



## **World Bank Spekboom Restoration Outcome Bond QUESTIONS & ANSWERS**

### **How does the bond work?**

The Spekboom Restoration Outcome Bond is a USD 120 million 14+ year principal protected bond issued by the International Bank for Reconstruction and Development (“IBRD” or the “World Bank”) with a unique feature, whereby investors earn a coupon that includes a fixed rate component and potential variable components linked to the restoration of the native shrub, spekboom, known for its resilience and exceptional carbon sequestration properties.

More information on the bond structure can be found in the [press release](#).

### **Who are the investors in World Bank outcome bonds?**

Asset managers, pension funds, insurance companies and other institutional investors who are looking for innovative capital market instruments with a market-based return that also:

- i) support projects with positive climate and development impacts such as a reduction in greenhouse gas emissions, improvements in public health, creation of jobs, increases in biodiversity, and projects with positive gender impacts.
- ii) offer investors principal protection plus direct project exposure with the potential to earn enhanced returns if the project’s target outcomes are achieved.

Investors in the Spekboom Restoration Outcome Bond included Nuveen, AllianceBernstien, BNP Paribas Cardif, Impax Asset Management, L&G, Mackenzie Investments, Morgan Stanley Investment Management and Skandia.

### **What is the return profile of the bond?**

The bond was priced at par, providing investors with a minimum annual return of 2.41% and a potential annualized return of up to approximately 5.078% if the project generates and monetizes Carbon Removal Units (CRUs) as expected, providing investors the potential to earn enhanced returns compared to regular World Bank bonds if the project’s target outcomes are achieved. Investors may receive further additional returns if the project exceeds target outcomes.

### **Will the bond give carbon removal units to investors?**

No. The variable component of the bond’s coupon is calculated based on the number of CRUs generated and monetized by the project.

### **Are investors exposed to carbon price risk?**

The CRU Linked Interest Amount payable to investors is driven by the number of CRUs purchased by Amazon under pre-agreed terms with the project developer, Imperative, which reduces carbon price risk for investors. Bond investors' return is exposed to other risks which are explained in detail in the bond documentation under the section titled "Additional Risk Factors."

### **How will the bond proceeds be used?**

The bond issuance proceeds will be used for the World Bank's sustainable development financing activities. World Bank bonds support the World Bank's financing of a combination of green and social, i.e., "sustainable development", projects, programs, and activities in its member countries. See [IBRD Impact Report](#) for examples of eligible projects, programs, and activities. The spekboom restoration project that is supported in this transaction through the forward flow of foregone investor coupon payments is not a World Bank-financed project.

### **How does IBRD hedge the variable coupon exposure?**

IBRD has entered into a Forward Flow Agreement (FFA) with BNP Paribas where:

- i. IBRD will transfer to BNP Paribas agreed amounts corresponding to foregone bond coupon payments to support the project being implemented by Imperative.
- ii. BNP Paribas will pay IBRD amounts equivalent to the variable coupon components due to investors under the bond, from amounts BNP Paribas receives from the project.

### **Who will buy the CRUs?**

Amazon will purchase a large share of the CRUs generated by the project under a contractual agreement with Imperative that runs for more than a decade. More details on Amazon's climate solutions can be found here: <https://sustainability.aboutamazon.com/climate-solutions>

There is no contractual relationship between IBRD and Amazon.

### **How are the Carbon Removal Units validated and where will they be registered?**

Imperative is registering its project with the VERRA registry under methodology VM0047 Afforestation, Forestation and Revegetation (ARR) methodology with final project registration expected by June 30, 2026 (project ID 5027). Per Imperative, the project has been designed to meet the ABACUS label certification and is expected to be listed under VERRA's Gold Level distinctions for Climate, Community, and Biodiversity (CCB) under the CCB Alliance Standards.

The project was validated by AENOR (an independent, accredited Validation and Verification Body) in September 2025 to Verified Carbon Standard (VCS v4.7) and Climate, Community and Biodiversity (CCB v3.1) standards.

### **Who is Imperative?**

Imperative ([www.imperativeinc.com](http://www.imperativeinc.com)) designs, develops, and operates large-scale ecosystem restoration projects across multiple jurisdictions. The company applies an infrastructure-grade approach to ecosystem restoration, combining vertically integrated operations and institutional quality standards to deliver verified climate, community and biodiversity outcomes.

