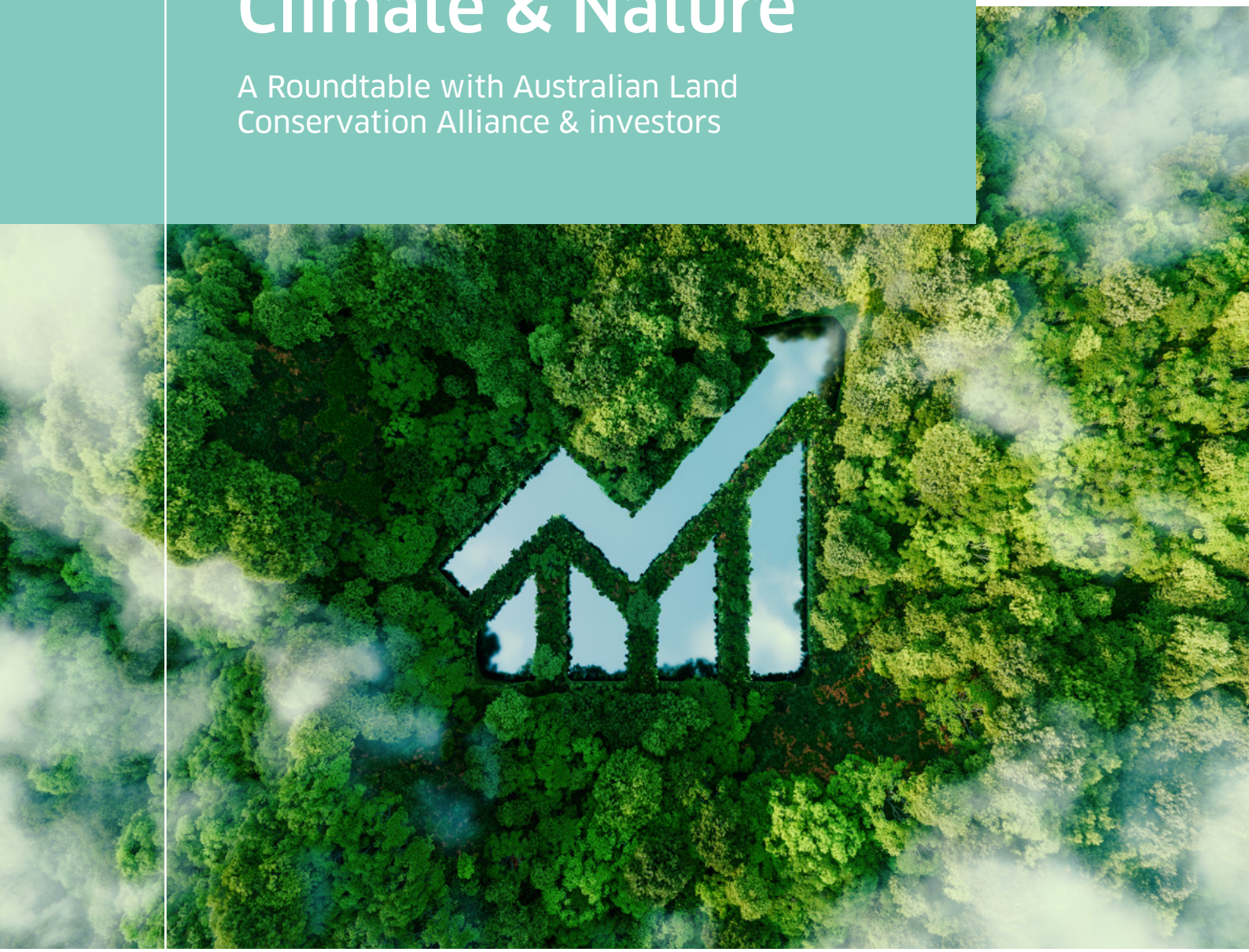
INSIGHTS & ACTIONS REPORT | JUNE 2025

Scaling Up Blended Finance for Climate & Nature

A Roundtable with Australian Land Conservation Alliance & investors



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Contents

Hosts: Sustainable Value Creation, Melbourne Business School Australian Land Conservation Alliance

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Blended Finance for Climate Initiative
Accelerating finance to support Australia and our region's climate transition

For more information including previous Blended Finance for Climate Roundtable reports and case studies, please visit: Blended Finance for Climate Initiative.

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The Transition Accelerator is a supporting partner of the Melbourne Business School's Blended Finance for Climate Roundtable Series.

1. Executive Summary

The Scaling Up Blended Finance for Climate and Nature Roundtable is the fourth in a series of high-level Roundtables hosted by Sustainable Value Creation at Melbourne Business School to help accelerate finance from all sources into the climate transition in Australia and our region. This Roundtable is a partnership with Australian Land Conservation Alliance and considered **opportunities for double impact through: reducing emissions and protecting or rejuvenating nature.**

The Roundtable brought together investors from philanthropy, impact investment funds, private and institutional capital with leaders from nature conservation organisations working at the cutting edge of blended finance for climate and nature. Representatives from New Forests, Odonata Foundation & Tiverton Agricultural Impact Fund, Greening Australia, Conscious Investment Management and Trust for Nature presented four case studies, which are summarised in Section 3 in this report. The insights about addressing biodiversity loss and climate change through innovative blended finance solutions are captured in the case studies and in the Insights and Actions section of this report.

