

Mobilizing finance across sectors and projects to achieve sustainable landscapes:

Emerging models

The world faces an imperative to balance the needs of people, prosperity, and planet. The human devastation caused by COVID-19 is a brutal reminder of the myriad links between ecosystem decline and the various dimensions of human well-being—a devastation exacerbated by the impacts of climate change, water scarcity, food insecurity, and biodiversity loss. To overcome these interlinked challenges, economies have to shift—and rapidly—away from unsustainable investments to trajectories of inclusive, sustainable, and resilient green growth. This will require transformations not only at the individual farm, enterprise, supply chain, and urban center level, but also holistically at the landscape scale to address critical ecological, economic, and social processes. This brief—and the longer report on which it is based—focuses on the challenges of, and emerging solutions for, scaling integrated landscape finance to enable these individual and holistic transformations.

What is integrated landscape finance and why is it important?

In the past few decades, progress has been made in developing and testing technical, institutional, market and policy solutions that enable

stakeholders to better align and integrate efforts to sustain and restore resources, improve livelihoods, and strengthen local economies at a landscape scale. This approach, which comes in many forms, is called *integrated landscape management* (ILM) and reflects the inclusiveness of all stakeholder interests in landscape system design.

The challenges facing landscape partnerships, their members implementing projects supporting ILM, and investors are spurring the development of innovations for integrated landscape finance—that is, finance that supports multiproject, multisector investment portfolios that encourage synergies between investments to generate impacts at scale across multiple landscape objectives.

Integrated landscape finance is designed to address the limitations of conventional project-based, sector-focused, short-term finance. These models are structured to increase profitability as well as ecological and social benefits across landscapes and enable flows of finance at scale. They capture synergies and minimize trade-offs through investment coordination that complements value chain investments, and achieves ecological and social benefits at scale.

Central to successful landscape-scale economic, social, and ecological transformation is the development of an integrated landscape investment portfolio. This is a set of investments from a variety of sectors that, taken as a whole, contribute to multiple landscape-scale objectives as defined through an ILM process. Systems of integrated landscape finance generate and channel funding to support ILM activities by diverse private, public, and civic actors. By spatially coordinating and sequencing investments at a landscape scale, each individual project can achieve a higher rate of return, a lower risk profile, and/or increased social and ecological benefits. The component investments can generate value for each other and regenerate an ecologically healthy and economically sustainable and inclusive landscape.

Figure 1 provides an example of such a regenerative investment portfolio. Initial investments in sustainable forest management and riparian revegetation restore the flow of the river and improve water quality. With improved water resources in the

landscape, opportunities for additional investment in fisheries and aquaculture emerge. Meanwhile, development of wind and solar energy reduces the need to harvest fuelwood from the forest. Strategically designed transportation systems and investments in marketing of sustainably produced, certified agricultural products create incentives for agroforestry development. Improved water quality for human consumption and improved nutrition complement and enhance the impact of local health services. With well-coordinated spatial planning and sequencing of these investments, financial, ecological, and social benefits can accrue to investors as well as to other stakeholders throughout the landscape.

To successfully mobilize the financial resources needed to develop and implement these portfolios of projects requires a robust integrated landscape finance system with four key elements.

Landscape investment readiness. This includes supportive long-term policies such as secure tenure

Figure 1 An integrated investment portfolio for regenerating an ecologically degraded and economically impoverished landscape



and appropriate zoning regulations; financial incentives from the public sector for sustainable investments; accessible economic and ecological data on the landscape; and local financial institutions interested in supporting the landscape's economic, social, and ecological objectives. Building this readiness is an important aspect of a landscape partnership's action plan and overall financial strategy.

A pipeline of projects for the landscape investment portfolio. This requires a systematic process that begins with the collective development of a long-term landscape vision and action plan, and then the design of individual investment projects that align with this plan. The developers (entrepreneurs, companies, government agencies, etc.) may then need support to build investable business plans, connect with appropriate sources of financing, negotiate and finalize terms with investors, and lay the groundwork for a successful operation.

