

ADB Nature Credits Study

RFI Nature Credits Overview

8 October 2025

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The logo for SGV, featuring the letters "SGV" in a bold, white, sans-serif font. Above the letters is a stylized yellow and orange graphic element resembling a rising sun or a chevron.

Shape the future
with confidence



The better the question. The better the answer. The better the world works.

Meet the Project Team

International Expert



Guy Williams

Nature Credits Team Lead
Independent Consultant

Country Expert



Bonar A. Laureto

Philippines
Principal/Partner, CCaSS
EY Philippines

Country Expert



Dr. Haseeb Irfanullah

Bangladesh
Independent Consultant

Country Expert



Pituck Jongnarangsin

Thailand
Independent Consultant

Delivery Team



Rebekah Singh

Regional Carbon Credits Expert
EY India

Delivery Team



Ma. Rose Josol

Carbon Markets and Carbon
Accounting Expert
EY Philippines

Delivery Team



Goldy Yancha

Development Finance Expert
EY Philippines

Delivery Team



Noele de Ramos

Biodiversity Specialist
EY Philippines

Delivery Team



Ibrahim Redwan

Sustainability Expert
EY India

Game Facilitators

Game Master



Bonar A. Laureto

Philippines

Principal/Partner, CCaSS
EY Philippines

Group Facilitator



Ma. Rose Josol

*Carbon Markets and Carbon
Accounting Expert*
EY Philippines

Group Facilitator



Goldy Yancha

Development Finance Expert
EY Philippines

Group Facilitator



Ricardo Tantoco

Finance Specialist
EY Philippines

Group Facilitator



Noele de Ramos

Biodiversity Specialist
EY Philippines

Group Facilitator



Vida Villanueva

GHG Specialist
EY Philippines

Group Facilitator

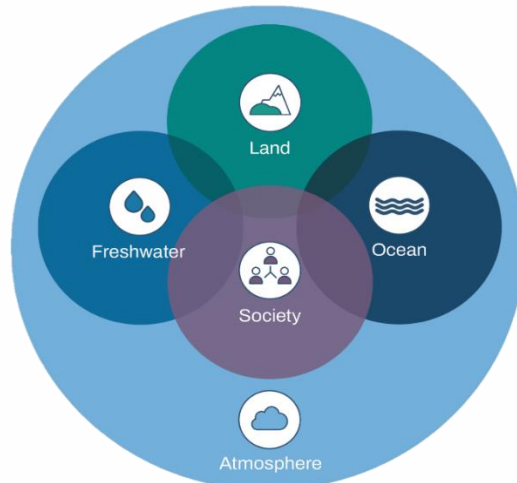


Nigel Tan

Climate Specialist
EY Philippines

Nature Credits - Key Definitions

Nature Defined



“ Nature refers to the natural world with an emphasis on the diversity of living organisms (including people) and their interactions among themselves and with their environment.
(Diaz et al (2015))

Díaz, S., Demissew, S., Carabias, J., Joly, C., Lonsdale, M., Ash, N., Larigauderie, A., Adhikari, J. R., Arico, S., Báldi, A., Bartuska, A., Baste, I. A., Bilgin, A., Brondizio, E. S., Chan, K. M. A., Figueroa, V. E., Duraipah, A., Fischer, M., Hill, R., ... Zlatanova, D. (2015). The IPBES Conceptual Framework—connecting nature and people. *Current Opinion in Environmental Sustainability*, 14, 1–16. <https://doi.org/10.1016/j.cosust.2014.11.002>

