

THE PRI, UNEP FI, B@B PLATFORM & FFB PLEDGE PRESENT

WEBINAR:

NEW GREEN SHOOTS

THE LATEST INNOVATIONS IN NATURE FINANCE

State of Finance for Nature Report

Scale up finance & investment into nature-based solutions

Ivo Mulder, Head – Climate Finance Unit, UNEP

Biodiversity Finance webinar, UNEP | 6 January 2022



Enhancing capital flows in the net zero transition, nature positive assets

Classification of NbS finance



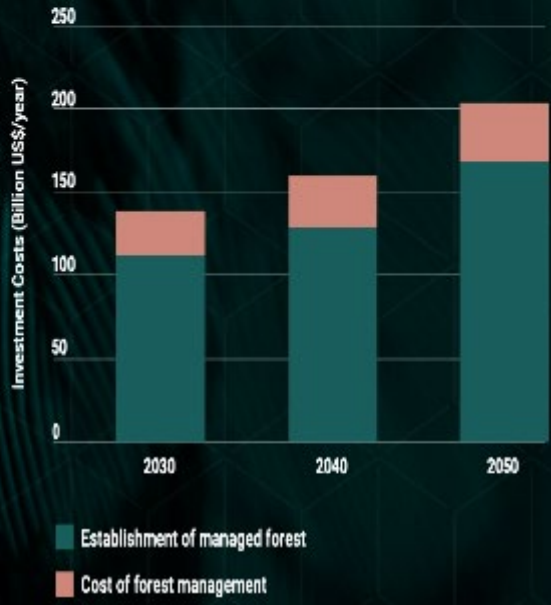
Invest smarter: reimagine, recreate, restore
Half of the estimated financing needs are for the
management, preservation and restoration of forest assets.



Summary of future investment needs

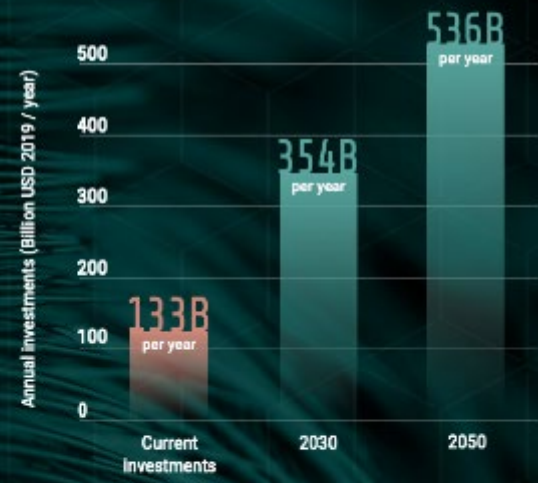
Type of NbS	Total cumulative investment (2021-2050) USD billion	Additional annual investment in 2050 USD billion per year
Re/afforestation	4,684	203
Mangrove restoration	15	0.5
Peatland restoration	301	7
Silvopasture	3,130	193
Total investment needs	8,130	403

Investment in forest-based NbS under the immediate action scenario



We need to fill the
USD 4.1 trillion gap
to halt the climate, biodiversity and land degradation crisis by 2050

Investment needs



x3

investment needed by 2030.

x4

investment needed by 2050.

50%

Management, preservation and restoration of forest assets account for 50% of the investment need

Spread out over three decades, total investment needs reach **USD 8.1 trillion**
At current investment rates we will have a funding gap of **USD 4.1 trillion**



Conclusions

1. Both the **volume of capital** directed to NbS-relevant assets and activities and the **share of private finance**, are insufficient
2. **The investment case needs to be stronger** (return to the investor relative to risk), judging by the small share of private finance compared to public funding
3. **Investment will have to at least triple by 2030** and increase to over USD 536 billion/year by 2050, at least four times the amount invested today



Pinwheel

Meaningful ways to repair our planet.

