

# World Bank Launches \$120 Million Outcome Bond to Scale Ecosystem Restoration and Jobs in South Africa

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**The World Bank has priced a \$120 million Spekboom Restoration Outcome Bond to support large-scale ecosystem restoration and job creation in South Africa’s Eastern Cape, marking its longest-dated outcome bond to date with maturity extending to 2040.**

The innovative financing structure is designed to mobilise private capital while linking investor returns to measurable environmental outcomes. The bond provides full principal protection, backed by the World Bank’s triple-A credit rating, alongside a fixed coupon and the potential for additional returns tied to project performance.

At the centre of the initiative is the restoration of spekboom, a native succulent plant known for its drought resilience and carbon sequestration capacity. The programme aims to scale restoration efforts across 50,000 hectares of degraded land, improving soil quality, water retention and biodiversity while strengthening climate resilience.

The project, developed and operated by ecosystem restoration specialist Imperative, is expected to generate around 11,000 local jobs, including opportunities for small and medium-sized enterprises involved in planting, monitoring and land management activities.

“Innovative financing is essential to address complex development challenges,” said Anshula Kant, Managing Director and World Bank Group Chief Financial Officer. “This outcome bond shows how capital markets can be mobilized to support large land restoration projects while aligning investor returns with measurable results that strengthen livelihoods and create jobs.”

## **Blending capital markets with environmental outcomes**

Under the bond structure, investors accept a lower fixed coupon than a traditional World Bank bond, with the difference redirected—via a hedge arrangement with BNP Paribas—to provide upfront financing for the restoration project. Additional returns are linked to revenues generated from carbon removal units (CRUs), creating a direct connection between financial performance and environmental impact.

Amazon has committed to purchasing a significant share of the carbon credits generated by the project under a long-term offtake agreement. A portion of this revenue will be returned to investors as performance-linked interest.

BNP Paribas acted as sole lead manager and bookrunner on the transaction.

Frederic Zorzi, Global Head of Primary Market at BNP Paribas, said: “We are pleased to have supported the World Bank on this innovative transaction that aims to channel private capital towards measurable environmental outcomes, while maintaining principal protection and a stable income profile for investors. The structure illustrates how a collaborative approach – bringing together the World Bank, Amazon and institutional investors – can accelerate private capital mobilization while advancing the World Bank’s development objectives and provide investors with a product that aligns perfectly with their mandates and sustainability goals.”

## **Strong investor backing for nature-based solutions**

The bond has attracted support from a range of institutional investors, reflecting growing appetite for investments that combine financial returns with measurable environmental and social impact.

Stephen M. Liberatore, CFA Head of ESG/Impact for Global Fixed Income at Nuveen, said: “We are thrilled to continue our partnership with the World Bank and participate in the latest Outcome Bond for spekboom restoration given its attractive relative valuation and scalable structure. This investment will further display the potential that spekboom restoration presents to positively impact biodiversity degradation on the African Continent while also providing employment opportunities for local communities.”

Erin Bigley, Chief Responsibility Officer at AllianceBernstein, added: “AllianceBernstein is pleased to support another investment through the World Bank’s innovative outcome bond structure, which meaningfully de-risks important ecosystem restoration projects by aligning incentives and securing commitments from a credible offtaker.”

Matthieu Bonte, Global Chief Investment Officer at BNP Paribas Cardif, said: “We are proud to participate in the Spekboom Restoration Outcome Bond as it supports nature-based solutions that generate environmental positive impact and create benefits for local communities. This investment is marking BNP Paribas Cardif’s first participation in an outcome bond and contributes to our biodiversity roadmap. It demonstrates how sustainable finance can simultaneously protect ecosystems and empower the communities that depend on them.”

Tony Trzcinka, Senior Portfolio Manager at Impax Asset Management, commented: “We are delighted to

partner again with the World Bank and BNP Paribas to support for this large-scale ecosystem project in South Africa. While offering investors an attractive yield coupon, it will help deliver carbon sequestration, ecosystem recovery and biodiversity conservation.”

Jake Harper, Head of EM Private Debt at L&G Asset Management, said: “This marks our second outcome bond investment through our Nature and Social Outcomes strategy, showing how UK pension capital can support projects in emerging markets that bring together large-scale nature restoration with tangible social benefits, while delivering returns for pension savers. By partnering with the World Bank and BNP Paribas, the Spekboom Restoration Outcome Bond will restore degraded landscapes and support wider ecosystem recovery through carbon sequestration, while creating thousands of jobs and channelling meaningful investment into communities in South Africa’s Eastern Cape, with a strong focus on opportunities for local businesses.”

Hadiza Djataou, Vice President and Portfolio Manager at Mackenzie Investments, said: “Mackenzie Investments is proud to partner with the World Bank on the Spekboom Restoration Outcome Bond. Spekboom is a remarkable native South African succulent, recognized by the United Nations as a World Restoration Flagship for its capacity to reverse desertification and capture carbon at scale. By linking investor returns directly to the project’s carbon outcomes, this bond makes the connection between financial performance and environmental impact explicit and measurable. This is Mackenzie’s fifth investment in the World Bank’s outcome bond program, and we continue to believe that it is a structure with significant potential to scale and attract broader adoption across the industry.”

Todd Howard, Head of EMEA Fixed Income at MetLife Investment Management, said: “Marking our second investment in an outcome-based structure, MetLife Investment Management is pleased to participate in the issuance of the World Bank’s Spekboom Outcome Bond on behalf of clients who have impact focused investment objectives. The bond will provide vital funding for a nature-based project in South Africa, focused on the large-scale planting of native Spekboom to sequester carbon, restore degraded ecosystems, and support local livelihoods. This investment reflects the continued evolution of fixed income markets in facilitating opportunities to direct capital to impactful initiatives that explicitly links financial performance to measurable real-world outcomes, alongside clearly defined risk and return profiles. Crucially, these kinds of structures enable investors to tap into high-impact areas like targeted ecosystem restoration, effectively bridging the gap between mainstream capital markets and highly specific sustainability goals.”

Anuj Gulati, Managing Director and Global Head of Fixed Income ESG Strategy and Research at Morgan Stanley Investment Management, said: “Morgan Stanley Investment Management is pleased to support the World Bank’s latest outcome bond. This transaction demonstrates once again the potential of capital markets to advance nature-based solutions at scale while delivering measurable environmental and social outcomes. By directly linking investor returns to project performance, the bond creates a clear and transparent pathway from financing to impact.”

Alexander Onica, Head of Fixed Income and Currency Management at Skandia, added: “This is yet another clear example of how Skandia and the capital markets can contribute to concrete climate solutions. Through this investment, we combine financial returns with measurable environmental benefits and long-term sustainable development.”

### **A model for future financing**

The Spekboom Restoration Outcome Bond reflects a growing shift in how development projects are financed—bringing together public institutions, private capital and corporate offtakers to deliver measurable impact at scale.

By directly linking funding to outcomes such as carbon sequestration, ecosystem recovery and job creation, the structure offers a replicable model for financing nature-based solutions while aligning the interests of investors, communities and the environment.