Nature Credits Defined



Current literature: **multiple ways to define ‘nature-based credits’**

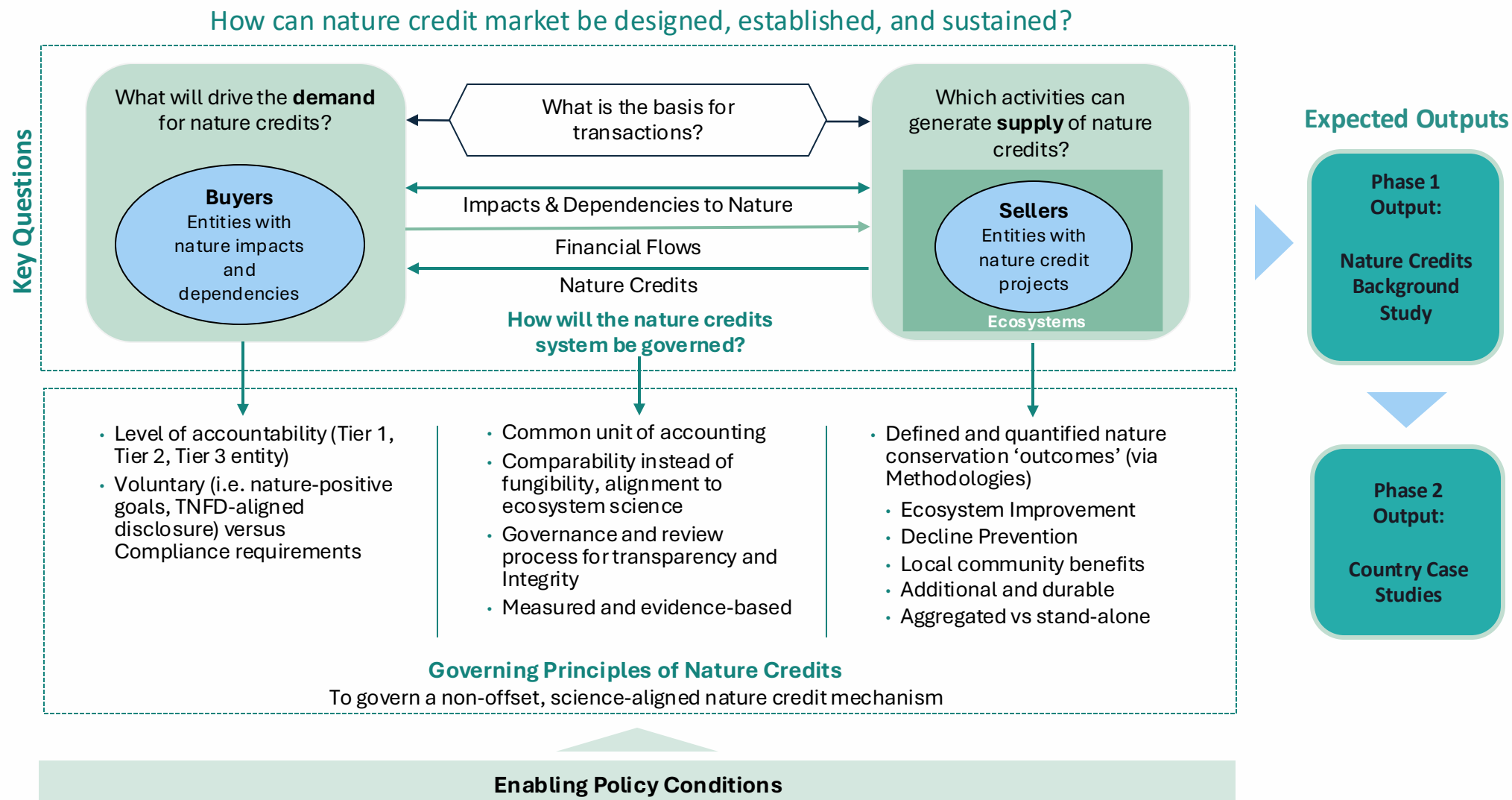
- *One quality hectare of biodiversity uplift from a baseline as a result of project interventions.* (Verra, Nature Framework)
- *A certificate that represents a measured and evidence-based unit of positive biodiversity outcome that is durable and additional to what would have otherwise occurred.* (Biodiversity Credit Alliance)



Definition adopted for this study:

Nature credits are evidence-based units of ecological improvement designed to drive and finance the halt and reversal of nature loss.

Nature Credits – Market Framework



Report Highlights: Nature Credit Design Principles



Purpose-Driven
Finance

Mechanism must be structured to explicitly **mobilize private-sector capital** toward verifiable conservation, restoration, or enhancement outcomes



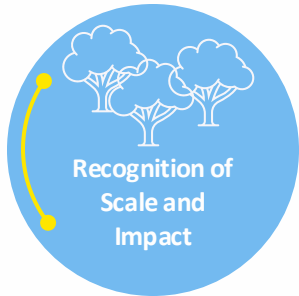
Buyer-Centric
Design

Credits should align with **buyers' business incentives**, not just philanthropic interest.



Outcome-based
Recognition

Credits must represent **measurable ecosystem gains** beyond a baseline, not just effort or investment.



Recognition of
Scale and
Impact

Credit valuation should account for the **size or extent** and ecological significance of the protected or restored area.



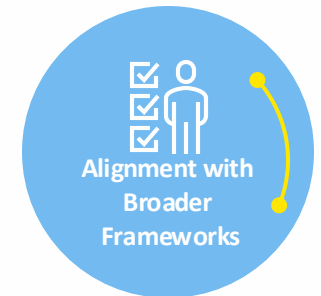
Optimized Rigor
and Cost
Efficiency

Balance scientific **rigor** with the **cost-efficiency** of the crediting process.



Socio-economic
Safeguards

Credits must respect community rights and livelihoods, integrating **social safeguards** into design.