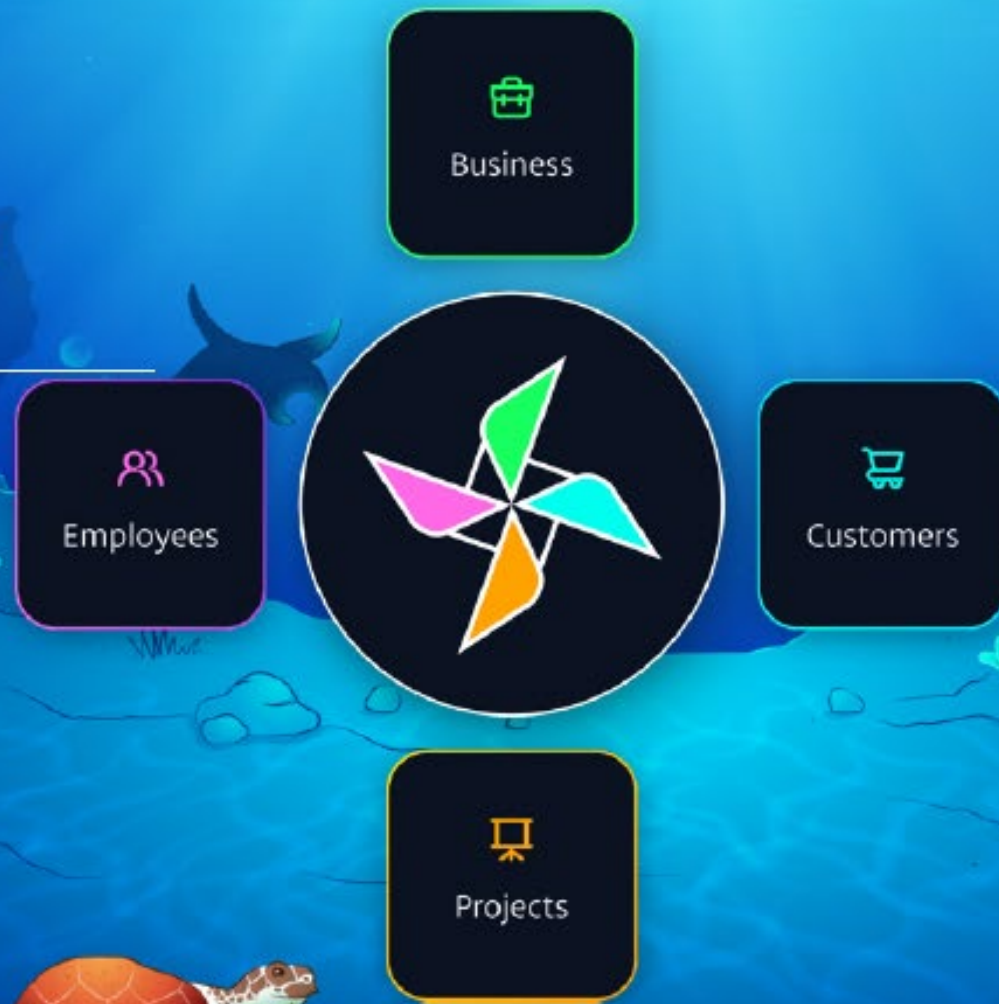
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January 2021

