OUTCOME STATEMENT

Global Landscapes Forum

Investment Case Symposium

Building the Investment Case for Sustainable Landscapes and Restoration

Wednesday, 30 May 2018 | *Washington, D.C.*

Coordinating partners

CIFOR 25th Anniversary Forests Matter · UN environment · WORLD BANK GROUP

Funding partners

Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety

Federal Ministry for Economic Cooperation and Development

CGIAR Research Program on Forests, Trees and Agroforestry · CGIAR

Event sponsor

gef

1 Key messages/Themes

1. A dichotomy remains between practitioners looking for opportunities to invest in sustainable landscapes and the capital markets, an untapped source of large-scale financing.
2. Stakeholders on both sides need to align their visions for the future and work together to build potential pathways to securing finance at scale from traditional capital markets.
3. The journey to accessing capital markets will involve a number of stages, including the financial supply chain, with different types of capital entering at different times.
4. Progressing through the financial supply chain will take time and is out of sync with the urgent need to address global environmental and climate-related challenges. But advances have been made!
5. Governments must be brave and innovative to build the enabling environment needed for sustainable investments in landscapes.

2 Introduction and background

On May 30, 2018 at the International Finance Corporation (IFC) in Washington D.C., 200 representatives from the financial sector, civil society, government and business came together for the third Global Landscapes Forum Investment Case Symposium. The event explored how investment in natural landscapes can deliver triple bottom line returns and what the barriers are to realizing these investments.

> "Natural capital is a critical element of the wealth countries have, especially developing ones. We must preserve it so that it continues to generate benefits in perpetuity."
>
> – **Laura Tuck,** *Vice President, Sustainable Development, World Bank*

The 2015 and 2016 forums, held in London at the Royal Society, identified potential sustainable finance approaches at the landscapes level and created real commitments, such as the launch of the $300 million[1] Land Degradation Neutrality Fund – a public-private partnership for landscape restoration. This year's event asked: What progress has been made? What lessons have been learned? Are the proposed solutions fit for purpose and ready to be scaled up?

This outcome document is a compilation of quotes, data and information gathered from the sessions and delegates, providing a summary of the day's discussions.

The world loses 7 million hectares of tropical forests each year. At the root of the problem, economic pressures often drive deforestation and land degradation. Solutions ranging from international public sector commitments to grass-roots community-led efforts and private commitments to keep commodities that contribute to deforestation out of global supply chains show progress in reversing this trend. However, they often lack alternative financial incentives to change unsustainable practices.

This year, the GLF Investment Case highlighted examples of deal structures that support restoration and sustainable landscape management, and community projects that are ready to attract private finance. Financial instruments profiled include green bonds, in which the proceeds from bonds are used to benefit the environment and advance sustainable landscape management, and the utilization of existing, investment-worthy asset classes. The event also explored blended finance initiatives that make use of public and philanthropic funds to leverage private capital flows. Finally, the forum heard from innovators from the world of fintech, whose products and tools can support the cost-effective and secure flow of sustainable financing to landscapes.

The GLF is a global accelerator of best practices in achieving sustainable landscapes. Forum organizers selected and curated the discussion panels to connect investors and financial service providers with a range of landscape practitioners, including local community representatives, project implementers, and policymakers to showcase expertise and opportunities for investment at all scales. In addition, the forum sought to extend its reach beyond the venue by reaching out to stakeholders via social media, online streaming of sessions, and a Digital Edition of the forum.

1. All currencies in U.S. dollars

Key outcomes and numbers

48,970 Active responses in the form of pre-event votes and quiz participation, during event polls, and social media comments.

#GLFDC2018 Trending on Twitter in Washington DC on the day of event.

