

GLF–Luxembourg 20 Finance for Nature 23

What comes next? | Hybrid Conference



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Joëlle Welfring,
Minister for the Environment,
Climate and Sustainable
Development, Luxembourg

The 6th GLF

Investment Case

Symposium

7 Mar
2023

With support from the Luxembourg–GLF Finance for Nature Platform

Outcome Statement



Global
Landscapes
Forum



THE GOVERNMENT
OF THE GRAND DUCHY OF LUXEMBOURG

Introduction: Mainstreaming finance for nature – from niche to norm

The financial sector is a leading contributor to the multiple crises we face, from climate change to land degradation and biodiversity loss. Over the past six years, the world's largest banks have invested some **USD 4.6 trillion** in the fossil fuel industry – and a sizable sum into commodities that prompt deforestation, too. But this powerful sector can also be part of the remedy. Increasing numbers of financiers are aware of how such investments affect our planet and people, and have begun phasing them out.

Yet while many commitments – such as 'net zero' and zero deforestation pledges – have been made, current emissions pledges are not enough to stay below 1.5 degrees of global heating, and **climate finance targeting biodiversity objectives is still limited**. We need to accelerate investments in nature-based business models and climate solutions: particularly towards actors in the Global

South, who steward some of the world's most biodiverse regions and are most likely to suffer the consequences of climate change – despite contributing the least in terms of carbon emissions. While wealthy nations have **pledged USD 100 billion** annually for climate mitigation and adaptation, **less than 3 percent** of the funding needed for climate adaptation has reached the countries that need it the most.

To confront this multifaceted challenge, the Global Landscapes Forum (**GLF**) held its sixth Investment Case Symposium, **GLF-Luxembourg Finance for Nature: What comes next?**, on 7 March 2023 in Luxembourg and online. It brought together over 4,500 finance stakeholders from across the globe; project developers, entrepreneurs, and fund managers; development finance institutions, impact investors, donors and foundations; investors, funds, banks, and other financiers; and youth, local communities and changemakers.

The symposium showcased existing and innovative financial mechanisms, investable community-led business models, and successful climate investments. It connected local project developers – especially in the Global South – with investors; highlighted





how to catalyze private sector investment in community-led and nature-based projects; and identified policy recommendations for moving green finance from the margins to the mainstream. The talks were threaded through with four key themes: blended finance, impact monitoring and standards, sustainable value chains, and innovations for community finance.

The event was supported by the **Luxembourg-GLF Finance for Nature Platform**, a partnership between the Government of Luxembourg and the GLF to mainstream investments in sustainable land use and climate. It was funded by the Government of Luxembourg; the International Climate Initiative (ICI) with the support of the Federal Ministry for the Environment, Nature Conservation, Nuclear Safety, and Consumer Protection (BMUV) and the Federal Ministry for Economic Cooperation (BMZ) of Germany; the Food System Land Use and Restoration (FOLUR) Impact Program of the World Bank (WB); the Global Environment Facility (GEF), and the Madagascar Protected Areas and Biodiversity Fund (FAPBM).



“Whereas governments must become bolder and more ambitious in their decision-making and in their delivery of financial means in the so-called patient finance, the private sector must also play a very critical role when it comes to directing finance flows towards a more sustainable, biodiversity-friendly and climate-neutral and just pathway.”

JOËLLE WELFRING

Minister for the Environment, Climate and Sustainable Development, Luxembourg



“Climate change and biodiversity loss pose an existential threat to humanity. We must attend to this looming catastrophe with extreme urgency. Greenwashing, ‘green wishing’, and other ‘fig leaves’ will not solve the problem”

VIVIENNE YEDA

Director General of the [East African Development Bank](#)



“When we talk about projects like nature-based solutions, it takes time to develop, it takes time to walk on the ground with the communities. This is a slow return on money. That needs extra consideration and extra support – either through international donors for the structures and locally to develop schemes with the communities, farmers.”