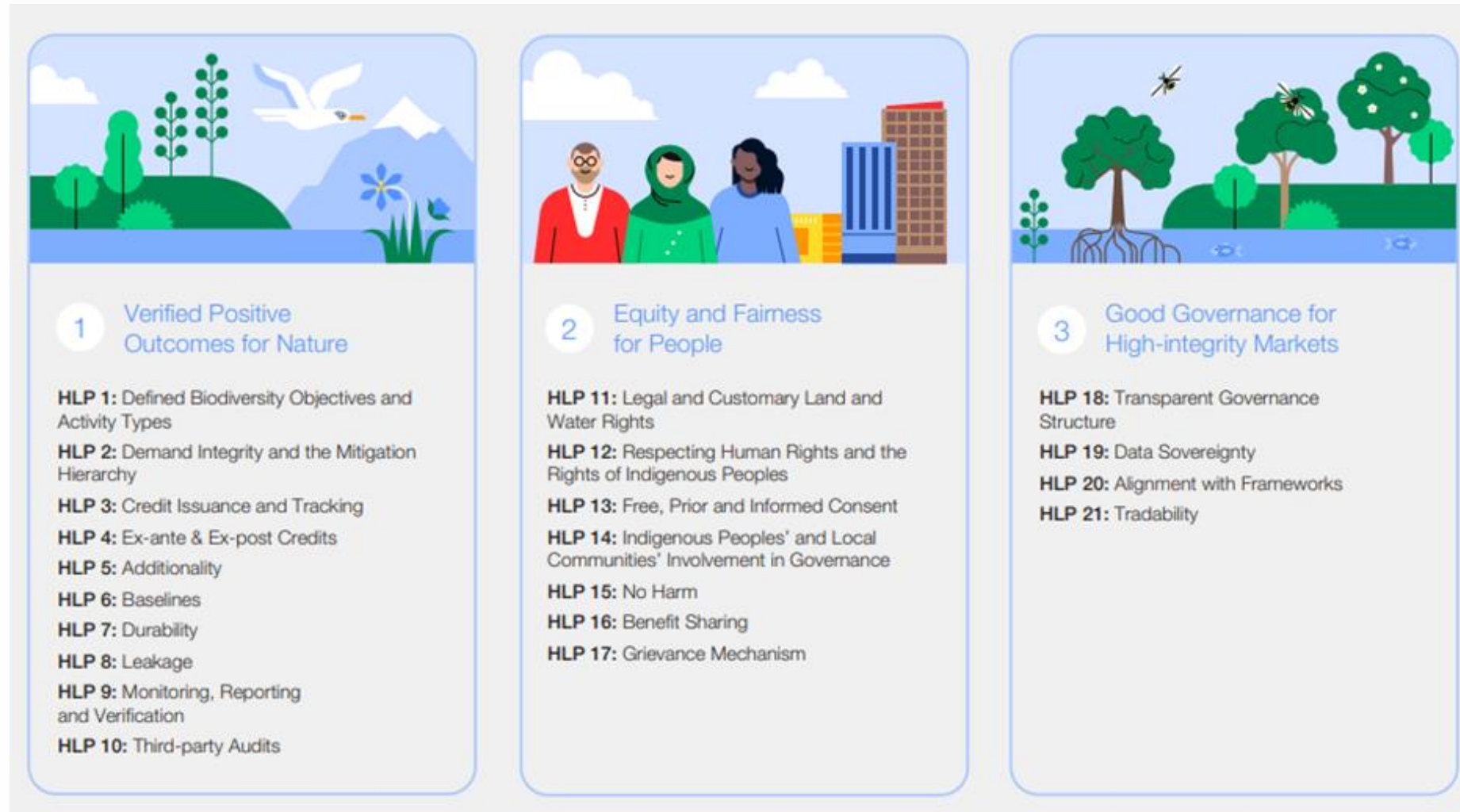


Alignment with
Broader
Frameworks

Examine **interoperability** with global standards (e.g., BCA), while avoiding excessive complexity.

Report Highlights: Quality and Integrity

Nature Credits for RFI – Tackling the ‘High Integrity’ Factor



Report Highlights: Activities & Archetypes

Nature Credit for RFI – Foundation for Qualifying Activities and Finding Archetypes