- **80** Organizations
- **200** Participants
- **8,716** Visited the livestream web page or Facebook Live stream
- **150k** Visits to the GLF website
- **3.6 million** People reached via Facebook and Twitter

Session and hosts

Morning Discussion Forums	• The Private Ask: How Can the Public Sector Support Private Sector Investments in Sustainable and Productive Landscapes (Host: World Bank Group) • Creating “Bonds” at the Landscape Level (Host: ICRAF) • The Many Faces of Blended Finance for Forest Landscape Restoration (Host: IUCN)
Landscape Talks	• Restoration Investments in Latin America Through the Financial Partners of Initiative 20×20 • The Next Decade of REDD+: Opportunities to Invest in Natural Forests • Landscape Investment and Finance Tool (LIFT) • A multi-layered Approach to Achieving Sustainable Production, Forest Protection and Social Inclusion • Sustainable Landscapes Rating Tool (SLRT) • Delivering Scalable and Replicable Finance in Natural Capital
Afternoon Discussion Forums	• Investor Strategies for Land Tenure Risk Mitigation to Scale-up Landscape Investments (Host: USAID) • The Opportunity of FinTech and Blockchains to Secure Land Tenure Rights (Host: Cadasta/Chromaway) • Opportunities for Investment and Sustainable Forest Management: The Next Decade for REDD+ (Host: CIFOR/FTA)
Dragons’ Den	• Treenewables Fund ($ 150 million) - International Woodland Company A/S • Forestry rehabilitation project in Central Kalimantan ($ 17.4 million) - Fairventures Worldwide • EOLi ($ 1.975 million) - Mundialis GmbH & Co KG • GreenFi Platform ($ 500,000) - GreenFi Systems
Digital Summits	• Scaling Up Social Enterprise for Sustainable Landscapes (Host: Agrofloresta) • Fashion for the SDGs: Sustainable Supply Chains (Host: UN Environment)

3 Key messages

1. A dichotomy remains

"There remains a prevalent and overarching dichotomy in development that places in opposition to each other: Human and Nature, public and private, developed and developing."

– **Robert Nasi,** *Director General, CIFOR*

Forum participants identified a significant gap between the views and priorities of sustainable landscapes practitioners and those working in the capital markets. Despite increasing acknowledgement by the financial sector of the systemic threat that climate change presents and the importance of more environmentally and socially sustainable practices, business as usual continues across industries.

Robert Nasi, Director General of CIFOR, stated that there continues to be a large deficit in the reduction of greenhouse gas emissions. There is now a very small chance of achieving climate targets – between 10 to 35 Gt CO2 – and we will most likely end up in a world with 3 degrees of warming. Therefore, it is not only necessary to reduce or bring to zero our net emissions, we must now remove greenhouse gases from the atmosphere and store them. At the same time, we must begin the work of adapting to a warmer and more uncertain global climate.

Making this change will require unprecedented levels of both public and private investment. While promising commitments have emerged, many public and private sector actors have been slow to make the required adjustments in policy and practice. It remains difficult to build a bridge between today's economic system that fails to factor in environmental externalities and a carbon neutral future. The greatest opportunity for holding back the rise of global temperatures lies in shifting the way that the global economy functions. There must be far-reaching changes in how companies and consumers use energy; changes in how land users manage soils and inputs; changes in how communities and companies use and manage forests; and reforms in land tenure that enable communities to make long-term, climate-smart investment decisions.

Investing in sustainable landscapes has proved a harder sell than opportunities in the energy and transportation sectors. The price of carbon remains low and limits projects from competing with alternative unsustainable land use practices. For example, although REDD+ has connected forests with funding, that funding is significantly smaller than the financing channeled to land-based industries such as oil and agriculture. The financial value of intact landscapes needs to increase for both government and business. Although a growing number of impact investors, green bonds, and investments are channeling financing into landscapes, truly large-scale capital lives in the traditional markets.

"Traditional financial markets aren't comfortable with non-traditional. If it doesn't fit in the box, it isn't in their box."

– **Jennifer Pryce,**
President and CEO, Calvert Impact Capital

2. Need to find an alignment in vision and agree on potential pathways to achieving that vision

Aligning stakeholders' visions of the future is key. From governments to investors to farmers and consumers – an agreement on the end goal and the route to achieving it is essential. As realization of the risks created by inequality and climate change has begun to percolate in the boardrooms of banks and corporations, there is still a lack of convergence to a shared vision.

During the closing plenary, Tashka Yawanawa, Chief of the Yawanawa in Acre, Brazil, shared how his tribe had reflected on their history and vision for the future. Collectively, they discussed what they wanted to accomplish with their lands over the next 15 years and how they might achieve this as a group. He explained to forum participants that this vision of the future was a life plan and not simply a business plan, and observed how differently outsiders had responded to the same question when he had asked them.

