



Global Innovation Lab
for Climate Finance



STRUCTURED FINANCE FOR NATURE (SFN)

SECTORS: LAND USE / AFOLU, FORESTRY

REGION: EAST/SOUTHEAST ASIA, SOUTH ASIA

INVESTMENT TYPE: COMMERCIAL CAPITAL,
CONCESSIONAL CAPITAL, GRANTS

ATTRIBUTE: NATURE-BASED SOLUTIONS, JUST
TRANSITION

SDGs:



PROPONENT: FOREST CARBON

Intact forests and wetlands are critical for carbon sequestration, biodiversity, and community resilience, but these ecosystems are rapidly deteriorating, especially in Southeast Asia. Environmental markets offer a potential solution. Carbon credits are an important revenue stream, but a more holistic market is needed. The sector faces financial uncertainties and regulatory challenges. Despite these obstacles, the

SFN stacks green bonds to finance a diversified portfolio of natural assets, with 60% dedicated to protecting intact ecosystems.

growing demand for high-quality efforts to conserve and restore critical ecosystems presents opportunities for innovative financial mechanisms to support ecosystem conservation.

INNOVATION

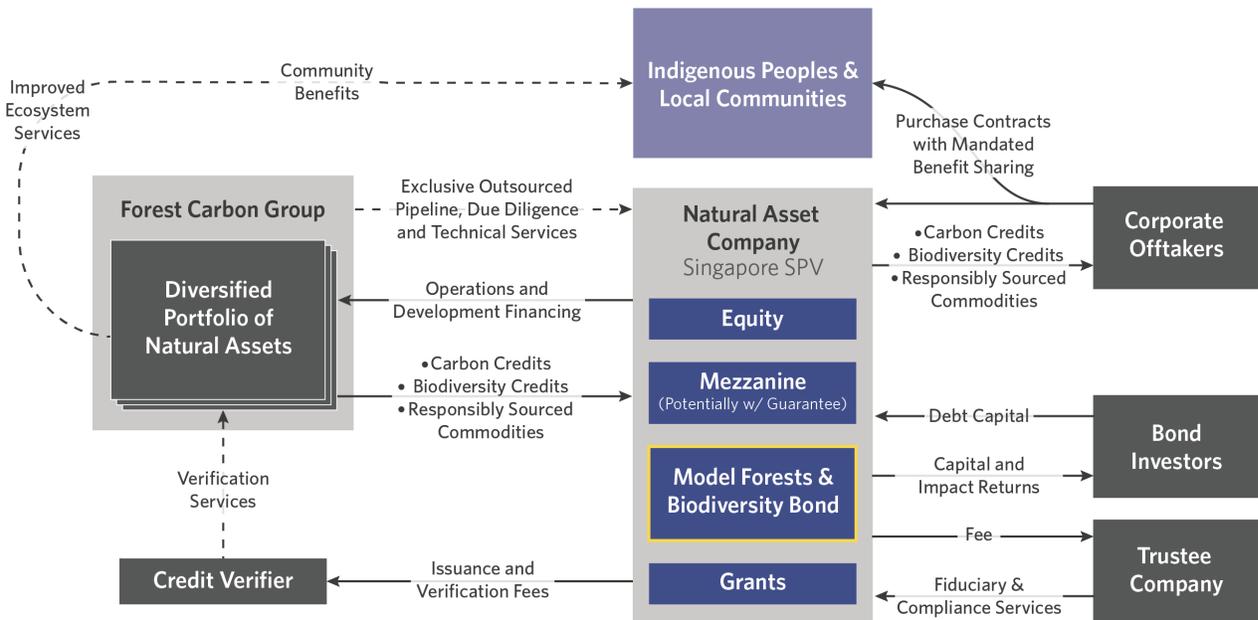
SFN addresses key challenges hindering the establishment of a new class of natural assets. By aggregating diverse assets and creating a blended capital stack, SFN mitigates high upfront costs, long return timelines and project-specific risks. Rigorous monitoring and verification systems ensure project integrity and meet next-generation transparency expectations. With the launch of this instrument, Forest Carbon aims to establish a replicable model for capital deployment, and set an industry standard in community benefit sharing.

IMPACT

This instrument was designed to support Forest Carbon’s goal of reaching 1 million hectares under management by 2026, targeting intact forests with high biodiversity, wetland areas and degraded forests.

Securing these areas with environmental markets will prevent further habitat fragmentation and biodiversity loss directly supporting climate mitigation and carbon removal efforts. When operational, the portfolio will prevent the emission of 2.5 million tCO₂e and remove over 200,000 tCO₂e annually, comparable to removing 600,000 cars from the road.

The portfolio will also protect more than 200 endangered or vulnerable species by restoring and managing critical habitats. The instrument also aims to lead the sector in benefit sharing, dedicating a minimum of 20% pre-tax profits to be reinvested for community benefit sharing: funding community forestry, and well-being programs. Over the 40-year asset lifetime, it will deliver more than USD 400 million in community investment.



DESIGN

SFN operates as a special purpose vehicle (SPV) to deploy capital into Forest Carbon’s pipeline – with 60% dedicated to intact ecosystems (carbon reduction and insetting) and 40% dedicated to forest and wetland restoration (nature based carbon removal).

Investors in the portfolio have multiple options for participation, according to the capital structure, which includes equity, mezzanine debt, and a publicly accessible green bond. The Model Forests and Biodiversity Bond also has a specific issuance designed for smaller investment increments accessible to high-net-worth individuals and family offices to allow smaller investors to participate alongside development finance institutions (DFIs).

The instrument generates revenue primarily by selling carbon credits, although additional income streams, such as insetting other payments for ecosystem services, are considered on a project-by-project basis. These funds are reinvested into project operations and community development initiatives. By prioritizing local communities as partners, Forest Carbon ensures long-term success and maximizes positive social and environmental impacts.

INVESTMENT OPPORTUNITIES

TYPE	ROLE OF CAPITAL	AMOUNT
ANCHOR EQUITY	Reduces risk for other investors	USD 25M
MEZZANINE	Proves commercial viability of portfolio	USD 25M
BOND - DFIS	Lowers cost of capital	USD 40M
BOND FAMILY OFFICES	Lowers cost of capital	USD 10M
GRANTS	Kickstarts benefit sharing before profits are realized	USD 10M

TEAM



JEFFREY CHATELLIER
CHIEF EXECUTIVE OFFICER, FOREST CARBON
J.CHATELLIER@FORESTCARBON.COM



DEVAN WARDWELL
CHIEF OPERATING OFFICER, FOREST CARBON
D.WARDWELL@FORESTCARBON.COM

The Lab identifies, develops, and launches sustainable finance instruments that can drive billions to a low-carbon economy. The 2024 Lab cycle targets three thematic areas (adaptation, high-integrity forests, and sustainable agriculture and food systems) and five geographic regions (Brazil, India, East and Southern Africa, Latin America and the Caribbean, and the Philippines). Bloomberg Philanthropies, the United Nations Development Programme, and the governments of Canada, Germany, the United Kingdom, and the United States have funded the Lab’s 2024 programs. Climate Policy Initiative (CPI) serves as the Secretariat and analytical provider.