YOSSEF ZAHAR

Managing Director, [PandanGreen](#)

Investable nature-based projects

Finding bankable nature-based and community-led projects is one of the biggest challenges raised by financiers, while financing is a key obstacle to growth raised by project developers. The GLF aims to bring these parties closer together by showcasing projects at the Investment Case Symposium.

Explore a curated catalogue of nature-based solutions and sustainable land use projects in different stages, or showcase your project with us.

Yuriko Backes,
Minister of Finance,
Luxembourg



1. Blended finance

Policy recommendations

- Banks must commit to financing the transition to a low-carbon and nature-positive future, and being a positive force in the fight against climate change and biodiversity erosion
- Governments, donors, and philanthropic investors should use their funding to leverage more private capital investments into nature-based solutions, by reducing the risk perception that prevents such investment
- Countries must close emissions gaps by building more credibility around economy-wide transition plans that include nature-based solutions, carbon pricing mechanisms, mobilizing capital in the developing world, and channeling resources to local communities
- International development finance must be prioritized as a primary enabler of investments in nature-based solutions in the Global South
- Policymakers must convene ongoing, meaningful stakeholder dialogue with the financial community to help facilitate this transition, including through public-private partnerships





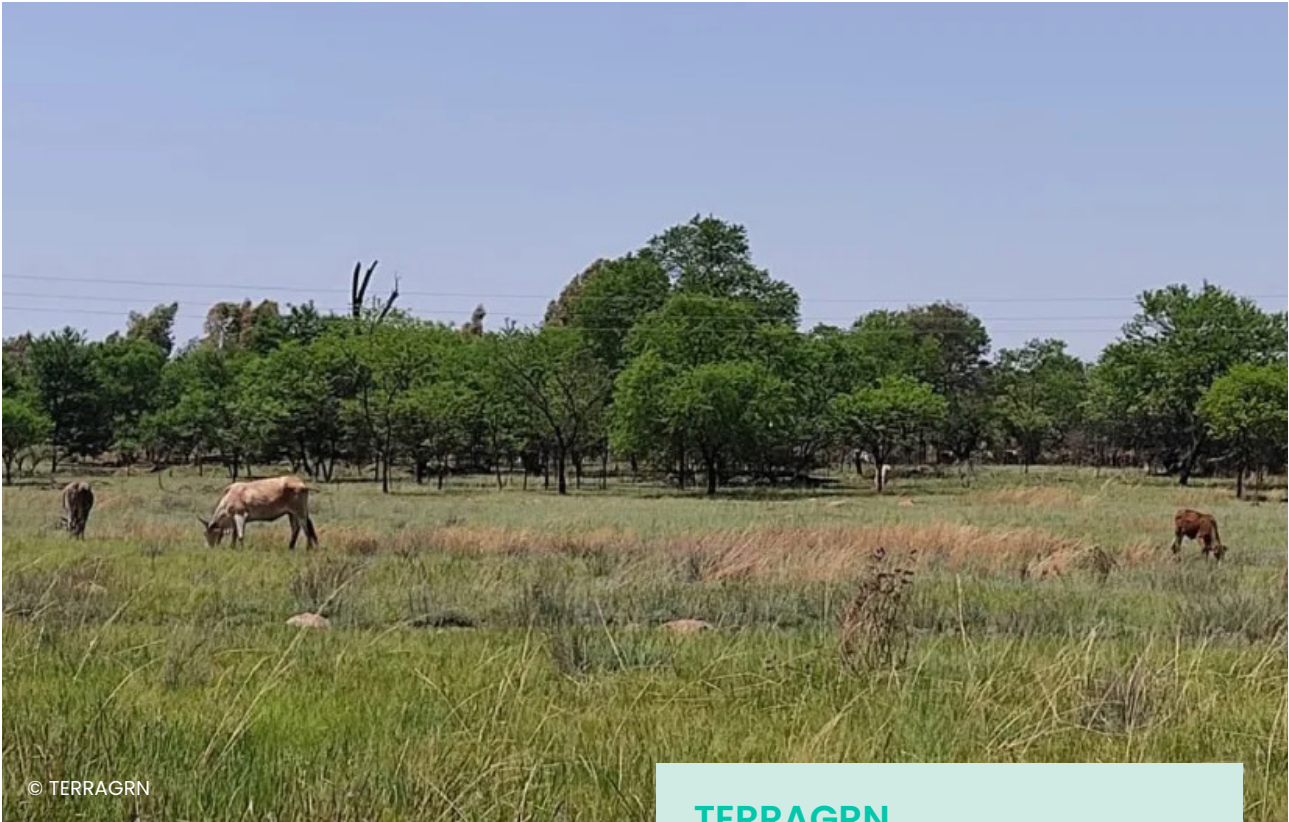
“It takes time to bring in commercial capital – the initial catalytic capital that allows the blending to happen is critical,” said Ebenezer Arthur, Founder and CEO of **Wangara Capital Partners**. Yet despite its promise, an analysis of the majority of blended finance transactions for nature over the last decade reveals a small pool of public finance institutions and projects.