Anchoring our framework to the Restorative Continuum

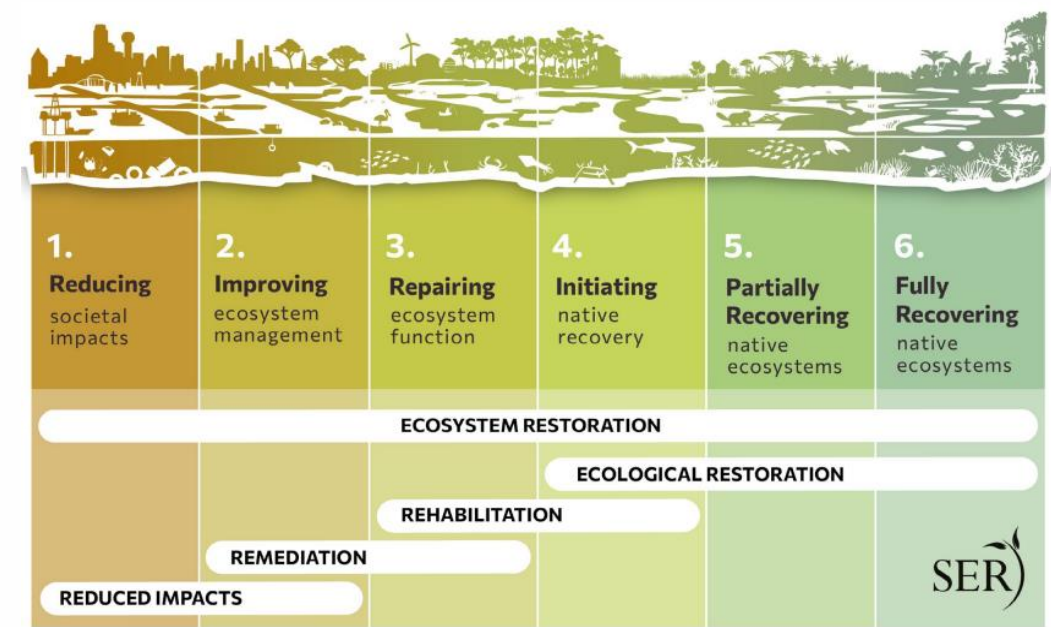




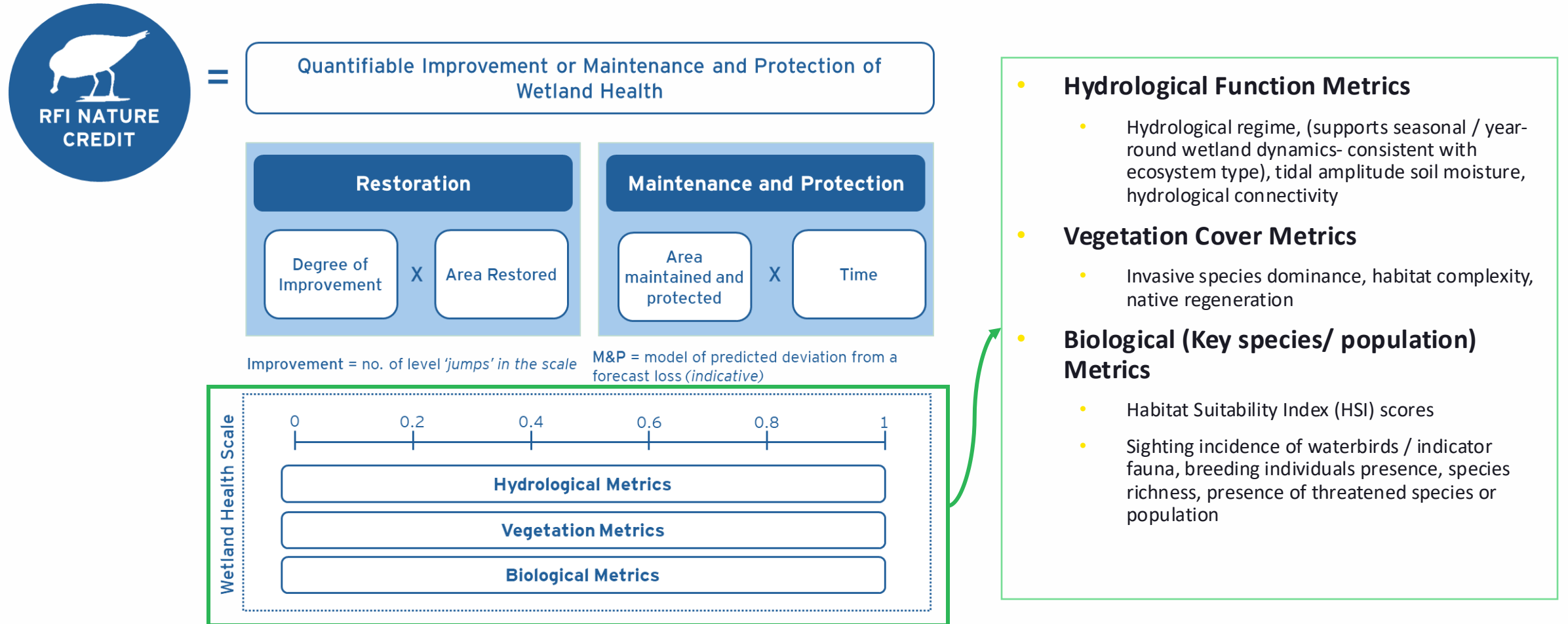
Figure 8. The Restorative Continuum Framework (Source: FAO, SCBD, and SER. 2024)

Distillation into two nature credit archetypes for RFI Sites

Activity Archetype	Nature Credits Alignment	Primary Objective
 Ecosystem Restoration (Restorative Actions)	Activities that contribute to reversing nature loss	Restore degraded wetlands to enhance delivery of ecosystem services and improve ecosystem health
 Loss Avoidance (Maintenance and Protection Action)	Activities that contribute to halting nature loss	Prevent further degradation, maintain ecosystem function, and protect ecosystems from threats to biodiversity, carbon stocks, and hydrological services

Report Highlights: Activities & Archetype

Nature Credit for RFI – Foundation for Qualifying Activities and Finding Archetypes

