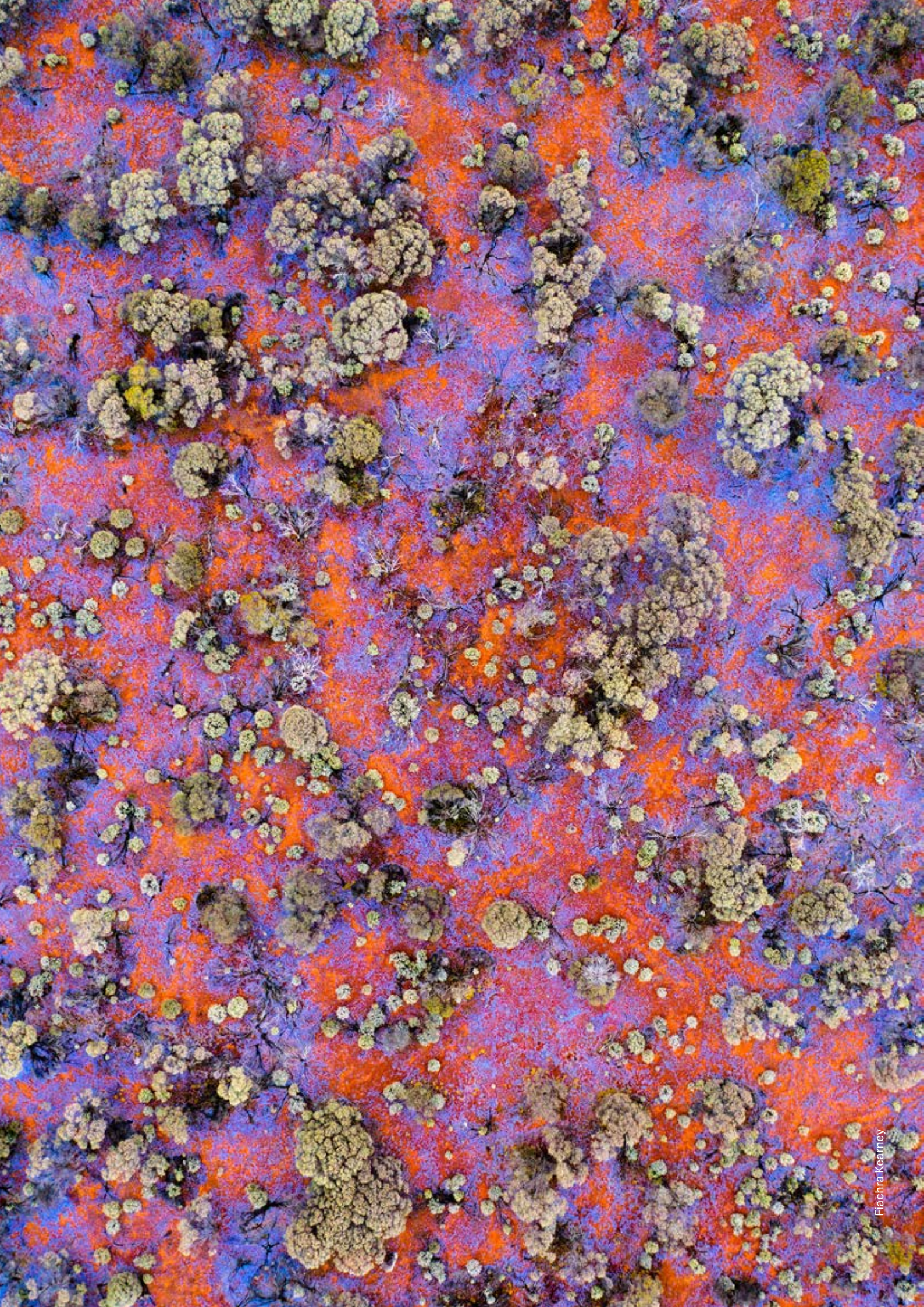




# **The new world of nature finance**

A roadmap and case study for  
land rights holders and investors





**Front cover**

An island in an ephemeral lake on Challa Station, Western Australia. The orange water is coloured by silt from the surrounding landscape.

Buried in the lake bed are millions of crustaceans' eggs. Lying dormant for years, and withstanding soil surface temperatures over 70 degrees Celsius, the tiny eggs wait. As the lake inundates they hatch, in turn providing a feast for the waterbirds that arrive in their thousands.

**Inside front cover**

Following good Winter rainfall, wildflowers, mulga and red clay soils create an extraordinary mosaic on Narndee Station, Western Australia. Narndee plays a pivotal role in Forever Wild's sustainable food and conservation programs.

“There is no path to delivering the Sustainable Development Goals, Paris Agreement or Global Biodiversity Framework without protecting and restoring the natural world. This Roadmap provides valuable practical guidance for land rights holders and investors to help unlock private investment in nature, drawing on Forever Wild’s experience on the ground.”

**Ruth Davis OBE**  
UK Special Representative for Nature

“To genuinely safeguard and rejuvenate nature, we must transform nature finance. Ecosystems and biodiversity must be valued on a par with financial returns, with the principles of equity guiding every decision. This is the vision at the heart of The Forever Wild Initiative, and we are deeply thankful to the UK Government for their invaluable support.”

**Fiachra Kearney**  
Founder and Executive Director,  
Forever Wild Initiative

**Authors**

Fiachra Kearney  
and Michael Van Niekerk  
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# Purpose of this document

This document addresses some of the critical and practical challenges of connecting nature investment to climate, nature conservation, and nature restoration projects.

Based on the success of the Forever Wild methodology, it introduces the structures at the heart of that success and the key safeguards that prospective nature projects must deliver.

The roadmap is focused on developing investments that ensure nature remains central to business, investment discussions, and implementation. Every deal and situation will have its own unique considerations. This document is designed to serve as a scaffold upon which detailed discussions can be built. We have outlined the key points in each step, based on our experience, and added examples of questions to consider.

This area of finance is relatively new and can be overwhelming, however, it is all achievable. The roadmap illustrates three models used by the Forever Wild Initiative, each of which can be replicated:

**1. Public private partnership**  
Business, agriculture, government and culture working together for nature (page 19).

**2. Environmental markets**  
Leveraging environmental markets to support acquisitions and land management (page 33).

**3. Blended finance**  
Blending nature instruments with private debt and equity (page 45). The key audiences for this roadmap are land rights holders and investors.

The document uses plain language whenever possible. It is grounded in Forever Wild's applied experience, being founded and based in remote and regional Australia a long way from the financial hubs where their daily work involves all aspects of living in and working with nature, and all the joys and challenges that brings.

## Key concepts



### Land rights holders

Individuals and communities who live on, own, manage or have direct rights over land and its natural resources.



### Nature finance (non-philanthropic)

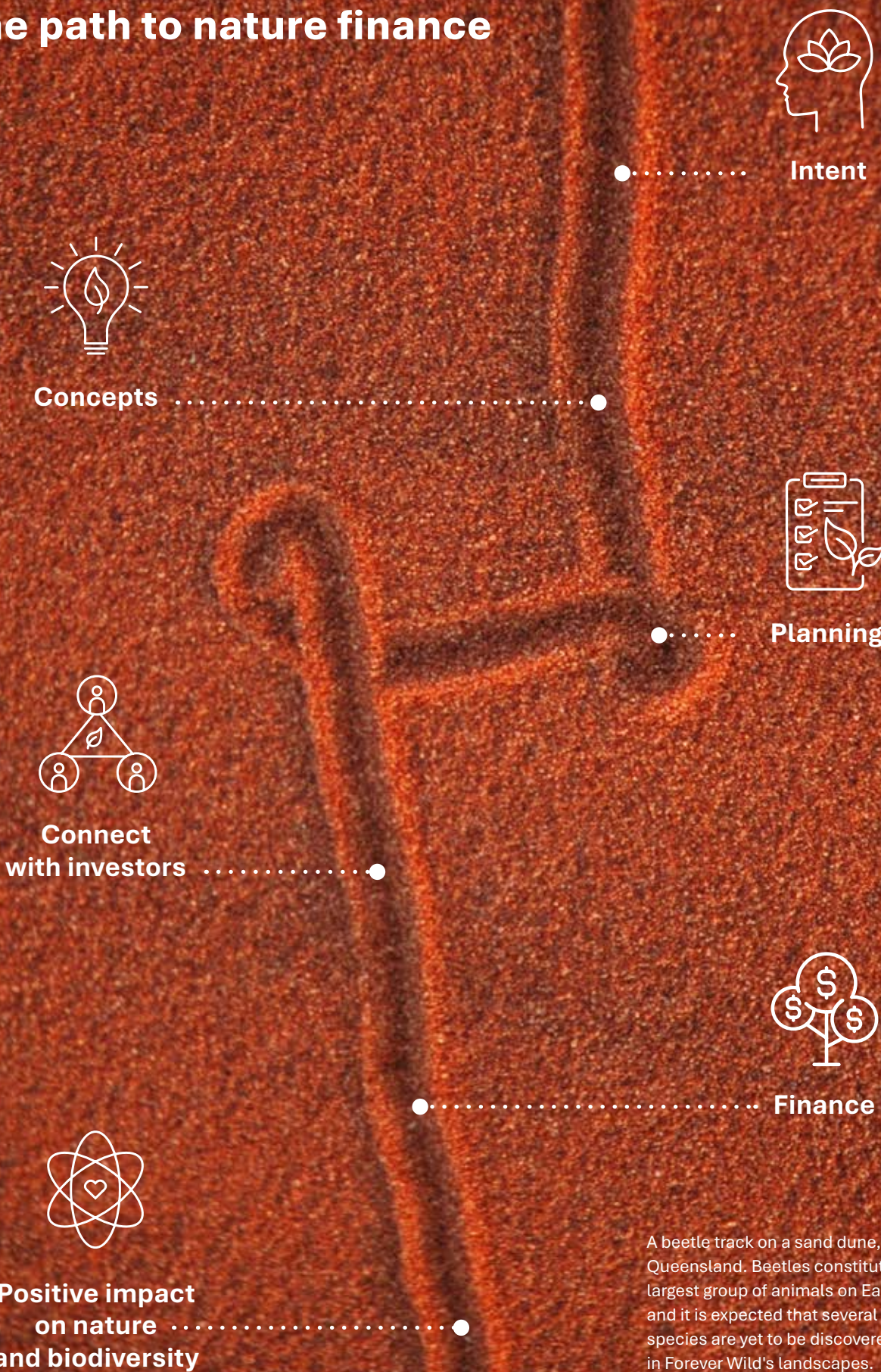
Finance that delivers a positive, meaningful, measurable outcome for nature and a financial return for investors.



