Park Bonds:
A new financial instrument to secure the long term financing of Protected Area networks

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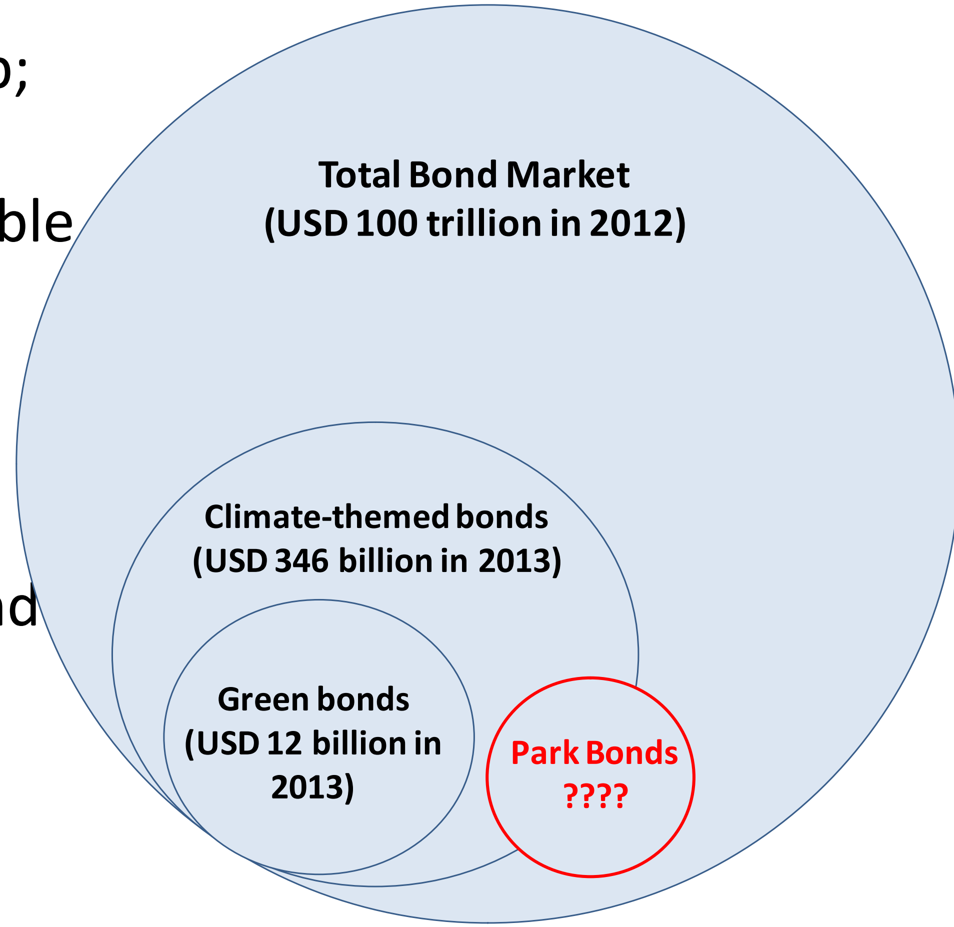
Objectives of the concept

- Reduce Conservation Financial Gap;
-Offer a new financial instrument dedicated to conservation and suitable for institutional investors;

Definition

Park Bonds are a new type of green financial instrument intended to fund conservation by offering a Triple-A credit rating to investors and a low coupon rate.