Climate change and biodiversity loss are interconnected challenges and there are many examples where nature conservation and restoration are enablers for reducing greenhouse gas emissions.

Australia requires $7-$9 trillion of capital by 2060 to fund the climate transition (*Modelling Summary Report,* Net Zero Australia, 2023). Australia must continue to reduce greenhouse gas emissions across all sectors of the economy including energy, transport, industrial processes, agriculture, and waste management. We need to invest in climate technology solutions and build resilience to climate impact within local communities in the face of increasingly intense natural disasters and heatwaves.

Protecting intact natural ecosystems is second only to ending fossil fuels as a priority economic solution to reducing emissions and meeting our global climate targets. Conservation, improved management, and restoration of forests and other ecosystems offer the largest share of economic mitigation potential, as an immediate action *(Climate Change 2022: Impacts, Adaptation, and Vulnerability. Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change, 2022).*

The Roundtable was held in the context of rising global temperatures. 2024 was the warmest year on record, reaching 1.5°C for the first time, with ocean warming also increasing. January 2025 was 1.75°C above the pre-industrial level, according to the Copernicus Climate Change Service (C3S). It was the 18th month in the last nineteen months for which the global-average surface air temperature was more than 1.5°C above the pre-industrial level.

The latest *Intergovernmental Panel on Climate Change 2023, AR6 Synthesis Report* (IPCC Report, 2023) highlights the urgent need to keep global warming to at or below 1.5°C to avoid the most serious consequences. We need to make it easier to move finance at scale to where it is needed to accelerate our climate transition and protect biodiversity.

The increasingly unstable climate is leading to more frequent and intense natural disasters which has an adverse impact on the Australian economy, our communities and on nature. *Disaster recovery funding by the Australian government is projected to at least triple over the next 40 years, to $140 billion in today's dollars if global temperatures rise to 3°C, while labour productivity under a 3°C of warming could decrease by 0.2 percent annually and cost $135 billion by 2063 (Treasury, Commonwealth of Australia).*

In this challenging context, blended finance is an approach which can help marshal local and international finance and funding to support Australia and our region's climate transition while often also contributing to a nature positive future. Blended finance responds to the acceleration of climate finance opportunity reported in the IPCC Report (2023).

Blended Finance

Blended finance involves using catalytic capital from philanthropy, development banks or specialist government investment vehicles (for example, the Clean Energy Finance Corporation) and/or impact investment to build the track record of enterprises or build a capital stack for large scale projects to help leverage in private capital and institutional investment. **The varied sources of finance have different risk appetites, return expectations, flexibility, time horizons and purposes**. Ensuring that each source of finance plays its part at appropriate times within a transaction or over the life of an enterprise, can give us another tool to accelerate our climate transition.

The four case studies presented demonstrate different sources of capital working together through projects or funds to achieve nature positive and climate mitigation outcomes. The sources of capital included private capital (New Forests, Tiverton Agricultural Fund), impact investment (Conscious Investment Management), alongside government (Clean Energy Finance Corporation), philanthropy (Odonata Foundation, Ian Potter Foundation) and carbon market-based solutions.

Insights identified during the Roundtable include the following:

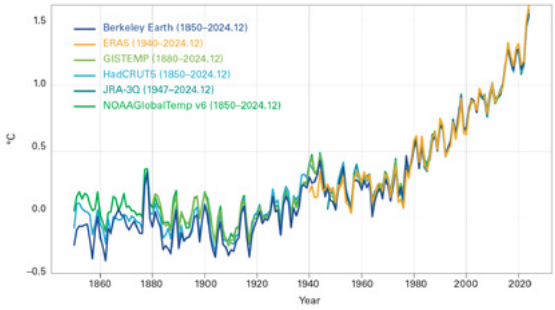
1. **The demand for nature protection, restoration and management must grow to create a buyer for nature.**
2. **Scaling can be unlocked through project aggregation, adopting a regional or landscape approach, or via other tools and approaches.**
3. **Investible nature projects must be designed to deliver both an impact for nature (and often climate) and financial returns and to accelerate the project pipeline.**
4. **Cross-sector collaboration must focus on action and outcomes.**
5. **Carbon market integrity is critical to nature and climate finance.**
6. **Not all projects that protect, restore, manage nature will be able to generate a financial return.**
7. **Long term maintenance funding for land under conservation covenants must be designed into projects, however financed or funded.**

The Roundtable hosts, Melbourne Business School and Australian Land Conservation Alliance, have reflected on the Roundtable deliberations and a set of action/s are suggested following each insight. We encourage Roundtable participants and sector partners to collaborate on these actions.

2. Context

The Scaling Up Blended Finance for Climate and Nature Roundtable was held on 27 May 2025 at the Melbourne Business School. It brought together investors working on blended finance approaches to solve nature conservation problems alongside climate mitigation outcomes. Some case studies included sustainable agriculture activities alongside nature conservation or restoration. Participants shared insights about the barriers and opportunities to grow the use of blended finance to help scale up projects that have demonstrable climate and nature outcomes in Australia.