### Nature equity (vs financial equity)

Fairness for nature in negotiations and financial arrangements, i.e. not financial equity/control.

# The path to nature finance



A beetle track on a sand dune, Queensland. Beetles constitute the largest group of animals on Earth, and it is expected that several species are yet to be discovered in Forever Wild's landscapes.





Wet season across the savannah woodlands of the Mareeba Wetlands, Queensland. The plants in these woodlands extract CO<sub>2</sub> from the atmosphere and store it.

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## Glossary

|  |  |  |
|--|--|--|
| <b>Deal</b><br>An arrangement that enables investment finance to be deployed within a structure of agreed terms and conditions | <b>JV</b><br>Joint venture   | <b>MRV</b><br>Monitoring, reporting and verification |
| <b>Forever Wild Initiative</b><br>The broader initiative governed by Forever Wild Limited                                      | <b>Liquidity</b><br>The ability for investors to convert their ownership stake (equity) into cash or other liquid assets | <b>ROI</b><br>Return on investment                   |
|  |  | <b>SPV</b><br>Special purpose vehicle                |



# How this document can help land rights holders and investors

The primary aim of this document is to discuss nature finance that directly supports ecological systems and biodiversity ‘in situ’.

While the steps, models and principles in this document are applicable to many assets in nature finance, the case studies are based on terrestrial biodiversity, climate, and agricultural assets. The primary stakeholders under consideration are nature and land rights holders.

Land rights holders are the individuals and communities who live on, own, manage or have direct rights over land and its natural resources.

Some nature finance transactions can be straightforward, such as a community partnering with an environmental market developer to generate and sell carbon credits or other nature market products derived from their land.

Some deals are complex and may incorporate multiple layers of legal frameworks, financing structures, and business enterprises. This document is relevant to multiple nature finance deal structures, as many principles, risks, and considerations remain consistent across them.

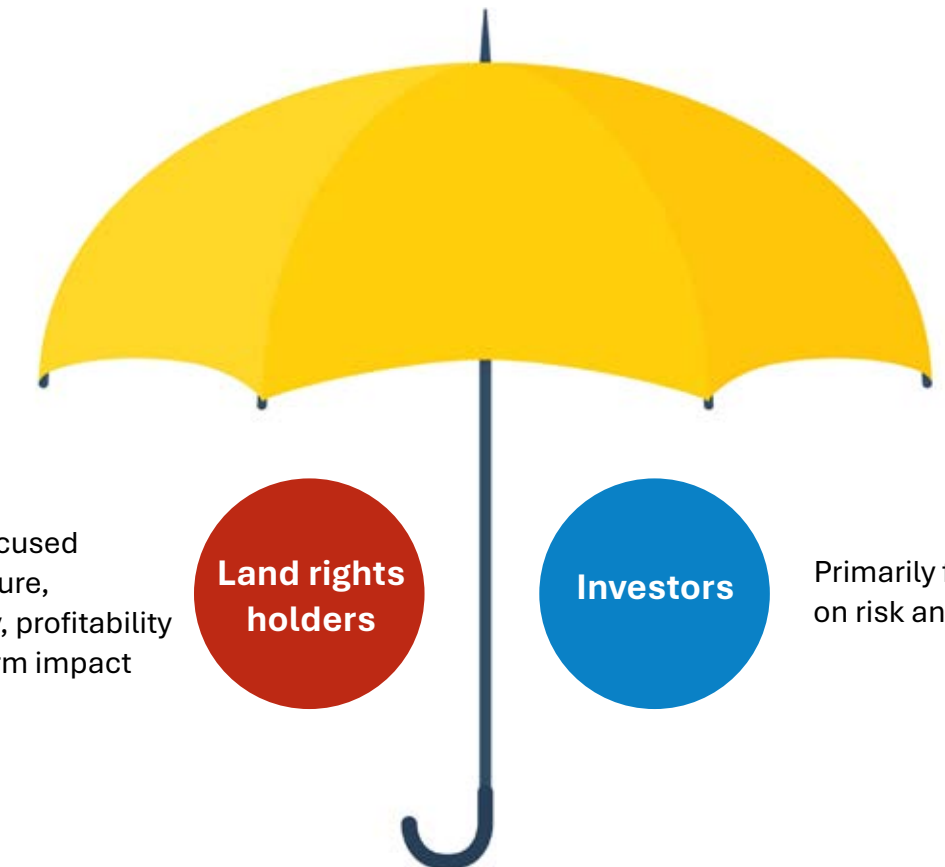
Attracting financing for nature can pose significant challenges for land rights holders, regardless of the deal. From their perspective, several factors hinder their ability to secure funding, including power imbalances, financial practices that fail to adequately value natural resources, a limited understanding of investment structuring and contractual agreements, restricted access to expert nature finance legal counsel, and the imposition of excessive risk and liability on those receiving the funds. Such obstacles can impede potential opportunities for collaboration and investment in nature conservation initiatives.



## Land rights holders

### Key considerations:

- power imbalances
- have to deal with financial practices that fail to adequately value natural resources
- may have a limited understanding of investment structuring and contractual agreements
- limited access to expert nature finance legal counsel
- imposition of excessive risk and liability on those receiving the funds.



Primarily focused on land/nature, productivity, profitability and long term impact

**Land rights holders**

**Investors**

Primarily focused on risk and return

Equally, understanding how best to deploy nature finance can be unclear for investors. Larger investors, in particular, can struggle with small deal sizes (less than \$10 million is often not attractive) due to their high costs of doing business, limited access to land rights holders who can deliver genuine nature deals, and difficulties in mapping and measuring impact relative to investment.

The roadmap articulates some of the insights developed by the Forever Wild Initiative as a land rights holder that has worked closely with banks, private and institutional investors to deploy nature finance.



## Investors

### Key considerations:

- understanding nature markets
- deal sizes being too small (for large investors)
- limited access to genuine nature deals
- challenges in measuring impact.

# The Forever Wild Initiative

The Forever Wild Initiative has been designed to deliver tangible, scalable actions to protect nature using blended and fully commercial nature finance.

The Initiative does this by creating nature investment opportunities and working directly with investor communities on structural and legal arrangements for the deployment of finance.

The Forever Wild Initiative is specifically designed to compete with investments that negatively impact nature, particularly in regions containing the Earth's remaining intact ecosystems.

**Less than 25% of these places remain on Earth.**

Sunrise over the upland rainforests of the Atherton Tablelands, Queensland. Considered to be among the oldest rainforests on the planet, they host extraordinary biological diversity. Many species are temperature sensitive and scientists are observing changes in forest composition due to climate change.

The Initiative is centred around a registered Australian charity that recognises the significance of intact ecosystems for both planetary health and human well-being. In addition to ecological protection, the Initiative emphasises the importance of cultural heritage and fostering positive interactions between humans and nature.