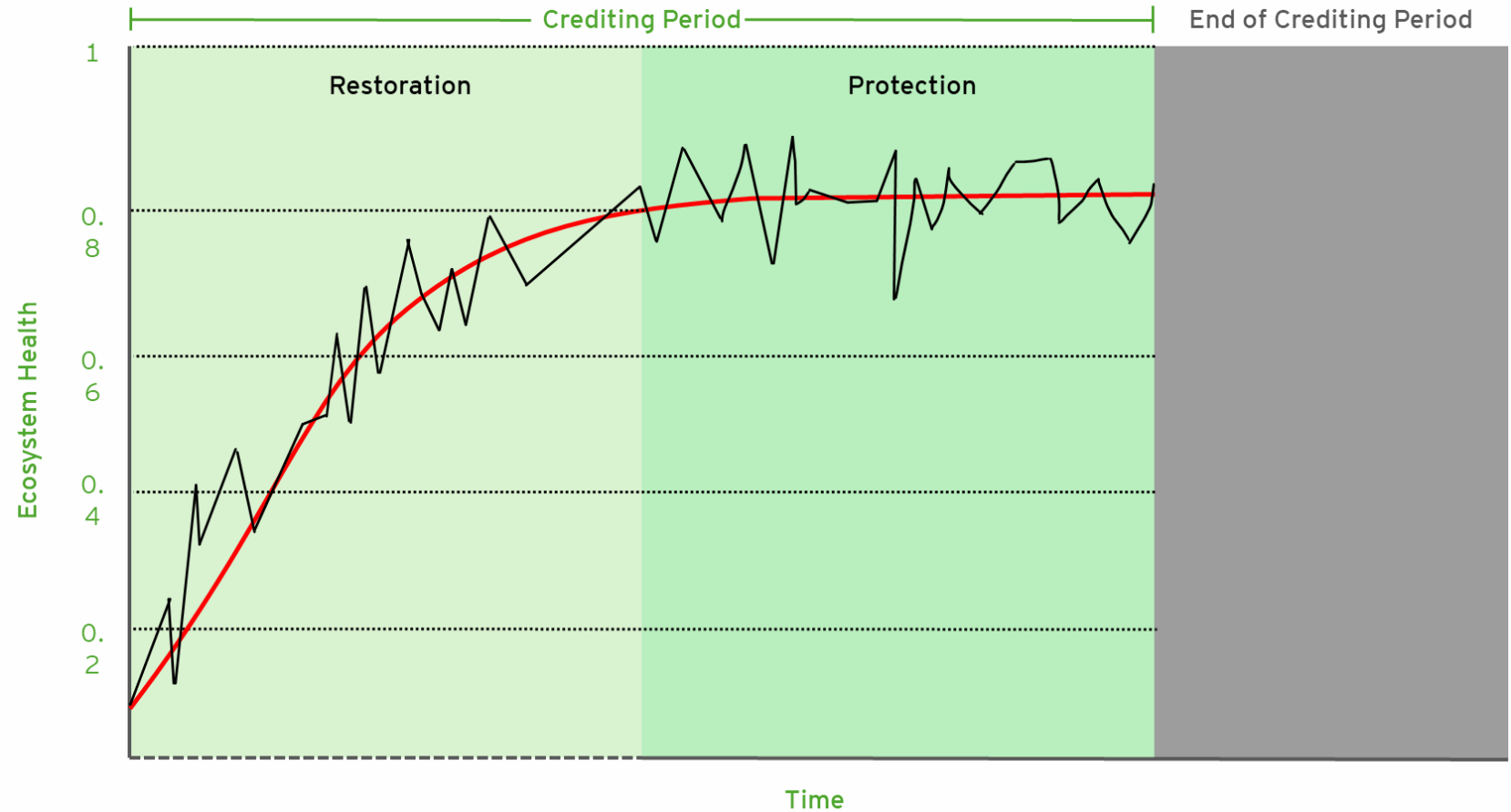


Report Highlights: Activities & Archetype



Restoration Projects

generated from activities that restore degraded wetlands ecosystems (reversing nature loss) to its fully functioning state



Report Highlights: Activities & Archetype

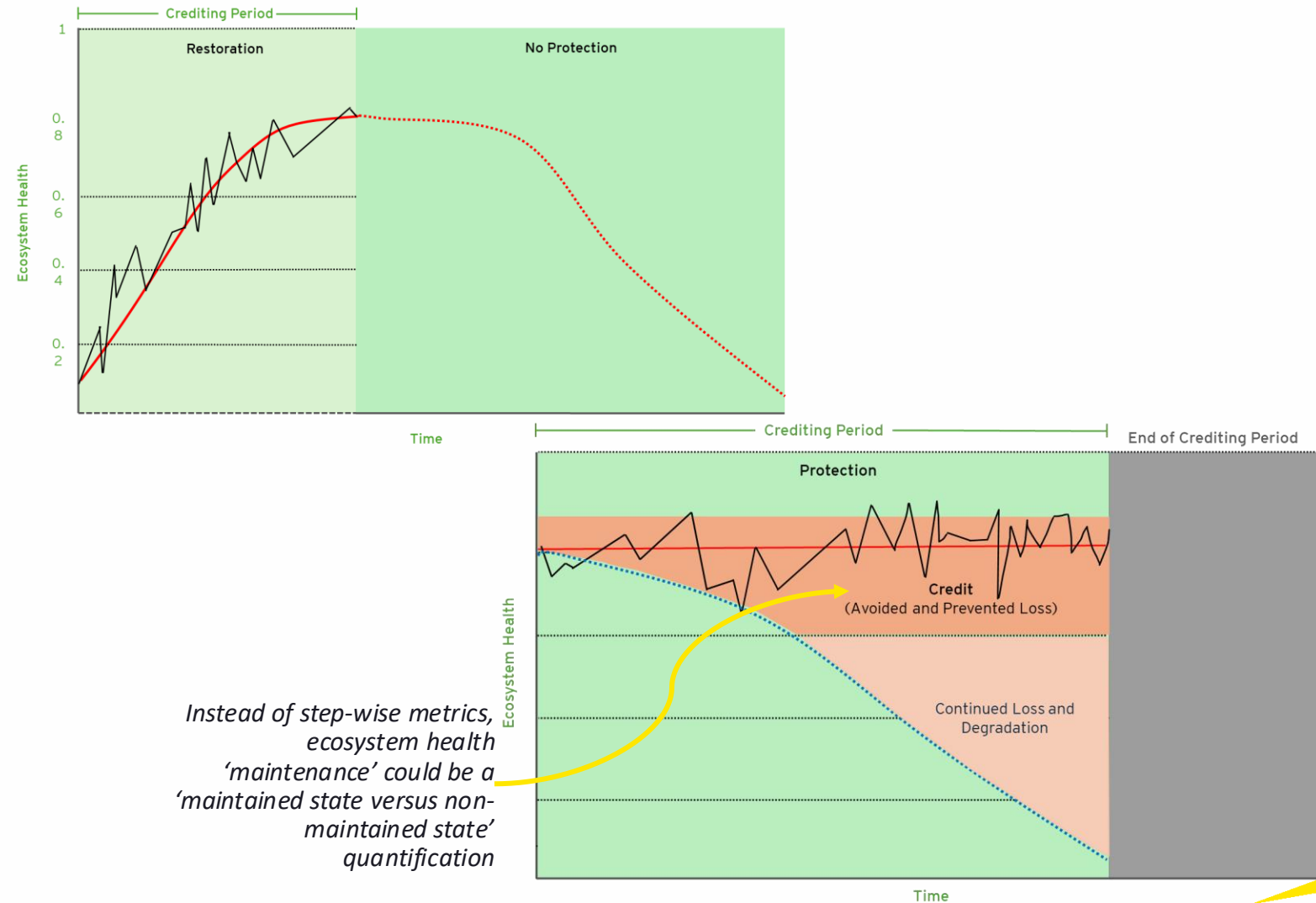
Nature Credit for RFI – Diving into Credit Archetypes