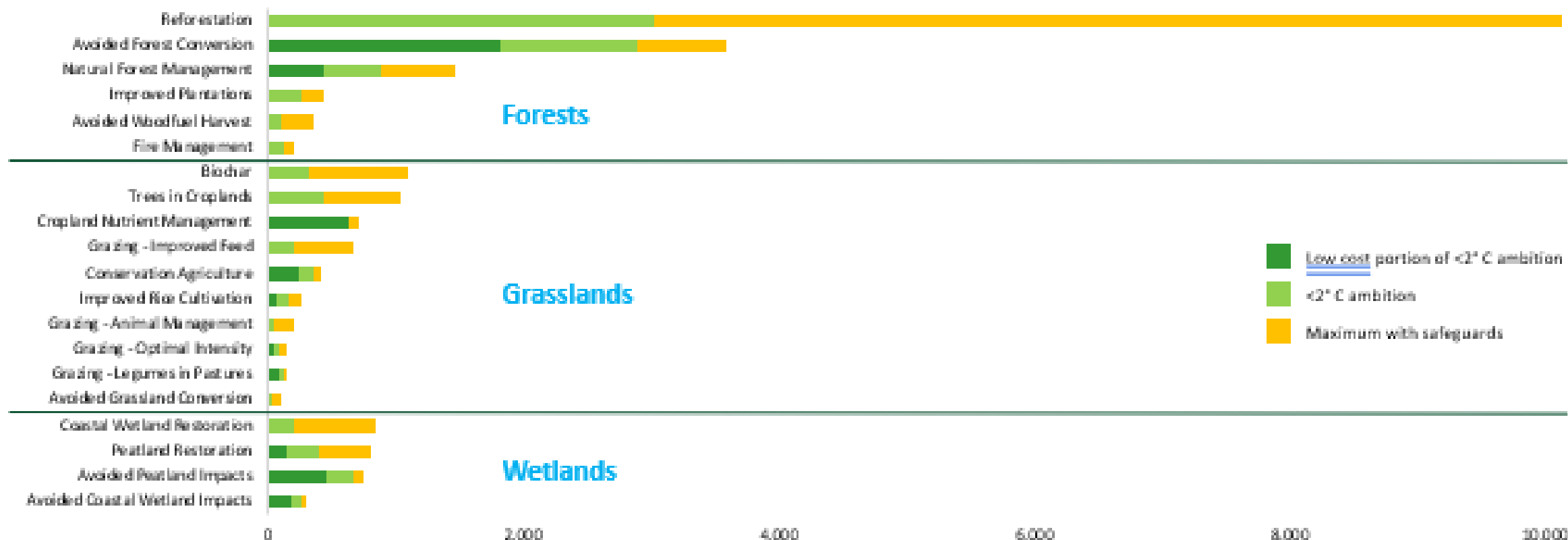
Creating a powerful restoration economy



Natural climate solutions are 30% of the solution, 10% of the conversation, and only 3% of the finance¹

- Better management of forests, grasslands, and wetlands can provide significant climate benefits through sequestration and avoided emissions¹
- Reforestation offers the single greatest opportunity to deliver climate mitigation at the landscape level¹

Potential contribution of the land sector to climate change mitigation through 2030 (millions of tCO₂e per year)²



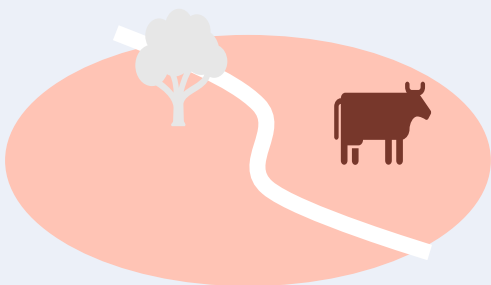
Landscape Capital's reforestation strategy in Latin America

Seeks to mobilize US\$1 B over five years and deliver climate, environmental and social benefits at scale, alongside financial returns

1.

Acquire deforested and degraded land

Target selected regions in Brazil, Uruguay, Chile; opportunistically in other emerging markets in Latin America



2.

Restore & permanently protect natural forest

Restore and protect natural forest across ~50% of portfolio to deliver net-positive impact on biodiversity



3.

Plant FSC-certified commercial tree farms

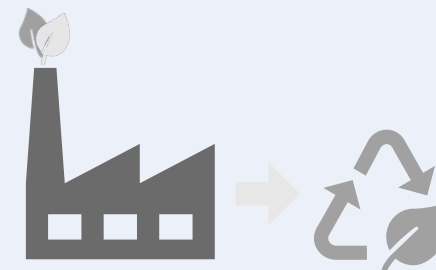
Plan sustainably managed commercial tree farms planted across ~50% of portfolio



5.

Manufacture climate-positive forest products

Climate-positive forest products reducing the emissions of industrial material flows



4.

Create high-quality forest carbon offsets¹



Notes: (1) The term "offsets" refers to Verified Carbon Units (VCUs) from VCS validated and verified projects that integrate the establishment of commercial tree farms and the restoration of natural forests.



Government of Belize Sovereign Debt Conversion for Marine Conservation



Kevin Bender

Senior Director
Sustainable Debt NatureVest
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January 6, 2022



CREDIT SUISSE

DFC U.S. International
Development
Finance Corporation

Munich RE



WillisTowersWatson



CONSERVATION OUTPUTS:

- Marine Protection from 15.9% to 30% by 2026
- Marine Spatial Plan
- Establish Conservation Fund (ind.)
- Mangrove Reserves as World Heritage Site + others