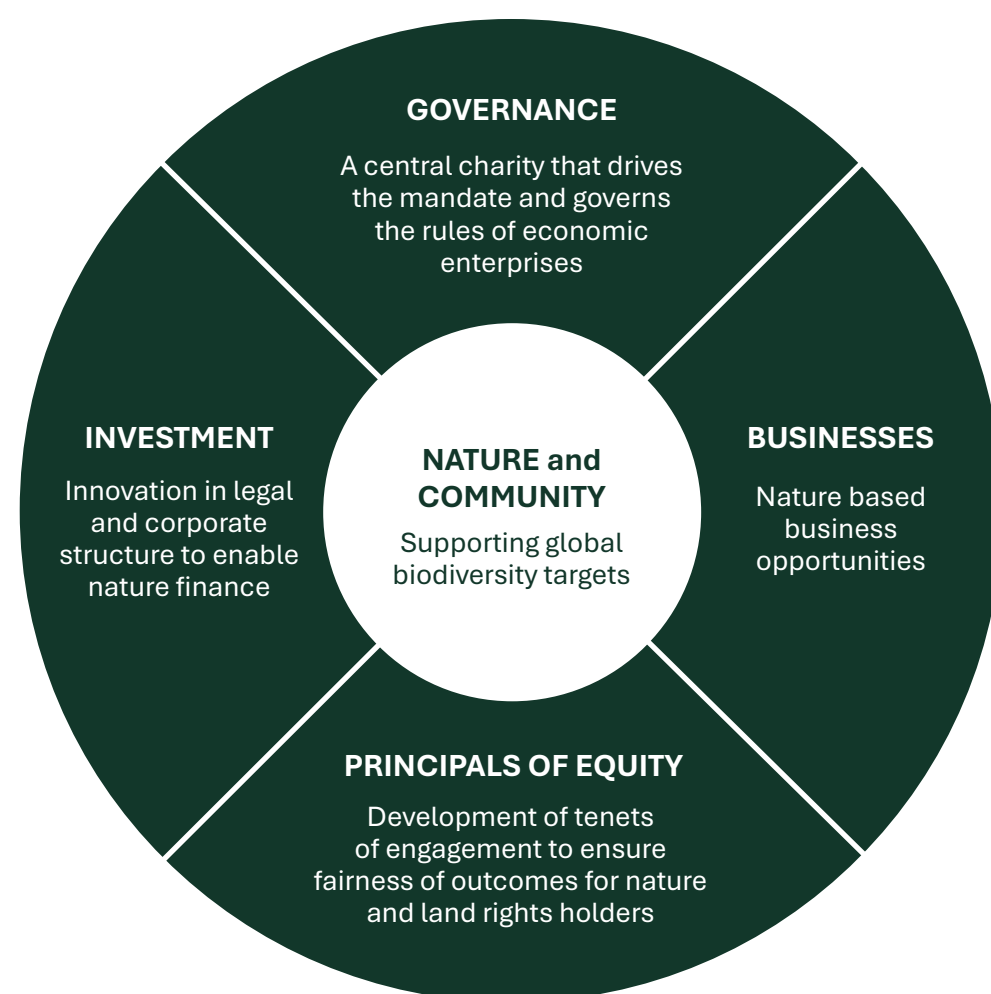
To date, the Forever Wild Initiative has successfully developed and launched various nature finance models, including partially or wholly owned subsidiaries, joint ventures with Traditional Custodians, and public private partnerships. Every structure has governance for nature embedded.

Areas that Forever Wild works across are referred to as Shared Earth® landscapes in acknowledgement that nature, economics and society must thrive in co-existence.

### Key innovations by the Forever Wild Initiative include:

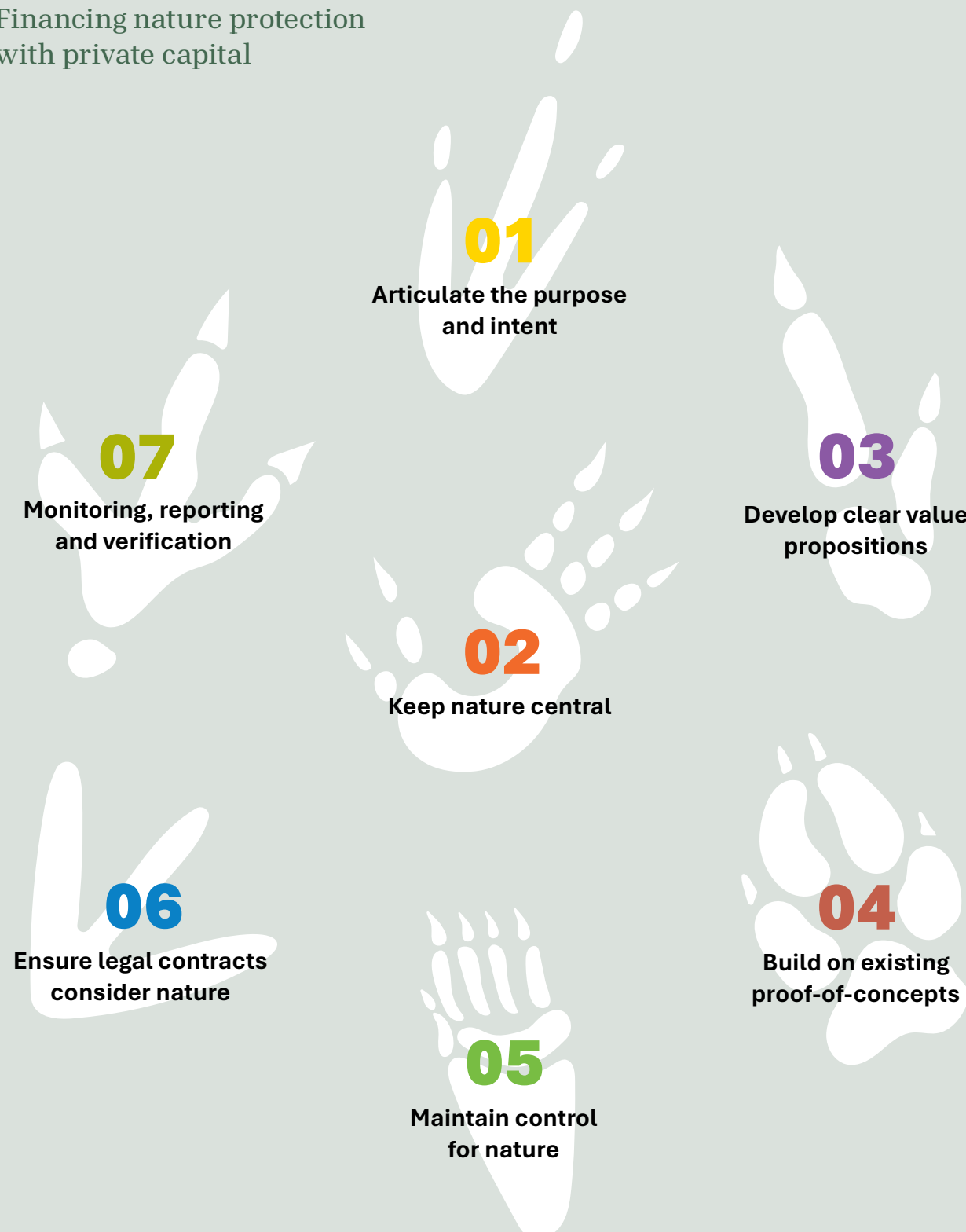
- development of corporate governance models for nature
- institutional structures that can attract and deploy commercial, nature oriented investment
- creation of fairer legal agreements for Indigenous peoples and local communities in environmental market contracts
- development of business structures for communities, including Indigenous communities, to engage equitably in nature finance.

The Initiative's goals and activities on land are directly aligned with the [Kunming Montreal Global Biodiversity Framework targets](#).



## The Forever Wild roadmap step-by-step

### Financing nature protection with private capital



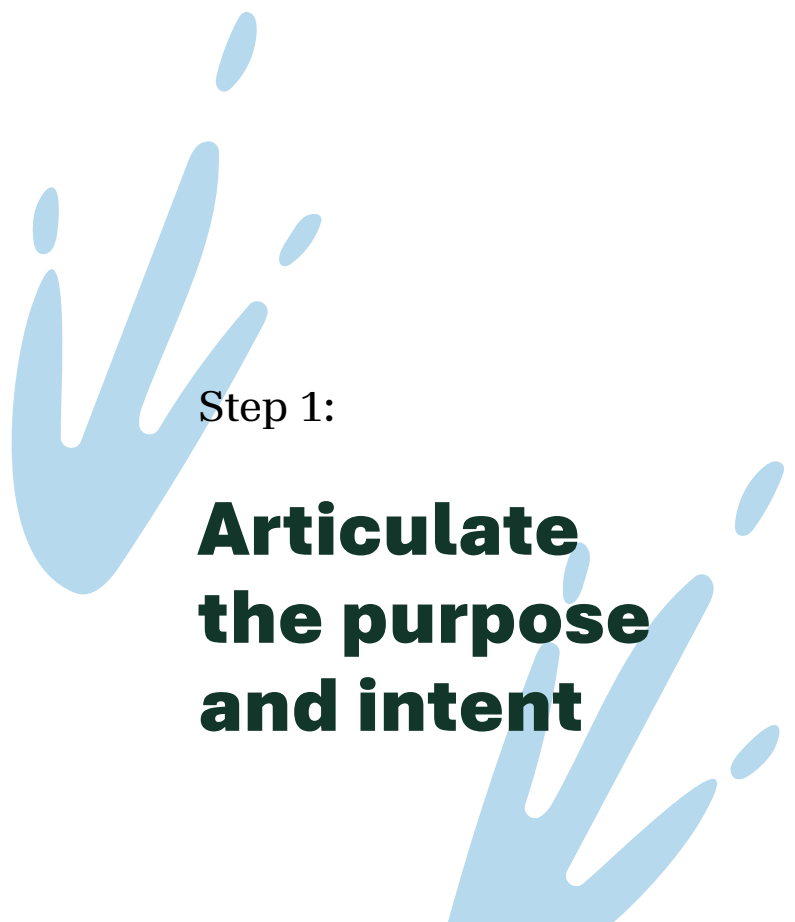




Dead mulga trees can remain standing for 200 years or more in the semi-arid landscapes of Narndee and Boodanoo Stations, Western Australia. Providing nooks, crannies and hollows, these trees continue to be a crucial part of life long after their own death. This pair of budgies raised two clutches in this tree in 2022.