Reaching an agreed vision for the future, and a process for reaching that vision, is not always easy. During CIFOR's panel on REDD+, panelists disagreed on the approaches to attract private financing, the timing of investments in institutions and projects, definitions of jurisdictions and how policymakers should be included. What many speakers at the forum did agree on, however, is that to accelerate access to scale capital, investee projects must meet the basic needs of the traditional markets. Projects need business models that the capital markets understand.

During her keynote speech, Jennifer Pryce, CEO of Calvert Impact Capital, argued that there is a lack of appreciation for the gap in what we do in the sustainable landscapes space and the traditional capital markets. "At first blush, investing in infrastructure is very boring," but it is vital to get us going. Eventually, as businesses cross the bridge to the capital markets, they grow in budget, revenue and profit. Over time, they develop a track record of performance and returns and the gap between real and perceived risk decreases. Solar power in Africa provides a useful example of the evolution and journey to the capital markets: as financial intermediaries began to emerge on the continent, facilitate the movement of money and de-risk the investment, a financial supply chain emerged and hit the right comfort level with investors.

"We need blended knowledge, we need to learn from the work of others. Then we can move on to blended finance for landscape restoration."

– **Karin Kemper,** *Senior Director, World Bank*

Speakers from the financial sector argued that practitioners must leave the silo they operate in and look at the financial infrastructure underneath their particular project; how money moves and what templates can be replicated across geographies and sectors that we have seen respond well to investors' appetite. Practitioners in the landscape space often think in project timeframes but these are often too short for new businesses.

Local intermediaries can work to bridge scales but need investors to meet them halfway. During the closing plenary session, Charles Batte, founder of Tree Adoption Uganda, said he was tired of hearing from investors that his company was "too small" and that investors go for "bigger deals." He asked investors to be innovative and to find ways of incorporating small businesses and particularly grassroots, youth-led organizations into their portfolios.

This retooling of the private economy requires private finance that not only funds transformational change, but also the incorporation of conditions for all lending that makes sustainable business practices the norm. Despite efforts to strengthen institutions on the ground, infrastructure for investment remains weak. The private sector, including investors and financiers needs to invest in building the bridge itself and explore the required materials, tools, and infrastructure.

What might that bridge look like and how is it made?

A. Don't re-invent the wheel, but build on existing financial and regulatory infrastructure

Bridges should serve to capitalize on and leverage the existing financial infrastructure, expanding and adapting to include and incentivize investment in a new asset class. Bonds are a good example of this as they allow investors to move risk from an individual farmer or project and distribute across a larger group, but the financial sector can go further. Juergen Voegele, Senior Director, Food and Agriculture Global Practice at the World Bank, emphasized that every year $1 trillion is spent in agricultural subsidies globally, but only a small amount of that is invested in efforts aimed at improving the sustainability of production, and in some cases actively work against it. Many existing subsidies should be better targeted to support more sustainable landscapes.

B. Ensure the foundations are solid

Basic foundations such as land tenure still need to be solidified and potential investment models for post rights devolution need to emerge. The U.S. Agency for International Development (USAID) panel on investor strategies for land tenure risk highlighted the importance of tenure clarity to support any type of land-based investment. Sixty percent of respondents in a recent survey conducted by USAID identified land tenure risks as increasing in the past five years and unclear or insecure tenure was found to be the second most important risk for operators and the seventh most important risk for investors, leading to the rejection of 66 percent of reported projects.

C. Encourage and support innovators and intermediaries

Jennifer Pryce said the groups that they lend to as social impact investors - the groups that traditional markets leave behind - are challenging the status quo. At the digital summit session on "Social enterprises as vehicles for mobilizing investment," social enterprises were defined as businesses that identify problems and build solutions into their business model in a market-driven world. Bill Drayton, Founder of Ashoka, argued that entrepreneurs are an essential corrective force, changing systems from deep within. They recognize problems and opportunities for corrective action, and have implemented market-driven solutions to challenges throughout various sectors. Their models are paving the way, demonstrating that it is possible to build a sustainable and economically viable business model around a social cause. The success of their business models depends not only on return on investment (ROI), but on social return on investment (SROI). Unlike the ROI, a parameter that solely assesses financial profitability, the SROI is a tool that quantifies extra-financial impacts, including the broader social, environmental, cultural and economic impacts of an activity or business. The rise of consumer consciousness is expanding opportunities for businesses to incorporate the value of social impact into product prices.