Twin climate and biodiversity crises



14 Feb 2025, World Meteorological Organisation

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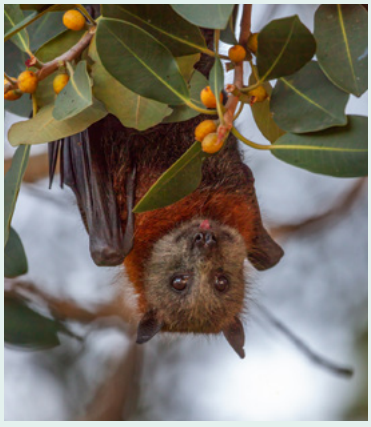
Australia also faces a biodiversity crisis. In 2023, 144 new species were added to the national threatened species list - five times more than the yearly average. Population sizes of threatened birds have declined to half (47%) and threatened plants to almost one quarter (73%) of their populations, on average, since 1995 (DCCEEW, *Threatened Species and Ecological Communities Database*).

Catastrophic losses are occurring.



These include:

- an estimated 3 billion vertebrate animals (mammals, birds, reptiles, fish, frogs) and 60 billion invertebrate animals killed or displaced in the Black Summer fires
- four mass coral bleaching events on the Great Barrier Reef in the past seven years
- multiple major fish kills in the Murray-Darling Basin, and
- deaths of large numbers of flying foxes and cockatoos in very hot weather. These animals are important forest pollinators and seed dispersers (*Summary of biodiversity studies*, Biodiversity Council, Jan 2024)

Climate change and biodiversity loss are interconnected challenges and there are many examples where nature conservation and restoration are enablers for reducing greenhouse gas emissions.

Protecting intact natural ecosystems is second only to ending fossil fuels as a priority economic solution to reducing emissions and meeting our global climate targets. Conservation, improved management, and restoration of forests and other ecosystems offer the largest share of economic mitigation potential, as an immediate action (*Climate Change 2022: Impacts, Adaptation, and Vulnerability. Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change, 2022*).

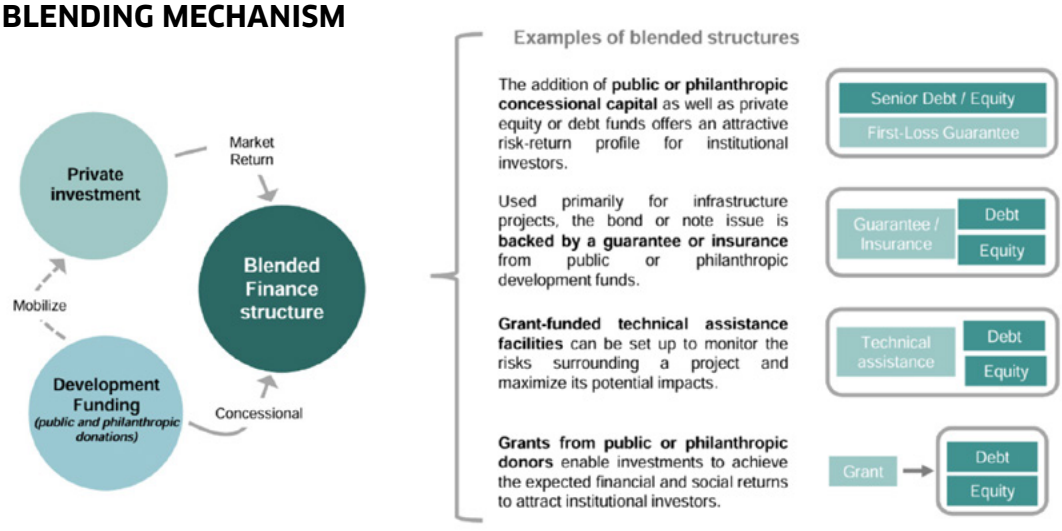
Accelerating access to Finance for Climate and Nature

The 2023 Intergovernmental Panel on Climate Change report highlights *that improved* ***availability and access to finance*** *will enable accelerated climate action. Addressing needs and gaps and broadening equitable access to domestic and international finance… can act as a* ***catalyst for accelerating mitigation*** *and shifting development pathways. Climate resilient development is enabled by increased international cooperation including* ***improved access to financial resources****, particularly for vulnerable regions, sectors and groups, and inclusive governance and coordinated policies (IPCC Report, 'Near Term Responses in a Changing Climate',* p.111).

Australia is a wealthy country, including the $4.1 trillion held in superannuation funds (ASFA). We have potential to partner across the different sources of finance from catalytic (specialist government investment vehicles such as CEFC, philanthropy, and/or impact investment) through to scaling via private capital and institutional investment via blended finance approaches to achieve a smooth transition. We have the finance. The question is how to unlock private and institutional investment through a strategic use of blended finance approaches to match diverse investor risk, return and regulatory requirements.

Blended finance is the use of capital from public or philanthropic sources to catalyse private sector capital into investments whose risk adjusted returns must be realigned through the use of concessional capital. It is a structuring approach that allows organisations with different objectives to invest alongside each other while achieving their own distinct goals.

