

In collaboration with
McKinsey & Company



INSIGHT REPORT

Finance Solutions for Nature: Pathways to Returns and Outcomes

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1

Nature is undervalued in the global economy

While produced capital per person rose by 47% from 1995-2020, renewable natural capital per person declined by 20%.

Private finance is stepping up, but needs clear guidance to navigate a shifting landscape of finance solutions for nature.



2

Prioritizing finance solutions for nature

10 finance solutions for nature could deliver a combination of returns and impact, while unlocking capital at scale.

Priority solutions/ scoring criteria	Scalability			Nature impact		
	Ease of structuring	Applicability	Capital unlock	Track record	Outcome-based structure	Nature valuation
1 Sustainability-linked bonds	Medium (2)	High (3)	High (3)	Medium (2)	High (3)	Medium (2)
2 Thematic bonds	High (3)	High (3)	High (3)	Medium (2)	Medium (2)	Medium (2)
3 Sustainability-linked loans	Medium (2)	High (3)	High (3)	Medium (2)	High (3)	Medium (2)
4 Thematic loans	High (3)	High (3)	High (3)	Medium (2)	Medium (2)	Medium (2)
5 Natural asset companies (NACs)	Low (1)	Medium (2)	High (3)	Low (1)	High (3)	High (3)
6 Environmental credits	Medium (2)	Medium (2)	Medium (2)	Medium (2)	High (3)	High (3)
7 Debt-for-nature swaps (DNS)	Medium (2)	Medium (2)	High (3)	Medium (2)	High (3)	Medium (2)
8 Payments for ecosystem services (PES)	Medium (2)	Medium (2)	Medium (2)	Medium (2)	High (3)	High (3)
9 Impact funds	Medium (2)	High (3)	Medium (2)	High (3)	High (3)	Medium (2)
10 Internal nature pricing (INP)	Low (1)	High (3)	Medium (2)	Low (1)	Medium (2)	High (3)



Credit: Martin Beshparova

3

5 core actions can unlock priority solutions

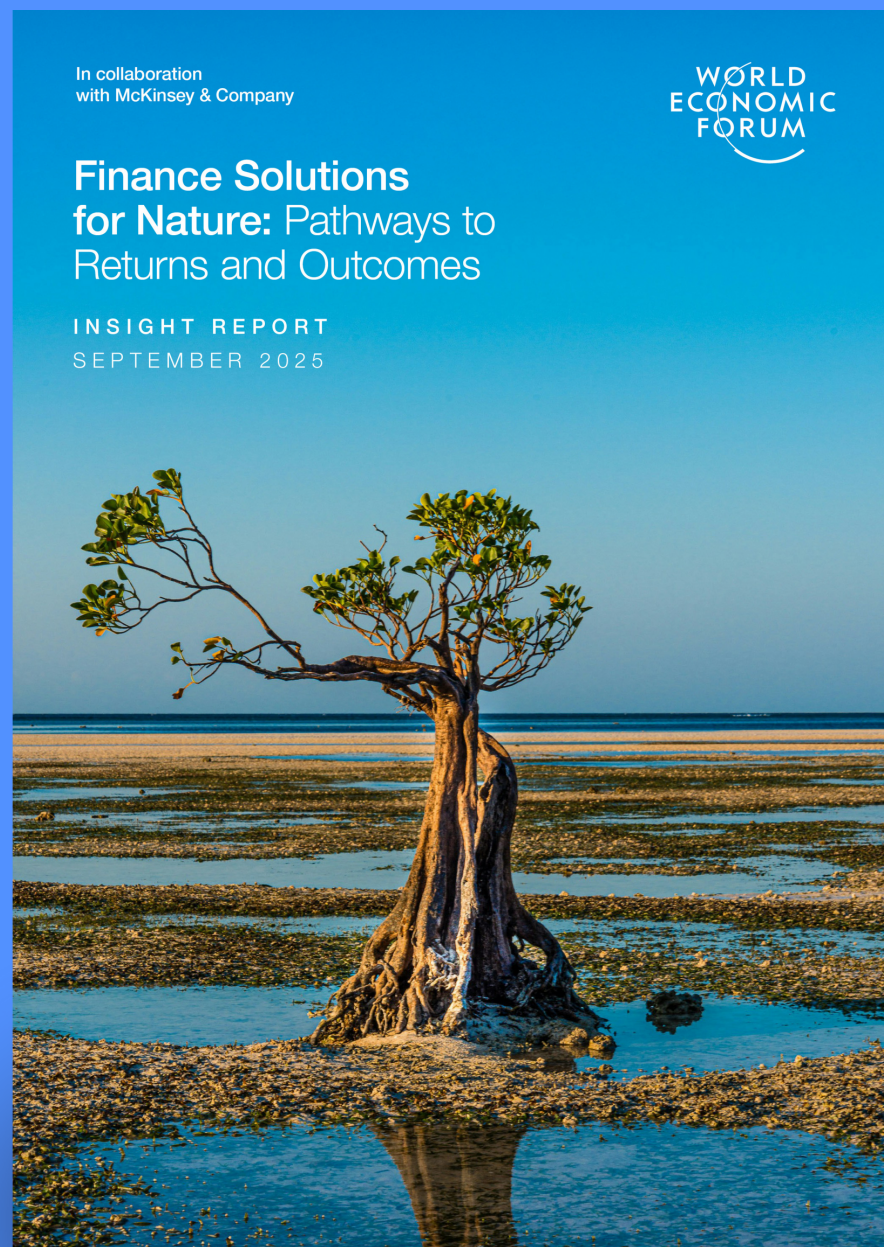
1. Standardise decision-relevant data for investors
2. Strengthen structuring and de-risking mechanisms
3. Expand the investment grade project pipeline
4. Build market demand through the enabling environment
5. Shift market norms and incentives



**It is essential to embed
nature's full value in
financial markets.**

Investing in nature can be a critical driver of portfolio performance and is critical for financial systems stability.

Learn more about Finance Solutions for Nature. Now live.



Download the report today