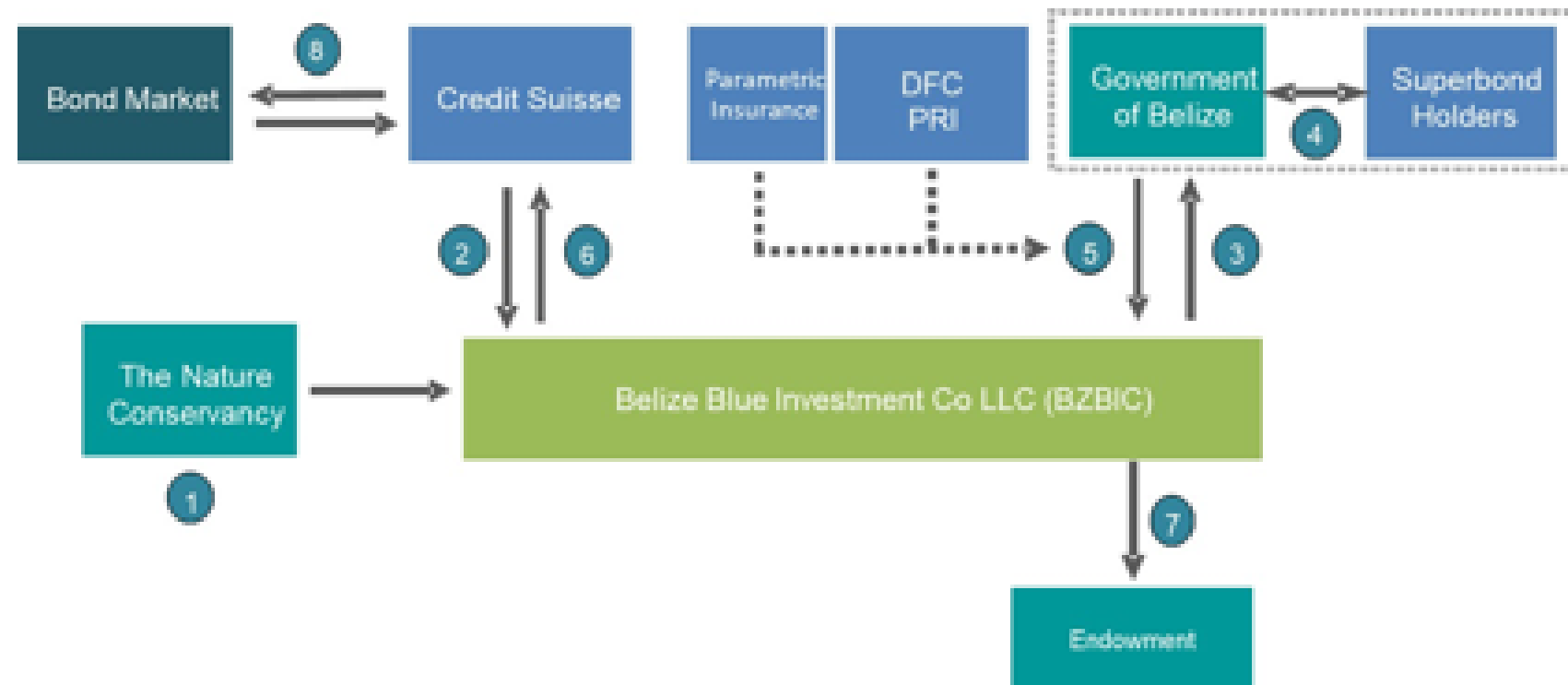
FINANCIAL BENEFITS:

- US\$ 190 million debt reduction
- 100% of external commercial debt
- US\$ 54 million of debt service savings over the next 5 years
- Recirculation \$85 million into BZD
- Extension of maturity: 5 years

CONSERVATION FINANCE:

- US\$ 180m for conservation finance over 20 years
- Average US\$ 4.2m/year
- Endowment US\$ 90m+ by year 20

Loan Transaction Structure



WHO ARE WE?