THE BLENDING MECHANISM



Source: Convergence (2022). The State of Blended Finance 2021

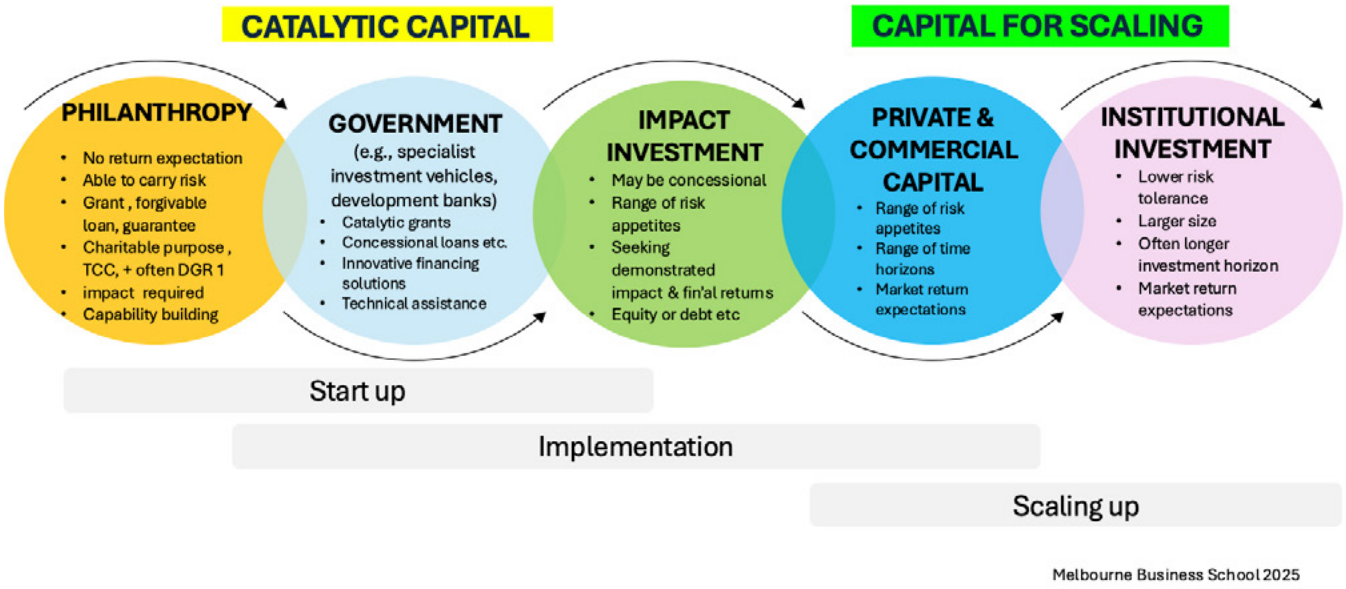
Case studies were presented to the Roundtable which demonstrate how financing can unlock nature repair, in some examples, alongside sustainable agriculture and carbon market projects. The case studies also showed where additional work is needed to accelerate the growth of conservation finance.

The following diagram was presented at the Roundtable and explains blended finance as a continuum of funding and finance. While the blended finance approach is used extensively in development finance, it can also apply to a developed country such as Australia.

THE BLENDED FINANCE FOR CLIMATE INITIATIVE

Accelerating Finance into Supporting Climate and Nature

The Blended Finance Continuum



Melbourne Business School 2025

3. Case Studies

3.1 Case Study One: New Forests Australia New Zealand Landscapes and Forestry Fund

Presenter: David Brand, Founder, New Forests

SOURCES OF FINANCE AND FUNDING

- Government
- Institutional investors (domestic & international)
- Corporate investors (international)

New Forests raised additional capital of AU$600 million for the Australia New Zealand Landscapes and Forestry Fund (ANZLAFF) in 2024 as a 12-year fund. The Fund provides exposure to integrated forestry, land, carbon and agriculture markets in Australia and New Zealand targeting investments in core forestry plantations alongside processing and related infrastructure, with some targeted exposure to agriculture assets.

The fund aims to maximise the value of the whole landscape by positioning investors to benefit from the best use of the landscape across forestry and agriculture, while combining additional revenue streams such as carbon, biodiversity, and renewable energy such as solar and wind.

ANZLAFF's whole of landscape approach sees New Forests apply sophisticated analytical tools to assess a landscape and identify the highest impact and highest return potential in order to optimise land use. The central goal is to achieve the optimal use of the land from a return perspective while meeting conservation and climate change objectives. The diverse land use and income streams derisk the Fund so that it can adapt to changing government policy and external risks and new opportunities.

An excellent video on this transformation is available [https://is-fc.com/media-releases]. This process maps current land use and future land use. In the video example, new activities are added to the estate including forestry, renewable energy, carbon credits and water quality payments. These sit alongside some traditional agricultural activities and conservation projects that are improving the health of rivers and wildlife corridors.

REPLICABILITY AND SCALABILITY

New Forests has invested extensively in its in-house analytic tools and in building a data warehouse which measures progress against objectives, including decarbonisation, nature positive and risk objectives. This powerful data set enables New Forests to report to each investor to reflect their impact, return and risk expectations.

Key highlights of the Fund:

- Targets a portfolio-level return of 5-7% real (net of CPI) IRR after fees, Fund expenses, and Fund-level domestic tax, before relevant investor withholding taxes, all denominated in Australian dollars.
- ANZLAFF is categorised as an Article 9 sustainable investment, meaning an investment in an economic activity that contributes to an environmental or social objective, while not significantly harming any other environmental or social objective and that the investee companies follow good governance practices.
- The Fund will target carbon abatement of one million tonnes over the next decade.

Investors in ANZLAFF include the Australian Government's Clean Energy Finance Corporation (CEFC); German pension fund Bayerische Versorgungskammer (BVK); one of northern Europe's largest pension funds, Andra AP-fonden (AP2); Evli, an investment management business spanning Finland and Sweden; Kyushu Electric Power, a Japanese energy company; and a German and an Australian insurer.