There is a growing number of sustainability commitments, entrepreneurial activities, and better business practices in agriculture, forestry and the environmental sector. Participants asked to what extent this network of projects can align vision and be a part of the solution toolbox toward more sustainable land management.

A growing need exists for dedicated technical assistance facilities and people working with both practitioners and investors who can stitch the two areas together. Intermediaries, brokers, service providers – those individuals who link opportunity and investment – play a vital bridging function. The Landscape Investment and Finance Tool (LIFT), presented by Seth Shames – Director, Innovations in Policy and Markets, EcoAgriculture, seeks to address the capacity building gap among multi-stakeholder groups on a landscape level by providing a structured framework and process to begin to coordinate and seek investment. Initiative 20X20 is a country-led effort that aims to change the dynamics of land degradation in Latin America and the Caribbean by bringing 20 million hectares of land into restoration by 2020, with $2.08 billion of private investment. The initiative itself is supported by more than 40 technical organizations and institutions illustrating the important role of intermediaries in connecting private finance with landscape based projects.

> "We often miss that the smallholder farmer is often the primary investor, and we often fail to cost the investment made by him or her. Now if you were to monetize the amount of labor and land provided, you would see that what he or she is investing is equal to what an impact investor is putting in. We're not just helping them, we are actually collaborating with them."
>
> – **Charles Batte,** *Founder, Tree Adoption Uganda*

The Dragons' Den event also provided a range of examples of intermediaries and service providers seeking financial support and investments. As enterprises define their proof of concept, there is a real potential to harness local changes for global transformation, but this requires a growing sector of accelerators and incubators to provide the necessary tools to scale and capacity to absorb investment.

Accelerators act as vital sources for capacity building and assist in attracting and securing investment in the early stages as well as in the longer term. Importantly, accelerators/incubators can be more attractive to investors who seek to invest with higher amounts of capital than smaller, dispersed enterprises can absorb. Accelerators can also function as vital middlemen to carry out the difficult work and research to match investors with opportunities.

> "We have a lot of donors, NGOs and financiers, but we are missing the middle."
>
> – **Tony Simons,** *Director General, World Agroforestry Centre (ICRAF)*

D. Replicating successful models and building a low risk asset class

Once new business models have been successfully developed, practitioners must look at which ones can be replicated. During the World Bank Group session, Paula Guimaraes, Head of Forest Certification and Conservation at the Navigator Company, talked about how they took a model developed for forest management in Portugal and tried to replicate it in Mozambique. Innovators are emerging in the landscape space, but they each form one piece of a bigger puzzle. The community needs to start building on what they have started and pool projects to create new asset classes for sustainable investment, where the projects have similar characteristics and the model, risks, and returns are clear.

E. Ensuring access to data that supports commonly accepted industry standards

Collecting timely, accurate data and information can demonstrate results and importantly returns on investment. Standards provide a clear target for projects to work toward and also speak to an alignment of vision across stakeholders. The development of high quality standards involves all stakeholders. REDD+ (Reducing Emissions from Deforestation and Forest Degradation) has done significant work in creating accepted standards of monitoring and evaluation, and many projects now rely on methodologies in the REDD+ framework for carbon accounting. The Climate Bonds Initiative (CBI) works to set a global standard for climate bonds that adds transparency and credibility, providing

"We need to start thinking about institutional frames that start to build an asset class."

– **Michael Jenkins,** *CEO, Forest Trends*

clarity to investors. During ICRAF's session, Howard Shapiro, Chief Agricultural Officer of Mars Corporation, proposed that the private sector invest in a simplified performance standard system based on five comprehensive principles (productivity, profitability, environmental stewardship, government/solid management, social inclusion) as opposed to catering to various commodity-specific certification standards.

