



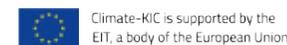
# LANDSCAPE FINANCE LAB

INCUBATING  
SUSTAINABLE  
LANDSCAPES

If we are serious about our Global Goals, we need to find ways of building alliances, scaling our work faster and channelling much larger investments into conservation. The Landscape Finance Lab provides a practical platform to enable this.

- Thomas Vellacott, CEO WWF-Switzerland

Our partners:



Climate-KIC is supported by the EIT, a body of the European Union

# SUSTAINABILITY DEALS AT SCALE

There has never been more money and political will for conservation and sustainability than in this decade<sup>1</sup>. Yet investors and land managers are struggling to originate high-quality land use projects. The Landscape Finance Lab aims to bridge this gap by connecting landscape teams, governments, corporates and financial institutions to incubate sustainable landscapes that generate impact at scale, covering millions of hectares, mobilising hundreds of millions of dollars and catalysing major conservation impact. The Lab is actively incubating 10+ landscapes and on track to deliver on over a billion dollars of potential landscape investments.



## LARGE SCALE SOLUTIONS TO THE BIGGEST CHALLENGES

If climate change and loss of natural capital are our core environmental challenges, then integrated landscape management is increasingly being recognized as a key solution<sup>2</sup>. The landscape approach links land, water and coastal resource management for a range of users and objectives.

Climate innovation has recently taken this much further, catalyzing a quantum leap in conservation program funds and design. The opportunities for financing conservation project have jumped from a range of \$1 to 10 million (M) from traditional donors to now \$50 to \$250 M. New funds operating at this level include the Green Climate Fund (GCF), a global initiative now resourced with billions of dollars to respond to climate change by investing into low-emission and climate-resilient development, or the Land Degradation Neutrality Fund (LDNF), which supports large-scale rehabilitation of degraded land, for sustainable and productive use, with long-term private sector financing.

As an example, the Mai Ndombe Emission Reduction Program in the Democratic Republic of Congo (DRC) - initiated by WWF - was approved by the World Bank Carbon Fund for \$170 M financing in June 2016 to save moist tropical forests over 12 million hectares, making this WWF's single largest investment in any one location.

More recently, in February 2018, the Tropical Landscapes Finance Facility (TLFF) completed its inaugural transaction, a landmark \$95 million long-dated sustainability bond to finance sustainable natural rubber production across heavily degraded concession areas in the Jambi and East Kalimantan provinces.<sup>3</sup>

Among advantages of jointly applying the integrated landscape approach and climate finance are:

- **Operation at scale.** The Lab focuses exclusively on programs over a million hectares, million tonnes of traded goods, million tonnes greenhouse gases, and \$100 million investment size.
- **Integrated solutions.** Combining sectors, stakeholders, governance levels and diverse types of finance.
- **Generating multiple benefits.** Supporting triple return projects with major conservation and social impact that also generate a financial return for reinvestment.
- **Averting market failures.** Building long term strategies and systems that can anticipate for shocks, ensure sustained financing and support stable multi-stakeholder institutions.

## MISSION AND OBJECTIVES

The Landscape Finance Lab was established in April 2016 as an initiative of WWF with a mission to support governments, corporates and financial institutions to incubate sustainable landscapes that generate impact at scale. The Lab is pioneering this new approach in landscapes that span land and sea areas over one million hectares, attract investments of \$100m+ and are able to run sustainably for decades.

Three core objectives are being pursued:

1. **Structure high quality landscape programs in global biodiversity priority places.** A range of programs are under design using jurisdictional REDD+, land degradation neutrality, catchment management and landscape sourcing approaches.
2. **Access innovative financing.** Conservation funds will be supported including private sector investment funds, impact investing platforms and public sector grant funding windows.
3. **Build learning, capacity and impact measurement.** Producing tools, guidance and learning publications. An online platform allows for sharing, project incubation and community development.



## AN INCUBATOR FOR SUSTAINABLE LANDSCAPES

The Lab is specifically designed to structure investable landscape programs in global biodiversity priority places. It uses the lessons and tools of green business start-up incubators to help structure deals, find resources, attract investors and ensure quality design and implementation. It seeks to test and prove pathways to secure public and private investments in priority landscapes and trade chains.

Ideas submitted to the Lab are mentored through the Lab's 4 stage incubation process.