2.2 Case Study Two: The Rejuvenation Trust

Presenters: Nigel Sharpe & Matt Singleton, Odonata Foundation & Tiverton Agricultural Impact Fund

SOURCES OF FINANCE AND FUNDING

- Private capital
- Philanthropy
- First Nations Corporation

The Kardutjaanup Rejuvenation Project is a First Nations–led initiative developed and driven by the Esperance Tjaltjraak Native Title Aboriginal Corporation (Tjaltjraak), with a vision for large-scale restoration of Country to deliver environmental, cultural, and economic outcomes. At its heart, the project supports Tjaltjraak's self-determination through regenerative land use, conservation, and a sustainable long-term revenue model built on carbon farming.

The project was enabled by a blended finance structure involving the creation of the Rejuvenation Trust, established by Odonata Foundation and Carbon Neutral. The Trust provided a 75% loan to Tjaltjraak to acquire the Kardutjaanup property, with the remaining 25% initially acquired and held by the Tiverton Agriculture Impact Fund (Tiverton). The intent was for the Indigenous Land and Sea Corporation (ILSC) to acquire this remaining portion following completion of its internal legal and consultation processes. After 12 months, ILSC purchased the 25% holding from Tiverton and transferred full ownership to Tjaltjraak, completing the freehold acquisition. This technical and transitional structure ensured that Tjaltjraak would ultimately secure ownership of the entire property while maintaining continuity of progress on the ground.

The carbon farming model provides the medium and long-term revenue base for the project. The aim is to plant over 4.5 million native trees across 2,000 hectares, sequestering approximately 200,000 tonnes of CO_2-e. This carbon-based income supports Tjaltjraak's long-term land management independence while delivering large-scale environmental benefits. The model also supports implementation of Tjaltjraak's Cultural Corridors strategy, enabling cultural, ecological, and economic restoration through First Nations land governance.

Philanthropic support led by Odonata Foundation, was instrumental in bridging initial establishment costs. Contributions from generous partners such as L'Oréal, One Tree Planted, and Will & Bear enabled early-stage planting and infrastructure works, while an additional $250,000 in philanthropic funding was secured to purchase key farming equipment including a tractor. These funds reduced reliance on third-party contractors and helped fast-track the transition to Tjaltjraak-led operations.

The Land Enterprise Unit established by Tjaltjraak has since taken on direct leadership of restoration activities. With a focus on practical training in carbon farming, conservation fencing, and Indigenous seed collection, the program is building internal capability to manage the property sustainably and independently.

Image credit: Ula Majewski

Carbon Neutral supported the project on a success-fee basis, developing the carbon farming strategy, financial modelling, and Clean Energy Regulator registration. They also assisted with staff training, enabling the growth of a self-managed Land Enterprises Team within Tjaltjraak.

Odonata Foundation and Tiverton provided financial structuring, philanthropic leverage, and project design support, but the project has remained First Nations-led in vision, governance, and execution. The Kardutjaanup Rejuvenation Project demonstrates how strategic financial design, combining loan finance, transitional ownership, carbon income, and philanthropic bridging, can be used to achieve First Nations freehold land acquisition and ownership, economic empowerment, and cultural landscape restoration.

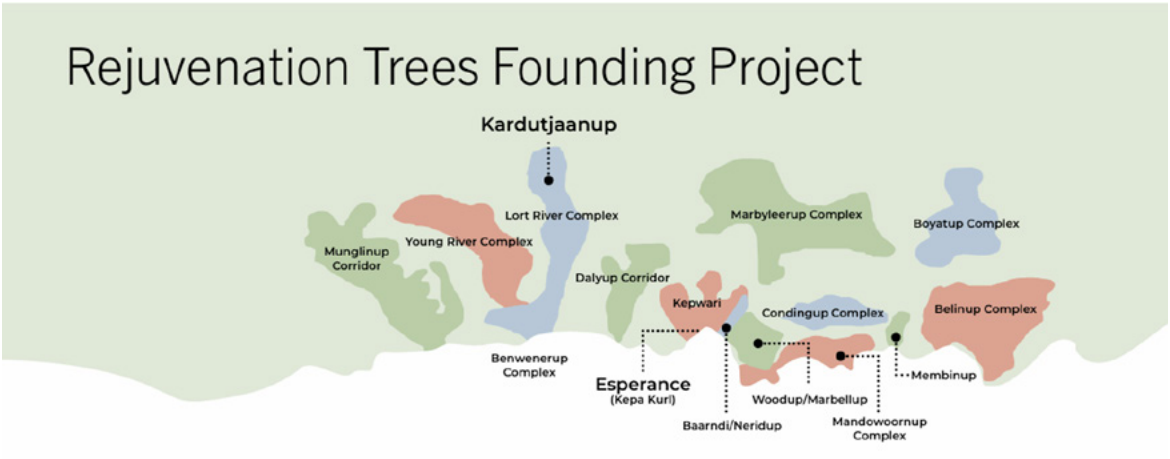

Image credit: Ula Majewski

REPLICABILITY

This approach is replicated through neighbours and word of mouth, which will continue to extend. Freehold land acquisition is an opportunity for replication which favourably results in First Nations self-determination.

The tools which help with master planning at a landscape scale include: COP15 Biodiversity Framework – essential for setting/applying food production and security guardrails, and Downforce Technologies for measuring soil carbon.