Livelihoods funds, a social business creating and running agriculture & forestry impact funds

OUR MISSION

- Mitigate the effects of climate change
- Improve **rural communities'** livelihoods
- Restore & protect **biodiversity**
- Transform corporates' **value chains**

OUR IMPACT FUNDS



OUR CURRENT INVESTORS

21 players committed
agriculture transformation



A COMPREHENSIVE SUPPLY CHAIN & LANDSCAPE PROJECT

REG AG VANILLA PRODUCTION MAINSTREAMING GOOD PRACTICES



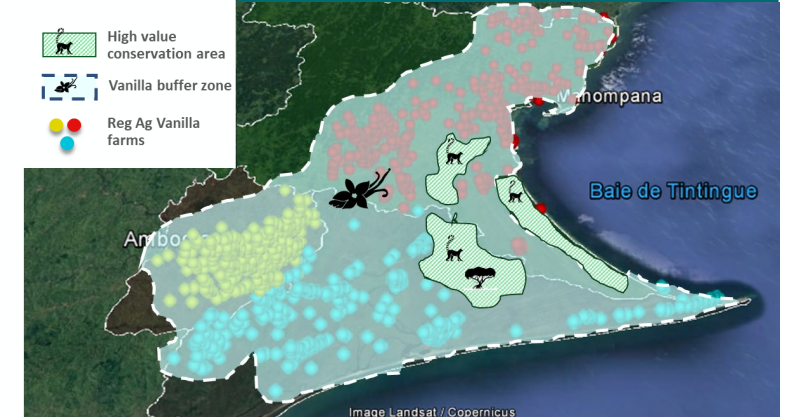
Mainstreaming Reg Ag Vanilla good practices



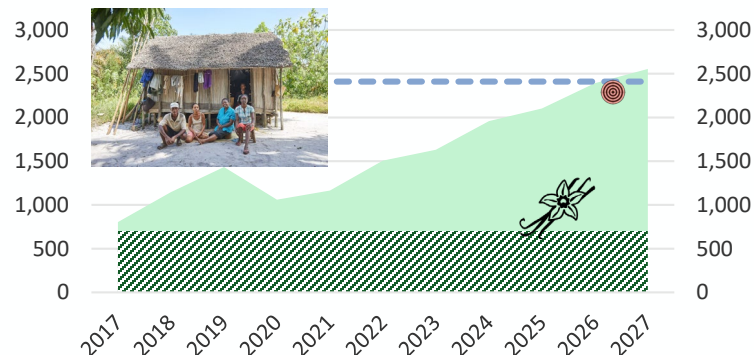
Shortening value chains to capture value



