Ocean Financing Instrument.* https://documents1.worldbank.org/curated/en/099559205302415507/pdf/IDU1e1f53542193e0148a718e8518d3594da3e94.pdf

[12] GEF (2025). *Rwanda wildlife conservation bond.* ***Project Details.*** Accessed on February 18, 2026: https://www.thegef.org/projects-operations/projects/11514

[13] GEF (2025). *GEF Council approves innovative work program.* ***News (June 2, 2025).*** Accessed on February 18, 2026: https://www.thegef.org/newsroom/news/gef-council-approves-innovative-work-program

[14] GEF (2025). *Madagascar science-based management of biodiversity and natural resources for economic development projects. Project details.* Accessed on February 18, 2026: https://www.thegef.org/projects-operations/projects/11694

[15] Outcomes Finance Alliance (2026). *About the Outcomes Finance Alliance.* Accessed on April 22, 2026: https://outcomesaccelerator.org

[16] Outcomes Finance Alliance (2025). *Declaration on Outcomes-Based Financing for Sustainable Development in FfD4.* 4th International Conference for Development, Sevilla 2025. https://outcomesaccelerator.org/wp-content/uploads/2025/06/Joint-OBF-Declaration_Updated-06272025.pdf



Bond[17] contemplates a performance-based grant from BNP Paribas alongside potential GEF support, while the Chimpanzee Bond proposal for Rwanda[18] considers outcome-payments from the Climate Investment Funds (CIF) and the World Resources Institute (WRI). This suggests concrete near-term opportunities to mobilize a more diversified pool of public and private outcome payers, including institutions with mandates to deploy outcome-based or blended finance instruments.

- **Potential to Scale Up**: Existing outcome-based bonds demonstrate feasibility at approximately USD 150 million in total bond issuance size (i.e., capital raised from investors) with philanthropic backing and above USD 200 million where revenue streams are available (see Table 1, above). Further market development through diversified outcome payers, repeat issuances, and greater standardization, may enable larger philanthropy-backed transactions. In contexts where verified carbon units or similar revenues are viable, revenue-backed models already offer a pathway to scale, with future biodiversity credit market development potentially unlocking additional, larger-scale outcome-based bond structures aligned with PFP conservation plans.

[17] The World Bank (2025). *Indonesia Coral Bond. An Innovative Ocean Financing Instrument.* https://documents1.worldbank.org/curated/en/099559205302415507/pdf/IDU1e1f53542193e0148a718e8518d3594da3e94.pdf

[18] The World Bank (2025). *Rwanda: Wildlife Conservation Bond (P0505213). Project Information Document (PID) Appraisal Stage.* https://documents1.worldbank.org/curated/en/099101625223021288/pdf/P505213-c7dbf285-70e2-40e8-a3a6-a3cca176a364.pdf

Strategic Relevance of Outcome-Based Bonds in the SFM Mix for PFPs

Outcome-based bonds can offer distinct strategic advantages as SFMs within the PFP model. These are classified below according to the key attributes deal teams seek in relevant SFMs for PFPs.

Applicability of Funding to PFP Cost Categories:

- The philanthropy-backed outcome bond model can finance PFP costs (e.g., non-revenue generating activities) that may be ineligible for other SFMs (e.g., blended finance facilities or funds) that leverage private capital through debt or equity.
- The philanthropy-backed model does not require revenue-generation through the relevant projects or activities, which makes it a suitable instrument to cover core conservation costs of PFPs, as long as these enable relevant outcomes.

Additionality of Funds and Funding Sources, Beyond the Committed Resources of the PFP:

- In general, outcome-based bonds offer risk-sharing structures that can interest impact-oriented investors and unlock private commercial capital that may not otherwise be available for the respective PFP.
- The philanthropy-backed model offers a unique set of incentives (e.g., verified outcomes, financial leverage, contingent payments) for traditional donors, and provides a vehicle for funders seeking to advance outcome-based finance and demonstrate measurable contributions to global frameworks (e.g., SDGs, Global Biodiversity Framework), beyond traditional grant-making. This can enable additional contributions from PFP donors, and/or attract new donors with strategic links to specific outcomes, or with commitments and mandates to advance outcome-based or blended finance approaches.

Timing of Funds in Relation to PFP Needs:

- While performance payments to investors are tied to verified outcomes, bond disbursements to relevant projects and activities are planned according to their needs, e.g., upfront capital, medium-term capital, annual disbursements or partial disbursements in other tranches.

Volume and Durability of Funds Available for the PFP:

- Outcome-based bonds can generate project funding in ranges of tens of millions within a given timeframe. This scale of funding is suitable to cover capital investments or priority costs that potentially mitigate a substantial portion of transition fund spend-down depending on the PFP.

- While project funding is limited to the bond maturity, it can strategically cover operating costs while other SFMs start revenue generation, or build enabling conditions for further SFM diversification.

Other Strategic Advantages:

- Outcome-based bonds support incentive alignment between PFPs and commercial markets by tying investor returns to progress towards conservation goals, rather than extractive or damaging activities.
- The options explored in this prototype are not tied to debt profiles of the respective PFP country, unlike sovereign SLBs.



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Key Requirements and Enablers

This section serves as a practical go/no-go screening reference for early-stage assessment of outcome-based feasibility, in parallel to the general SFM screening conducted in PFPs.

Consultations with experts through focus groups and interviews suggest the following key requirements and enablers for philanthropy-backed outcome bonds. These elements are critical to ensuring technical viability and financial credibility. When deciding to explore and pursue this type of instrument, it is fundamental that these conditions are in place or can be developed within a reasonable timeframe. PFP teams may draw on this list at an early stage of SFM screening to determine the potential feasibility of an outcome-based bond and inform a decision for further exploration and design work.

1. Investor Confidence

To enable the mobilization of private capital, the bond must present a clear value proposition to investors, balancing financial return, risk mitigation, alignment with recognized market standards, and measurable conservation impact. Investors will typically expect clear and robust answers to the following questions:

Why should I invest?

A compelling investment thesis and alignment with Environmental, Social and Governance (ESG) and/or impact mandates are essential to mobilize private capital.

Will my capital be repaid?

Investors in this type of bond require a clear and transparent repayment mechanism that addresses potential risks to their capital.

Can outcomes be trusted?

Robust metrics and MRV, aligned with relevant market standards such as the International Capital Market Association (ICMA) Sustainability-Linked Bond Principles (SLBPs),19 are necessary to ensure confidence in outcome achievement and potential performance payments (See section on Monitoring, Reporting and Verification (MRV) Approach, as part of 3. Structural and Financial Elements).

[19] ICMA (2024). *Sustainability-Linked Bond Principles (SLBP).* https://www.icmagroup.org/assets/documents/Sustainable-finance/2024-updates/Sustainability-Linked-Bond-Principles-June-2024.pdf

2. **A Suitable Issuer**

   To offer a credible and scalable instrument, the issuing entity must have strong governance, financial management capacity, and sufficient credit worthiness to access capital markets on attractive terms. Investor confidence may rely primarily on the issuer's balance sheet strength and credit rating to attract investors, as illustrated by the Wildlife Conservation Bond (Rhino Bond), where principal is protected through issuance by a highly rated institution, i.e., the World Bank (IBRD).

3. **A Suitable Outcome Payer (or Multiple Outcome Payers)**

   To ensure outcome payments are honored upon verification of outcome targets, the outcome payer(s) must demonstrate sufficient institutional maturity, financial capacity, relevant mandates, track record, and credibility to enter into multi-year, contingent payment commitments.

   To ensure the financial additionality of the philanthropy-backed model for the PFP, it must be clear that potential payments will not displace, compromise or replace funding that the PFP could otherwise access at lower cost (e.g., donations), whether this comes from current PFP donors (through familiar or additional funding windows) or new funders for the respective PFP.

4. **Verifiable Outcomes and Robust Metrics**

   To effectively trigger outcome payments and support market credibility, the bond must build upon clearly defined, measurable, and independently verifiable conservation outcomes. Metrics must be scientifically sound and operationally feasible. This typically requires an enabling institutional context with credible and reliable data governance.



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Possible Outcome-Based Bond Objectives in the PFP Context

When included in the SFM mix of a PFP deal, outcome-based bonds can serve multiple specific functions. While the primary objective being explored in this prototype is to mobilize financial resources, this type of bond can also support other key dimensions, such as the enhancement of PFP performance and accountability, or market positioning. This section provides an **illustrative list** of possible **outcome-based bond objectives** in the **PFP context**.

Financial Resource Mobilization

- Provide predictable funding flows to support core conservation activities during defined stages of PFP implementation, thereby releasing PFP transition funding for other priorities.
- Mobilize upfront or medium-term capital to finance enabling conditions and structural conservation infrastructure (e.g., governance systems, protected area consolidation, and capacity building), complementing PFP transition funding.
- Mobilize upfront or medium-term capital to bridge gaps between initial capital commitments and stabilization of other sustainable financing streams, and to mitigate potential shortfalls arising from PFP transition fund spend-down.
- Diversify the PFP funding structure by attracting multilateral, institutional and private capital providers.

PFP Accountability and Performance

- Incentivize the development of robust MRV systems to strengthen PFP transparency, data quality and conservation impact.
- Drive the timely implementation of relevant policy, governance, or management reforms that support long-term conservation-related outcomes.
- Align incentives across PFP partners and private investors around verifiable conservation-related milestones.

Market Development and PFP Positioning

- Provide additional institutional credibility and backing to PFPs through the involvement of multilateral development banks and outcome payers in PFP-related, outcome-based and capital market instruments.
- Catalyze the development of a broader ecosystem of outcome payers and investors, contributing to the maturation of the market for conservation-related outcome-based finance.



Structural and Financial Elements

Outcome-Based Bond Structure in the PFP Context

This prototype focuses on a philanthropy-backed outcome bond model due to its wider potential applicability to cover core PFF conservation costs (see also *General Description and Background* section, above). The 2022 Wildlife Conservation Bond (or “Rhino Bond”) was the first issuance of a philanthropy-backed outcome bond and provides the only operational example of its kind to date. There are, however, other potential cases in the World Bank pipeline, such as the Indonesia Coral Bond and the Rwanda Chimpanzee Bond, both proposed in 2025. In addition, GEF approved a concept project in 2025 to design a Lemur Bond in Madagascar and the Eastern Tropical Pacific PFP team is actively exploring the feasibility of creating a marine corridor bond for conservation activities in Costa Rica, Panama, Colombia and Ecuador.

Cases of Philanthropy-Backed Outcome Bonds

- **Wildlife Conservation Bond, South Africa** (2022):[20] Outcome-based bond in which foregone coupon payments are used for conservation activities in two South African parks, and a conservation success payment is issued to investors, contingent on the verified growth in rhino populations. This was the first bond linking investment return to conservation performance. The World Bank treasury coordinated external service providers for the structuring, marketing and transaction execution, and the transaction targeted the World Bank-IBRD's institutional investor base. GEF participates as outcome payer.
- **Indonesia Coral Bond** (proposed in 2025):[21] As announced by the World Bank, this is an outcome-based bond in which foregone coupon payments will be used to finance conservation activities in four marine protected areas where coral reefs are a priority conservation target in Indonesia. Outcome measurement will focus on coral reef health and management effectiveness. Provisional impact indicators include the achievement of independently verified conservation outcomes in line with the Green List of Protected and Conserved Areas of the International Union for the Conservation of Nature (IUCN) and two biophysical metrics, coral reef fish biomass and live coral cover. The World Bank is the intended issuer of the bond, and a success payment will be funded through a performance-based grant from BNP Paribas and possibly GEF. The proposed model has a strong participation of government entities. The project payments will be channeled through the Indonesian Environment Fund, a public fund operating under the Ministry of Finance, and the relevant conservation activities will be implemented in collaboration with the Ministry of National Development Planning and the Ministry for Marine Affairs and Fisheries.
- **Chimpanzee Bond, Rwanda** (proposed in 2025):[22] In appraisal stage at the World Bank, this project aims to replicate the South African Wildlife Conservation in parallel to a "use-of-proceeds" bond issuance. Foregone investor coupon payments will be used to support park managers in their conservation and

[20] The World Bank (2022). *Wildlife Conservation Bond mobilizes private capital to protect critically endangered rhinos.* https://thedocs.worldbank.org/en/doc/7039bd837e60e484fb3a93ea63951306-0340022022/original/CaseStudy-WildlifeConservationBond.pdf

[21] The World Bank (2025). *Indonesia Coral Bond. An Innovative Ocean Financing Instrument.* https://documents1.worldbank.org/curated/en/099559205302415507/pdf/IDU1e1f53542193e0148a718e8518d3594da3e94.pdf

[22] The World Bank (2025). *Rwanda: Wildlife Conservation Bond (P0505213). Project Information Document (PID) Appraisal Stage.* https://documents1.worldbank.org/curated/en/099101625223021288/pdf/P505213-c7dbf285-70e2-40e8-a3a6-a3cca176a364.pdf

restoration activities. If successful, this issuance will help advance the outcome-bond market by bringing two new outcome payers (i.e., CIF and WRI) to this type of nature-related transaction.