Image credit: Ula Majewski



Kardutjaanup

The Kardutjaanup property (previously known as Sardi Farm) was purchased by Rejuvenation Fund founding partner, the Esperance Tjaltjraak Native Title Aboriginal Corporation (ETNTAC) in early 2022.

Kardutjaanup is located in the south-eastern mallee wheatbelt region of Western Australia approximately 102km north-west of the town of Esperance and 21km west of Salmon Gums.

The property is adjacent to the Southern Greater Western Woodlands Wilderness area, Northern Macro Corridor, and a significant Kardutjaanup-Benwenerup Cultural Corridor and cultural sites.

The long term cleared farmland and cropping history of the property resulted in soil compaction, loss of organic soil carbon, and increased water retention in clays preventing plant root access, thus requiring significant rejuvenation activities to support local ecosystems and communities.

The total area of the property is 4,000ha, with the aim being to revegetate 2,000ha of the property with local native species for the purposes of biodiversity and carbon storage. The remaining arable land will be used for regenerative agricultural purposes.

ETNTAC has now embarked on the ecological restoration of the first 200-hectare parcel of cleared land within the Kardutjaanup property, thanks to proceeds from the sale of Rejuvenation Trees.

Social Outcomes of the Kardutjaanup Rejuvenation Project

Beyond the contributions to land restoration, the Esperance First Nations community has benefited from increased employment and capabilities that support complex land rehabilitation programs such as these.

There is also the mental health, physical and spiritual benefits gained from connecting to Country as a community.

New skills include:

- Native plant identification
- Seed collection and sorting
- Tree planting

- Machinery operation such as tractors and revegetation machines
- Fencing, work planning, monitoring

- Communications and community engagement

Key Impacts

Total property area:
4,000 hectares

Equivalent to **11 central parks**

Area of planned native planting:
2,000 hectares

Equivalent to **800,000 olympic swimming pools**

Area for planned regenerative agricultural practices:
2,000 hectares

Equivalent to **40,000 basketball courts**

78,000 Year one seedlings planted across
135 hectares

Equivalent to **80 melbourne cricket grounds**

25
Total first nations people employed in additional support

35
Total first nations people employed in planting operation

27
Seedling species planted in first phase planting

78
Direct seeding species planted in first phase planting

2.3 Case Study Three: Impact Investing for Nature at Caddigat Road

Presenters: Steve Boxshall, Greening Australia & Laurie Berrange, Conscious Investment Management

SOURCES OF FINANCE AND FUNDING

- Philanthropic Funding: Greening Australia (which includes philanthropy and public sector funding)
- Private Financing: Conscious Investment Management

This case study demonstrates an approach which aligns restoring degraded landscapes, building climate resilience and involves a collaboration between private landholders, local Indigenous organisations and government. The case study focused on the Caddigat Road project in the Eden Monaro region of Southeast NSW project but also referred to the O'Killtabie project on the Eyre Peninsula of South Australia. Conscious Investment Management (CIM) is a recognised leader in impact investment, with investments across social infrastructure, health and education, and environment and climate. This is an excellent example of CIM bringing its catalytic impact investment expertise to the challenges of biodiversity loss and climate change.

The project has impact goals relating to carbon sequestration, biodiversity improvement, and connection of First Nations people to country, while generating financial returns for CIM's investors through the generation of ACCUs (Australian Carbon Credit Unit) by the project. The site is a former sheep grazing property which provides opportunities for habitat restoration and grassland regeneration alongside sustainable farming. It is home to some endangered species, including the hooded robin, diamond firetail and southern whiteface. The site also has several key sites of Aboriginal significance including scar trees.

CIM's capital is not concessionary and target financial returns are commensurate with the underlying risk of the investment. CIM takes a long-term investment approach and manages risk though thorough due diligence and asset management practices from inception and throughout the life of its investment. CIM's aim is to create positive long-term environmental impact and has structured its financing so that at the end of the 25-year crediting period the land will be owned and operated by Greening Australia or a similar counterparty into the future.

The site at Caddigat Road was purchased by Greening Australia using funding from CIM as an impact investment. It is structured as a variable interest rate loan with payments linked to carbon market revenues funding the repayment of the loan and investor returns. The instrument is classified in Greening Australia's financial statements as a financial derivative instrument, therefore triggering requirements to be fair valued every reporting period. However, after 25 years, Greening Australia will own the land and continue to maintain biodiversity protection in perpetuity. Blended finance is expected to be required to pay for long term maintenance, which is an issue requiring a long-term solution across many covenanted land conservation projects.

REPLICABILITY AND SCALABILITY

In order to attract more capital into this market there is a need for scale and replicability. CIM has made two investments with Greening Australia and intends to continue to grow the partnership in a way that is sustainable for Greening Australia. Replicability is negatively impacted by finding suitable properties that lend themselves well to FULCAM method for ACCU generation, but there may be other options for generating a return that are yet to be explored.

2.4 Case Study Four: Plains-wanderer Protection - Conservation Covenants

Presenters: Corinne Proske, CEO, Trust for Nature (Victoria)

SOURCES OF FINANCE AND FUNDING

- Philanthropy (foundations and private donors)
- Government (Victoria & Federal)

This project led by Trust for Nature Victoria (TFN) was focused on the conservation of a threatened species of bird, the critically endangered Plains-wanderer, which lives on the Northern Patho Plains grasslands in Victoria. It aimed to strengthen conservation alongside continuing agricultural use. The Plains-wanderer requires native grassland for its survival and over 90% of Victoria's native grasslands have been lost. Through the project, Trust for Nature has permanently protected 89 hectares of native grassland on a property that is also used to support primary production (grazing), as well as supporting existing covenantors with Plains-wanderer habitat to manage their land for conservation, work with Traditional Owners, and engage the local and broader community about conservation of this habitat.