So, how can we build a bigger pool? Speakers’ answers included: increased investment across the public and private sectors in nature-based solutions, particularly through banks and international development finance; governments boosting the credibility of climate transition plans and carbon markets; stakeholder dialogues between governments and the private sector; and empowering philanthropists to diversify and grow the market of blended finance investments for nature – whether through catalytic grants or ‘impact-first’ high-risk investments.

Impact investment manager **Blue Orchard’s Green Earth Impact Fund** offered an inspiring example of how this might work. The fund is

sponsored and initiated by the Luxembourg Ministry of Finance, which provides EUR 25 million of junior capital for a target fund size of USD 250 million. Capital from private investors is pooled and invested into a diversified portfolio of impact funds, which invest in companies and projects aligned with the fund’s impact strategy.

Yvonne Ofosu-Appiah, Chief Investment Officer at **Wangara Capital Partners**, shared how her company received a grant from the World Bank that enabled it to provide finance-patient capital to climate-focused businesses in Ghana. “We were able to start investing in small and growing businesses in sectors such as renewable energy and climate smart agriculture, she said. “That enabled us to prove to other private sector investors that there were promising projects that were bankable and could provide financial return as well as environmental impact.” But more collaboration from banks is needed to get funding to where it’s required, she said.



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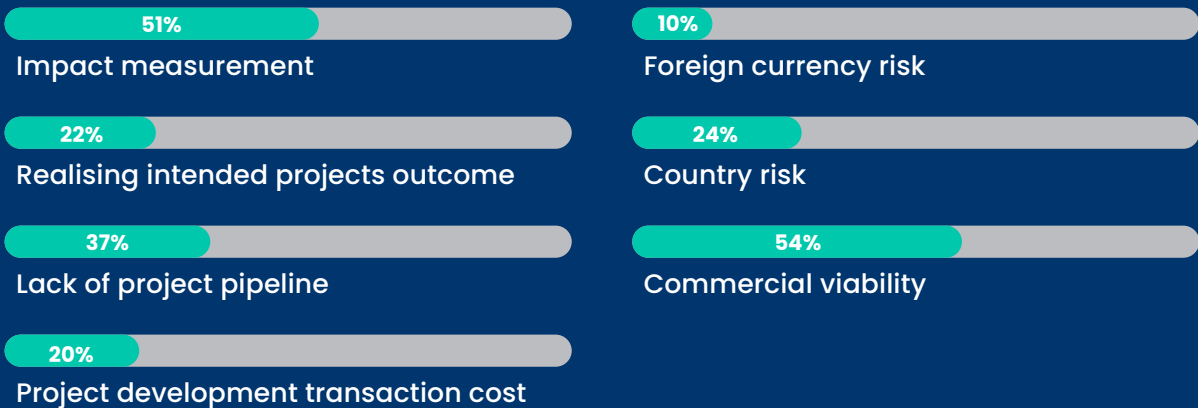
TERRAGR N