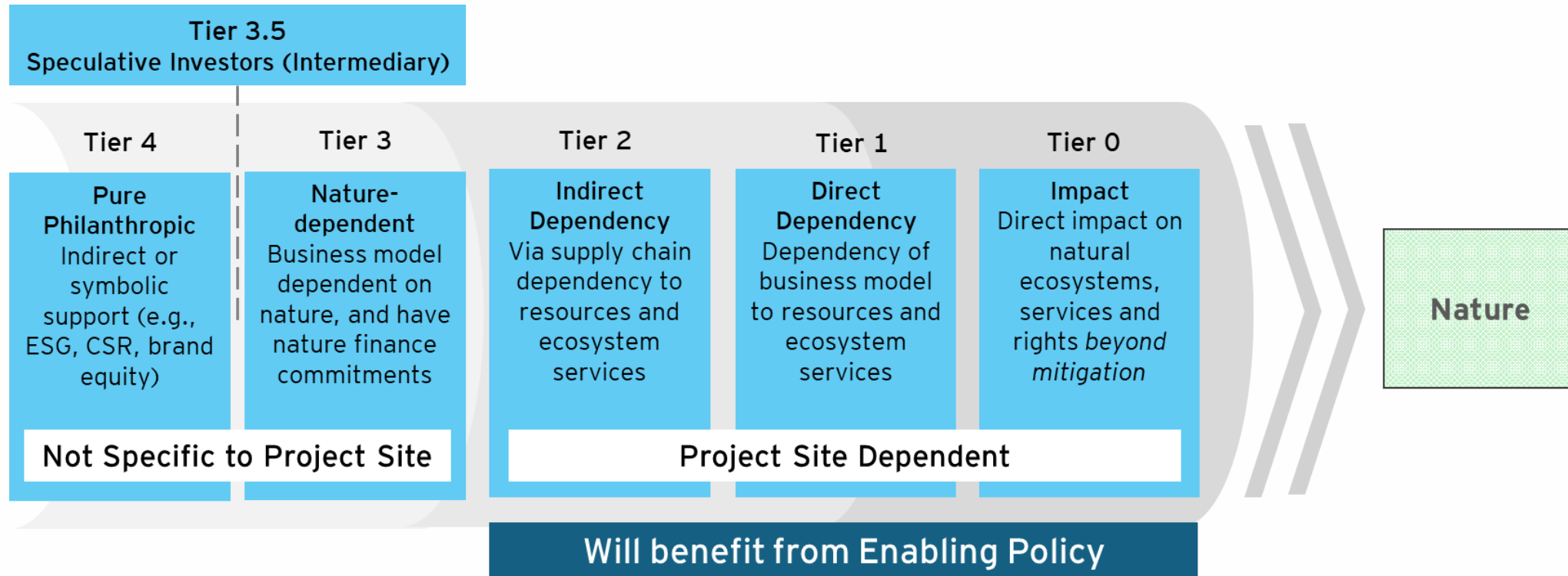
Maintenance and Protection Projects

Important to prevent restored projects from backsliding, or conserving and protecting sites in relatively good ecosystem health from degradation or loss due to anticipated threats