Trust for Nature works with private landholders to permanently protect land for nature through conservation covenants. A conservation covenant through Trust for Nature allows landholders to permanently protect biodiversity on their property through a voluntary, legal agreement. This agreement, registered on the property title, ensures the conservation values are maintained even if the land changes ownership. Land protected with a conservation covenant is exempt from land tax in Victoria. Landholders may receive a rate discount for the area protected under the covenant, depending on their local government area (Trust for Nature, 2025).

Image credit: Annette Ruzicka


Image credit: Annette Ruzicka

This project was funded through a combination of public funding from the Australian and Victorian governments and philanthropic funding from a range of sources including The Nature Conservancy Australia (TNC), the Country Road Climate Fund, North Central Catchment Management Authority, Zoos Victoria, Enel Green Power, and a private foundation, along with many other smaller donors.

The landholders were paid up front incentives to compensate for losing the opportunity to farm as intensively as in the past and to not clear the land for cropping. The payment was issued through a reverse auction process. Compliance is monitored via landholder reporting and TFN site visits.

The project identified a number of challenges. One of these was complex impact reporting requirements of the diverse group of funders. Secondly, no funding was secured for the ongoing management for the project unlike models overseas which may include conservation easements that provide an endowment to manage the property in perpetuity.

This case study also illustrates one of the challenges in raising finance for land and biodiversity conservation. The Australian not-for-profit legal structure of charities does not allow for equity raises and taking on debt can be challenging as many not for profits do not have reliable income streams to service debt and boards can be risk adverse.

This points to the need for upskilling not for profit boards on scaling up through blended finance and the possible opportunity provided by debt or the need to consider establishing legal structures to access equity.

Another growing challenge is the increasing price of rural property in general. This means the cost of purchasing or the cost of incentives have grown, making conservation commitments more difficult to fund.

REPLICABILITY AND SCALABILITY

Replicability is negatively impacted by blended finance diversity where each funder wants bespoke reporting and apportionment of their impact in part of the broader group. This requires resources and a sophisticated reporting tool.

For every $1 spent on Trust for Nature's usual conservation efforts, it takes $3 to do the same on the Northern Patho Plains (highly productive agricultural landscape). Therefore, the expense of this project raises questions about replicability given it is a very expensive landscape.

4. INSIGHTS & ACTIONS

The following high-level insights were captured during the Roundtable conversation. The potential Actions were developed by Melbourne Business School and Australian Land Conservation Alliance reflecting on the insights and barriers raised during the Roundtable discussion. Roundtable participants will continue to make advances on these and other actions through their leadership in conservation finance and blended finance for climate and nature.

4.1 Insight: Demand for nature protection, restoration and management must grow to create a buyer for nature

There is an opportunity to build a broad understanding of the commercial case for investing in projects that protect, restore and manage nature, beyond compliance or philanthropy, to unlock scalable investment.

While Australia's carbon market benefits from regulatory (e.g. Safeguard Mechanism) and voluntary (e.g. Climate Active) demand, nature lacks such drivers. Environmental NFPs (eNFPs) have begun tapping carbon markets to diversify revenue and attract private capital (e.g. Case Study 3 Greening Australia / Conscious Investment Management) but nature markets remain nascent.

The Nature Repair Market (NRM), launched in 2025, allows voluntary stacking of nature certificates with Australian Carbon Credit Units (ACCUs) to enhance co-benefits. At this stage demand remains limited and methodologies are being developed. The first Nature Repair Market approved method is The Replanting Native Forest and Woodland Ecosystem method (Clean Energy Regulator, March 2025).

POTENTIAL ACTIONS AND OPPORTUNITIES

- Continue to collate economy wide and sector specific data, insights and case studies to demonstrate thought leadership on the commercial business case for investing in nature.
- Continue to design targeted capacity-building programs to help private capital understand, pilot, and adopt nature investment opportunities.

4.2 Insight: Scaling can be unlocked through project aggregation, adapting a regional or landscape approach, or via other tools and approaches

It is possible to scale nature finance by leveraging frameworks, tools and structures that can identify and aggregate activities with the dual benefits for improving nature and delivering financial return. During the roundtable, there were several approaches to scale provided.

New Forests have developed a fund which enables nature to be treated as an asset by taking a landscape approach to identify and aggregate various forms of land use to generate a portfolio of revenue streams e.g. forestry, primary production, grazing, conservation, environmental markets.

Odonata and Tiverton Agricultural Impact Fund have developed their own unique tools to similarly assess and aggregate mixed landuse benefits that are able to generate financial benefits for nature (enabled by environmental markets) and climate, improve the financial, health and quality outputs of sustainable agriculture and financially and culturally support First Nations people and communities.

During the Roundtable, participants also referred to other examples of scaling finance for nature including project or methodology aggregation approaches that leverage carbon markets and carbon/nature risk disclosure frameworks.