F. Investing in technology that supports investment

Advances in technology can help improve speed, accuracy and transfer of data which plays an important role in transparency and de-risking investments. Poor record keeping often limits investment in rural areas. Data and technology can help to support practitioners on the ground by transferring information to and from remote locations. New due diligence tools are great ways of better understanding the risks even before putting boots on the ground. Technologies such as GIS or remote sensing can be very useful when trying to understand land tenure conflicts. Real-time biophysical and climate data or information on the spread of pest and disease can also support practitioners on the ground.

Blockchain technology – A decentralized, digital ledger that can record data and support transactions is being hailed by some as a disruptive force that can help solve problems such as tenure insecurity and supply chain transparency and traceability. But speakers during the symposium session on emerging tech argued that such technologies require solid foundations. Furthermore, important questions must be answered before they can start solving problems, including: Does the data to be fed into the blockchain already exist and in what form – hard copy or digital? Is the data accurate, and who is assuring its validity? Who does this data belong to? What protective measures need to be put in place for individuals? Who is accountable when something goes wrong? What are the proprietary challenges? Is the legal and regulatory environment supportive, and has it caught up? Different technological scenarios must be piloted by a broad spectrum of actors who require funding to support them.

4. The journey to the capital markets has numerous phases, with different capital needed at different times

> "Not every project is ready for direct investment, and also it's not just a question of investment yes or no, but what kind of investment. So it's very important to be clear about which part requires what kind of financial instrument."
>
> **– Sylvia Wisniwski,** *Managing Director, Finance in Motion*

The financing and investments needed to support sustainable landscapes changes over the lifetime of the project and enterprise. Keynote speaker Jennifer Pryce referred to this as the financial supply chain. In early stages, donor or government funding is critical to subsidize capacity building work that is not necessarily tied to the business model. But as capacity develops and enterprises emerge, these expenses will be reduced and may be included, along with R&D, into a sustainable business model. In early stages, the amount of capital needed increases if you intend to change existing behaviors and disrupt embedded incentive structures, which has been the case for many supply chains associated with deforestation.

Millions of dollars have been channelled into research and development, to better understand the conditions needed for effective implementation of a sustainable landscapes model (including REDD+, production forestry, agriculture, agroforestry). International organizations and donors have also funded capacity building for communities, government, and local civil society organizations. Now, private capital needs to step in and build on the foundations that need to be put in place.

Forum participants agreed that a minimum viable product is necessary as a first step for enterprises before "saving the world." Enterprises need to have a working business model to stand on before scaling up to higher objectives, and have a greater chance of creating behavior change over time. Social enterprises can be an easier entry point for investors as they do not abandon a market-based approach and still provide strong business models that create a variety of economic incentives.

Accelerators can help match the correct investment or financial mechanisms to the enterprise at different stages of their growth. "[We] need new funding mechanisms that make it easier for organizations to access funds that do not force me to apply for a water grant, or sanitation grant, at a scale that is not feasible when you are starting out," said Connie Nielson, actress and humanitarian. "[We need] to create a pipeline of funding that helps organizations trying to get to scale, so that potential solutions do not die before they have the opportunity to get funded."

The "right" private sector investor was seen as a partner who believes in the vision/mission of the organization, and has a long-term perspective. This translates into an investor attracted to the project primarily due to its impact and sustainability, not simply for its financial returns, and who can provide input to the project to enhance profit. This may also mean that the investor is less focused on their exit strategy.

To unlock big money, it has to be de-risked. Alqueria, a Colombian dairy processor, was one of the earliest producers of pasteurized milk, a pioneer of UHT and the first producer of heavy cream. Sixty years after their launch, they are now piloting new projects and are hoping to bring them to scale with financing from development banks. The Multilateral Investment Guarantee Agency (MIGA) of the World Bank Group works to mitigate risks for investors by managing government relationships, compensating for any losses, addressing difficulties transferring foreign currency earnings and tackling disturbance risks in post-conflict areas. MIGA sees the potential for growth in the agricultural supply chain space.

A number of forum presenters described how they got their projects up and running. Christian del Valle, Founder and Manager of Althelia Climate Fund, pointed to specific examples of how investments can be structured to show performance, as well as how to demonstrate the high levels of measurable positive social and environmental impact of these investments. He used one Latin American case that had a positive impact on livelihoods, inclusivity, climate, ecosystems, and provided fair, proportional economic value for investors and community stakeholders alike. The case study provided returns (based on cocoa sales and carbon credits), incorporated REDD+ and reduced deforestation.