**What is the role of BNP Paribas?**

BNP Paribas is lead manager for the bond transaction, and the intermediation counterparty that enters into a contractual relationship with Imperative for purposes of the forward flow transaction (see next question).

**What is the contractual relationship between IBRD and Imperative?**

There is no contractual relationship between IBRD and the project developer, Imperative. BNP Paribas, through an Intermediation Agreement with Imperative, will transfer funds to the project and receive payments from the project, which will then be paid onward by BNP Paribas to IBRD and by IBRD to noteholders.

**How are disbursements of funds paid to Imperative?**

Subject to the achievement of agreed milestones, Imperative will receive (via the Intermediation Agreement with BNP Paribas) up to USD 25 million in six disbursements between June 2026 and November 2030 to support a 50,000-hectare expansion of the spekboom project in South Africa. Any undisbursed amounts will be returned to bond investors in December 2030.

**What Project is being supported?**

*Imperative's spekboom project is not financed by IBRD and therefore IBRD's policies and procedures related to projects it finances do not apply to Imperative's project.*

In South Africa's Eastern Cape, overgrazing has caused widespread degradation in the Subtropical Thicket Biome ("STB"), also known as the Albany Thicket. Approximately 90% of the biome has suffered moderate to severe damage, leading to reduced forage availability, increased soil erosion and runoff, declining soil fertility, and diminished water retention. STB degradation has led to species loss and disrupted ecosystem functions, with unassisted natural recovery unlikely even decades after grazing ends. These ecological losses have directly impacted local farmers and agricultural workers, whose livelihoods depend on the land's productivity.

Imperative aims to restore the ecological functionality of approximately 50,000<sup>1</sup> hectares of degraded STB through the reintroduction of spekboom, a native species known for its resilience and carbon sequestration potential. Around 150 million cuttings will be planted on private farms across municipalities in the Eastern and Western Cape, where STB occurs naturally. Restoration will create favorable microclimates and support the return of other native plant and animal species, enhancing ecosystem services, capturing carbon, and supporting biodiversity recovery. Phase 2 of the project plans to sequester more than 18 million CO<sub>2</sub> equivalent over a 40-year crediting period. In addition to its climate mitigation potential, the project intends to generate significant biodiversity benefits which will be monitored through a Climate, Community and Biodiversity-aligned framework combining remote sensing and field surveys to track ecosystem condition, habitat connectivity, and the recovery of plant and faunal communities over time.

The project also intends to deliver meaningful socio-economic benefits. Landowners will receive fair lease payments and a share of carbon revenues. Participating small, medium, and micro-enterprises ("SMMEs") will gain technical training in ecological restoration and related activities,

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<sup>1</sup> The Project aims to restore 100,000 hectares by 2030. Phase I was launched in May 2024 with the planting of approximately 10,000 hectares, and the Spekboom Restoration Outcome Bond supports the Phase II scale up, aiming to plant an additional approximately 50,000 hectares.

obtain support in accreditation and business training, and support gender equity and fair labor practices. Employment and capacity-building opportunities will be created for local communities throughout implementation.

To ensure long-term sustainability, The Spekboom Legacy NPC, a dedicated Non-Profit Company ("NPC") was established by Imperative, and will be financed through a share of carbon credit revenues from the project. It plans to support community-led conservation activities and help sustain ecosystem gains beyond the crediting period.

In addition to the funding being provided by the outcome bond, the project has received capital commitments from GenZero, Mirova, Rubicon Carbon, and BregalSphere.

**What are the benefits to the local communities?**

Environmental benefits include restoration of degraded ecosystems, improved carbon sequestration, enhanced biodiversity, and water efficiency. Social benefits include income diversification for farmers, skills training, and job creation in an area that suffers from chronic unemployment. The project promotes the growth of small and medium businesses in harvesting, nursery operations, planting, fencing, and monitoring.

**Disclaimers:**

*Net proceeds of the bonds described herein are not committed or earmarked for lending to, or financing of, any particular World Bank projects or programs. Payments on the bonds are not funded by any particular World Bank project or program.*

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