- **Lemur Bond, Madagascar** (proposed for design in 2025):[23] Drawing on GEF funding, this project aims to design and establish a mechanism that supports lemur's habitat protection and restoration following the South African Wildlife Conservation Bond, the Indonesia Coral Bond and the Chimpanzee Bond models.
- **Eastern Tropical Pacific corridor bond in Costa Rica, Panama, Colombia and Ecuador** (in active exploration since 2025):[24] Outcome-based bond proposal in which foregone coupon payments are used to finance conservation activities of a regional program over a pre-defined timeframe. Outcome payments to investors are tied to a subset of the PFP's Key Performance Indicators (KPIs). The bond would potentially be issued by a multilateral partner, it is designed in the context of a regional PFP deal and aims to generate funds that flow to programmatic activities through the regional conservation finance infrastructure, comprised of a regional CTF and national CTFs.

The following figures illustrate the main structural and financial elements of a potential philanthropy-backed outcome bond in a PFP deal, where bond disbursements are channeled through the PFP administrator, typically a Conservation Trust Fund (CTF) to the relevant conservation or other type of activities that may support outcome delivery, as well as MRV of outcomes. In line with the South African Wildlife Conservation Bond example, Figure 1 presents a conventional structure with a single outcome-payer (e.g., GEF) providing sufficient funding and institutional backing to build the required confidence over future success payments.

[23] GEF (2025). *Madagascar science-based management of biodiversity and natural resources for economic development projects. Project details*. Accessed on February 18, 2026: https://www.thegef.org/projects-operations/projects/11694

[24] Neel Inamdar, Mónica Gamboa and Emily Klein, Pew Charitable Trusts. Presentations on the ETP bond concept. Focus Group Series *"Enduring Earth's sustainable finance mechanism prototype 1 – outcome-based bonds in the PFP model"*, Enduring Earth (November 24th and December 17th, 2025)

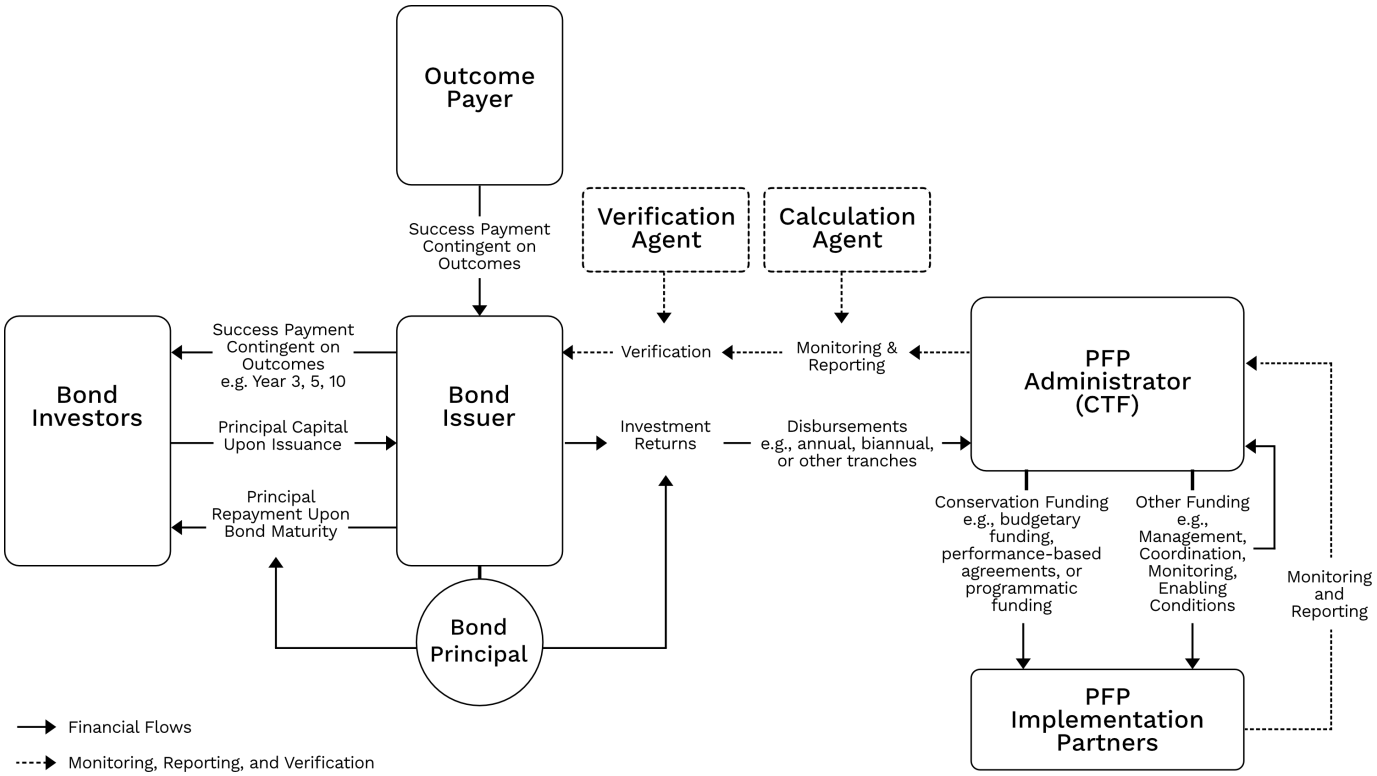


Figure 1. Philanthropy-backed outcome bond with a single, institutionally robust outcome payer

As a variation of the previous model, Figure 2 illustrates relevant structural modifications to allow a pool of multiple outcome payers. In this case, the use of an SPV and/or an escrow aims to support investor confidence around outcome payments and simplify the transaction when multiple funders are involved.



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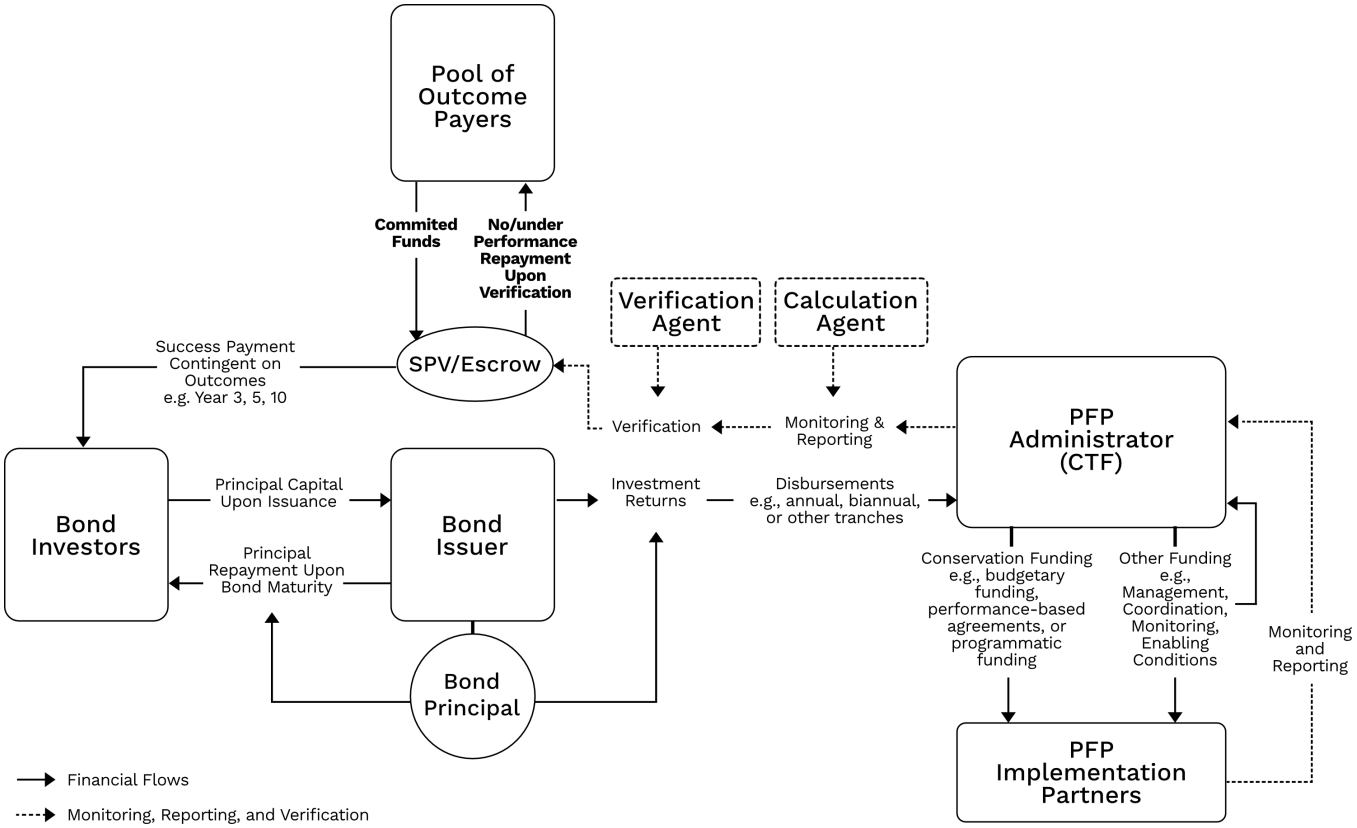


Figure 2. Philanthropy-backed outcome bond with a pool of multiple outcome payers

The following sections describe the roles, structure and relevant flows in the philanthropy-backed model in further detail. Annex 1 illustrates the possible use of philanthropy-backed outcome payments through SPVs (without a bond issuance) and revenue-backed outcome bonds in PFPs, as possible alternatives to the prototyped model.



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Relevant Roles

Bond Issuer

The bond issuer structures and issues the outcome-based bond, raises investor capital at issuance, manages the investment of the bond principal and ensures repayment to investors at bond maturity. The issuer also channels performance-based or success payments to investors, either directly from the outcome payer (Figure 1), or potentially via an SPV or escrow structure (Figure 2). The issuer must ideally have a strong governance, capital market access, and high credit quality.

Relevant Market Actors

As mentioned above, the World Bank (IBRD) has been the only multilateral issuer of philanthropy-backed outcome-based bonds and has announced further issuances in its pipeline. Other potential issuers with comparable credit profiles and mandates include the ADB, AfDB, CAF and IDB, although their potential interest must be further investigated based on concrete opportunities in jurisdictions within their scope (see additional details in sections on *Market Opportunities* and *Strategic Relevance for the SFM Mix,* above).

While philanthropy-based outcome-based bonds would not sit on the sovereign balance sheet, governments will most likely be relevant partners in PFP-related bond issuance due to their critical enabling and implementation roles in the PFP and the achievement of outcomes. Governments with strong commitment towards conservation and sustainable development could also offer additional opportunities for sovereign green and blue bonds, and SLBs, which may be relevant options to explore in specific PFP deals. The SLB issuances by the Government of Chile offer a recent and applicable example of sovereign outcome-related finance focused on conservation targets.[25] It should be noted that this type of debt-based sovereign instrument builds on a different incentive base, structure and financial flows than the non-sovereign, outcome-based bond model described in this prototype.