Violaine Berger, who leads the mitigation of deforestation focus at IDH - The Sustainable Trade Initiative, uses a jurisdiction (landscape) approach to ensure sustainable production of agro-commodities.

> "If you want to unlock big money, it has to become boring… it has to be de-risked."
>
> **– Vikram Widge,** *Global Head, Climate Finance and Policy, International Finance Corporation (IFC)*

IDH then provides clear investment pipelines, which attract different sources of investment to the landscape (commercial banks, supply chain companies, impact investment, multilateral development banks) supported by the development of new financing instruments, such as working with the &Green Fund to cover first losses and de-risk investments in landscapes.

The session hosted by IUCN on blended finance covered the merits and challenges of this approach. During the Dragons' Den, judges raised concerns about relying on a blended finance model. Despite the potential for public funding to mitigate some risk and cover certain costs, donors are challenging to work with, and investors may not always be so keen to involve a third party. Phasing investments so that different capital comes in at different stages was seen as a much friendlier approach to private capital.

During her keynote speech, Jennifer Pryce asked investors to consider three questions:

1. What kind of capital do you have?
2. How much do you have?
3. Where is it housed?

These factors affect what an investor can do with their money and a number of the larger financial institutions present said they struggle to finance small scale initiatives, but may try to overcome this by working with banks and intermediaries who service SMEs (small and medium enterprises).

The "exit" is traditionally very important for investors who want to know when they will be able to get their money out and what they will get back in return. Investors must acknowledge and adapt to the fact that the classic exit event may not exist with landscape level projects and social enterprises, and that you are dealing with stakeholders and communities with whom you may want to develop a long-term relationship. Projects will suffer setbacks, change shape, evolve and fail. Investors should look for a solid team of individuals, and they should consider broader impacts, capital needs, type of investment, competition, and staying power.

5. Progress in financial and commodity supply chains will take time, but early results exist

Sustainable finance continues to be held back by short-termism. Specifically, land-based investments often operate over long time frames, especially in agriculture and forestry (long growth cycles). Paula Guimaraes, Head of Forest Certification and Conservation at the Navigator Company, argued that their project in Mozambique is moving slowly because it is a mosaic project within a complex landscape. They work with the community, promote health and safety, train people, and identify high value areas. In these situations, you need patient investors. Investees must find the right financial fit for their time frame.

During the World Bank Group session, Bas Ruter, Director of Sustainability for Rabobank, also described the importance of moving away from spot markets. "We need to re-build those (supply) chains," asserted Chris Brown, Vice President of Corporate Responsibility for Olam. "Although the company started off as a commodity trader, it has become increasingly vertically integrated because it realized the growing risks associated with poor agricultural production practices. Olam also wanted to infuse farmer activities with a sense of confidence by assuring them that they would be purchasing their products and providing support over the next 20 to 25 years."

6. We will require governments to be brave and innovative to support sustainability

The role of government permeated every discussion forum, landscape talk and plenary session. Speakers and participants demanded a supportive policy and regulatory environment, strategic public financing, incentives and structures to level the playing field for sustainable business. During the closing plenary, a representative from the African Union argued that the private sector and government interface needs to be discussed and that government has to be included in these forums; this includes policy makers at the sub-national and national level, but also at the regional and global level. The conversation must also move beyond environmental ministers to include financial regulators and ministers of industry. Everyone can bring perspectives to the table.

However, some participants were skeptical about the role of governments. Participants argued that government timelines are failing to align with long term sustainability objectives such as conservation and restoration. Dharsono Hartono, President of PT Rimba Makmur Utama, argued that an approach cannot be tied to a particular political leader without running into problems. Speakers argued that government has to be held accountable for building a reliable and effective enabling environment that supports collaboration between all stakeholders.