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# 01



Step 1:

## Articulate the purpose and intent

Clearly define the broad outcomes that the project and investment aim to achieve.

It is essential for anyone aiming to generate or deliver nature finance to have a clear understanding of their purpose and intent for nature. A purpose can be the overall purpose of the enterprise, and the intent may be the intended outcomes of a specific investment deal. Intent can encompass a variety of objectives, from ecosystem protection and restoration to mitigating harmful activities within supply chains, supporting threatened species recovery or promoting food production that aligns with these goals. This list is not exhaustive.

A well defined purpose and intent serve as a foundation for the anticipated outcomes for nature, shaping the business strategy and specific actions. However, a deal should not be classified as nature finance unless it is built upon clearly articulated actions for nature with achievable, justifiable outcomes that proportionally improve nature (the question of proportionality will be addressed in future reports).

In a nature finance deal, the land rights holder plays a crucial role as the representative voice not only for themselves, but for nature. A clear and unequivocal purpose and intent are vital reference points for land rights holders and investors during negotiations, serving as indispensable touchstones that offer a continual guide throughout discussions to maintain a focus on nature in all aspects of deal financing, operations, and expected outcomes.

Nature finance should ideally be geared to support global targets for nature, as well as any national government framework that may have been established to help meet those targets.





## Kunming-Montreal GLOBAL BIODIVERSITY FRAMEWORK

Entry points for nature finance can align with targets under the [Global Biodiversity Framework](#) and or the United Nations Sustainable Development Goals. Aligning to targets improves a business model hoping to access nature finance and for investors aiming to invest in nature.







A carpet python seeks refuge from a fire on the Mareeba Wetlands. Fire is an important element in these ecosystems. The python quickly realised the refuge tree was not tall enough and moved to a mature eucalypt.

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## Entry points into nature finance to support global targets

Land rights holders can enter the world of nature finance by understanding and identifying opportunities in their landscapes, and then create the intent of an investment opportunity around those needs. Tackling the points below can be daunting, so taking it one step at a time will probably be necessary. Many land rights holders already consider many of them, but may not know how to generate revenue by integrating nature with their businesses.

### •Recognise that nature / natural capital can be a financial asset

All natural resources (soil, water, flora and fauna, air quality, etc.) are essential assets for agricultural production, for example. Land rights holders can link the management of these assets, based on the assets and the business needs, to engage in nature finance.

### •Ecosystem services valuation

Consider the value of ecosystem services provided by nature, such as pollination, water purification, and climate regulation. Business models can explore the costs and benefits associated with maintaining or enhancing these services.

### •Sustainable resource use

Use natural resources at a rate that doesn't exceed their capacity to regenerate. Implement practices that minimise resource depletion, such as water conservation, efficient fertilizer use, and reduced tillage, which in turn may open the door to emerging finance models.

### •Biodiversity conservation

Promote and maintain biodiversity within and around the property. Are there threatened species in the landscape? Implement practices that support diverse habitats and their ecological integrity.

### •Climate change mitigation and adaptation

Recognise the impact of land management and agriculture on climate change. Implement strategies to reduce emissions, such as using best practices in fire management, and reducing fossil fuel consumption. These practices already have well established pathways into nature finance.

### •Transparency and accountability

Adopting good accountability practices can assist in securing finance.

## A public private partnership

The Forever Wild Initiative piloted its nature finance concept through a public private partnership in Australia over a 2,200 hectare state reserve west of Cairns, Queensland. Blending carefully designed beef production and eco-tourism, the business enterprises had to be designed in a way that did not negatively impact the habitats and biodiversity, and could finance all the property management costs.

### 2019

Forever Wild and the State of Queensland agreed to convert the land to conservation status, with secondary purposes of low-impact livestock agriculture, eco-tourism and community benefit. A management plan was created and agreed.



Cattle numbers are used to manage invasive grasses, provide revenue and demonstrate that food security and local economic enterprise can exist within a dedicated nature reserve. The livestock model fits with local community identity and supply chain enterprises.

### 2022

The Initiative worked with local Traditional Custodians to explore ways to share financial benefits, and co-designed a wholly Indigenous owned social enterprise to deliver culturally appropriate tourism experiences.



### +500 ha

The Queensland Government added another 500 hectares to the reserve.

### 2023

A subsidiary company was launched to lead the development of the tourism activities, including passing agreed business rights to the local Indigenous enterprise.



### 2025

The property is now financially self-sustaining.





Step 2:

## Keep nature central

Design a decision framework to map landscape nature dependencies and impact.

Understanding exactly how an investment deal will support nature should be articulated early. This generally should – but often does not – entail a theory of change, i.e. if ‘x’ finance is deployed to support specific activities or enterprises, the positive impact for nature will be ‘y’. Developing this framework serves as a logical progression from defining the project’s purpose and intended outcomes.

When creating a deal, any one of several frameworks, tools, and decision trees can be used to develop the theory of change as well as map impact and dependencies in nature finance. These frameworks can also be overwhelming for land rights holders, so select a framework carefully.

Mapping the impact of an investment case should ideally consider not only the benefits for nature but also how the investment positively affects the local community and their economic needs. Even when an investment isn’t directly tied to the community, examining these broader impacts can reveal important connections that might otherwise go unnoticed.

Engaging in this broader impact mapping can pave the way for more informed and effective investment decisions, as well as potential revenues that align with both ecological and community needs.

# 02

A magnificent eucalypt on the Mareeba Wetlands, photographed in a sunset time-lapse. Deforestation across our planet, including in Australia, is a major contributor to climate change and biodiversity loss.