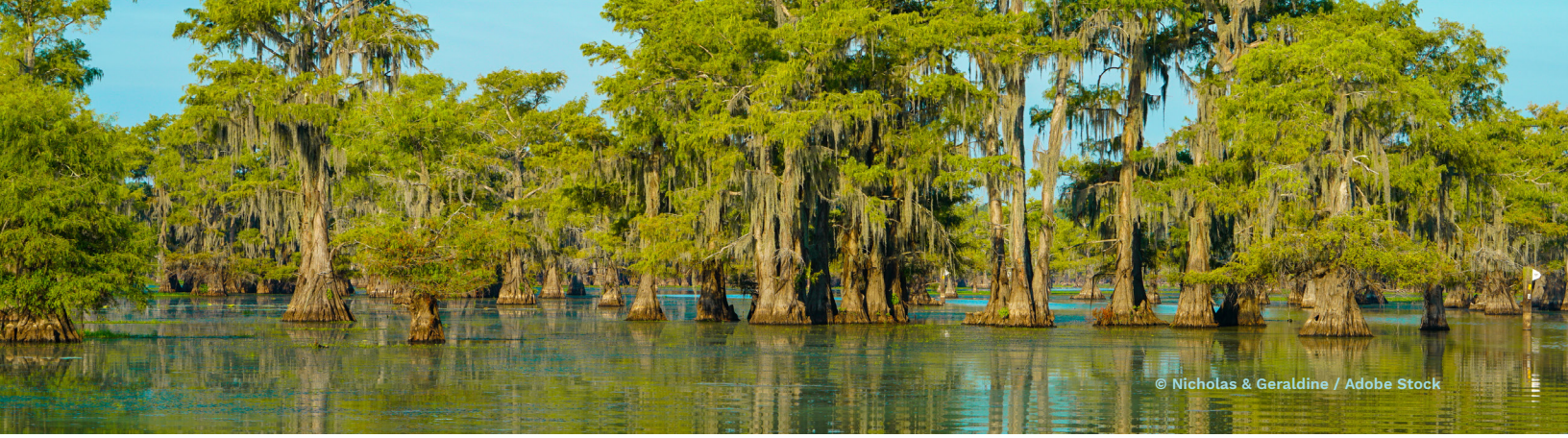
[25] Ministry of Finance of Chile (2025). *Chile's Sustainability-Linked Bond Framework.* https://www.hacienda.cl/english/work-areas/international-finance/public-debt-office/esg-bonds/sustainability-linked-bonds/chile-s-slb-framework-july-2025-

Corporations may also offer suitable credit profiles as potential bond issuers, yet available examples typically focus on internal corporate or supply chain interventions to improve corporate sustainability KPIs, making alignment with core conservation activities potentially challenging. Everland and BNP Paribas provide a recent example of a corporate outcome-based bond issuance to support communities and biodiversity projects across the Jaguar Corridor in Latin America, based on the generation and sale of high-integrity carbon credits.[26] If a PFP deal has potential for carbon credit generation, a corporate issuance of this kind may be considered as a revenue-backed outcome bond model, such as the one outlined in Annex 1.

[26] Everland (2025). *Everland in partnership with BNP Paribas announces USD 50 million capital markets initiative to launch first Indigenous-led Amazon forest conservation projects under Equitable Earth Standard* (April 30, 2025). Accessed on February 25, 2026: https://everland.earth/news/outcomebondpartnership/



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Bond Investors

Investors provide upfront capital upon bond issuance. In return, they receive principal repayment at maturity and performance-based or success payments contingent on verified outcomes.

Relevant Market Actors

The South African Wildlife Conservation Bond was sold to a mix of private (e.g., high-net worth clients of Citi and Credit Suisse), corporate and institutional ESG-oriented investors. The last groups included Nuveen as lead investor, as well as AllianceBernstein, ASN Impact Investors, Azimut Investments, BlueBay Asset Management, INGKA Investments and Mackenzie Investments.[27] Additional examples of investors in revenue-backed outcome bonds include Rathbones Investment Management, Velliv Pension and T Rowe Price.[28]

In similar philanthropy- and revenue-backed outcome bond structures, investors may typically include institutional fixed-income investors (e.g., pension funds, insurance companies, asset managers, etc.) and ESG or impact-oriented investors seeking high-credit-quality exposure with measurable sustainability impact.

Outcome Payer(s)

27 The World Bank (2022). *Investors join landmark Wildlife Conservation Bond to support black rhinos and local communities in South Africa* (March 31, 2022). Accessed on February 25, 2026: https://www.worldbank.org/en/news/press-release/2022/03/31/investors-join-landmark-wildlife-conservation-bond-to-support-black-rhinos-and-local-communities-in-south-africa

28 The World Bank (2024). *Investors support amazon reforestation through record breaking USD 225 million world bank outcome bond* (August 13, 2024). Accessed on February 25, 2026: https://www.worldbank.org/en/news/press-release/2024/08/13/investors-support-amazon-reforestation-through-record-breaking-usd-225-million-world-bank-outcome-bond

In the philanthropy-backed outcome bond, philanthropic donors, foundations, corporates, or mission-aligned institutions commit to make performance-based or success payments upon independent verification of predefined conservation outcomes. This role differs from traditional grant-making in PFPs, as payments are contingent on results and structured to support risk-sharing with investors and implementers, while helping mobilize additional private capital.

Outcome funding may be provided by a single anchor payer (Figure 1) or through a pool of funders (Figure 2). As previously noted among the key requirements and enablers of outcome-based bonds, outcome payers must demonstrate relevant institutional capacity, alignment and track record to support investor's confidence in the mechanism. The use of an SPV and/or escrow structure may enhance credibility through ring-fencing and simplified implementation with consolidated payments, if the bond considers a pool of outcome payers.

For outcome payers, outcome-based bond structures offer a complementary pathway to traditional PFP contributions by further enhancing accountability, structurally linking funding to verified outcomes, and supporting the scaling of outcome-based finance markets. Potential outcome payers are therefore motivated by thematic alignment, as well as strategic interest and mandates to advance and use outcome-based financing as effective approaches to deliver sustainability agendas.

Relevant Market Actors

GEF is the most prominent outcome payer in this type of instruments, based on its role in the South African Wildlife Conservation Bond and other potential bond issuances (i.e., Chimpanzee Bond and Lemur Bond). However, other institutions have also expressed interest or committed performance-based contributions in other outcome-based bonds currently in the pipeline. As noted above, these include WRI (Chimpanzee Bond), CIF (Chimpanzee Bond) and BNP Paribas (Indonesia Coral Bond).

These cases, together with consultation with market actors, suggest that potential outcome payers for future outcome-based bonds may also include bilateral cooperation agencies, corporate foundations, large international non-profit organizations, climate funds, as well as members of initiatives such as OFA, which actively promote the use and scaling of outcome-finance instruments (including outcome-based bonds).

Calculation and Verification Agents

Independent agents are separately responsible for (i) calculating performance against predefined metrics and (ii) verifying results based on agreed MRV protocols.

Relevant Market Actors

Calculation agents may include existing data-related institutions in the PFP context, NGO partners in the PFP deal, external independent NGOs, academic institutions, research institutes, and specialized firms in conservation monitoring and evaluation, among others.

Verification agents may include research institutes, universities, independent auditors, or other neutral third parties with a demonstrated track record in assessing, monitoring, and evaluating relevant outcomes and KPIs. For example, the Zoological Society of London serves as the independent verifier of rhino population growth rates estimated by the designated calculation agent in the South African Wildlife Conservation Bond. [29] Similarly, outcomes under the Indonesia Coral Bond are expected to be independently verified through the IUCN Green List audit process. [30]

29 The World Bank (2022). *Wildlife Conservation Bond mobilizes private capital to protect critically endangered rhinos.* 18, 2026: https://thedocs.worldbank.org/en/doc/7039bd837e60e484fb3a93ea63951306-0340022022/original/CaseStudy-WildlifeConservationBond.pdf

30 The World Bank (2025). *Indonesia Coral Bond. An Innovative Ocean Financing Instrument.* https://documents1.worldbank.org/curated/en/099559205302415507/pdf/IDU1e1f53542193e0148a718e8518d3594da3e94.pdf



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Commercial Financial Partners

Commercial financial partners support bond structuring, placement, investment management, and administration.

Relevant Market Actors

- Structuring banks design the instrument and coordinate issuance. In previous outcome-based bond issuances, this role has been undertaken by Credit Suisse (South African Wildlife Conservation Bond), HSBC (Amazon Restoration Bond), Standard Chartered Bank (Clean Cooking Outcome Bond), and Citi (Emission Reduction-Linked Bond and Plastic Waste Reduction-Linked Bond).
- In previous cases, structuring banks have also assumed additional roles. As bookrunners and brokers, banks within the same group have supported book-building, distribution and investor placement. Furthermore, they may undertake functions such as settlement processing, safekeeping of assets, and coupon administration, in their capacity as custodians and paying agents.
- Asset managers manage the investment of the bond principal in capital markets for the issuer (e.g., the World Bank-IBRD).



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Program Manager and Key Implementation Partners

In the models adapted for PFP deals, the CTF/PFP administrator would receive disbursements and allocate resources to agreed key PFP activities. The CTF/PFP administrator may also be in a unique position to oversee implementation, ensure alignment with the PFP conservation and financial plans, coordinate monitoring and reporting, and support verification processes, although some of these specific roles may be distributed among other partners.

In PFP-related issuances, governments will most likely participate as key enabling and implementation partners, in some cases with direct influence on outcome achievement. The roles, responsibilities, and commitments of both the government and the project or program manager (e.g., CTF/PFP administrator) should therefore be carefully defined, articulated, and validated to secure government buy-in and support the credibility and robustness of the outcomes. This may include managing potential operational considerations (e.g., coordination across funding and implementing agencies, enforcement capacity, and monitoring systems) or reputational risks (e.g., underperformance on publicly stated targets, unclear roles, or disputes over outcome verification) associated with outcome performance.

Financial Structure and Flows

Size

The size of the issuance should be sufficient to generate meaningful conservation impact, while allowing credible outcome payment coverage (e.g., contractually secured, ring-fenced payments from reliable institutions over the life of the bond) and market absorption (i.e., capacity of target investor base to purchase the bond at the proposed terms without weakening demand or requiring unfavorable terms). In the PFP context, the target size should allow the achievement of concrete priority outcomes of the conservation plan.

Transaction costs should also be taken into consideration to assess the effectiveness of a given issuance size. Transaction costs for outcome-based bonds may include structuring, issuance, MRV, and legal expenses, although total cost estimates or percentages are generally not publicly disclosed. Consultations suggest that early-stage design and structuring in previous issuances have benefited from grant funding (e.g., GEF and NGOs) and pro bono advisory support. It is also noted that these costs can be higher for novel or first-time structures (e.g., initial issuances within a PFP) and vary significantly depending on factors such as political or regulatory complexity, the number of actors involved, type of outcomes, data availability, and geographic scale, among others.

The use of a minimum transaction size can help PFPs ensure that the bond benefits outweigh transaction costs. Participants in focus groups to inform the development of this prototype tentatively suggested a minimum transaction size of USD 50-100 million, although this remains highly context-specific, and does not represent a definitive guideline. Precise estimations should be performed as part of the feasibility and design phases of specific bond proposals, building on the context and opportunities specific to each case.