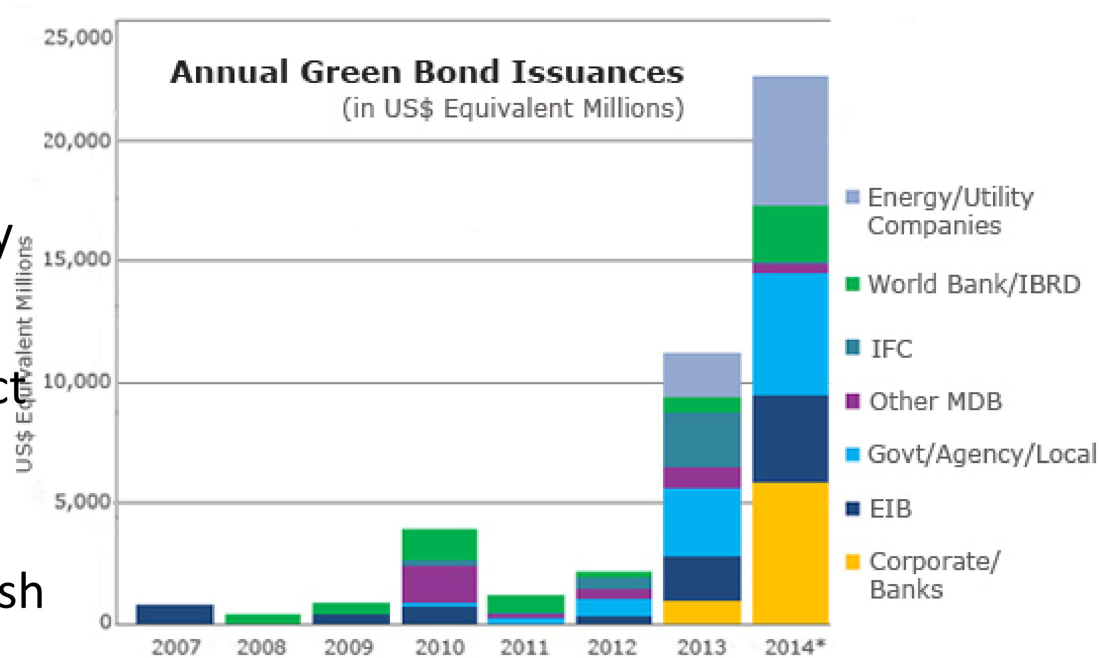
Global environmental bonds



Source: Author, based on Sustainable Prosperity, 2012 (figure not to scale)

GREEN BONDS: inspirational success story

- Green Bonds: a promising form of finance for climate-smart development.
- Sale of 100 billion USD expected by 2016.
- Mostly AAA credit rating (no project or country risk for investors).
- Not suitable for Conservation (generating a steady and secure cash flow from conservation projects remains complex).

