

Credit Suisse, Climate Bonds Initiative & Clarmondial Release New White Paper on Levering Ecosystems

Business Investment in Ecosystem Finance Using Debt Funding Models

LONDON: 05/04/16 16:00 BST. Credit Suisse, the Climate Bonds Initiative and Clarmondial have today released a [White Paper](#) on *“Levering Ecosystems: A Business-focused Perspective on How Debt Supports Investments in Ecosystem Services.”*

These ecosystems services, provided by nature, range from generation of raw materials, clean and flowing water, and good air quality to maintenance of genetic and bio-diversity. They are increasingly being recognized as externalities, underlying factors inherent to, but not automatically incorporated into calculations of assets and value assumptions by investors, companies and legislators.

Ecosystems services include ‘provisioning’ services, e.g. food, raw materials, and water; ‘regulating’ services, e.g. climate, flood, and disease control; and ‘cultural’ services, e.g. tourism, recreational, and cultural benefits.

The [report](#) explores how businesses can use debt – bonds, loans and other securities – as a tool to restore, rehabilitate and conserve the environment while creating financial value.

Properly structured, bonds, loans and other securities can provide a market-driven alternative to philanthropic grants or debt with below-market rate returns.

For businesses and investors who want to take advantage of opportunities to invest in conservation finance, the report specifically recommends:

- Developing and prioritizing projects that optimize ecosystem services
- Investing in ecosystem services, particularly in resource-intensive industries such as forestry, agriculture, energy, and water
- Implementing production processes that restore degraded areas and avoiding those that have a detrimental impact on the environment
- Focusing on collaborations that produce standardized methods for assigning value and impact to ecosystem services
- Employing new planning and measurement tools that estimate the value and impact of strategic investments in ecosystem services
- Converting opportunities presented by increased demand from consumers and investors to further develop environmentally sound practices
- Leveraging government incentive programs such as tax credits, guarantees, and market-based trading systems whenever possible

“Levering Ecosystems: A Business-focused Perspective on How Debt Supports Investments in Ecosystem Services” also explores six detailed case studies reflecting both diversity in debt funding vehicles and end use of proceeds.

The case studies provide real world definitional examples of ecosystem finance at work:

1. Improving farm practices using privately-raised debt
2. Improving land management using tax credit-enhanced debt
3. Investing in ecosystems using funds from a corporate green bond
4. Investing in conservation by leveraging a development agency loan portfolio
5. Investing in ecosystem services using a targeted financial institution portfolio
6. Investing in infrastructure through a mix of public and private sector debt

Comment:

Credit Suisse Vice Chairs, Wilson Ervin and Paul Tregidgo in Report Forward:

“This report strives to plot a course for executives in the private sector as well as to inform investors, financial institutions, and conservation-oriented organizations (including NGO’s, government and development agencies) that wish to maintain and/or increase the value of ecosystem services.”

“We hope that these explanations and case studies impel companies, investors, policy makers, and NGOs to capitalize on the opportunities to scale-up conservation finance.”

Climate Bonds Initiative CEO, Sean Kidney:

“Scaling up investments that incorporate positive environmental, sustainability and climate actions is the global challenge facing debt market participants on both the buy and sell side.”

“For both issuers and investors, this report demonstrates that ecosystem factors and fundamental assessments of value can no longer be separated. Green Bonds and other debt investment products are uniquely placed to reflect this critical relationship.”

Director of Clarmondial, Tanja Havemann:

“This report, and in particular the sample deals, demonstrate how smart partnerships combined with tailored financial structuring can utilise debt instruments to finance environmental outcomes whilst simultaneously benefitting investors and borrowers.”

“Debt is an integral part of most corporate structures, as are debt capital markets to the global investment community. Finding ways to harness the power of debt instruments for positive environmental and social outcomes is essential to shifting the global economy towards a sustainable path.”

The [report](#) is intended to encourage further collaboration on financial product innovation as well as development of standardized methods for assigning values to ecosystem services.

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About Climate Bonds Initiative:

The Climate Bonds Initiative is an investor-focused not-for-profit, promoting large-scale investment in the low-carbon economy. For more information, please visit [Climate Bonds](#).

About Clarmondial:

Clarmondial works with investors, companies, governments and not-for-profits to design and deliver innovative sustainable natural resource management solutions. For more information, please visit [Clarmondial](#).

White Paper: "Levering Ecosystems: A Business-focused Perspective on How Debt Supports Investments in Ecosystem Services" is [available here](#).

Disclaimer: *The information contained in this media release does not constitute investment advice and the Climate Bonds Initiative is not an investment adviser. Links to external websites are for information purposes only. The Climate Bonds Initiative accepts no responsibility for content on external websites.*

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