- 1. Discover.** The Lab conducts a quick review of the concepts sourced through its online platform. It reviews ideas for commercial potential, potential for impact at scale, and adequate governance and support arrangements. It holds initial calls with idea sponsors and discusses work needed to progress
- 2. Structure.** The Lab helps idea sponsors identify team, partners, technical resources and sourcing funds. It supports the development of a business case slide deck and concept note.
- 3. Develop.** The Lab supports the idea sponsors in progressing the concept to a fully-fledged proposal in the format required by the relevant funders (e.g., GCF, LDNF, etc). In selected cases the Lab may link the team to an external strategic investor or corporate partner.
- 4. Fund.** The Lab provides coaching for investor and donor cases for support as well as support on deal negotiation and investment plan preparation. It also supports the program inception (first six months) using experienced mentors.



## A PLATFORM APPROACH TO CONSERVATION AND SUSTAINABILITY

The Lab's online platform is a tool to support south-south learning and to stimulate experimentation from the field. It is inspired by start-up and crowdfunding platforms to emulate their sense of community, ease of collaboration and entrepreneurial spirit. The platform is:

- **Systematising the portfolio development model**, allowing every idea sponsor to track their progress against the Lab's steps;
- **Providing a community of practice for landscape teams to support**, mentor and learn from each other in the development of their ideas; and
- **Offering investors an interface** through which they can access concept and development progress information, and signal interest.

The Lab portfolio currently contains 10 landscape programs in priority ecoregions across Asia, Africa and Latin America.

## SHIFTING TO A BLENDED FINANCE MODEL

While grants will remain an important instrument in conservation efforts, the Lab seeks to expand thinking of conservation organisation on alternative ways to structure conservation projects. This ensures projects sustain themselves financially once any initial grant funding has run out and minimizes disruption to vulnerable market systems. Blended finance models also help access untapped sources of finance and mobilize funds at scale; and create relationships with financial institutions, companies and supply chains and explore conservation challenges through their lens.

The Lab is pioneering new models where public and private finance work together to generate green economies and protect natural systems at a scale needed to address climate and sustainability challenges.



Incubating  
Sustainable  
Landscapes



# EXAMPLES OF LANDSCAPE PROGRAMS IN THE LAB INCUBATOR

Landscape	Location	Impact Area	Value (USD)	Description	Stage
Great Sea Reef	Fiji	Marine, Climate	\$115M	Ridge to reef sustainable management and resilience	Structure
Creating Forest Corridors for Water, Energy and Life	Paraguay	Forest, Water	\$260M	Creating Forest Corridors for Water, Energy and Life	Structure
West Lesser Caucasus forest landscape partnership	Georgia	Forest, Climate	\$100M	Securing the multiple functions of the Adjara Forest Landscape (including biodiversity, carbon storage, climate resilience and a sustainable local economy).	Structure
SCALE Eastern Plains Landscape	Cambodia	Wildlife, Forests	\$140M	Protecting priority forest landscapes and reintroducing tigers. Partnership with H&M for sustainable wood fuel sourcing.	Structure
TRIDOM Green Investment Partnership	Cameroon	Forests, Wildlife, Governance	\$400-500 M with \$283 M for Jurisdictional REDD+	Influencing the design of two major REDD+ programs to build corridors in the TRIDOM landscape.	Structure

## NEXT STEPS

In 2019, the Lab will:

- Continue to mentor existing programs
- Bring in two cohorts of new landscapes
- Launch the Bankable Projects Incubator
- Launch a new report on 'Landscape Sourcing: business contributions to the landscape'

## HOW TO ENGAGE

- Join the Lab community
- Submit a landscape programme
- Contribute to a landscape through our seed fund
- Share your knowledge on landscapes through a blog or webinar
- Collaborate in building landscape programmes

## CONTACT

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<sup>1</sup> The Paris COP signaled over \$20 B of public investment while the private finance for green bonds has reached almost \$700 billion (B) with \$81 B of new bonds issued in 2016 (CBI). Impact investment reached \$16 B (GIIN) in 2015 and is rapidly accelerating.

<sup>2</sup> Landscape approaches are being incorporated into global climate and SDG a practice through jurisdictional REDD+, landscape sourcing, sustainable production landscapes, forest restoration areas and integrated catchment and coastal management.

<sup>3</sup> <https://www.convergence.finance/knowledge/4tO5LULfeb6QJroKuVHJ1/view>

Cover photo, Myanmar, Julien de Salaberry via Unsplash. Orangutan, Borneo, on page 2, photo by Chris Charles on Unsplash. Forest photo, Sweden, page 3 by Geran de Klerk on Unsplash.