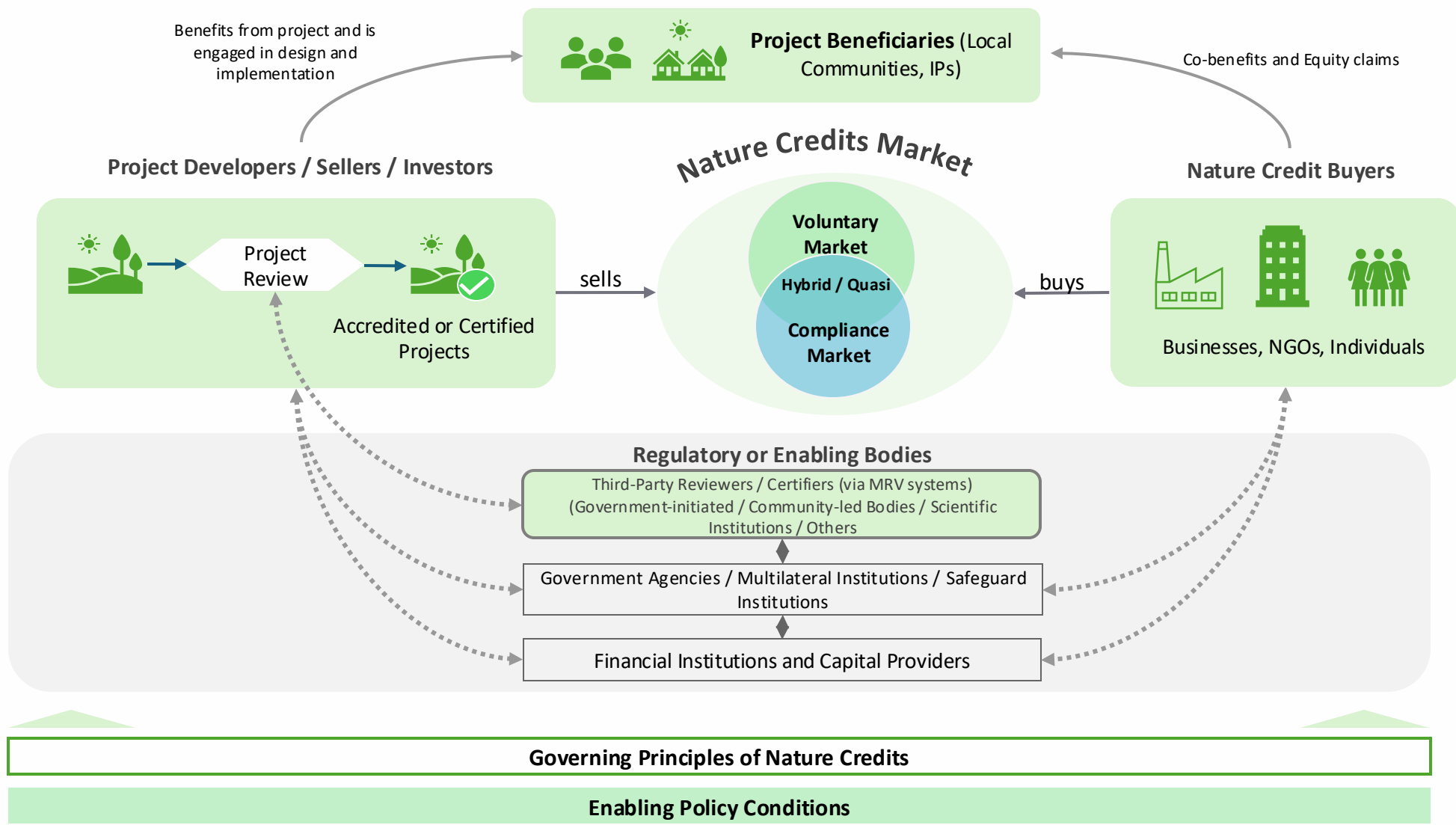
Critical challenge for credit mechanism: modelling loss scenarios



Report Highlights: Tiered Credit Typology



Report Highlights: Actors and Relationships



Nature Credits Strategy Card Game (Test Run)

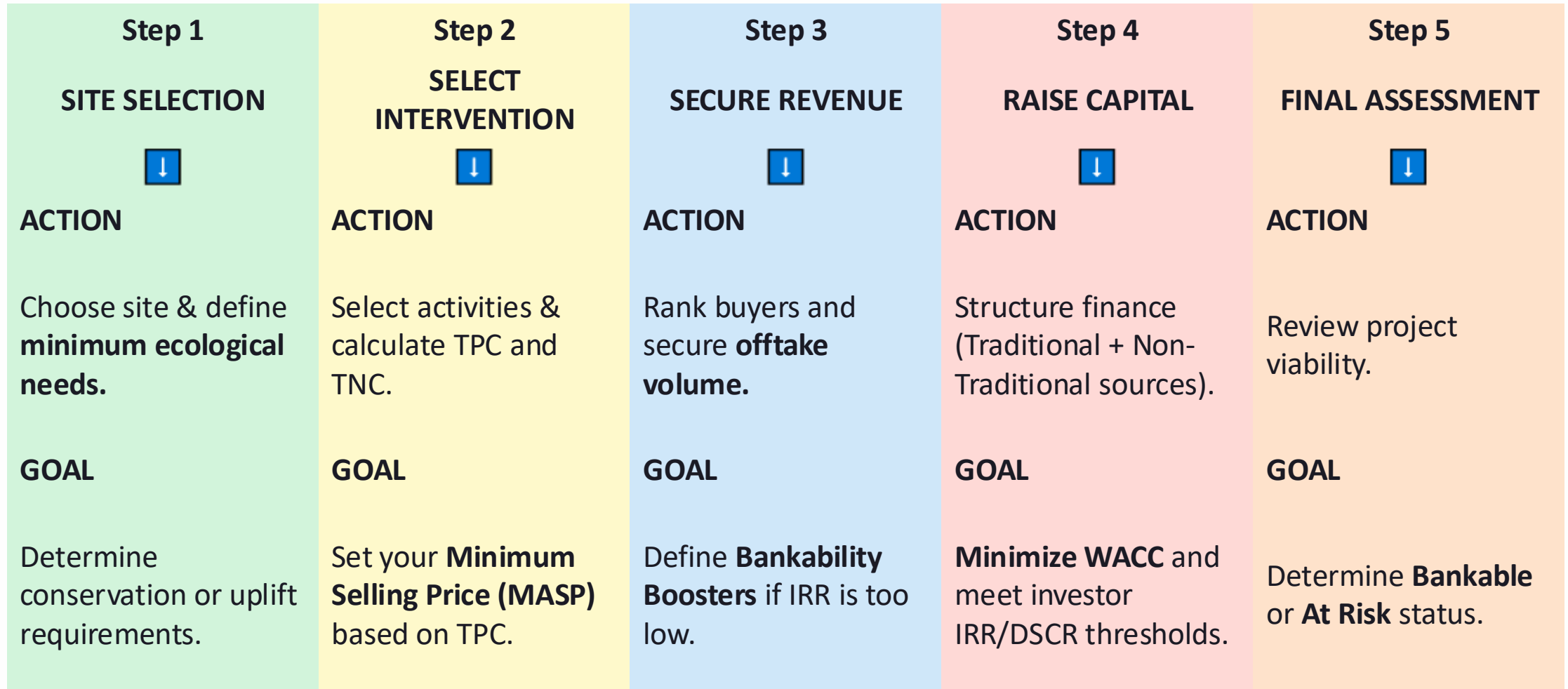
Nature Credits Strategy Card Game

Design. Decide. Deliver for Nature

An interactive, decision-making card game designed to help players understand how nature credit projects are formed, financed, and de-risked, from site selection to buyer and investor engagement.