Participants also called for assistance to support governments in taking a leadership role, in designing systems and constructing frameworks that allow projects to thrive and strengthen community/stakeholder engagement. Joanna Durbin, Director of the Climate Community and Biodiversity Alliance, explained how the Sustainable Landscapes Rating Tool has been developed to help rate a jurisdiction based on their enabling conditions. This includes policies and laws which assist in communicating complex information more clearly to investors, increasing transparency, and providing a comprehensive framework useful for governments to self assess. This tool is similar to a country credit rating and ease of doing business rating but on a jurisdictional level. The tool is currently being used in 45 different states and provinces.

> "From investor perspective, financial integrity is absolutely crucial."
>
> – **Stephen Rumsey,** *Chairman, Permian Global*

El Salvador championed reforestation when it recognized the connection between reforestation, development and disaster risk management. But they also recognized the challenges of effectively mainstreaming and engaging non-traditional actors and the need for financing to implement better land management practices at scale. For example, at municipal level, the government and the private sector can co-finance restoration for fire afflicted forest in tandem with investing in the health of vulnerable forests; they can also use revenues from utilities fees to fund forest restoration.

> "If our economic system is not properly pricing externalities, then you just get this steady erosion of natural capital and conversion of that into consumption. So part of that is getting the price signals right and then it will flow into the right place. Right now it's not in the right place."
>
> – **David Brand,** *CEO, New Forests*

Report launch

USAID investor survey on land rights

In 2017, USAID initiated the Investor Survey on Land Rights, implemented by Indufor North America, to delve into the drivers of tenure risk surrounding land-based investment and learn how investors and operators assess, mitigate and are affected by such risks. Launched at the GLF Investment Case Symposium, the results provide a first-of-a-kind glimpse into investor perceptions of land tenure risks and strategies to create responsible land-based investments.

During a discussion forum on the topic, speakers explored the survey findings, including a perception from respondents that land tenure risk is increasingly important to their organizations. When asked to rank land tenure risk amongst a variety of business risks, land tenure was ranked as the second most important risk among operators, and the seventh most important risk among investors. Fifty-eight percent of all respondents noted that land tenure risks had increased significantly or very significantly during the past five years. Sixty-one percent of the rejected investments in the sample were rejected due to land tenure risks, including local community land disputes and community right to access resources.

Youth participation

The Investment Case Symposium fostered intergenerational dialogue with young leaders represented across the event – throughout the plenaries, Digital Summits, the Digital Edition, and the creation of this Outcome Statement. With 84 applications for youth participation, 10 young leaders were selected to join GLF D.C. and contribute with their experiences, knowledge, and vision. While Charles Batte, CEO of Tree Adoption Uganda, represented youth initiatives in plenary, Vania Olmos Lao led online participants through an engaging Digital Edition. They shaped the conversation by participating in discussion forums and in designing online sessions. Ania Madalinska, a Steering Committee member of the Youth in Landscapes Initiative and co-founder of social enterprise Agrofloresta Mesoamericana, brought in new voices while coordinating the Digital Summit centered on harnessing the power of social enterprises to propel change.

Dragons' Den

International woodland company

Investment Opportunity:
$150 million

With 25 years of experience, the IWC presented a "Treenewable Climate Fund" investing in early value chain projects. The project aims to attract private capital by using a multilateral and innovative funding structure to control costs while also reducing risk through their integrated forest landscape restoration model.

"Africa has a challenge. It needs new forests at scale, both for climate change mitigation and wood supply."

Fairventures worldwide

Investment Opportunity:
$17.4 million

With its agroforestry focus, Fairventures Worldwide presented a project informed by its experience in balancing livelihoods with conservation, largely through innovative tools fostering dialogue and incentivizing protection. An investment would allow the company to scale up its Indonesian operations to encompass 100,000 hectares in the coming decade.

"We're looking for like-minded investors that really understand the triple bottom line, and we need you to go that way with us."

EO-li

Investment Opportunity:
$1.98 million

The project is a web-based, global broker platform and market place with four distinct components: identifying locations to be restored, selecting the area and the actors doing the restoration, monitoring and reporting on the progress of the project using Earth observation and geospatial data and, finally, a learning platform providing guidance and capacity strengthening.

"It's a platform to connect different stakeholders, and make multi-sectoral land restoration more efficient."