Similar to the South African Wildlife Conservation Bond, the Indonesia Coral Bond aims to raise up to USD 150 million in private capital,[31] with estimated foregone coupon payments of up to USD 10 million in total for conservation activities.[32] The Rwanda Chimpanzee Bond targets a similar transaction size.[33]

As shown in Table 1, above, the World Bank raised approximately USD 200 million for the Clean Cooking Outcome Bond (2025), [34] and USD 225 million in the Amazon

31 Nature and Biodiversity Pulse (2025). *UNOC Indonesia coral bond hopes to raise up to USD 150 million* (June 12, 2025). Accessed on February 23, 2026: https://carbon-pulse.com/407080/

32 The World Bank (2024). *Indonesia Coral Bond (P181486). Project Information Document (PID) Appraisal Stage.* https://documents1.worldbank.org/curated/en/099112524103039697/txt/P18148610881820b1a006104a4248132fd.txt

33 Rwanda Development Board and African Parks (2025). *Process Framework: Rwanda Wildlife Conservation Bond (P505213).* Rwanda Development Board and African Parks.

34 The World Bank (2025). *World Bank Outcome Bond Expands Access to Clean Cooking Technologies.* https://thedocs.worldbank.org/en/doc/6d80ee5981812832804ee8548404967a-0340012026/original/Case-Study-Clean-Cooking-Outcome-Bond.pdf

Reforestation-Linked Outcome Bond (2024),[35] generating project financing in an indicative range between USD 30 and USD 36 million in total per transaction. However, these larger issuances are backed by ITMO and CRU revenues from their respective projects, and their potential replication will be subject to context-specific enabling conditions to generate similar verified tradeable units (see potential structure of this type of bond in Annex 1 on alternative models for outcome finance in PFPs).

Maturity

In a PFP-related issuance, bond maturity will most likely be determined by ecological and institutional timelines required to achieve relevant outcomes (typically long-term, depending on the selected outcomes) and should align with feasible performance measurement cycles. Market considerations (e.g., investor preferences) and structuring choices (e.g., issuer preferences) will also influence maturity selection.

While bond maturity should also fall within the overall PFP implementation period, this is unlikely to constrain bond design, as comparable instruments contemplate medium-term maturities of 5-10 years (Table 1, above).

Bond Proceeds or Principal Flows

As illustrated in figures 1 and 2, investors provide principal capital to the bond issuer upon issuance. The proceeds are invested in capital markets for the duration of the bond term, and the principal is repaid to investors at maturity (see section on *Principal Repayment and Credit Risk Structure*, below).

For adequate alignment with the bond's sustainability objectives, investments should focus on sustainability-linked or ESG-oriented portfolios. In the World Bank examples, the issuance proceeds are used to support the World Bank's broader sustainable development portfolio, thus adding to the sustainability-linked value proposition of this type of instrument.[36]

Coupon, Success Payments and Payment Flows

In the philanthropy-backed model, investors forego a conventional coupon (i.e., interest payment) and instead receive success payments funded by outcome payers upon verified results. In the South African Wildlife Conservation Bond, the maximum success payment to investors is USD 13.67 million.[37] This payment is typically higher than the projected foregone coupon (which is approximately USD 10 million in the South

35 The World Bank (2024). *World Bank Outcome Bond Accelerates Reforestation of the Amazon Rainforest.* https://thedocs.worldbank.org/en/doc/d193f2f326d510eb475259ec46aa91dc-0340022024/original/Amazon-Reforestation-Linked-Outcome-Bond-Case-Study.pdf

36 The World Bank (2025). *IBRD Funding Program: Outcome bonds.* Accessed on February 18, 2026: https://treasury.worldbank.org/en/about/unit/treasury/ibrd/outcome-bonds

37 The World Bank (2022). *Wildlife Conservation Bond mobilizes private capital to protect critically endangered rhinos.* https://thedocs.worldbank.org/en/doc/7039bd837e60e484fb3a93ea63951306-0340022022/original/CaseStudy-WildlifeConservationBond.pdf

African case) to remain competitive with conventional bond returns under prevailing market conditions and generate a financial incentive for investors.

As indicated in previous sections, the value of the philanthropy-backed model within the PFP context lies in its capacity to enable additional contributions to the PFP. Therefore, a success payment to investors higher than the foregone coupons associated with project financing (as in the example from South Africa) would only be justified if the bond provides new conservation finance resources from PFP donors (e.g., outcome payments through funding windows currently unavailable for the PFP), or from new funders (e.g., corporate foundations, private funds, multilateral or bilateral agencies, etc.), provided that such resources are additional and do not displace, compromise, or replace funding that the PFP could otherwise access at lower cost.

Operationally, success payments are transferred from outcome payers to investors through the bond structure. In the model illustrated in Figure 1 (based on the South African case), the outcome payer transfers success payments to the issuer either in advance or upon verification of predefined conservation outcomes. The issuer then channels these payments to investors as performance compensation, typically at bond maturity and in accordance with agreed payment conditions.

Alternatively, outcome funding may be pooled in advance or committed via an SPV and/or escrow arrangement (Figure 2). Following independent verification, the SPV or escrow vehicle disburses success payments to the bond investors (either directly or through the issuer). This structure can enhance credibility through stronger ring-fencing of funds and the consolidation of payments from multiple funders.

In a revenue-backed outcome bond, interest may combine a fixed-rate coupon with a variable component linked to the number of tradeable units that are generated and sold through the project, as outlined in Annex 1 on alternative models for outcome finance in PFPs.

Project Disbursement Mechanics

Returns generated from investing the bond proceeds accrue to the bond issuer and are used to finance priority conservation activities. This may include core conservation costs, alongside relevant enabling conditions, research, monitoring and project management costs that support outcome achievement. In the South African Wildlife Conservation Bond, for example, around USD 0.5 million of the total conservation payments (approximately USD 9.5 million) are estimated for project management and monitoring, while another USD 0.5 million is allocated to support enabling conditions.[38]

Depending on the project needs and outcome timelines, disbursements may be made in annual, biannual or other tranches defined in the bond terms.

38 The World Bank (2025). *Wildlife Conservation Bond Operation (P174097). Implementation Status & Results Report.* https://documents1.worldbank.org/curated/en/099112825131037080/pdf/P174097-d5b7c091-a905-4d9d-acba-3aa84302bfd0.pdf

In the PFP context, these funds would be channeled through the CTF/PFP administrator. Because disbursements are linked to predefined outcomes, the CTF/PFP administrator should deploy them through instruments that ensure timely allocation to priority PFP activities. These instruments may include budget allocations, performance-based agreements, or earmarked programmatic funding that address core enablers of the relevant outcomes.

The PFP approach may enhance confidence around transparency and accountability in the management of conservation payments by ensuring alignment with governance, administration, program, safeguard and risk management standards for CTFs.[39] As further elaborated below, the CTFs/PFP administrators, PFP partners and calculation and verification agents will also play a central role in securing market confidence by aligning MRV frameworks and processes with well-established standards (e.g., ICMA SLBPs).[40]

Principal Repayment and Credit Risk Structure

The relevant World Bank outcome-based bonds (both implemented and in the pipeline) are designed to protect investor principal by separating performance risk (linked to outcome payments) from credit risk (linked to principal repayment). At maturity, investors receive full repayment of principal (par value), independent of conservation performance and subject only to issuer credit risk. Principal repayment relies primarily on the issuer's balance sheet strength and credit quality (i.e., issuance by a highly rated institution provides a principal-protected structure), ensuring that conservation underperformance does not directly affect principal repayment.

39 Bath, P., Luján-Gallegos, V., and Guzmán-Valladares A. (2020). *Practice Standards for Conservation Trust Funds - 2020 edition,* Conservation Finance Alliance, New York.

40 ICMA (2024). *Sustainability-Linked Bons Principles (SLBP).* https://www.icmagroup.org/assets/documents/Sustainable-finance/2024-updates/Sustainability-Linked-Bond-Principles-June-2024.pdf



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Monitoring, Reporting and Verification (MRV) Approach

Because outcome-based bonds link investor compensation to verified conservation performance, MRV integrity will be central to the market confidence around the respective issuance.

Alignment with established market standards helps signal credibility to investors and ensures that the instrument meets widely accepted transparency and governance expectations. Among other advantages, this may reduce reputational risk, support investor due diligence, and enhance scalability and replicability across PFP jurisdictions. ICMA SLBPs [41] are particularly relevant for outcome-based bonds, given that this type of instrument ties investor compensation to predefined Sustainability Performance Targets (SPTs). The SLBPs are built around the five core components described below.

Selection of KPIs

KPIs must be relevant, core and material to the issuer's overall business or policies, measurable, and externally verifiable.

Focus group discussions and consultations with PFP teams, and Enduring Earth partners with SLB design experience highlight the following points of attention for KPI selection for outcome-based finance within the PFP context.

- **Alignment with ICMA SLBPs, while ensuring PFP materiality:** KPIs should meet ICMA SLBP expectations regarding relevance, measurability and external verifiability to enhance market credibility. Reference to ICMA's illustrative KPI registries [42] may help ensure consistency with investor expectations. However, KPIs should also be core and material to the conservation objectives of the PFP and reflect meaningful biodiversity or ecosystem outcomes aligned with long-term conservation goals. They should be clearly attributable to the financed projects activities within the PFP conservation and financial plans. The PFP conservation plan and other existing national conservation plans can also help define and clarify potential KPIs to ensure alignment with in-country goals and ambitions.
- **Focused and understandable KPI set:** Although PFPs may track numerous ecological and institutional indicators, outcome-based bonds should typically rely on a limited subset (e.g., 3-4 KPIs) that are clearly defined and understandable to investors. KPI review with data partners and the bond issuer can be critical to distill and simplify the KPI set, while retaining technical depth. These KPIs should represent simplified

41 ICMA (2024). *Sustainability-Linked Bons Principles (SLBP).* https://www.icmagroup.org/assets/documents/Sustainable-finance/2024-updates/Sustainability-Linked-Bond-Principles-June-2024.pdf

42 ICMA (2025). *Sustainability-Linked Bons Principles (SLBP)* – Illustrative KPIs Registry Accessed on February 24, 2026: https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-linked-bond-principles-slbp/

indicators of underlying, robust scientific, monitoring, and institutional systems.

- **Systemic and data-coherent design:** KPI selection should take a systemic approach, informed by an assessment of the existing data infrastructure and monitoring systems within the PFP context. KPIs should be selected based on the availability, reliability, and cost-efficiency of underlying data systems to ensure feasibility of measurement and verification.
- **Integration with existing systems:** Beyond data considerations (previous point), KPIs should also build on existing monitoring and evaluation processes. The PFP and the outcome-bond frameworks should be used to strengthen these processes rather than create parallel systems. This promotes institutional coherence and reduces long-term operational risk.
- **Durability beyond bond maturity and PFP implementation:** Outcome-based bond MRV processes should be embedded within institutional systems to help ensure that monitoring, accountability, and conservation gains continue beyond the maturity of the bond. In the PFP context, this will most likely involve strong alignment with government institutions and systems responsible for conservation oversight, as PFP-related outcomes ultimately fall within sovereign responsibility. As a long-term sovereign commitment, a PFP also requires KPIs to align with national conservation strategies and global biodiversity commitments to reinforce policy coherence and durability.

Calibration of Sustainability Performance Targets (SPTs)

One or more SPTs per KPI express the issuer's level of commitment. SPTs should be ambitious, science-based, and benchmarked against credible baselines, representing a material improvement beyond business-as-usual trajectories.

In the PFP context, SPTs should be calibrated against clearly defined ecological baselines established at or prior to bond issuance, ensuring that the targets reflect measurable improvement over pre-bond conditions. As suggested by practical experience among Enduring Earth partners, systemic and data coherent KPI design, together with integration into existing systems (see point on the selection of KPIs, above), is essential to ensure robust baselines and sound SPT calibration. At the same time, the availability and quality of baseline data may determine the use of a given KPI or an appropriate proxy in specific contexts.

Where baseline data require improvement, the PFP can provide a suitable enabling framework. Costs to strengthen ecological or institutional baselines may be incorporated into the early years of the PFP financial plan, with a view to medium-term bond issuance. Such investments may be justified by their long-term institutional benefits within the PFP jurisdiction(s), the projected financial

benefits of a bond issuance, and additional outcome-based finance opportunities that may arise from strengthened data systems.