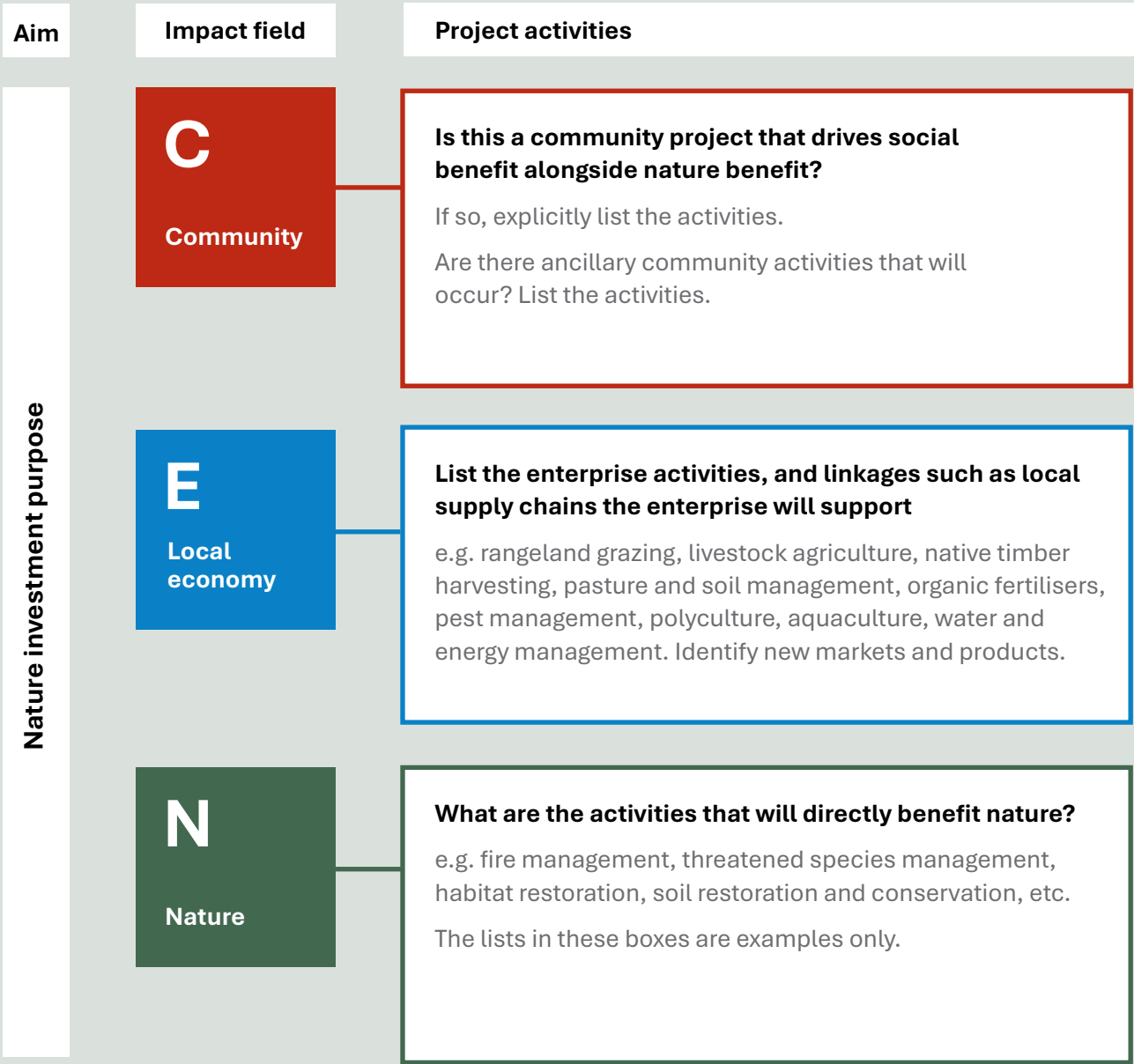


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Theory of change

Figure 2. An example of how to map out impacts, activities, outcomes and stakeholders



A simplified approach to create reference points for further elaboration and justification. Figure 2 illustrates a basic concept for mapping positive impacts and their connections, along with some anticipated outcomes. The actual outcomes and connections will depend on the specific project, environment and investment involved. Remember to continually refer back to the purpose and intent from [Step 1](#). This approach can also help identify potential negative impacts and risks; understanding risks to revenue and reputation is crucial information for investors. Additionally, consider attribution – determining if an outcome is directly linked to the finance and activities – and deadweight, which asks whether the outcome would have happened without the investment. Impact mapping can help build both the nature investment impact case and the business case.

| Long term outcomes (5 – 20 years) for example purposes | Stakeholders |
|--|--------------|
| Values and applies local knowledge                     | C N          |
| Supports culture and identity                          | C G          |
| Creates local enterprise                               | C E G        |
| Employment opportunities                               | C E G        |
| Ecological resilience                                  | C E N G      |
| Resilience and diversification of local economy        | C E N G      |
| Improved quality of water and soil                     | C E N G      |
| Increased value in natural capital                     | E N G        |
| Species richness                                       | E N C N      |
| Reduction conservation costs burden                    | E N G C N G  |
| Supports species recovery plans                        | N G N G      |
| Supports Global Biodiversity Framework targets         | N G N G      |
| Carbon sequestration                                   | N G C N G    |

C

Community

E

Local economy

N

Nature

G

Government

Source: Forever Wild Impact Measurement Framework



**Structuring for the purpose and for nature equity**

By now, a deal is starting to take shape, but to continue ensuring that nature remains central, having the right legal structures in place for nature, land rights holders and investors is key.

Some structuring considerations for land rights holders include:

- Number of investors**  
Investment by a few larger ‘wholesale’ investors is typically easier to manage than having many smaller investors and, therefore, easier to keep the purpose central to negotiations. This document is geared for opportunities that could attract wholesale investors, rather than smaller ‘retail’ investors. There are also important legal considerations to be aware of when considering what sort of investors you seek.
- Legal structure**  
Establishing an investment structure can be quite simple, and one effective way to do this is by creating a Special Purpose Vehicle, or SPV. An SPV could be a dedicated company, such as a Pty Ltd in Australia, specifically set up to gather funds from investors and manage them on behalf of land rights holders. The SPV can ‘hold’ the assets under consideration in a deal, and provide

for governance for nature. Assets can range from land and businesses to projects focused on environmental markets, such as carbon credits. The great thing about the right sort of SPVs is that they can enable communities to combine resources and legally own the structure in an inclusive and empowering way.

- Control of the purpose**  
It is important that whoever represents nature also maintains strong control over the investment structure, or nature risks being subsumed by profit or other interests. Finance is not generally geared to be friendly to nature – rather, it is designed for profit, and so this is where the crux of many of the challenges lies. A legal structure intended to facilitate nature deals should be designed to primarily carry on business in a way aligned with the purpose from Step 1. For example, this can be achieved by irrevocably embedding the purpose in the documentation of the legal entity, with protective provisions concerning the board, takeovers, changing the constitution, who holds the voting shares, etc. These protective provisions may reduce the capital value of the entity, but so can many other things. Again, think of the purpose and intent as the ‘voice’ for nature; protecting them is critical in all negotiations and structural elements.

- Investment instruments**  
The Forever Wild Initiative has dedicated significant effort to carefully structuring its governance and deciding which investment instruments to use for its SPVs, such as shares, syndicated loans, or convertible notes. This choice depends on the financial returns the deal aims to achieve, the purpose and intent, and investor preferences. As a land rights holder or investor, it's important to approach this new realm of nature finance with an open mind and a willingness to learn.

- Liquidity and exit**  
Property acquisitions are considered long-term investments because they cannot be easily converted back into cash in the short term. This is often different from equity and other investment types, which can provide more flexibility. For those investing in land, it’s important to include certain options in the investment structure to help ensure investors can sell or recoup their investment when needed. This might involve setting fixed loan terms, creating times when they can sell, or allowing investors the right to buy shares first if others want to sell. There should also be plans in place for situations where an investor needs to exit involuntarily, such as in the event of a deadlock or bankruptcy.

While these arrangements can help protect investors, they must be carefully considered to avoid harming the investment into nature itself. This can be difficult, but certainly not impossible, and is discussed further in the next steps. This field should also be a focus of responsible investment professionals.

**Questions to think about**

- can an exit clause be linked to a measurable nature outcome, meaning an investor cannot exit until this is achieved?
- is the deal referring back to the purpose and intent for nature in the design of the finance documents?
- are there clauses that account for the variability of nature? For example, are the repayment terms such that the integrity of the nature assets are not compromised, or payment windows that reflect the inherent variability of nature?

**The ‘e’ word**

The term equity causes rampant confusion when talking to investors. They tend to think of equity as ownership, such as company shares for example. Land rights holders tend to use the word to describe fairness, and ‘having a seat at the table’ for themselves and nature.



**Note on timing**

It can be useful to have a good idea on structures before putting together the valuations (see Step 3), and before approaching investors. Be aware that your structure probably won’t be finalised until the deal is in front of a serious investor.

**Keep it simple**

We realise all the above can already sound complex, and it is true there can be a lot to get your head around. We found that complexity is around every corner if you look for it, but ultimately the need to protect nature is clear, as is the need for finance to support that. Early advice to the Forever Wild Initiative included setting up corporate trustees to manage unit trusts acting as an SPV, then placing assets inside those trusts, or even adding those assets to subsidiary SPVs owned by the unit trusts. In practice, we found that if you can develop a good value proposition and relatively simple, easily managed investment structures, then investors are more likely to engage.

**Fiachra Kearney**, Executive Director, Forever Wild (Group)



Red kangaroos and budgerigars on Boodanoo Station, Western Australia, following Winter rainfall. Boodanoo has over 15 habitat types, and at times flocks of parrots number in the thousands.

### Another tricky term

#### Natural capital

Land rights holders may not view nature as a form of ‘capital’, or an ‘investable asset’ due to nature being associated with multiple tangible and intangible values. However, for nature finance purposes, it can be a beneficial way to frame an investment and does not remove other perspectives or value sets.

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# 03

Ensuring value for nature, land rights holders and investors.

There are direct and indirect investment opportunities for nature. Direct investment can include supporting environmental market products or businesses that utilise nature and embed genuine nature protection into the business model. Indirect models for nature can capture a wide variety of businesses that provide innovative, alternative options to those that produce a net loss of biodiversity.

Step 3:

## Develop clear value propositions

Regardless of whether it is direct or indirect, a business must understand its own negative impact on nature relative to the project's benefit to nature, and work towards reducing that negative impact. If it does not do that, the business and investment risks engaging in green-washing.

Whichever approach an enterprise or project falls into, a component to consider is the business or financial milestones and how they relate to nature milestones. For example, on a farm with high-value biodiversity, how do the financial and business objectives map against a timeline of ecological needs? Can the threats to biodiversity realistically be mitigated within a proposed timeframe, and does the investment and business model financially support that? It does not need to be perfect, but it is essential to consider the impact on nature in relation to financial and business activities.