GreenFI platform

Investment Opportunity:
$500,000

The project is based on the clear need for a new means of financing small-scale producers who are vital for sustainable landscape management but are often excluded from formal financial systems. The proposed investment of half a million dollars would allow the platform to vastly improve its capacity to provide investors and donors with defined environmental and financial returns.

"What we are doing is providing a scalable back-end to the eco-credit movement. Sustainably managed resources are rewarded by access to more credit and better credit ratings."

Key feedback from the Dragons' Den

- **All capital providers want a really clear understanding of the investment request.** Whatever type of capital you're seeking, investors want to know: How and when will they get their investment back? What's the risk, and how is that mitigated?
- **Be wary of blended finance - how donors, equity and debt interact.** Managing the relationship between different funders or investors is challenging. Donors will often try to steer investment in a particular direction. Blended finance is not a panacea.
- **Make clear who all of the stakeholders are and what their economic proposition is.**
- **Many of these pitches are either looking for very patient capital or seed capital.**
- **Demonstrate that you have done some market analysis**. Who is going to use these services? Who needs and wants this? How do you differentiate yourself among competitors?
- **Demonstrate a financing timeline.** When will you be cash positive? When you will pay back investors? Can you show an understanding of your income model?
- **Is there a proprietary element needed to commercialize the product?** If so, what structures have you put in place to ensure that?
- **Clarify who your audience is in the pitch** (NGOs, banks, donors?) A different framing is needed for each audience.
- **Be open to changing your business proposition based on investor feedback.**

4 Conclusion

> "Nature gives away so much but it doesn't send an invoice. What would nature's invoice be?"
>
> – **Chris Brett,** *Lead Agribusiness Specialist, World Bank*

We need to continue to create meaningful dialogue and constructive collaboration between stakeholders at different scales. All stakeholders have the responsibility to innovate, communicate and act!

Co-developing the enabling environment to deliver investment and building a bridge to capital markets will involve all stakeholders. Many different types of finance will be needed at different stages, and when the time comes, financial institutions need to be ready. Global capital markets need to step up to join the conversation and the call to action. But they will not come unless there is a persuasive business case for doing so. Developing this business case requires all stakeholders to build a bridge between sustainable landscapes and capital markets.

- **Governments** need to expand and develop their existing financial and regulatory infrastructure to build the enabling environment needed for more sustainable investments and to level the playing field at a national, regional, continental, and global level with policy. Policy and regulation may often find themselves having to catch-up with new investment structures and technology, but their role is key.
- **Landscape practitioners** need to develop viable business models that address key questions from investors and financial institutions.
- **Tech companies and entrepreneurs** need to continue seeking new solutions and innovating to build the infrastructure that supports sustainable investments.
- **Communities and indigenous people groups** need to be clear about their priorities and vision for the future, and communicate this at national, regional and international scale, joining forces with others to put their needs at the top of the agenda.
- **Producers need to strengthen their collective voice**, whether through unions, cooperatives, industry associations or chambers of commerce, and communicate what they need to shift toward more sustainable production practices.
- All of us, as **consumers**, need to make better choices about the products and services we use and how they impact our natural landscapes.
- **Youth** has an incredibly important role to play in innovation and in not getting stuck in the systems that have been put in place before them. They must rethink the financial system so that it supports a more sustainable world.
- Above all, **the financial sector** must begin to self-educate on what sustainable investment in land means. This education must go beyond the sustainability and compliance departments of banks, beyond impact investors, beyond environmental, social and governance standards. This information must penetrate retail, corporate, global, private and investment banking divisions. It must penetrate hedge funds, sovereign wealth funds, insurance and pension funds. It must reach the bank clerk and the board of directors. Then they too can start to innovate, communicate and act!

> "When restoration commitments are made, it is young people like me who will get excited and be ready to begin planting, but to do that we need to build trust with investors."
>
> – **Charles Batte,** *Founder, Tree Adoption Uganda*

The Outcome document was compiled and written by Sophia Gnych, Salina Abraham, Oscar Crespo Pinillos, Andrea Cristina Ruiz, Anna Madalinska, Anna-Sarah Eyrich and Maximilian Schubert.

Photos: Cover – Patrick Shepherd/CIFOR; Content – Leigh Vogel/GLF

Participating organizations

Media partners

an initiative by