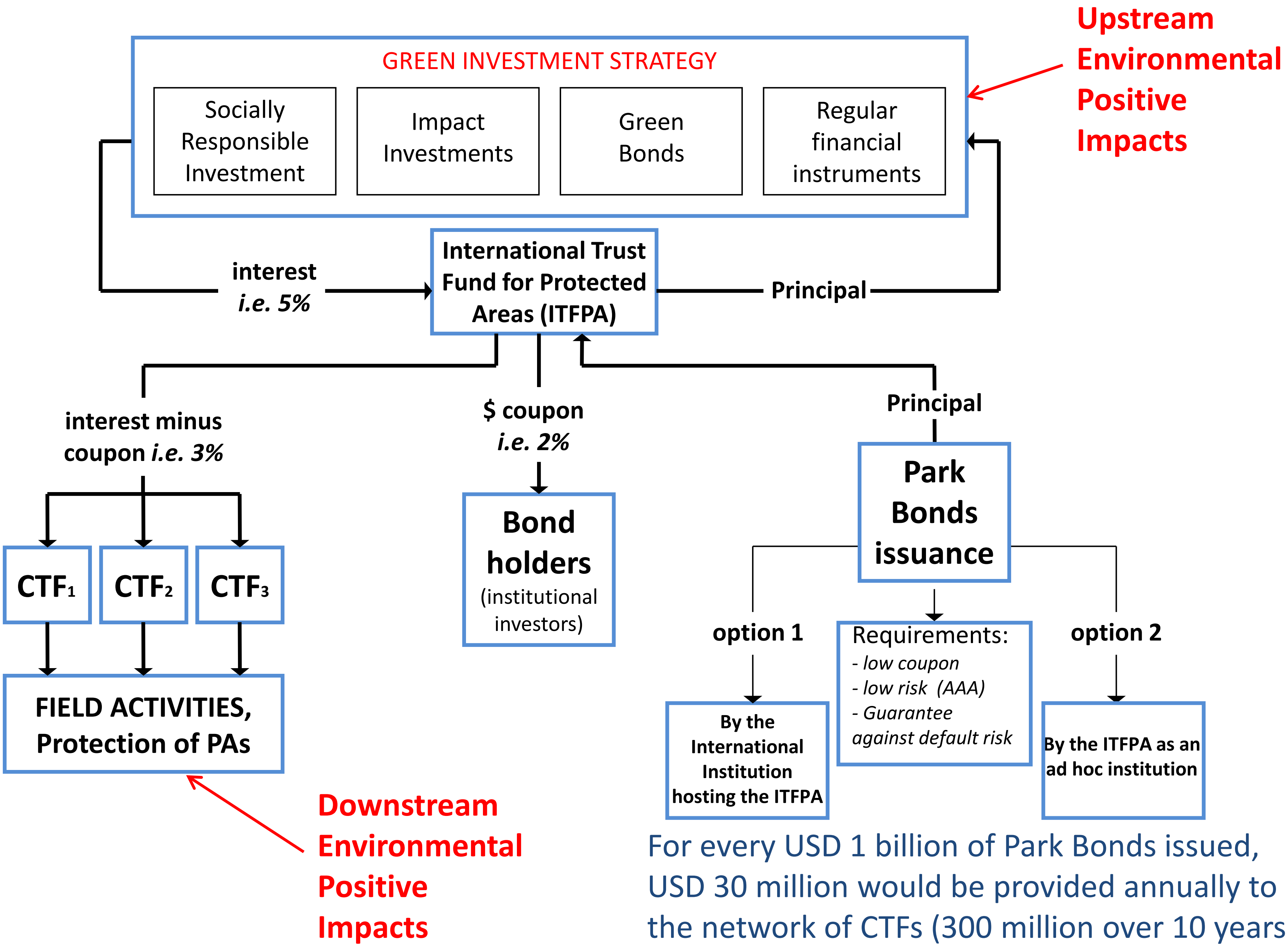


Source: Bloomberg and public sources (*2014 numbers are as of July 18, 2014)

→high issuer credit rating and a low coupon rate are the prerequisites for any new environmental bonds dedicated to conservation;

→Park Bonds would meet those requirements.

General functioning of Park Bonds



Conclusions

✓Park Bonds would allow the scale of investment needed to attract institutional investors.

✓Given its double positive impact (upstream and downstream), such a proposal is likely to satisfy investors and the international community.

✓Networks of existing Conservation Trust Funds (CTFs) would have a mechanism to raise funds collectively.

✓“Land Grabbing” is not a risk in this model.

✓Various types of Park Bonds could be offered to the financial markets (The entire network of participating CTFs; Latin American CTFs; African CTFs; Marine Protected Areas)

The success of the above proposal depends on…

- ✓ The ability to offer a guarantee that Park Bonds will be repaid.
- ✓ International acknowledgement of the positive role played by CTFs.
- ✓ The ability to consider Park Bonds financial flows as ODA .
- ✓ The ability to obtain a letter of endorsement from each country where CTFs operate, avoids any sovereignty issues.
- ✓ Ensures raised funds will be additional to existing governmental support to PA networks.
- ✓ Bond holders should not allowed to influence in the way interest is used.
- ✓ Investors should be given the complete picture of results obtained by the mechanism.

QUESTIONS

and

COMMENTS

Full article on Park Bonds:
http://greeneco-land.com/index.php/park-bonds-initiative

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