The timing and ambition of SPTs should reflect conservation gains that are both ecologically meaningful within the PFP implementation, and operationally feasible within the bond maturity period (e.g., 5-10 years).

PFPs can also be structured to support phased development of MRV systems, where early investments in data collection, baseline establishment, and monitoring infrastructure over a defined preparatory period (e.g., 2-3 years) enable more robust KPI definition and outcome-based financing in the medium term.

Bond Characteristics

Financial and structural characteristics must be clearly linked to achievement or non-achievement of SPTs. The risk-return implications for investors should be transparent and contractually defined.

In the PFP context, ecological outcomes may be particularly susceptible to external shocks, which may in turn affect SPT calibration, payment triggers and investor confidence. Relevant fallback mechanisms (e.g., shock adjustment clauses) to account for potential exceptional events may be especially relevant in PFPs, and should be built into the bond documentation, in line with ICMA SLBPs (see section on *Outcome Integrity* presented among the *Strategies To Develop, Scale, and Integrate Outcome-Based Bonds in PFPs*, below).

Reporting

Issuers must commit to complete, transparent, and at least annual reporting on KPI performance, methodologies and progress towards targets. ICMA SLBPs provide checklists for pre and post issuance disclosures.

In the PFP context, it is important that bond reporting also integrates with existing PFP monitoring and reporting systems, which may fall under the coordination responsibility of the CTF/PFP administrator, if not assigned to another PFP partner.

Verification

Independent, external verification of performance against targets is required to trigger performance payments. Verification mechanisms should be clearly defined ex ante and embedded in the bond documentation.

In the PFP context, it is relevant that verification methodologies and protocols align with the overall PFP implementation approach, and the roles and responsibilities of verification agents are clearly allocated within the PFP governance structure to ensure procedural integrity and avoid conflicts of interest.



Strategies to Develop, Scale and Integrate Outcome-Based Bonds in PFPs

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This section outlines key challenges and corresponding strategies for PFP teams and the Enduring Earth partnership to support the development, scalability and effective integration of outcome-based bonds within PFPs. This covers the following dimensions: market development, transaction design, outcome integrity, data systems and alignment with the PFP model.

The thematic groups of challenges and strategies included in the following sections are mutually reinforcing and can be implemented in combination across PFP stages. An indicative sequencing is provided in the Implementation Roadmap section.

Market Ecosystem for Outcome-Based Bonds

Scaling philanthropy-backed outcome bonds across PFPs requires a functioning market ecosystem of robust issuers, credible outcome payers, and informed investors, capable of expanding transactions beyond early pilots.

The following market-related challenges for outcome-based bond adoption were identified through documentation review and engagement with experts and market actors:

1. Limited awareness of the potential advantages of outcome-based bonds among potential outcome payers (beyond GEF).
2. Potentially limited interest in outcome-based bonds among potential outcome payers (beyond GEF) due to:
    a. Misalignment with institutional budgets and mandates (e.g., mismatch between required multi-year commitments and budget cycle timeframes, mismatch between the financial scale of the transaction and feasible financial commitments, limited sets of preapproved investment instruments where performance payments do not have a clear fit).
    b. Perceived risks (e.g., reputational risks if outcomes are contested or if the bond itself is subject to criticism, financial risks if success payments are not triggered or if transaction costs become too high, etc.)
    c. Perceived complexity (e.g., transaction overengineering, required MRV infrastructure, etc.)
3. Limited pool of potential outcome payers that meet potential institutional requirements (e.g., institutional track record, institutional credit, compatible mandates and legal authority, enforceability of multi-year budget commitments, independence, anti-money laundering compliance, etc.)
4. Limited opportunities to diversify outcome-based bond issuers (unique value proposition and financial infrastructure of The World Bank), which may lead to limited market scalability without additional issuers.
5. Potential criticism of the model among potential key partners due to the opportunity costs of outcome payments.

The following strategies and possible support actions were formulated through focus group discussions and further exchange with experts and market actors to help PFP teams and the Enduring Earth partnership broaden the pool of outcome payers and issuers and strengthen the market ecosystem for outcome-based finance instruments.

Market-Related Strategies for PFP Teams

- Early screening of PFP beneficiaries can help identify potential outcome payers in the PFP jurisdiction(s). These may include local or national governments, corporates and philanthropies that may be willing to contribute additional supplementary resources to the PFP if contingent on outcomes.
- Early screening of (international) donors as potential outcome payers. This may include PFP donors who could be willing to contribute additional supplementary resources if these are contingent on performance and outcomes, as well as additional corporate foundations, philanthropies, or other new donors with potential interest in this type of instrument.
- Early screening of multilateral-development bank and/or corporate options with an adequate credit rating (AAA) as potential bond issuers.
- Early engagement with potential outcome payers and joint definition of possible collaboration. This may consider outcome-based bonds, as well as other potentially suitable outcome finance models (see Annex 1).

Enduring Earth's Partnership Support

- High-level engagement with GEF to inform and align efforts to diversify the pool of outcome payers, and support efforts to scale the usage of outcome-based bonds across the portfolio of PFPs.
- High-level engagement with the World Bank to align future bond proposals with institutional and market requirements, and support issuances across the portfolio of PFPs. Consider alignment and coordination with PFP teams with ongoing exchange or collaboration with The World Bank.
- High-level engagement with Bilateral Development Agencies (e.g., AFD, JICA, Sida, NORAD, etc.) to explore their concrete interest as potential outcome payers.
- High-level engagement with Development Finance Institutions (e.g., ADB, AfDB, IDB, CAF, etc.) to explore their concrete interest and viable roles (e.g., issuer).

Transaction Complexity and Costs

Outcome-based bonds involve multiple actors, technical design decisions, contractual arrangements and verification processes, which can lead to high transaction complexity and costs, especially relative to donations or grants.

The following common structure and transaction challenges were identified through the development of this prototype:

1. Structure and transaction complexity inherent to the model.
2. Costs and efforts required for preparation, design and articulation.
3. While pro-bono services have supported previous efforts to design similar instruments, these are not sustainable over time.

Focus group discussions and further exchange with experts and market actors informed the formulation of the following set of strategies for PFP teams and possible Enduring Earth support to help streamline design, improve efficiency and reduce costs over time.

Transaction-Related Strategies for PFP Teams

- Use of a minimum transaction size (e.g., >USD 50-100 million) to improve the benefit-cost ratio.
- For smaller opportunities, assessment of alternative, potentially less complex outcome-finance options (e.g., single outcome-payment contracts, or the alternative model of outcome-based payments through an SPV illustrated in Annex 1) or other types of support at a lower cost (e.g., donations).
- Early engagement with potential issuer to guide and streamline design and feasibility assessment.
- Integration of bond design and feasibility assessment costs in grant proposals and agreements for PFP design or PFP-related projects. This may include leveraging relations with potential bond partners (e.g., GEF, World Bank, potential outcome payers) to finance design, feasibility assessment, overhead and other costs, provided that these contributions do not reduce support to other PFP components.

Enduring Earth's Partnership Support

- Standardization of term sheets, legal templates, MRV structures, financial models, and other models and templates for use in future transactions.
- Knowledge sharing platforms and activities among Enduring Earth's partners to promote possible opportunities for further efficiency as structures and roles become more standardized with an increasing number and variety of executed transactions.
- Exploration of opportunities to bundle or pipeline transactions across the portfolio and amortize advisory and structuring costs across multiple geographic issuances.
- Engagement with financial advisors and/or potential financial partners to explore support for future bond proposals (if not pro-bono, through service agreement or MoU, potentially at preferential rates) through portfolio-level knowledge partnerships or transaction bundles.



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Outcome Integrity

In the PFP context, outcome-based bonds should build on outcomes that are material for the main bond partners (e.g., issuer, outcome payer, investors, PFP partners) and robust enough in the face of ecological uncertainty and external shocks.

The following outcome-related challenges were identified as relevant for PFPs exploring outcome-based bonds based on focus groups and further exchange with experts and market actors:

1. Misalignment and complexity of outcomes, as intended PFP outcomes and KPIs may not be relevant, core or material enough for the issuer, outcome payer and/or investors. In addition, the translation of ambitious, system-level conservation objectives into a limited set of clear and simple KPIs may prove challenging.
2. Susceptibility to external shocks, as relevant outcomes and KPIs may fall outside of the sovereign's or issuer's control and be overwhelmed by external drivers. This may result in KPIs failing to trigger payments.

The following strategies and possible support actions are formulated based on expert input to help PFP teams and the Enduring Earth partnership ensure credibility, robustness, and relevance of outcomes, KPIs and SPTs.



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Outcome Integrity Strategies for PFP Teams

- Outcome, KPI and SPT definition from early PFP stages:
  - Preliminary identification and design of outcomes, KPIs and SPTs for outcome-based finance from the early stages of the PFP lifecycle (i.e., PFP viability or feasibility).
  - Early integration and iterative harmonization of preliminary outcomes, KPIs and SPTs for outcome-based finance into the PFP conservation plan through the PFP viability and feasibility phases.
- Market and context alignment of outcomes, KPIs and SPTs:
  - Early assessment of SFM feasibility, including outcome-based bonds, so that outcomes can be co-designed alongside the PFP.
  - Early engagement with organizations that collect, process, analyze and/or manage relevant data within the PFP scope to guide outcome, KPI and SPT identification and design.
  - Iterative co-design and review of outcomes, KPIs and SPTs with potential data-relevant partners (i.e., organizations that collect, process, analyze and/or manage relevant data), credible verifiers (e.g., research institutes, independent auditors, universities, etc.) and transaction partners from the early stages of the PFP lifecycle (i.e., throughout the PFP feasibility and planning phases).
  - Outcome and KPI alignment with standardized frameworks (e.g., ICMA SLBPs, Science Based Targets for Nature (SBTN), disclosure metrics of the Taskforce on Nature-related Financial Disclosures (TNFD), and Verified Carbon Standards, among others that may be applicable to specific cases) to increase future market integration.
  - Consolidation of balanced KPI set that combines ecological impact (e.g., hectares, biomass, population numbers, etc.), economic impact (e.g., productivity, avoided damage, carbon sequestration potential, etc.) and institutional impact (e.g., institutional effectiveness, policy implementation, institutional capacity, etc.) to better align with the issuer and outcome payers, while still addressing core PFP outcomes. Consider KPI set that matter financially or politically, while being clear, defensible and understandable to relevant transaction partners.
  - Outcome and KPI appraisal by a Second Party Opinion (SPO) provider.

- Integrate fallback mechanisms or shock adjustment clauses in bond-issuance to support outcome, KPI and SPT resilience. For example:

  - Extend the measurement window or bond tenor (i.e., maturity period) after a defined extreme event.
  - If measurement is substantially affected or becomes impossible due to predefined events (e.g., extreme weather events, drastic changes in regulatory or technical environment, etc.) define an agreed proxy for a limited period, adjust baseline or KPI scope.
  - Allow KPI and MRV refinement after a predefined set of conditions or a given period of data collection.
  - Allow predefined acceptable grace periods for MRV documentation under predefined conditions.
  - Establishing a Scientific Advisory Committee to oversee adjustments in line with inherent uncertainties of environmental and institutional systems.

- Integrate shock adjustment into outcome payment structure to support incentive scheme and investor's confidence:

  - Payment arrangements that partially depend on performance KPIs and partially on outcome KPIs to mitigate the financial impact for investors (i.e., no performance payment) associated with external shocks beyond PFP control.
  - Phased payment design to reduce the risk of a binary payment trigger on outcome achievement. For example, this can consider a first phase based on implementation, followed by intermediate ecological signals, and ending with outcome achievement.
  - Tiered payment triggers to help mitigate the financial impacts of external drivers or unforeseen events on the achievement of outcomes. For example, tier 1 with 100% payment linked to full performance or outcome achievement, with following tier(s) linked to partial outcome and payments in predefined amounts.