And, of course, it is critical to consider what happens if the outcomes for nature fail to eventuate? Who bears the risk for that? This is a topic covered in more detail in [Step 6](#).



Clearly define the value proposition

By now the purpose is clear and the project has been mapped out. Now, the proposed investment deal requires a clear value proposition for both nature and the financial return on investment (ROI) if investors are to take it seriously. Here's a structured approach to think about this:

- Project description and benefit to nature**  
With finance in mind, create a detailed overview of the investment opportunity, including its location, scope, and business activities. Specify the nature assets being invested into (e.g. reforestation, wetland restoration, regenerative agriculture, nature market products, etc) and how nature will be improved. Building on Step 2, as you construct the financial case, clearly state the project's intended non-financial outcomes identified through the earlier impact mapping process.
- SMART goals**  
Establish specific, measurable, achievable, relevant, and time-bound goals for both nature and financial returns. It is useful to quantify targets for nature (e.g. hectares of restored habitat, tonnes of carbon sequestered, increase in species diversity) and broad financial targets (e.g. payback periods, revenues).

- Broader social benefit**  
Ideally, briefly describe any broader social benefits of the project, such as improved livelihoods for local communities, food security, or increased access to clean water. It can also be beneficial to emphasise the project's contributions to the United Nations' Sustainable Development Goals (SDGs). Be aware, however, that despite public statements, investors may not place the same weight on these outcomes as might be expected.
- Risk mitigation**  
Explain how the project will manage environmental risks (i.e. variables that may put the project at risk), such as climate change impacts, biodiversity loss, and resource depletion. This can be important if the project uses those resources to generate financial returns (i.e. be sure resource use is genuinely sustainable, not detrimental, to nature). It will also be necessary to consider any other risks that may undermine the viability of the enterprise and projected revenues.

**Articulate the financial value**

At this stage of the process it is time to explicitly articulate the financial investment case. Some of the actions below require significant technical skills, and this presents a common roadblock. Investors may possess the necessary skills but lack sufficient understanding of the project to justify spending money on analysis, while land rights holders may understand the project but lack the technical financial expertise. Bridging this gap is fundamental to the deployment of nature finance, and requires much greater attention globally.

- Revenue streams**  
Clearly identify and quantify all potential revenue streams, such as any nature market opportunities, agricultural production, ecotourism, water rights, and reduced input costs. Remember, this links to the purpose and should support it.
- Cost analysis**  
Present a detailed breakdown of project costs, including land acquisition, management or business activities, and project monitoring. Demonstrate the project's cost-effectiveness. Do not forget to consider the cost of setting up legal structures, or other legal and accounting services the deal will inevitably need.

- Financial metrics**  
Financial metrics are crucial for evaluating a project’s forecasted performance. The Internal Rate of Return (IRR) helps understand the expected rate of growth (i.e. financial) over time, while the Net Present Value (NPV) shows the value of future cash flows in today’s money. These metrics assist an investor to evaluate if the project is worth pursuing. Payback Period shows how long it will take to recover an initial investment, and the Return on Investment (ROI) indicates profit relative to investment. To make informed decisions, investors conduct sensitivity analysis to explore how changes in assumptions could affect these metrics. These terms are technical, so it can be worth trying to find support in this area. Most of all, get as prepared as possible during the preceding steps – know the project, the impact, the revenues and the risks.
- Risk assessment**  
Risk assessment is ever-present, so be prepared to assess potential risk areas that investors raise, such as market volatility, regulatory changes, natural disasters, and project implementation challenges.

Putting it together

- Tell a compelling story**
- What does all the above look like when presenting to an investor or trying to generate interest? A useful way to present an opportunity is to create a slide deck with high-quality photos that effectively convey the opportunity, a few relevant graphics and tables, and a compelling narrative.
- Use bullet points**
- Finance companies often see multiple investment pitches, so keep it punchy. Investors need to see the numbers, so keep them clear.

**Helpful tip**

There are online tools and platforms to help create visually powerful slide decks with striking graphics. Use these tools, but do not leave out the key financial and revenue details. Provide a short, text based briefing document alongside a deck.

Connect the dots

- Demonstrate the linkage**
- Articulate how the project's environmental outcomes directly contribute to its financial returns. Ideally, they are interconnected. For example, explain how agricultural produce might generate a premium from verifiable biodiversity outcomes, or how ecosystem restoration can generate carbon or nature units.
- Highlight the benefits**
- Emphasise intangible benefits of the project, such as enhanced brand reputation, improved stakeholder relationships, and perhaps increased social license to operate. However, do not automatically assume investors particularly care about or value these benefits – ultimately, these are usually seen simply as bonus items.



# Engaging in nature finance

## For investors

Investing in nature is a relatively new and evolving area, requiring investors to adopt a different mindset and approach compared to traditional investments. Before investing, investors should educate themselves on the tenets of nature finance, and the various types of opportunities.

Nature is often managed by the land rights holders. Engaging with land rights holders brings with it a range of responsibilities, including developing an understanding that these communities and organisations can possess in-depth knowledge of nature and its processes but perhaps less knowledge of finance structures, legal agreements and investment metrics. The risk of power imbalances is significant and can lead to distrust, or worse, undermine the land rights holder's ability to deliver on the intent of the deal. Managing nature based projects and business is already subject to inherent variability, so a culture of thoughtful dialogue should be adopted.

- Nature finance can be considered as a 3-sided coin – investor, investee, and nature. Enter negotiations with an open perspective, keeping in mind that it needs to work in the interests of all three stakeholders.
- Poorly designed, or even 'standard' legal agreements, can undermine the intent for nature. All investor legal teams should be briefed on the purpose and intent of the deal prior to engagement.

### Consider long term perspectives

#### • Embrace long term investment horizons

Recognize that nature investments often require a long-term perspective to realize their full potential. That does not mean shorter term investments are not possible, or beneficial, but nature does not always accommodate shorter term gains without being compromised.

#### • Focus on systemic change

Recognise that well designed nature investments can contribute to systemic change by promoting sustainable land use, effective resource management, and inclusive economic development.

#### • Recognise the value of intangibles

Acknowledge that nature investments can generate intangible benefits, such as enhanced brand reputation, improved stakeholder relationships, and increased social license to operate.

#### • Risk

The risk analysis and equations of many investors fail to consider the risk of not investing in nature, against the risk of lower-than-expected financial returns. Lower than expected ROI is always a risk, regardless of the investment. However, the medium to long term risk of not investing in nature, regardless of the investment class, will ultimately lead to significantly higher costs of doing business, including insurance premiums driven by extreme climate events.

The remarkable thorny devil is emblematic of life's extraordinary evolutionary journey. We should ensure that our future generations enjoy these same wonders.



### Interesting fact



In 2023 a Belgian Ethical Bank VDK commissioned a [3-sided coin](#), with one side representing the planet!

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Step 4:

## Build on existing proof of concepts

Reach out to others who are designing and implementing projects for nature.



Land rights holders should take the time to research nature finance options and existing projects. Is there a proof of concept to refer to that can help support the investment case? Forever Wild used its initial public private partnership to underpin certain business and risk analysis aspects of a larger investment case, and blended it with other case studies from around Australia.

# 04



### Understanding the policy environment

Try to find a case study within your jurisdiction, if possible. This may be difficult in these early days of nature finance, but worth researching. Regardless, gain a good grasp of locally or regionally relevant laws that govern the nature finance opportunity, so that any investor discussions are well-informed. There is nothing worse than getting a long way down the track only to find the structure presents legal challenges, or the finance type requires certain approvals, or indeed that a deal may be subject to unsustainable taxes or fees!

Australia is a federated system, meaning different states have different laws that govern natural resources, land and other assets.



### An environmental market deal to protect land

This model was an innovative deal to use environmental markets to support the acquisition of a large, highly biodiverse but ecologically fragile property.

Forever Wild Limited, the Commonwealth Bank of Australia and Corporate Carbon came together to craft a unique tripartite arrangement leveraging environmental markets. The deal was framed around a strong business model and a robust investment proposition. It was considered 'risky' for CBA, but that was managed in conjunction with Corporate Carbon to share risk.

The three entities agreed on a structure to use Australian Carbon Credit Units (ACCUs) to support the finance. Critically, there is no capital return from a sale process down the track – meaning the land can be protected by a legal entity over generations to come. This is difficult to achieve and is rarely done outside philanthropic finance.

However, the deal is not without challenges, as might be anticipated in any new financial structure. Despite extensive and careful work on the agreements, hindsight showed that insufficient attention was given to incorporating regulatory and ecological variables. However, the parties agreed to work together to navigate these unforeseen hurdles over the course of the investment lifespan, remaining true to the intent of the deal.

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### Financing additional biodiversity actions with nature markets

Biodiversity, or nature units, is an emerging tool to finance nature conservation. The broader Forever Wild Initiative designed a method based on measuring combined metrics of actions and outcomes, with an embedded floor price for the land rights holder. The units are also created using a probability of outcomes assessment.