ACTION

Investigate how the tools required for landscape scale conservation through climate, nature and agricultural finance can be made available or developed to help other not for profit conservation organisations and potential investors use this approach at an accessible price. This will help replication at other sites where mixed conservation and agricultural use solutions are viable.

Access additional support for research trials in this area to enable strong measurable evidence of benefits from land restoration and conservation. Potentially encourage research grant applications if funders can be identified.

Identify, showcase, and support replication of best-practice models that demonstrate scalable finance solutions for nature.

Explore gaps, and solutions to address those gaps, on ways to successfully scale and aggregate.

4.3 Insight: Investible nature projects must be designed to increase project supply and deliver both impact and returns

Projects that protect, restore and conserve nature have the potential to generate financial returns if designed with nature AND possible financial beneficiaries in mind. This change in practice is required to attract private capital and meet investor expectations on risk, return, impact, and data.

A financial beneficiary in this context may be a private individual or commercial or finance organisation that benefits from:

- nature project revenue streams (e.g. sustainable agriculture, environmental markets); and/or
- enhanced resilience, adaptation (e.g. nature-based solutions): and/or
- risk management regimes that contribute towards long term profit or avoided cost savings.

Many financial institutions express a strong desire to invest in projects that benefit nature but, beyond carbon markets and/or sustainable agriculture projects that deliver nature impact and primary production revenues, face a limited pipeline of investible projects.

While environment not for profit organisations (eNFPs) are skilled in delivering ecological outcomes (including through environmental market participation), the next step is building capacity to identify and integrate financial returns and investor requirements into the design of projects to benefit nature impact.

ACTION
Build and secure relevant skill sets at eNFP manager, executive and board level, including Investment Committees, in a way that supports capacity and capability to identify nature or climate and nature opportunities that could also be suitable for delivering a financial return. This could be via blended finance approaches as well as other approaches.

4.4 Insight: Cross-sector collaboration must focus on action and outcomes

Numerous forums and stakeholder groups are advancing nature finance awareness, but many remain focused on information sharing. There is a need for structured, outcomes-focused collaboration to accelerate practical action.

ACTIONS
Continue to deliver and design cross-sector network opportunities that share real world case studies and deliver actions and outcomes, including ALCA's conservation finance network and Melbourne Business School's Blended Finance for Climate Initiative.

Convene follow up conversations with banks and other investors to identify sector wide opportunities to build interest and commitment to climate and nature finance.

4.5. Carbon market integrity is critical

The integrity underpinning environmental markets, including the way buyers of environmental offsets/certificates are using those markets, is currently a key focus for government, regulators, industry bodies and the public. Many of the case studies in this report relied on ACCUs (Australian Carbon Credit Units) as part of the blended finance mix. An ACCU is a tradable financial product that represents one tonne of carbon dioxide equivalent (tCO2-e) avoided or removed from the atmosphere. The Roundtable discussed the importance of maintaining the integrity of ACCUs and noted that high integrity examples needed to be promoted so that investors (on the demand side) did not turn away from this form of investment.

The Clean Energy Regulator manages The Australian Carbon Credit Unit (ACCU) Scheme, which encourages people and businesses to run projects that reduce emissions or store carbon, for example by:

- using new technology
- upgrading equipment
- changing business practices to improve productivity or energy use
- changing the way vegetation is managed (Clean Energy Regulator).

Carbon market integrity ensures that carbon credits genuinely represent emissions reductions and removals, fostering trust and reliability in the market. This includes ensuring that reductions are real, additional, and permanent, and that credits are not double-counted or used improperly. The Voluntary Carbon Markets Integrity Initiative (VCMI), the Integrity Council for the Voluntary Carbon Market (ICVCM), and the Carbon Market Institute are key organizations working to promote integrity in the voluntary carbon market.

ACTION
Profile positive case studies and support public education and policy work targeted at investees and investors about ACCU integrity.

4.6 Insight: Not all projects that protect, restore, manage nature will be able to generate a financial return

Not all projects that protect, restore and manage nature will be able to generate finance to attract private sector investment. There is a continued need to sustain and grow public and philanthropic sector nature funding to address the gap between Australia's nature positive aspirations and currently available funding. Philanthropy also has a special role to play funding research and innovation in nature finance at both a project and landscape level. In blended finance, philanthropy can be one of the sources of catalytic finance.

Projects unsuitable for nature finance must rely on traditional funding from public and philanthropic sectors, recognising that ongoing project maintenance costs are generally excluded from upfront grants and donations.

ACTION
Continue to communicate the roles and responsibilities that each of the key nature funding and finance stakeholders can play, demonstrating that the presence of one funding stakeholder does not suggest another can then cease their support.

4.7 Long term maintenance funding for land under conservation covenants is needed

The case study from Trust for Nature raised the issue of a lack of long-term maintenance funding available for land under conservation covenants or managed by not-for-profit land conservation organisations. This is a major issue that requires long-term thinking and funders able to take a generational view of the conservation challenge. It brings to mind the obligation of cemeteries for perpetual maintenance (under Victorian law) and the need to maintain Perpetual Maintenance Funds for this purpose.

Projects that can successfully be designed to generate nature benefits and financial returns should ensure ongoing revenue sources will be utilised to fund continued nature project maintenance and repay investors.

ACTION
Environmental NFPs should continue to explore alternative mechanisms to support ongoing nature project maintenance where financial revenue streams do not exist (e.g. charitable covenants established to support maintenance costs in perpetuity).