

SCALING UP INVESTMENT & FINANCE FOR INTEGRATED LANDSCAPE MANAGEMENT: CHALLENGES & INNOVATIONS

A Brief from the Landscapes for
People, Food and Nature Initiative*

To achieve the Sustainable Development Goals (SDGs) additional investment in water and watershed management, soil health, sustainable sources of energy and ecosystem restoration will be required. New models of investment and finance are needed that not only incentivize the scaling up of investment in sustainable agriculture and land management, but do so in strategic ways that contribute to the inter-related SDGs and effectively manage the competition and interdependencies for natural resources and ecosystem services among the Goals and among land users.

Integrated Landscape Management (ILM) has arisen as a response to growing competition for natural resources. It reconciles demands from different sectors and stakeholders in a way that is more sustainable, inclusive and effective at scale. This approach is more likely to lead to sustainable landscapes in the long term by addressing trade-offs and synergies among stakeholders and between different parts of the landscape and by building collaborative relationships.

ILM requires both asset and enabling investments by a wide range of land managers. Asset investments create tangible value that is returned back to the investor, and enabling investments lay the institutional and policy foundation for asset investments. All integrated landscape investments require some degree of strategic planning or coordination through a landscape stakeholder platform and/or a landscape investment facilitator.

Key challenges and emerging solutions for financing integrated landscape investments

Financing integrated landscape investments presents several unique challenges. We outline five of these key challenges, along with corresponding emerging solutions that are currently being developed by cutting-edge financiers and investors.

- ✦ **Incorporating landscape criteria into investment decision-making.** This can be accomplished through the application of standards to screen out harmful investments as well as through active targeting of sustainable land use and integrated landscape investments.
- ✦ **Investment risks that are unique to ILM compared to traditional land-based**

investments. Mechanisms to reduce these risks include financial subsidies, guarantees, co-investment with landscape partners, raising and diversifying returns and documenting a track record of investment performance.

- ✦ **Investors and financiers' effective engagement with landscape partnerships.** These relationships can be built by joining existing platforms, strengthening weak or absent platforms, or, in cases where they do not have the capacity to engage, empowering intermediaries to manage landscape relationships.
- ✦ **Strategically linking financial flows within landscapes.** Assets and enabling investments can be coordinated through blending of objectives and funds with a single instrument or through the use of enabling investment companion funds, either jointly managed within the same institution or on a project by project basis. Finance can also be better linked within landscapes through the development of mechanisms to match funders with appropriately sized investments.
- ✦ **Monitoring multiple outcomes at a landscape scale.** Assessment tools designed to track impacts for sustainable land use and value chains can be geared towards landscape assessments. Other systems are being developed specifically to track outcomes within integrated landscape initiatives.

Recommendations to advance investment and finance for ILM

Despite this innovation, much more remains to be done to scale up financing for integrated landscape management. We recommend five key areas for immediate action:

- 1. Design standards and monitoring systems for integrated landscape investments.** As more financial actors commit to the principles of integrated landscape investments they will need inexpensive, simple and effective systems that allow them to apply landscape standards and to track the impacts of investments within a landscape context. Given that cost is the limiting factor for impact monitoring, these systems should focus on identifying and adopting integrative and leverage indicators.

2. Establish landscape investment incubators.

Developers of specific integrated landscape investments as well as leaders of integrated landscape initiatives need improved financial literacy. A landscape investment incubator could help to provide the technical capacity needed to design landscape investments so that they are seen as bankable by potential funders.

3. Establish brokerage services for integrated landscape deals.

Financial actors have trouble finding bankable deals while farmers and businesses on the ground often lack finance for their investments. Brokering facilities that operate at landscape, regional, national or even international scales could help to fill this match-making function.

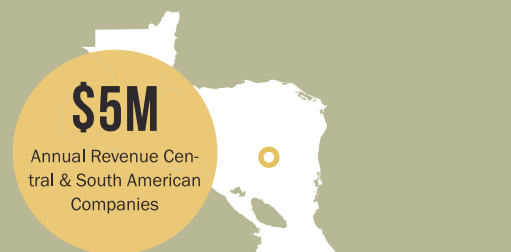
4. Incorporate integrated landscape principles into public financing.

Some countries and jurisdictions have made significant strides in the design of public programs that cut across sectoral silos. But government agencies (and their donors) can do more to coordinate sectoral funding programs and to increase funding for integrated programs. This will require improved inter-governmental communication and collaboration and increased recognition of the interlinkages among investments required to achieve sustainable development.

5. Create frameworks for financing ILM within national SDG and green growth strategies.

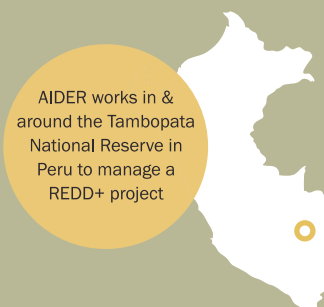
In order to achieve the SDGs, countries will need to move beyond 'business-as-usual' economic growth models and embrace models for inclusive green growth. Green growth will require the coordination of sectoral investments, but while this coordination is necessary at the national and sub-national scales, individual investment and finance decisions are best evaluated at a landscape scale.

For more detail, please see Scaling up investment & finance for Integrated Landscape Management: Challenges & innovations, a White Paper from the Landscapes for People, Food and Nature Initiative, at peoplefoodandnature.org/publication/scaling-up-investment-finance-for-integrated-landscape-management-challenges-innovations.