Units are sold on the open market and can be linked to agricultural produce. They generate conservation management revenue, revenue for the investor, and for land rights partners.



Mulga over a blanket of yellow wildflowers on Boodanoo Station, Western Australia.



## Beef and conservation: is it a paradox?

Forever Wild's model includes the principles of supporting food security. While not a key issue for most Australians, this must be an integral component of landscape planning in many parts of the world.

Beef has the potential to be highly detrimental to nature, but also has years of science to show it does not have to be that way. Beef is also not going away; in fact, globally, it remains one of the most destructive industries on earth.



A direct outcome from the Forever Wild Western Deserts model is to demonstrate that beef can be produced in a way that is positive for nature, using finance mechanisms that align to natural fluctuations, exploring methanogenic feed, and using cattle revenues to restore the landscape with demonstrable improvements in biological diversity.



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A family-run beef enterprise working with Forever Wild on the Mareeba Wetlands to demonstrate that we can have viable agriculture without destroying the planet. Here, the family are mustering cattle across a floodplain in the Dry Season.



# 05

Step 5:

## Maintaining control for nature

Apply a legal governance mechanism to ensure the nature mandate is applied across any investment.

Any nature finance deal risks the silent partner (nature) being subsumed by financial expectations, loss of control of an SPV (i.e. governance and business direction decisions) or, more generally, not being considered as a genuine asset or partner at the table. As such, it is imperative that the terms and conditions of any deal prioritize the protection of nature through fair and equitable negotiations and practices. To put it bluntly, undermining land rights holders through the deal structure or legal agreements poses a risk not only to them, but also to the purpose and intent of the deal, and ultimately the intended outcomes for nature.

Some ways to manage this issue are discussed in previous steps; however, because it is such a critical concern, it is explored further here. In Forever Wild's experience, the justifiable fear of loss of control, combined with the potential complexity of investment and nature finance, can even preclude land rights holders from engaging in nature finance. Yet another component of this topic is discussed in [Step 6](#).

### Important considerations when building governance for nature into a structure

- do you have the right people to guide you?
- does the nature investment opportunity require broader governance? Do you have people for that governance?
- can the proposed legal structure acquire the rights to run the opportunity/manage nature? Even if you are a land rights holder with land rights, a legal entity may be considered a 'legal person' and the rights may not automatically transfer.
- is the legal and governance structure you've created overly complicated, and therefore hindering action and progress?

Friilled-neck lizard and a katydid on the Mareeba Wetlands, Queensland. All life on Earth is interconnected, so protecting biological diversity is essential if we are to sustain the critical ecological processes that support our economies, well-being and food production systems.

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# Forever Wild

## Governance for nature

At the core of the Forever Wild Initiative is a charity called Forever Wild. This can receive tax deductible donations, but its main purpose is to hold the intellectual property and to apply governance rights for nature to its diverse investment vehicles.

This structure enables transparent and accountable representation for nature, and Forever Wild has been able to position itself to successfully acquire commercial investment for nature by following the steps outlined in the roadmap.

Despite initial resistance from some investors, others welcomed the extra level of accountability and governance for nature.

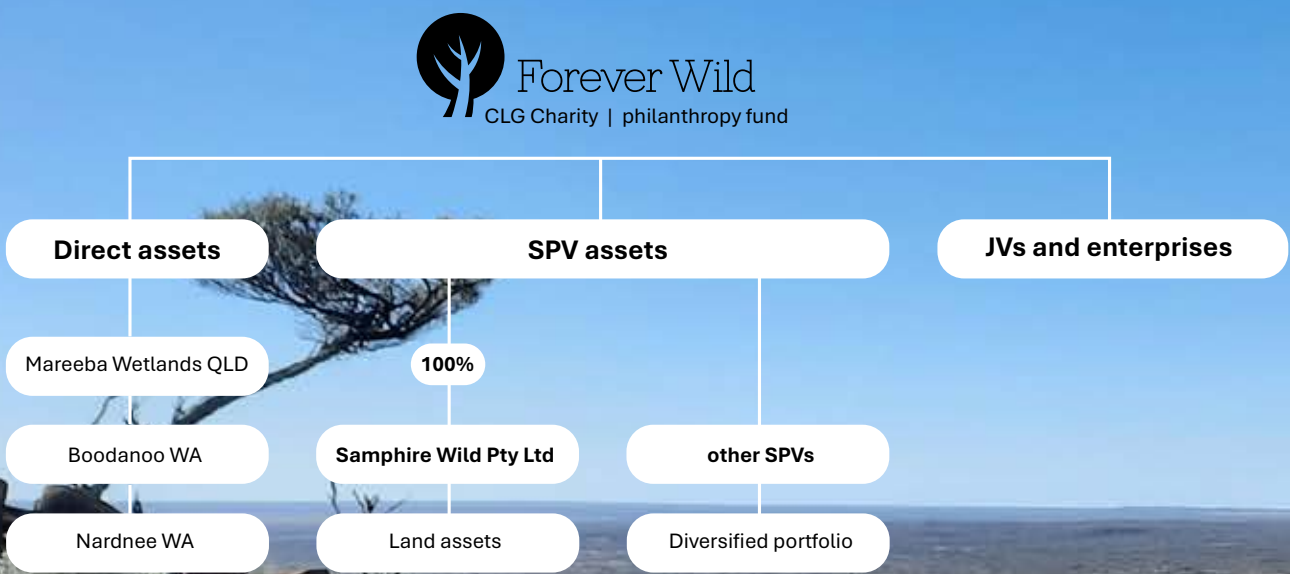
Forever Wild’s purpose is transposed to each SPV (for property acquisitions), as well as for any commercial enterprise (e.g. nature/ ecotourism on the properties). The intent for each deal is then developed in line with the landscape needs, and outcomes for nature mapped against the investment case within each SPV or enterprise.

### Cash flow returns vs capital appreciation

Businesses facing low cash returns and high capital appreciation often find themselves in a position where their assets are growing in value but lack the liquidity (cash) to fund day-to-day operations, repay debt or reinvest in growth. Land management typically falls into this cash-shortage trap, with property values increasing over time, but cash from the business activities subject to high levels of year-to-year variability. This must be carefully managed in any nature investment, or it can quickly fall into the ‘nature pays’ dilemma,

where nature is put under increasing pressure to support the financial ROI. In short, the land rights holder has lost control of the purpose and intent. This is the antithesis of nature finance; if the core principles of nature centric governance are not met, the deal could be construed as green-washing.

Careful planning, implementation of governance for nature and the retention of the purpose and intent throughout the entire process are essential and can assist in avoiding negative outcomes.



### As a land rights holder or someone who directly manages nature, you are integral to the equation.

Driving investment for nature can be arduous and, at times, disheartening. But nature finance is growing, and the need is urgent. As a landholder, individual or community living in and with nature, your role is of paramount importance to the future of the planet. Never let this get overshadowed by the challenges of the investment process, and never lose sight of the value of your role in creating the pathways for finance into nature.

The vast and diverse landscapes of Challa Station, Western Australia. Over 1,000 species of plants have been recorded in recent years, with many new to science.



A dragonfly on water lilies at the Mareeba Wetlands, Queensland. Invertebrates make up the vast majority of species on Earth, occupying nearly every ecological niche.

# 06

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Step 6:

## Ensure legal contracts consider nature

Create clauses to support greater shared risk, allow for business and repayment adaptation in response to ecological fluctuation, and remove clauses that create de-facto land rights for intermediaries.

Legal contracts outline the terms, conditions, and expectations of the parties involved in giving and receiving finance. They tend to be written by investors in their favour and they rarely consider nature as a stakeholder.

Obtaining good advice on each and every contract is essential. It also needs to be done by someone who understands the purpose, the business model and the needs of the land rights holder. This can be difficult to find, as nature finance is such a new field.

Even where a deal and the intent has been fully agreed to protect nature, and constructed to account for natural processes and variability, legal agreements can derail all this work. When reading a legal agreement, always refer back to the purpose and intent of the opportunity to assess if nature is genuinely catered for. Legal teams should seek to understand the '3-sided coin' and, while not reneging on their legal duty, think broadly about what is actually required to make a deal work.

### •Data access

Ensuring that land rights holders have full, non-negotiable legal access to all project data. In some cases, particularly when third-party 'project developers' are engaged (such as in environmental markets), they may seek to own the data. This ownership can even be disguised in clauses open to interpretation, meaning the pathway to resolving disputes may be through the courts. This is because data is an asset that can have substantial value and provide leverage over a land rights holder or project.

Inappropriate legal clauses can also lead to the misappropriation of cultural knowledge and intellectual property. Developing legal clauses to help prevent these issues is an area in which Forever Wild is actively working, as these concerns are currently prompting some communities to disengage from nature finance.