- **Objective:** The objective is to design a Bankable Nature Project by making strategic decisions that maximize return (IRR) and resilience, while minimizing the Weighted Average Cost of Capital (WACC).
- **Outcome:** Players end with project results that reflect real investment readiness, either a **Bankable Project** or an **At-Risk Project**, depending on their strategic decisions.
- **Status:** *Beta version for pilot testing and feedback to refine game mechanics and facilitation flow.*

Nature Credits Strategy Card Game



Step 1: Site Card Selection

- **Action:** Choose one Site Card and analyze the ecological conditions and potential risks.
- **Decision Focus:** Determine the minimum necessary interventions to achieve the project's ecological goal (Improvement/Restoration, Maintenance and/or Conservation).

Step 2: Select Interventions

- **Action:** Players review the Intervention Cards and select the most appropriate activities to meet the site's ecological needs (from Step 1). Select only those activities that are critical to creating a measurable ecological impact.
- **Card Data:** Each Intervention Card provides
 - Cost of Intervention
 - Estimated Nature Credits generated by the improvement (in volume)
 - Estimated Uplift Value of the nature credits (a baseline price indicator)
- **Calculation:**
 - **Calculate Total Project Cost:** Sum the costs of all selected interventions.
 - **Determine Breakeven Price:** Calculate the minimum price per nature credit needed to cover the Total Project Cost.
 - **Set Target Margin:** Choose a comfortable profit margin and use it to set your Minimum Acceptable Selling Price (MASP).
- **Outcome:** Players record their Total Project Cost, Total Nature Credits Generated, and MASP.

Step 3: Select Buyer and Secure Offtake

- **Action:** Players review the Buyer Cards. These cards contain information about the buyer's industry, size, regulatory context, and nature dependency, but do not state their willingness to pay or quantity.
- **Analysis:**
 - **Rank Buyers:** Based on the card information, players must strategically arrange the buyers according to the likelihood of securing revenue from them. Use two parameters for ranking:
 - **Willingness to Afford/Pay:** Assess their financial capacity and commitment to premium nature credits.
 - **Volume Appetite:** Assess the volume they might purchase based on their:
 - Impact/Dependency on Nature
 - Disclosure Requirements
 - Regulatory Drivers
 - Investor Expectations
 - **Determine Offtake:** Select a combination of ranked buyers to secure a sufficient volume of offtake at or above your MASP.
 - **Viability Check:**
 - **Revenue Check:** Determine if the expected revenue from the selected buyers is sufficient to meet your project cost and required financial thresholds.
 - **Threshold Adjustment:** If the project is not viable (i.e., you do not reach a required IRR threshold), you must structure your finance in the next step to improve bankability.
 - **Advanced Strategy:** Discuss and record Market and Non-Market Mechanisms (e.g., policy changes, incentives) that could encourage less-poised buyers to offtake, ensuring a diversified and reliable revenue stream.

Step 4: Select Investor/Bankability Support

■ 4a. Traditional Funding Assessment

- **Action:** Look at the usual sources of traditional funding (e.g., commercial banks, equity investors).
- **Assessment:** Determine if, based on your project design and existing revenue security (Step 3), these traditional sources will have the appetite to provide the necessary financing. To be attractive to them, your project must likely meet their financial requirements:
 - Is the project's Internal Rate of Return (IRR) above their minimum acceptable threshold?
 - And Is the project's Debt Servicing Coverage Ratio (DSCR) above their required minimum
- **Outcome:** If they have appetite, record the approximate cost (interest rate/expected return) of this financing.

■ 4b. Bankability Support (Non-Traditional Sources)

- **Action:** If traditional investors lack appetite or the projected **WACC** is too high, players review **Non-Traditional Finance Cards** (e.g., Concessional Loans, Grants, Guarantee Instruments).
- **Objective:** Accessing these sources is primarily aimed at **reducing the Weighted Average Cost of Capital (WACC)**, thereby boosting the project's IRR and DSCR.
- **Decision:** Select a combination of these non-traditional sources that you believe will unlock the necessary financing from *all* sources (traditional and non-traditional) and create the optimal finance structure.
- **Outcome:** Record your optimized **Finance Structure** (Debt/Equity/Grant/Other mix)

Step 5: Final Assessment

- **Action:** Players review their project design, revenue structure, and optimized finance structure.
- **Metrics Review:** Compare your project's projected IRR and DSCR against the game's Bankability Thresholds.
- **Outcome:** Declare your project as "Bankable" (meets all thresholds) or "At Risk" (fails one or more thresholds).

Step 6: Surprise Wildcard

- **Action:** A random Surprise Wildcard is drawn
- **Assessment:** Determine if your project's design and financial structure are resilient against the hazard introduced by the Wildcard. A resilient project is one that maintains its "Bankable" status despite the setback.

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