Protecting biodiversity by landscape approach



Tripling households' income target



Running a farming school for the youth

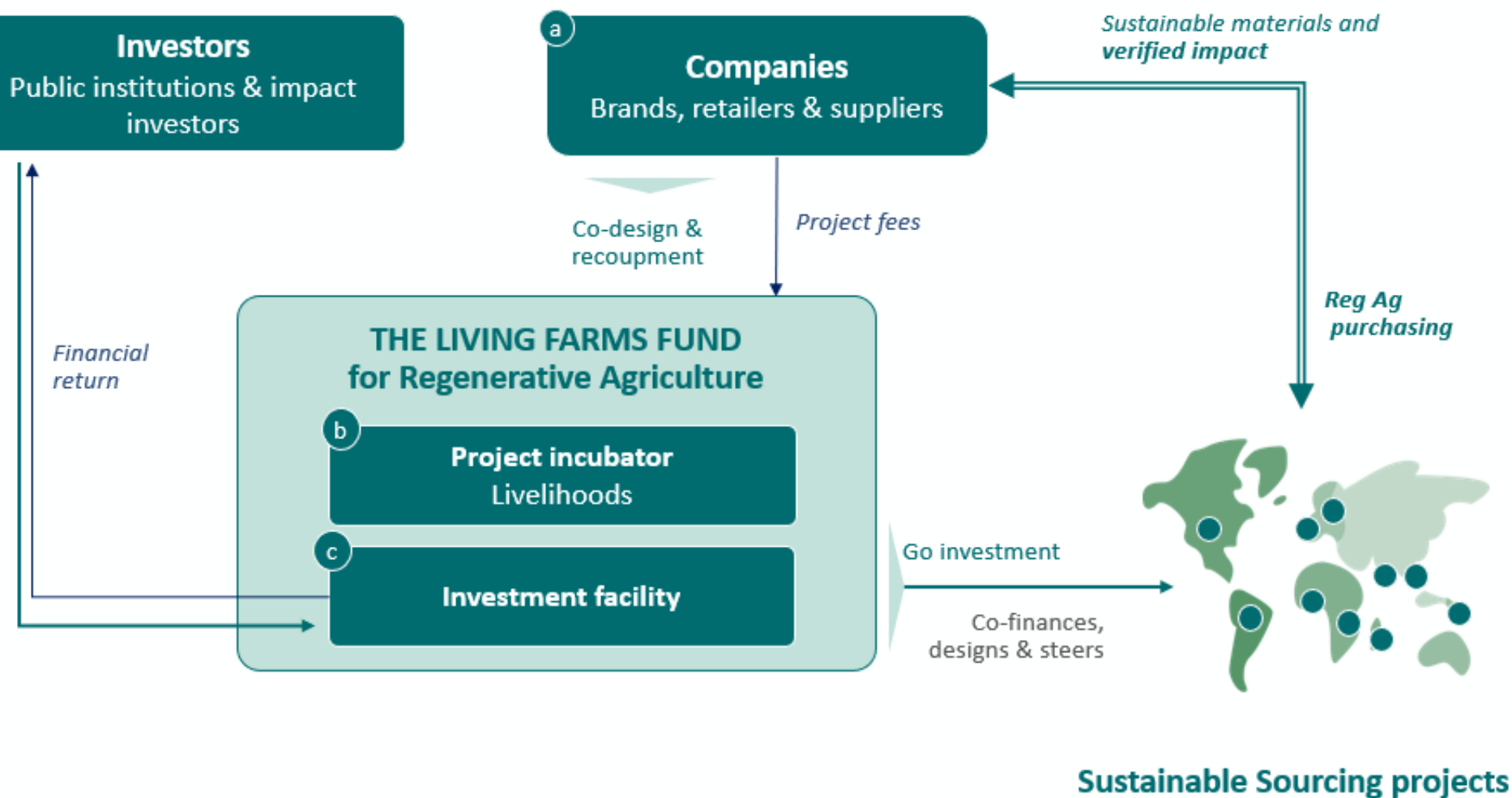


Women empowerment and inclusion



A FUND TO ACCELERATE SUSTAINABLE SOURCING

THANKS TO COMPANIES COMMITMENT & IMPACT FINANCE



SUPPORTING 50,000 FARMS TOWARDS REG AG

SIZING FOR A FIRST CLOSING OF 100 M€ IN 2022



Living Farms Fund* First closing

~250,000 hectares shifted towards Reg Ag
~ 50,000 farms supported



farmers



ha



M€ Invest

Emerging economies

48,000

100,000

50 M

Advanced economies

2,000

150,000

50 M



Aviva Investors Natural Capital Transition Strategy

On the right side of change

January 2022



Key themes

Building a nature positive economy by investing in companies contributing to:

Circular economy

Sustainable land

Sustainable ocean

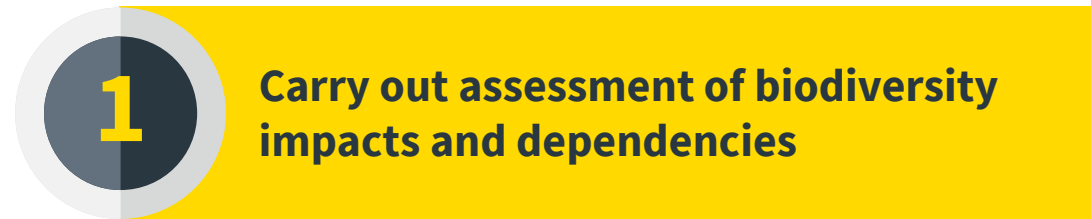
Climate change

Linked to the UN Sustainable Development Goals:



Bespoke engagement

Investment manager targets portfolio holdings with 3 timebound engagement asks



1 Carry out assessment of biodiversity impacts and dependencies



2 Set quantified, timebound targets to reduce key biodiversity impacts



3 Company-specific ask most material to business model and key sector risks

Key features:

- ✓ Escalation pathway leading to divestment
- ✓ Annual assessment against scorecard
- ✓ Companies scored as Laggard, Limited, Active, Progressive, or Leader
- ✓ Three year programme for each company
- ✓ Aligned with SBTN and CBD COP process

Car manufacturer case study:

- ✓ Set a quantified target to increase the recycled content of vehicles, the recyclability of EV batteries, and sourcing of key metals and minerals in the batteries