Landscape-friendly finance sources and deal structures. Diverse financial institutions and actors from the private, public, and civic sectors may fund landscape investments, depending on their risk-return-impact expectations. Innovations are needed that address key constraints of conventional finance—e.g., aggregation mechanisms to enable financing for small projects, blended finance to address risk, and long-term funds structured to enable investors easier entry and access. Investors need expertise in landscape finance and familiarity with regenerative investments that bridge sectors, and institutions need established protocols.

Mechanisms to coordinate financing of the landscape investment portfolio. Conventionally, finance is mobilized business by business or project by project. But this conventional approach is slow, poses risks for those investments in the portfolio that are strongly interdependent, and presents a risk that landscape objectives requiring coordinated action will not be met. Some coordination mechanism is essential to speed up the process and

access appropriate sources. Two types of innovative institutions have arisen. *Landscape investment service providers* assist integrated landscape partnerships in creating landscape action plans and translating those ideas into private, public, or civic projects that together become the landscape investment portfolio. They also help incubate companies and projects and seek out and secure supportive finance. *Integrated landscape finance vehicles* are instruments or institutions structured specifically to fund large-scale, cross-sectoral landscape investment portfolios over the long term, drawing from diverse funding sources.

Scoping study on institutional innovations in integrated landscape finance

The development of institutional mechanisms for integrated landscape finance is a recent phenomenon whose details have not been well described. A joint global scoping study was undertaken in 2019 by EcoAgriculture Partners and members of the Coalition for Private Investment in Conservation (CPIC) to identify and better understand emerging models for coordinated financing of landscape investment portfolios.

Landscape investment service providers.

To advance a coordinated pipeline development process, entities linked to—or part of—a landscape partnership help create landscape action plans and translate those plans into private, public, or civic projects that together become the landscape investment portfolio. These entities do not themselves provide financing, but greatly increase the efficiency, effectiveness, speed, and coordination of business planning and finance processes. Landscape investment service providers may work with business developers, government agencies, or civil society organizations to prepare both asset and enabling investment opportunities supporting implementation of agreed landscape plans. They may steer existing financing to activities

aligned with the plan, and aggregate investment opportunities.

Such services require combined expertise in ILM, business/project development, and finance, but may be provided by a nongovernmental organization, government agency, business association, farmers' group, or community organization. Service roles may be played by a single institution or a coalition of actors. The review identified 16 institutional models of support services that met our criteria, many working in multiple landscapes. The four main categories are landscape partnerships that have expanded their role into investment and finance, landscape portfolio developers (nonprofit), landscape development companies (for profit), and business incubators and accelerators that use a landscape lens (see table 1).

Integrated landscape finance vehicles. This emerging class of investment entities are designed explicitly to fund multiple activities across sectors in a landscape to maximize synergies and accelerate progress toward landscape-level goals. Integrated landscape finance vehicles can source funds from profit-seeking or blended finance sources, as well as from investors interested only in environmental and social returns. We here focus on the vehicles channeling funds seeking at least some financial returns. The review identified 24 institutional models of integrated landscape investment vehicles that met our criteria, with some operating in multiple landscapes. The five types of vehicle

are landscape-specific funds, landscape funds that invest in multiple landscapes, place-based investor collaboratives and foundations, landscape development finance institutions, and landscape bonds (see table 2).

Observations on integrated landscape finance

The field of integrated landscape investing is in a period of substantial innovation. Diverse investment models provide opportunities for engagement across investor profiles and asset classes. The field has been developing quickly, as emerging support service providers and investment vehicle designers have worked to meet the needs of landscape projects for financing that fit their needs as well as the demand from investors for bankable landscape projects. Both small and large financial actors are looking for business models that allow them to contribute to social and ecological outcomes while also generating financial returns. While more work needs to be done to fully understand the extent of these models and how they function, some initial observations can be drawn from our review.