Enduring Earth's Partnership Support

- Hosting a master library of relevant outcomes, metrics, and KPIs for outcome-based finance in PFPs. Build on Enduring Earth's shared portfolio-wide metrics, adapt to relevant priorities for outcome-based finance, and align with relevant standards and principles (e.g., ICMA SLBPs).
- Establishing a peer-to-peer review process among Enduring Earth's partners for refinement and preliminary validation of proposed outcomes and KPIs in specific bond proposals. This can be done prior to the appraisal by a second party opinion.



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Data and Verification Systems

Credible and transparent data systems and verification mechanisms are foundational to investor confidence and performance-based payments.

A number of common challenges may affect data availability, data governance and MRV. Input from experts and market actors suggest the following selection of relevant data-related challenges in the PFP.

1. Data availability
    a. Unclear data availability and access in the early stages of bond design.
    b. Available baseline and monitoring data may be unclear, not agreed upon, incomplete, inconsistent or not comparable across sites or time periods.
    c. Relevant outcomes may not yet be measurable or verifiable under current methodologies.
2. Data governance and MRV
    a. Ongoing monitoring systems may be under-resourced, institutionally fragile, or not yet established.
    b. Data governance may not be robust or not yet established.
    c. Potential MRV complexity and costs due to time scales (e.g., delayed or gradual ecological responses requiring long-term monitoring and sensitive measurement approaches) and underlying drivers of outcomes and KPIs.

The following set of strategies and possible support actions were formulated based on expert input for PFP teams and the Enduring Earth partnership to strengthen data and verification systems that may enable outcome-based bond issuance.

Data and Verification Strategies for PFP Teams

- Assessment and development of data governance and infrastructure:
  - As suggested above, early assessment of SFM feasibility, including outcome-based bonds, so that outcomes can be co-designed alongside the PFP.
  - Resource mobilization for upfront investments in data due diligence, baseline data and/or MRV infrastructure setup. This may require use of PFP or supplementary philanthropic funding (from PFP related grants or other sources) for upfront investment. A phased approach may help optimize resources by considering a go/no-go phase after the data due diligence and a feasibility assessment of required data infrastructure development.
  - Integration of a data due diligence phase prior to bond design to establish available sources, ownership, quality, access rights, costs, and other key data-governance and availability aspects that define and potentially enable the required MRV of relevant outcomes, metrics, and KPIs.
  - Collaboration with data-management partners (i.e., organizations that collect, process, analyze and/or manage relevant data) to strengthen data governance with a clear data-related charter that defines roles and responsibilities, and data protocols with methodologies and reporting standards for the bond.
  - Collaboration with data-management partners to review and optimize the MRV approach, as relevant.
  - Collaboration with data-management partners to implement the required investments to strengthen baseline and/or monitoring data, or identify alternative, more cost-effective approaches.
- MRV optimization through review and verification with third parties:
  - As suggested above, early assessment of SFM feasibility, including outcome-based bonds, so that outcomes can be co-designed alongside the PFP.
  - As suggested above, iterative co-design and review of outcomes, KPIs and SPTs with potential data-relevant partners (i.e., organizations that collect, process, analyze and/or manage relevant data), credible verifiers (e.g., research institutes, independent auditors, universities, etc.) and transaction partners from the early stages of the PFP lifecycle (i.e., throughout the PFP viability, feasibility and planning phases). Results of this process may inform and support cost-efficiency strategies for data infrastructure development and MRV systems.

- Independent baseline verification to validate and lock in the baseline methodology prior to bond issuance, when deemed relevant to strengthen the credibility of the MRV system. This may be required if there is limited historical data, if baseline data are contested, if baseline methodologies are novel, or if there are uncertainties that could lead to disputes over performance relative to the baseline.

Enduring Earth's Partnership Support

- Knowledge development and exchange around data and data governance capacity needs across PFPs.
- Engagement with relevant organizations to create a roster of credible calculation and verification agents for future outcome-based bond proposals, or other types of outcome-based finance, across the PFP portfolio.



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Integration within PFPs

For an outcome-based bond to operate effectively within a PFP, it must align with the model's governance, financial architecture and implementation timelines. While some of these aspects may be integrated by design (e.g., relevant roles of the CTF/PFP administrator in the bond structure), further harmonization may require iterative engagement and collaboration among the partners in the PFP and the bond transaction to address context-specific conditions and challenges.

The following challenges are considered relevant for outcome-bond alignment with the PFP model:

1. Limited experience among Enduring Earth partners on how to build suitable metrics (aligned with relevant ICMA principles) into PFPs.
2. Potential misalignment of PFP- and bond-related MRV cycles, where PFP monitoring timelines may not align with bond-related KPI measurement, verification and payment schedules.
3. Potential misalignment of timeframes of PFP scope definition and outcome-based bond design. The definitive PFP scope may be confirmed later than optimal for the bond design and hold back the definition of outcomes, metrics and KPIs.
4. Potential misalignment of timeframes and/or timing of bond disbursements in relation to the costs of key activities to achieve PFP outcomes.
5. Potential misalignment of the timeframes of the bond maturity and the achievement of PFP-related outcomes, including the limited duration of bond funding (i.e., potentially 5-10 years based on previous issuance) relative to long-term conservation needs.

A selection of relevant strategies and possible partnership support areas for adequate integration and alignment of outcome-based bonds in the PFP model are included below. This selection builds on input from experts and market actors.

Integration Strategies for PFP Teams

- Integration of initial costs of outcome enablers into the PFP financial plan, and alignment of bond-funded activities with longer-term funding from other SFMs in the mix to ensure adequate sequencing and continuity beyond bond maturity.
- Iterative revision and harmonization of PFP financial plan and intended disbursement schedule to avoid windows with reduced funding for relevant activities required for outcome achievement.

  These are recommended in combination with previously suggested strategies, such as:

  - Early assessment of SFM feasibility, including outcome-based bonds, so that outcomes can be co-designed alongside the PFP.
  - Iterative co-design and review of outcomes, KPIs and SPTs with potential data-relevant partners (i.e., organizations that collect, process, analyze and/or manage relevant data), credible verifiers (e.g., research institutes, independent auditors, universities, etc.) and transaction partners from the early stages of the PFP lifecycle (i.e., throughout the PFP feasibility and planning phases).
  - Early integration and iterative harmonization of preliminary outcomes, KPIs and SPTs for outcome-based finance into the PFP conservation plan through the PFP viability and feasibility phases.

Enduring Earth's Partnership Support

- Knowledge development and exchange around relevant outcomes, metrics and KPIs.
- As suggested above, hosting a master library of relevant outcomes, metrics and KPIs for outcome-based finance in PFPs. Build on Enduring Earth's shared portfolio-wide metrics, adapt to relevant priorities for outcome-based finance, and align with relevant standards and principles (e.g., ICMA SLBPs).

Implementation Roadmap



Milestones and Strategic Steps in the PFP Lifecycle

Both PFPs and outcome-based bonds follow their own critical roadmaps. Their effective alignment will depend on the specific PFP context, financing needs, institutional readiness, and bond design characteristics, among others.

Based on focus group discussions with PFP teams and theme experts, a reference roadmap has been developed to guide PFP teams in assessing, designing, and potentially issuing outcome-based bonds within the PFP context.

For each phase of the PFP lifecycle, the roadmap includes an indicative set of critical milestones drawn from the typical pathway for issuing a philanthropy-backed outcome bond. These 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 or rigid implementation framework.

PFP Awareness

No specific actions are included for the awareness phase, as it is assumed that consideration of an outcome-based bond would typically begin during the SFM screening process in the viability phase.

PFP Viability

Critical Milestones

If already possible:

- Screening of viability and prioritization of an outcome-based bond as an SFM.
- Preliminary assessment of outcome-based bond's suitability for the PFP needs (size, timing, purpose, etc.)
- Preliminary identification of feasible and eligible outcomes.

Further Strategic Steps

- Early screening of PFP beneficiaries and/or donors as potential outcome payers (from *market-related strategies*).
- Early screening of multilateral-development bank and corporate options with an adequate credit rating (AAA) as potential bond issuers (from *market-related strategies*).
- Definition of a minimum transaction size to improve the benefit-cost ratio (from *structure and transaction-related strategies*).
- Assessment of alternative, potentially less complex outcome-finance options, or other types of support at a lower cost (from *structure and transaction-related strategies*).
- If already possible, integration of bond design and feasibility assessment costs in grant agreements for PFP design or PFP-related projects (from *structure and transaction-related strategies*).
- If already possible, start early integration and iterative harmonization of preliminary outcomes, KPIs and SPTs for outcome-based finance into the PFP conservation plan draft (from *strategies to support outcome integrity*).

PFP Feasibility

Critical Milestones

- Screening of viability and prioritization of an outcome-based bond as an SFM (if still pending from previous PFP stage).
- Preliminary assessment of outcome-based bond's suitability for the PFP needs (size, timing, purpose, etc.) (if pending).
- Preliminary identification of feasible and eligible outcomes (if pending).
- Internal discussions on preliminary design elements.
- Understanding of potential deal size.
- Preliminary identification of possible outcome payers.
- Refinement of outcomes.
- Preliminary confirmation of issuer's interest.

Further Strategic Steps

- Early engagement with potential outcome payers for joint definition of possible collaboration, and assessment of most suitable outcome finance model (from *market-related strategies*).
- Early engagement with potential issuer to guide and streamline design and feasibility assessment (from *structure and transaction-related strategies*).
- Early engagement with organizations that collect, process, analyze and/or manage relevant data within the PFP scope to guide outcome, KPI and SPT identification and design (from *strategies to support outcome integrity*).
- Resource mobilization for upfront investments in data due diligence, baseline data and/or MRV infrastructure setup (from *data-related strategies*). Integration of bond design and feasibility assessment costs in grant agreements for PFP design or PFP-related projects (from *structure and transaction-related strategies*).
- Integration of a data due diligence phase prior to bond design to establish available sources, ownership, quality, access rights, costs, and other key data-governance and availability aspects (from *data-related strategies*).
- Outcome and KPI alignment with standardized frameworks to increase future market integration (from *strategies to support outcome integrity*).

- Early integration and iterative harmonization of preliminary outcomes, KPIs and SPTs for outcome-based finance into the PFP conservation plan draft (from strategies to support outcome integrity).
- If already possible, start iterative review of outcomes, KPIs and SPTs with potential data-management partners, credible verifiers and transaction partners (from *strategies to support outcome integrity*).
- If already possible, integration of initial costs of outcome enablers into the PFP financial plan, and alignment of bond-funded activities with longer-term funding from other SFMs (from *strategies to address PFP-specific challenges*).
- Identification and integration of outcome and KPI design decisions to mitigate external impacts on payment triggers (from *strategies to support outcome integrity*).

PFP Planning

Critical Milestones

- Detailed issuance model.
- Detailed financial model.
- KPI set definition.
- Data governance model.
- Engagement with outcome payer(s).
- Definition of other roles and responsibilities (implementer, verifier, sponsor, etc.)
- Engagement with CTF/PFP administrator (as potential manager of bond disbursements).
- Engagement with verification and calculation agents (if not previously engaged).
- General terms for agreements.

Further Strategic Steps

- Early integration and iterative harmonization of outcomes, KPIs and SPTs for outcome-based finance into the PFP conservation plan (from *strategies to support outcome, KPI and SPT integrity*).
- Iterative review of outcomes, KPIs and SPTs with potential data-management partners, credible verifiers and transaction partners (from *strategies to support outcome integrity*).

- Collaboration with data-management partners to strengthen data governance, optimize MRV approach, implement the required investments to strengthen baseline and/or monitoring data, and identify alternative, cost-effective approaches, when relevant (from *data-related strategies*).
- Consolidation of balanced KPI set that combines ecological, economic and institutional impact to better align with the issuer and outcome payers (from *strategies to support outcome integrity*).
- Outcome and KPI appraisal by a Second Party Opinion (SPO) provider (from *strategies to support outcome integrity*).
- Independent baseline verification to validate and lock in the baseline methodology prior to bond issuance, when deemed relevant to strengthen the credibility of the MRV system (from *data-related strategies*).
- Definition of fallback mechanisms and shock adjustment clauses, and integration into payment structure, terms for agreements and other relevant bond documentation (from *strategies to support outcome integrity*).
- If pending, integration of initial costs of outcome enablers into the PFP financial plan, and alignment of bond-funded activities with longer-term funding from other SFMs (from *strategies to address PFP-specific challenges*).