## Fiduciary duty

Engaging with investors can be a slow process. Often, there are multiple layers of legislation that govern finance. Investment companies managing other people's money will often have a legal 'fiduciary duty' i.e. to act in the best interests of the owners of that money. This can mean a lot of time is spent on due diligence, KYC (Know Your Client) and checking and triple checking all aspects of a finance arrangement. Fiduciary duty includes a lot of risk assessment; unfortunately, the existential risk of not investing into nature is usually absent from the analysis.

### •De-facto land rights

Legal clauses can bind land rights holders not to 'deal' in their assets without prior authorisation. Dealing means buying, selling, underwriting or offering or agreeing to do so, including through an agent. Before signing, consider the potential impact of these types of clauses and whether they are even necessary. Clauses can also grant a third party 'step-in' rights to the land, meaning they may have a legal right to take it over under certain conditions. Some step-in rights may be appropriate and even beneficial, but caution is warranted.

### •Jurisdiction

Be careful that legally binding contracts created in one jurisdiction do not put the deal in a precarious position in the jurisdiction it exists.

### •Liability

Contracts often try to divest as much risk and liability to the land rights holder as possible. The nature finance market is immature, and it is not widely recognised that this practice also effectively imposes those risks and liabilities on nature. After all, nature finance expects nature to provide the ROI via the business model – which is usually via the land rights holder as the representative for nature, and the implementor of the activities. While risk and liability must be captured, careful consideration should be given to how nature could be negatively impacted.

Ultimately, if nature cannot withstand the liabilities imposed upon it through legal agreements, then it is questionable if the finance should be called nature finance.

The preparation of legal documents, including establishing an SPV, if that is the right path, all costs money. Consider this, but remember these costs can often be recovered.

A sundew having breakfast, Boodanoo Station, Western Australia. These 'carnivorous' plants can be found along the edges of the ephemeral lakes following inundation.



A dragonfly rests between hunting flights on the Mareeba Wetlands, Queensland.

The challenge of getting correct advice

- A few questions to ask of a legal team or advisor:
- 1. Do they understand the principles of nature finance? If not, ask them to read this roadmap – and make sure they don’t charge for doing so!
  - 2. Do they have any experience in carbon or biodiversity markets, for example.
  - 3. Do they understand how to draft legal agreements to protect nature outcomes, and do they understand the risks of getting that wrong?
  - 4. Can they identify clauses that pass liabilities on to nature?

Other considerations:

- Regulatory issues**  
Different investors are likely to have different mandates, risk appetites, return thresholds and impact objectives. They may have different tax profiles. A good investment partner will work with an investee on this, and ideally it is the investor who will lead this as part of the deal establishment.
- Tax and stamp duty**  
There will be tax and possibly stamp duty considerations. These should be checked at a high level when the structure is being formulated and then checked in detail when engaging with investors. When purchasing a property, for example, duty can add considerable cost, so don’t be caught out!

Legal document costs can be very high but can be captured as part of what is known as ‘establishment’ costs.

As a land rights holder managing all the ‘downstream’ aspects of a deal, such as government approvals, sale agreement requirements, community expectations, etc, can be costly in time and money. It can be worthwhile outlining this to a potential investor, to help set expectations, as they may be unaware of how much work is entailed.

Forever Wild  
A model for blended finance

- 1. Used the business model from our initial private public partnership project as a knowledge base to develop other opportunities.
- 2. Mapped several potential landscapes to create nature deals, and then settled on Western Australia. At the time, the policy environment was also conducive to nature-based investment and practices.
- 3. Talked to the community over 2 years, explored ideas, community perspectives and needs, and viable, locally relevant business models.
- 4. Investigated both acquisition and co-management options. Settled on acquisitions to bring in real assets to the portfolio.
- 5. Mapped the ecological values of the proposed landscapes, including hydrology, threatened species and species richness.
- 6. Created business models around nature, including low-impact beef production, carbon credits and nature units. Generated longer-term financial projections on organic beef production linked to digital, traceable, verifiable biodiversity outcomes for the consumer markets.
- 7. Considered possible investment structures and settled on a Pty Ltd company as a Special Purpose Vehicle, wholly owned by Forever Wild Limited, as a discrete investment vehicle. Remained open to varying options for investor input, while overall governance for nature was retained by Forever Wild Limited. The structure enables commercial and concessionary finance, with appropriate reporting and auditing across entities.
- 8. Developed a pitch deck with clear value propositions for nature and finance, risk mitigation, and some investment instrument options.
- 9. Sent the pitch through targeted channels and to investors who appeared aligned to nature in some way. Engaged with a shortlist of interested investors and an emerging specialist investment broker for natural capital.



Step 7:

## Monitoring, reporting and verification

Use methods that reflect real costs and real actions, not just outcomes.

Nature finance requires meaningful outcomes for nature, and measuring those outcomes is a unique aspect of this type of finance. Monitoring, Reporting and Verification (MRV) is rapidly becoming a buzz term in nature finance, with an explosion of frameworks and tools over recent years. In fact, the number of frameworks, platforms and technology-based measurement tools appears to have significantly outpaced the ability of land rights holders and investors to actually create the nature investments that these frameworks and tools are designed to measure.

Regardless, advances in MRV mean that technology is increasingly applied to measure outcomes, which can be useful – provided the right questions are asked and matched to the right tools. Monitoring and measuring nature is a complex field, but here are some key considerations.

### 1. Cost of actions

The focus on nature outcomes alone can cloud the actual cost and challenges of delivering those outcomes. The variable costs of actions often fall to the land rights holder, but can also directly affect the ROI. MRV that focuses on actions, and captures and incorporates associated real costs alongside outcomes, is more equitable and reduces the financial risk to land rights holders.

### 2. Cost of tools and technology

While many tools available are interesting and useful, they all have a cost. The question of who pays is fundamental, and that assessment must include not only the tools themselves but the cost of deployment in the field. For example, is the expense against the business or project directly, or against the investor's ROI? It may be tempting to decide on MRV processes and tools prior to investment, but this can be tricky until it is agreed who will pay for them. Balancing a scientifically sound MRV program with cost and ROI requires careful consideration.

### 3. MRV in legal agreements

Ensure that legal agreements capture the responsibilities of MRV in a fair manner.

### 4. Designing MRV

A considerable body of ecological science exists on the questions of what to monitor, when and where, but investors are often unaware of this. Similarly, local traditional knowledge is an important, informal database of ecological processes and responses. To avoid green-washing accusations and to support claims, investors or brokers may push for certain MRV tools without understanding the science behind monitoring. To achieve meaningful outcomes for nature, all discussions around MRV should be framed around the correct questions and based on the relevant conservation science and local traditional knowledge.

Ultimately, the focus of MRV on both actions and outcomes leads to a more financially sustainable approach, better adaptive management, transparency of real costs for all parties, and a greater likelihood of success in reaching nature outcomes.

Emus, like this one on the Mareeba Wetlands, Queensland, are major seed dispersers.

07

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A timelapse image in Far North Queensland eloquently gives context to the life-giving water that flows across this planet, itself minuscule relative to the universe in which it exists.

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Annex 1:

# Principal sources of investment

Whilst investment can come from multiple sources, the most likely sources of funding for nature projects are to come from nature aligned investors.

Nature aligned investors would typically be individuals, investors, funds or companies whose activities are oriented towards improving nature, are directly or indirectly dependent on nature, or are legislatively obliged to support nature. Some examples include: food and agriculture companies, climate or nature funds, sustainable funds, agriculture funds, environmentally oriented impact funds, wealthy individuals or families who have benefited from nature or who love nature and want to give back, or even larger institutional funds whose mandate stipulates investing in nature.

Nature investors are typically accessed through the following channels:

- high net worth individuals
- advisers and their access to clients
- family offices
- funds – real assets, sustainable funds, agriculture, carbon and nature funds
- corporate (nature aligned) – directly and through their investment funds and activities
- superannuation funds – for larger transactions and via their specialist funds with mandates for property, agriculture, nature and carbon
- banks – for loans

The right advisors or brokers can play an important role in connecting land rights holders to appropriate investors, which can otherwise be difficult to find. While nature finance broker fees can be high, it can be a tremendous amount of work to build these networks and a trusted reputation. However, a gap remains between the financial reality of many land rights holders and broker fees, and this is a roadblock to nature finance deployment.





Black kites are found across Australia, Asia, Europe and Africa. These birds were photographed above a controlled fire on the Mareeba Wetlands, Queensland, swooping along the fire front to capture fleeing animals, and eating them on the wing. In Australia, these intelligent raptors are also known as the 'Fire Birds' due to the fact they collect burning sticks and drop them in unburnt areas, to create new feeding opportunities.

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We placed this image last in the report as a poignant reminder of the relationship between human beings and our planet, and the rich cultural heritage that has emerged because of that relationship. Only when it is gone will we truly realise what has been lost. Let us act before it really is too late.

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Forever Wild

**We would like to acknowledge the communities of the lands we work on, for their ongoing input, guidance and trust.**