Major emerging opportunities. New integrated investment vehicles can play a critical role in channeling new sources of finance that the landscape may not otherwise be able to access. Such vehicles may be more likely to invest in riskier activities that they see as critical to overall

Table 1 Types of integrated landscape investment service providers

Model type	Description
Landscape partnerships expanding their role into investment and finance	Support landscape coordination, including the development of a common landscape vision and action plan; can also contribute to finance strategy, analysis of financial flows, and early stage investment opportunity scoping
Landscape portfolio developers (nonprofit)	Work closely with the landscape partnership to identify and build investment opportunities, bringing in expertise in both multistakeholder landscape planning and finance
Landscape development companies (for profit)	Set up to develop as well as to earn money themselves either as paid consultants or as commercial partners in landscape investments
Business incubators and accelerators with a landscape lens	Work with project developers and entrepreneurs in the landscape to refine business plans and financing strategies

Table 2 Types of integrated landscape finance vehicles

Model type	Description	Typical sources of finance
Landscape-specific investment funds	Investment structures designed to pool capital from a variety of different sources, to be invested by a specialized manager with sustainable land use investment expertise and understanding of landscape-scale synergies, guided by the priorities of stakeholders in a specific landscape	Companies, foundations, organizations, financial institutions, individuals connected to a landscape partnership
Landscape-focused investment funds (multiple landscapes)	Funds operating across multiple landscapes able to invest large sums of money for their investors, thus bringing new types of investors into the landscape finance space and offering built-in fund diversification	Multilateral development banks, family offices, private investors, foundations
Place-based investor collaboratives and foundations	Investors commit to social/ecological goals in a specific landscape or place and pool financial resources with others to support development of an integrated landscape investment portfolio; not a formal fund or financial institution, but can tap or mobilize large pools of funds	Diverse types of investors
Landscape development finance institutions	Global or local development finance institutions that integrate place-based sustainability with economic growth objectives in lending and investing; could potentially evolve from existing development finance institutions to include landscape-focused investing and stakeholder governance	National and local governments, multilateral development banks, commercial banks
Landscape bond	Mechanism that can be used to borrow from a wide group of investors; this vehicle could be used in landscape contexts either by government agencies that are associated with landscape initiatives or by landscape development companies	Institutional investors, impact investment funds

landscape success, and the existence of dedicated finance vehicles can motivate project and business developers. Some promising existing models for community-focused, multi-objective finance coordination come from place-based efforts that currently focus on urban and social development, which could incorporate agriculture and ecosystem investments. Investment opportunities are beginning to emerge for large institutional investors in response to growing demand from large-scale actors for sustainability and place-based focused investments. Finally, there are promising opportunities to mobilize terrestrial carbon finance to fund whole landscape portfolios, as demonstrated by a number of the models identified.

Generating more robust landscape investment portfolios. Growth in landscape investment support services will provide the foundation for the success of integrated landscape finance systems. While innovative finance vehicles will be critical to

the scaling up of landscape finance, a dedicated investment coordinator can attract sectoral investments within a landscape context even in the absence of a finance vehicle. Investment in landscape portfolios promises to mitigate risks and create additional value; this can be achieved, in part, by taking advantage of sectoral and geographical diversification strategies. Given the diverse anticipated benefits of integrated landscape investment—financial, social, and environmental—large-scale financing will necessarily blend public, private, civic, and philanthropic capital.