PFP Closing

PFP deal closing and bond issuance are subject to their own distinct set of enabling factors, and there is no strict requirement for them to occur simultaneously. Therefore, the reference roadmap assumes that bond issuance would typically take place during the PFP implementation phase, once key governance, financial, and monitoring systems are in place.

PFP Implementation

Critical Milestones

- Engagement with an investment bank.
- Engagement with investors.
- Required agreements for bond issuance.

Further Strategic Steps

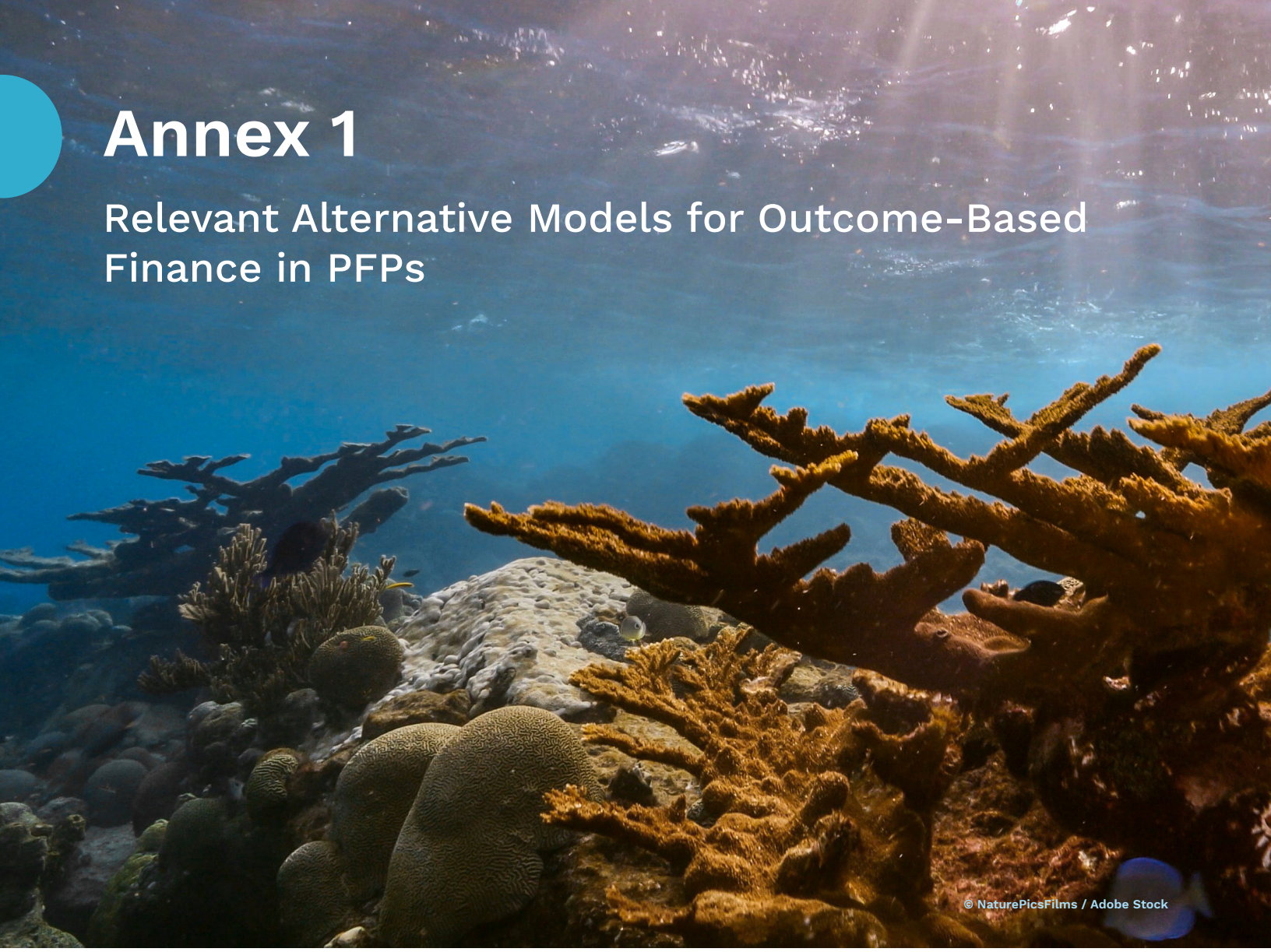
- Iterative revision and harmonization of PFP financial plan and intended disbursement schedule to avoid windows with reduced funding for relevant activities required for outcome achievement.



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Annex 1

Relevant Alternative Models for Outcome-Based Finance in PFPs



This annex presents two alternative models identified for structuring non-sovereign outcome-based finance in the PFP context. In addition to the philanthropy-backed outcome bond model presented as a prototype, these approaches illustrate other mechanisms through which conservation and ecosystem service outcomes can be linked to performance-based payments.

Compared with the philanthropy-backed outcome bond model, a revenue-backed outcome bond model presents a scalable (although potentially more complex) alternative for PFPs operating in contexts that enable the generation of verified environmental credits. An outcome payment model structured through an SPV, on the other hand, offers a potentially simpler philanthropy-backed approach (although less scalable) where PFP beneficiaries and their dependencies on PFP outcomes can be clearly established. Both models are briefly described and illustrated through existing cases to guide PFP teams seeking to explore a wider range of outcome-based finance options.

Revenue-Backed Outcome Bond

Figure 3 illustrates the main structural and financial elements identified in the revenue-backed outcome bond model, as reflected in existing cases (i.e., World Bank issuances described in the box below) and hypothetically applied in the PFP context. This model can be summarized as follows:

- Investors provide principal to the bond issuer and receive a fixed coupon plus a variable coupon linked to verified environmental credit (i.e., VCU, ITMO, CRU, plastic credits, or other types of credits) issuance.
- The issuer enters into an interest rate swap, which monetizes a portion of the bond's coupon (i.e., converts future interest payments into upfront capital), and channels proceeds to a forward flow counterparty (typically a private financial partner), which provides upfront financing to a project developer. In the PFP context, this role could be undertaken by the CTF/PFP administrator or a specialized project developer that commits to finance key PFP projects or activities that may generate verified credit units.
- The project developer enters into offtake agreements (directly or via the forward flow counterparty) for the future purchase of verified credits. As credits are generated and verified, they are sold to the buyer, and the resulting revenues flow back to through the forward counterparty to service the performance-linked coupon.

In this model, outcome payments are funded by future environmental asset revenues. This differs from a philanthropy-backed outcome bond model (focus of the prototype), where outcome funders commit to pay for verified results directly. In the revenue-backed outcome bond model, there is no donor outcome payer. Instead, repayment depends on the market value and sale of verified environmental credits, making price volatility and broader market conditions key considerations when exploring this model.


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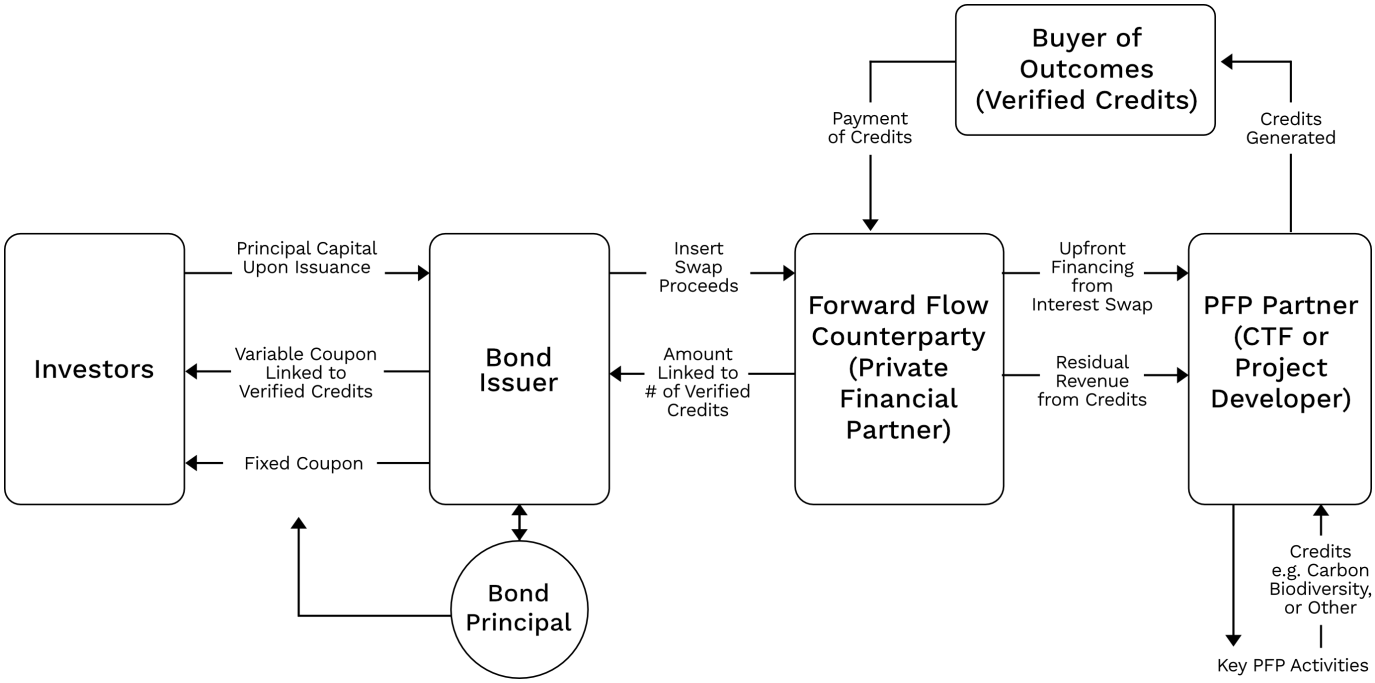


Figure 3. Revenue-backed outcome bond potentially applied in the PFP context

Existing examples such as the Amazon Reforestation-Linked Outcome Bond (USD 225 million; 2024) and the Clean Cooking Outcome Bond (USD 200 million; 2025) suggest concrete potential scalability of this model, but its applicability within PFPs may remain limited to context-specific enablers of credit generation. It is worth noting that future biodiversity credit market development could potentially expand applicability and scalability of this model in the PFP context.



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Cases of Revenue-Backed Outcome Bonds

- **Clean Cooking Outcome Bond, Ghana** (2025):[43] Outcome-based bond with a coupon that includes a fixed component (1.093%) and a variable component linked to the generation of ITMOs by cleaner cookstove projects. Disbursements to ITMO project developer are estimated at around USD 30.5 million in total.
- **Amazon Reforestation-Linked Outcome Bond, Brazil** (2024):[44] Outcome-based bond with a coupon that includes a fixed guaranteed component (1.745%) and a variable component linked to the generation of Carbon Removal Units (CRUs) from reforestation projects in the Amazon Rainforest. This is the largest outcome-based bond priced as of August 2024 at USD 225 million, with total disbursements to CRU project developers estimated at approximately USD 36 million.
- **Plastic-Waste Reduction-Linked Bond, Indonesia and Ghana** (2024):[45] Outcome-based bond in which investors receive annual coupons linked to plastic and carbon credits generated by two projects plus a smaller than ordinary fixed rate amount (1.75%). Disbursements to plastic waste reduction projects are estimated at around USD 14 million in total.
- **Emission Reduction-Linked Bond, Vietnam** (2023):[46] Outcome-based bond in which sales proceeds from verified carbon credits are used to provide a return to the investors who gave up their ordinary interest payments. It generates disbursements of approximately USD 7.2 million to a water purification project that will reduce GHG emissions by avoiding biomass burning.