*EcoEnterprises II
financing innovative
sustainable land use
business models*

EcoEnterprise II launched in December 2011 with a market capitalization of USD 35 million. The Fund invests in growing businesses operating within organic agriculture, non-timber forest products, sustainable forestry and ecotourism. It focuses on expansion and growth stage companies with an annual revenue base of up to USD 5 million in Central and South America and prioritizes finance for companies unable to secure financing from conventional sources due to their small size and the untested nature of the business models. They shared their specific environmental and social screening criteria for investments, along with their investment evaluation tools, with other impact investment funds and during the development of the Impact Reporting and Investing Standards (IRIS). Examples of the businesses it supports include Terrafertil, a leading global supplier of organic golden berries — a native Andean fruit — with operations in Ecuador, Colombia and Mexico; Sambazon in Brazil, the leading producer of açai juice smoothies; and Runa, based Ecuador, the first company to sell tea beverages made from the leaves of a native Amazonian tree, Ilex guayusa.

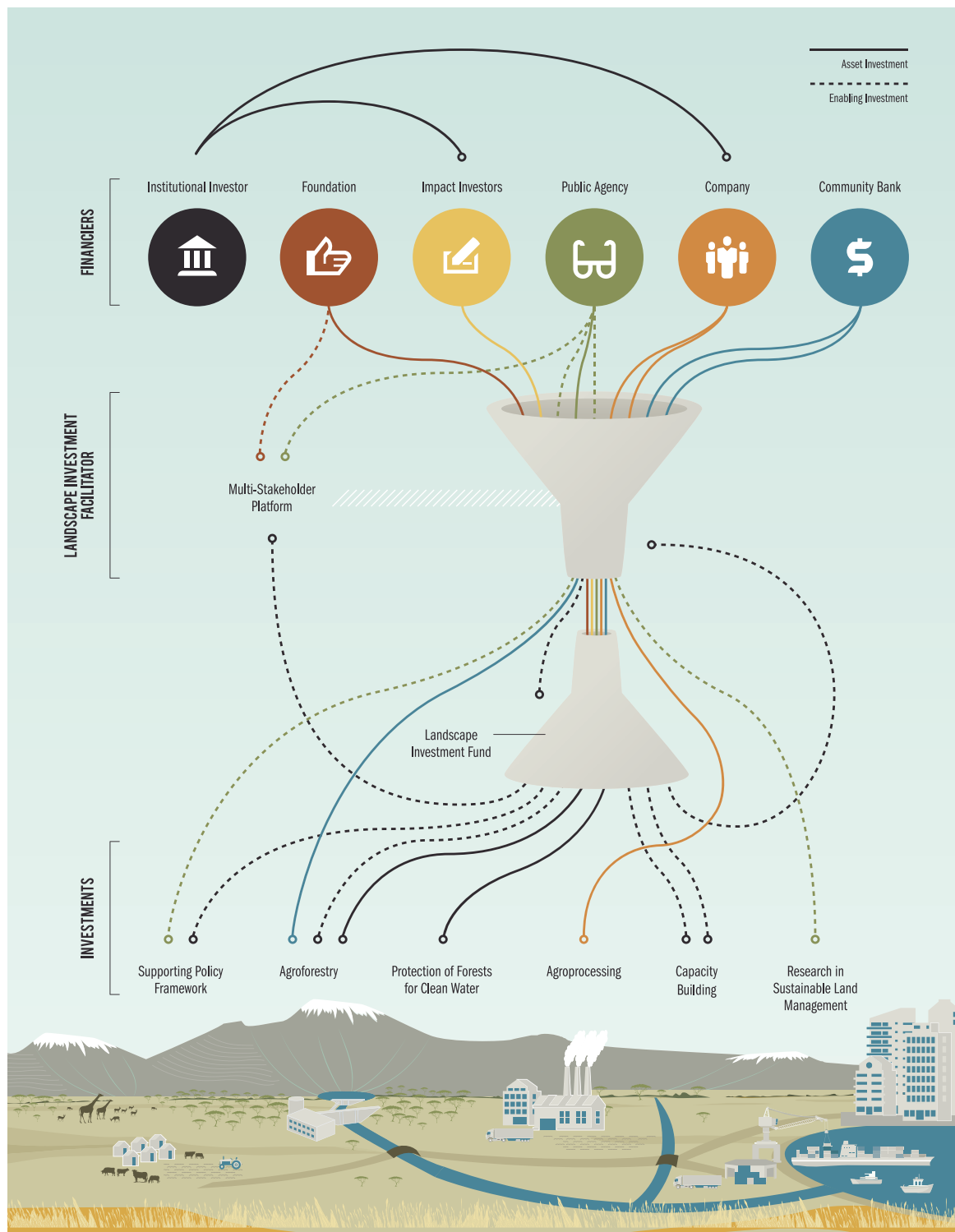


*Althelia Fund
collaboration with
NGO in Peru*

The Althelia Climate Fund, an impact investment fund focusing on land use and climate, is working with an NGO called AIDER which works in and around the Tambopata National Reserve in Peru to manage a REDD+ project. AIDER is the focal point of efforts to identify key drivers of deforestation and address them, and these efforts are supported by Althelia's investment in cocoa agroforestry within the forest buffer zone. Althelia chose this site to invest in part because there was a strong stakeholder process and landscape investment facilitator. In fact, these functions are necessary in order for Althelia's model of REDD+ investment to succeed. Depending on the driver of deforestation in a given landscape Althelia may choose to work with smallholder farmers, large agribusiness or even mining companies.

Towards a Strategy for Financing Integrated Landscape Investment

This figure illustrates how a strategy for financing integrated landscape investment might look. It includes the roles of financiers, a landscape investment facilitator, a multistakeholder platform, a landscape investment fund as well as potential asset and enabling investments.



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