Systemic challenges for scaling up integrated landscape finance. Diverse landscape investment models have the potential to be replicated and scaled. But the early movers in this field are passionately committed innovators that have operated in a system that, in most cases, was not at all supportive. Systemic changes will be needed before all elements of a landscape finance

ecosystem can be widely developed and integrated. There are few sources of the long-term, grant-based funding needed to get landscape partnerships to the point where they have established pipelines to generate investable projects that align with landscape objectives. Government policy, including tax treatment of investment vehicles, could provide further stimulus to innovation. Many elements still need to be worked out to enable scaling, including technical guidelines, financial evaluation criteria, monitoring systems, legal arrangements, capacities of financial actors, and policy barriers. The next generation can learn lessons from these experiences and craft a financial system that is much easier to maneuver and manage.

Capacity needs for scaling. Landscape partnerships require additional financial expertise to operate from a position of strength. They must be able to understand the investment readiness needs in their landscapes, access suitable nonprofit and for-profit advisors to develop landscape investment portfolios, promote suitable investment opportunities, and link to appropriate sources of finance; these need to be strengthened and implemented widely. Relatively few resources are available to landscape-focused business developers, fund managers, and banks on how to modify their business-as-usual approaches to operate in a landscape context. Investors need to recognize the value of having a legitimate multistakeholder process within a landscape to inform investment priorities. A central challenge is strengthening intermediary organizations to aggregate smallholder farm investments, incubate new businesses and business activities, and develop equitable investment models.

Next steps

This scoping exercise was highly encouraging, as many more models of integrated landscape finance innovation were identified than expected. We propose four strands of work to strengthen and scale these models.

Mobilize design research for integrated landscape finance. Financial institutions, business schools, agriculture and environmental policy research centers, and universities will need to step up research on integrated landscape investment models. Priority topics include the following:

- Which integrated landscape finance models are appropriate for different types of landscape partnerships and contexts
- How best-in-class landscape finance structures can support diversification across sectors and project types to create value and reduce overall risk for investors in a landscape portfolio
- Policy instruments that can support integrated landscape finance.

Catalyze financial systems innovation to support landscape investment. Collaborative efforts are needed to catalyze and co-create the financial architecture needed to scale up integrated landscape finance—including the promotion of new private investment and blended vehicles and investment support service providers. Partners of the 1000 Landscapes for 1 Billion People initiative have begun to engage with leaders and innovators in the finance community across the capital continuum to evaluate gaps, forge new strategies, and create an action agenda aimed at scaling integrated landscape finance.

Mobilize policy action to advance integrated landscape investment and finance. Policy makers, finance institution leaders, and landscape development champions will need to structure a more systematic strategy to scale integrated landscape finance. An agenda to start down this path would include these tasks:

- National and local governments evaluate their programs, strategies, and capacities to support and co-invest through complementary and blended finance in ILM.
- As larger pools of funding emerge for integrated landscape finance vehicles, focus on governance

systems that ensure that local voices and priorities are respected.

- Strengthen international policy processes and structures—such as the United Nations (UN) High-Level Political Forum on the Sustainable Development Goals, the UN Decade of Ecosystem Restoration, the UN Rio conventions (the Convention on Biological Diversity, the United Nations Framework Convention on Climate Change, and the United Nations Convention to Combat Desertification), and the 2021 UN Food Systems Summit—to better support integrated landscape finance.

Strengthen capacities related to integrated landscape finance for all actors involved.

Landscape partnerships, financial institutions, government agencies, philanthropists, business developers, and nonprofit support service providers all need to develop additional expertise to scale integrated landscape finance. Tools such as the

[Landscape Investment and Finance Tool \(LIFT\)](#), [4 Returns, 3 Zones, 20 Years framework](#), and many others are designed for landscape partnerships to build skills and guide them through the process of facilitating the development of landscape investment portfolios. These tools need to be refined and implemented widely. Resources and training programs must be made available to business developers, fund managers, and banks to modify their business-as-usual approaches to operate in a landscape context.

This brief is based on Seth Shames and Sara J. Scherr, [Mobilizing Finance across Sectors and Projects to Achieve Sustainable Landscapes: Emerging Models](#) (Washington, DC: EcoAgriculture Partners, 2020).