43 The World Bank (2025). *World Bank Outcome Bond Expands Access to Clean Cooking Technologies.* https://thedocs.worldbank.org/en/doc/6d80ee5981812832804ee8548404967a-0340012026/original/Case-Study-Clean-Cooking-Outcome-Bond.pdf

44 The World Bank (2024). *World Bank Outcome Bond Accelerates Reforestation of the Amazon Rainforest.* https://thedocs.worldbank.org/en/doc/d193f2f326d510eb475259ec46aa91dc-0340022024/original/Amazon-Reforestation-Linked-Outcome-Bond-Case-Study.pdf

45 The World Bank (2024). *World Bank Outcome Bond Mobilizes Private Capital for Projects that Tackle Plastic Pollution.* https://thedocs.worldbank.org/en/doc/a8e38e1c4426100de215af2a9212e6ed-0340012024/original/Case-Study-Plastic-Waste-Reduction-Linked-Bond.pdf

46 The World Bank (2023). *Emission Reduction-Linked Notes Mobilize Private Capital for Climate Friendly Project.* https://thedocs.worldbank.org/en/doc/d7d99578840ed938c52b08f6b9831f16-0340012023/original/Case-Study-Vietnam-Emission-Reduction-Linked-Bond.pdf

Philanthropy-Backed Outcome Payment through an SPV

In this alternative outcome-based finance model (Figure 4), impact investors provide upfront capital, which is repaid (potentially with a performance premium) once conservation or ecosystem service outcomes are verified. The investors may be specialized impact or mission-aligned investors participating through privately negotiated agreements, rather than a broad capital market investor base. An outcome payer or pool of outcome payers commit to make success payments and, eventually, repay investor capital upon verification of the agreed outcomes.

An SPV is established to manage the contractual and financial flows. The SPV receives investor capital and outcome payment commitments (either paid upfront or upon verification) and disburses them in agreed tranches to a service provider or project manager. In the PFP context, this can be the CTF/PFP administrator, which disburses funds to PFP implementing partners and oversees MRV.

This model is largely dependent on funders with a concrete interest in the project outcomes. The value proposition to potential outcome payers may be grounded in critical ecosystem service provision, business and supply chain dependencies, or policy commitments, among others. Outcome payers may therefore range from philanthropic donors to local or national governments and corporations. The SPV structure provides further credibility to outcome payments and clearly defined outcome payment triggers, thereby enabling the participation of impact investors.

In the PFP context, the investor layer may be optional if upfront capital for relevant activities is already embedded in the PFP financing plan. In such cases, performance-based or success payments become a direct financial incentive for the PFP or implementing partners.

Relative to outcome-based bonds (based on capital markets), the SPV model is typically less complex and may be better suited to smaller transactions with direct program or ecosystem service beneficiaries. However, it may also be less standardized and less readily replicable, as it may require negotiation and tailored legal templates between outcome payers and impact investors for relatively modest transaction sizes. This may limit scale but allows greater flexibility in structuring and alignment with specific project outcomes.

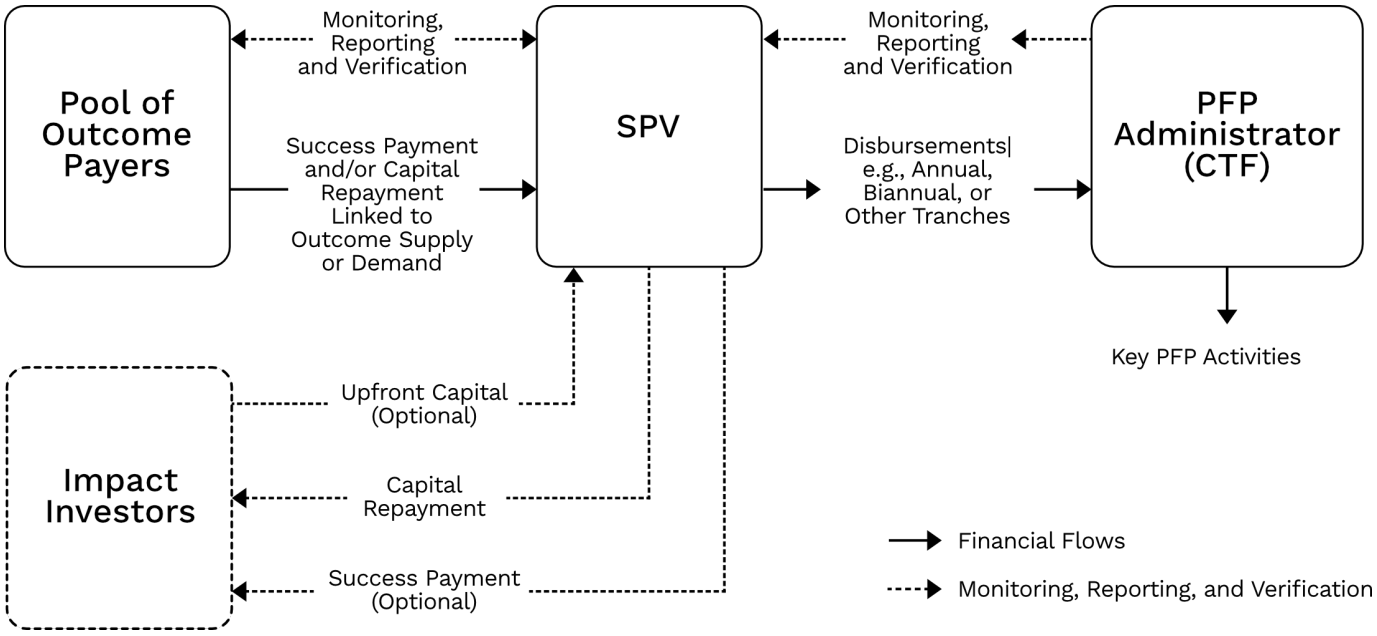
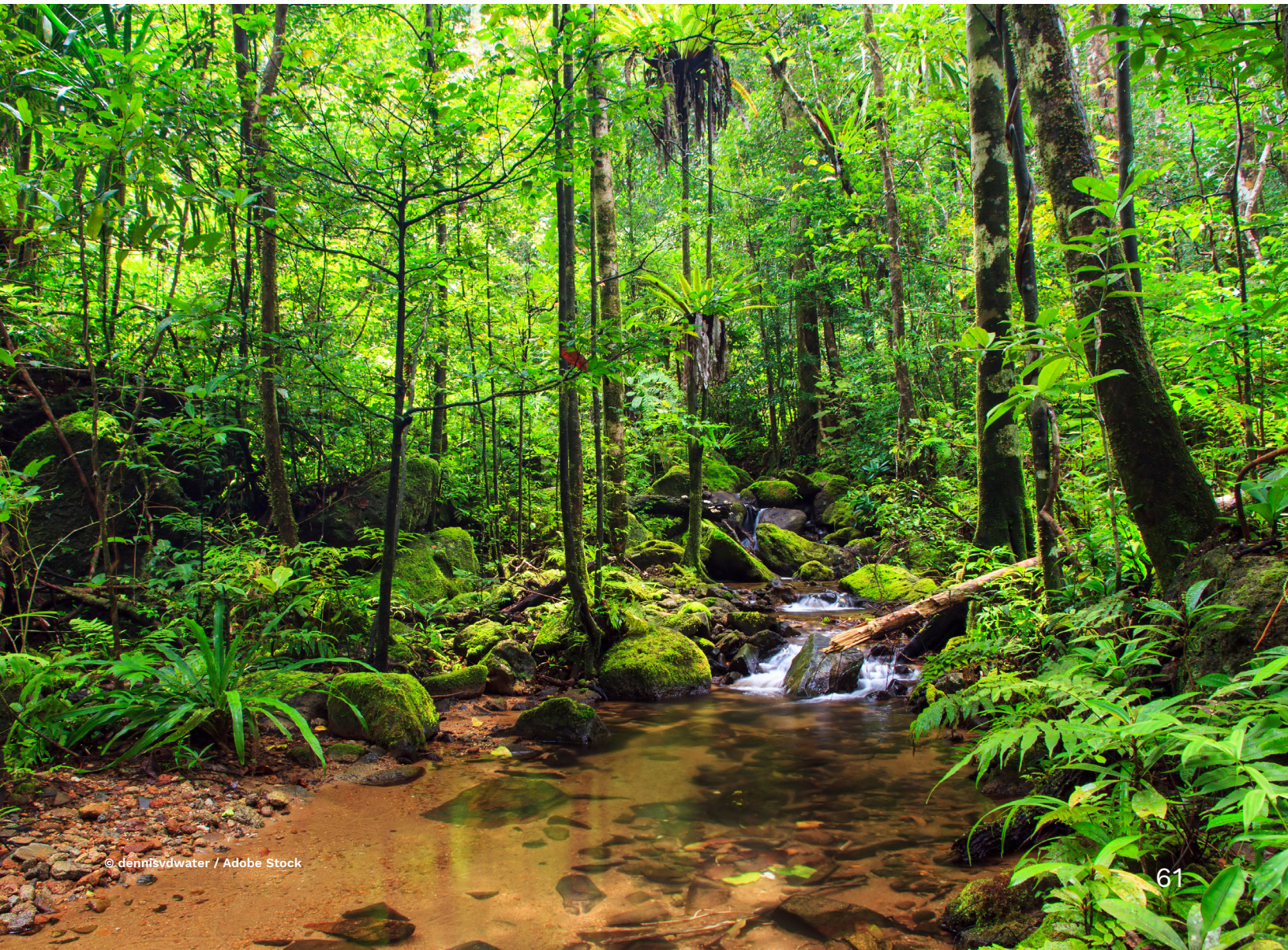


Figure 4. Philanthropy-backed outcome payment model through an SPV potentially applied in the PFP context



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Cases of Philanthropy-Backed Outcome Payments through SPVs

- **Small scale fisheries impact bond, Indonesia** (pilot, 2025):[47] Upfront capital from investors (USD 6 million in pilot) is channeled to a service provider (NGO) that implements a community-led conservation model with verified outcomes in Managed Access with Reserves areas. A pool of public and private funders commits to repay investors upon outcome verification.[48]
- **Outcome payments in Karukinka Natural Park, Chile** (proposed in 2025):[49] Upfront capital from investors (with a target of USD 5 million) is channeled through an SPV into the annual budget of a service provider (NGO) that delivers verified conservation outcomes through a range of projects in a private natural park. Upon project completion, outcome funders pay back the capital to investors with a potential performance payment based on outcome achievement.
- **Salmon impact bond, British Columbia** (proposed in 2025):[50] Upfront capital from investors is channeled to a facilitator (CTF) that convenes partners and channels finance to habitat stewards (First Nations), who ultimately deliver project outcomes. Outcome funders (e.g., corporate, Crown and philanthropic partners) potentially commit to repay the capital to investors with a premium upon outcome measurement and verification.
- **Outcome payments from Rimba collective in Papua New Guinea, Malaysia, Indonesia** (2021):[51] Payments from palm oil supply chain companies are channeled into an SPV that funds verified forest conservation and restoration projects through long-term contracts.

47 Rare (2023). *RARE's small-scale fisheries impact bond.* Accessed on February 18, 2026: https://rare.org/wp-content/uploads/2019/02/2025.03-SSF-Impact-Bond-3-3.pdf

48 RARE (2025). *Small-scale fisheries impact bond secures three implementation sites.* Accessed on February 18, 2026: https://rare.org/stories-articles/ssf-bond-secures-three-implementation-sites/

49 Melissa Carmody, WCS Chile. Presentation on Karukinka's Impact Bond during webinar *"Making Conservation Investable: Impact Bonds for People and Nature",* Conservation Finance Alliance (January 20th, 2026)

50 Ross Dixon and Audrey Maria Popa, Coast Funds. Presentation on Salmon Impact Bond concept. Webinar *"Making Conservation Investable: Impact Bonds for People and Nature"*, Conservation Finance Alliance (January 20th, 2026)

51 Green Finance Institute (2024). *Rimba collective case study.* Accessed on February 18, 2026: https://www.greenfinanceinstitute.com/hive/revenues-for-nature/case-studies/rimba-collective/