Size: Large (USD 1 billion)
 Maturity stage: Mature for investment
 Country: South Africa
 Financing mechanism: Equity, Loan

Projects and initiatives

- [Rimba Collective Initiative](#)
- [Restoration Seed Capital Facility](#)
- [Ecu America Teak Ecuador](#)
- [The Shared Wood Company](#)
- [Green Earth Impact Fund](#)
- [Blue Carbon Accelerator Fund](#)

What do you see as the greatest risk and challenges for investors in nature projects that blended finance can help address?*



* Answered by attendees of the 6th Investment Case

2. Impact monitoring and standards

Policy recommendations

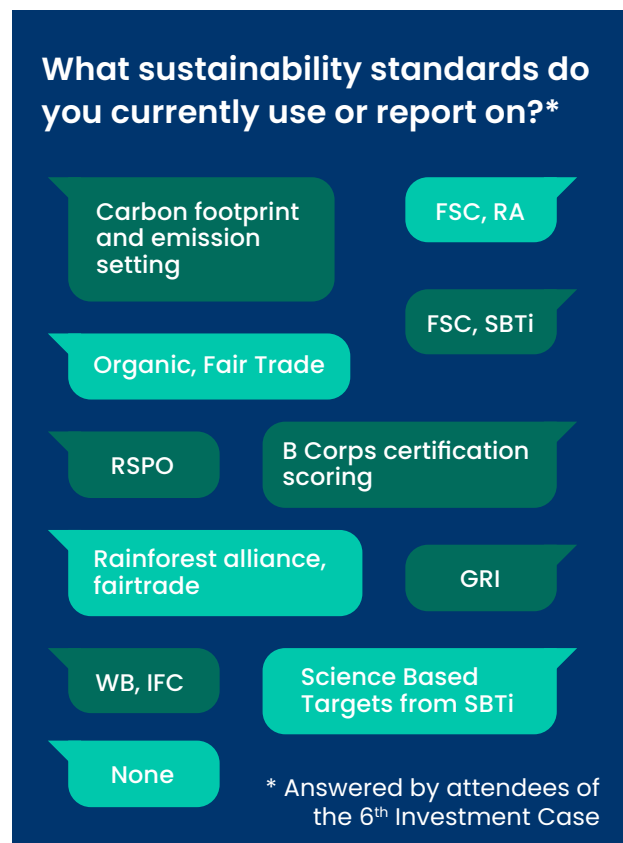
- Mandatory verification and audit systems must be implemented to ensure the credibility of sustainable finance
- Financial institutions and governments should assist small-to-medium enterprises that lack resources to comply with disclosure standards and access finance
- National governments must set clear standards for sustainability and create an enabling environment for green investment through appropriate regulations.
- We need more tailored indicators to catalyze finance for nature-based solutions and green commodity value chains
- Other products such as green bonds should be standardized – and their contribution to nature-based solutions increased and improved – to ensure sustainable finance is delivering impacts at the scale required, and promote more widespread adoption

Lennart Duschinger, Sustainable Finance Advisor at Luxembourg’s Ministry of Finance, explained that a lack of reliable sustainability data makes it difficult for investors to assess the sustainability performance of companies and assets, which: leads to mispricings, misallocations, underestimation of risk; hinders development of sustainable finance products and markets; impedes the writing of quality investment or impact reports; limits policymakers and regulators in steering financial sector towards sustainability; and hinders their ability to assess sustainability risks

of financial institutions, and design effective policy frameworks.

In response, speakers provided world-leading examples of how sustainable finance standards can be set for net zero and zero deforestation, the taxonomies and metrics required to catalyze the growth of sustainable land use finance, and how metrics might be further standardized while remaining adaptable to local contexts.

Several initiatives and frameworks were put forward, such as the EU’s **Sustainable Finance Taxonomy**; the Corporate Sustainability Reporting Directive (**CSRD**); the Sustainable Finance Disclosure Regulation (**SFDR**); and the **Luxembourg Sovereign Sustainability Bond**. New monitoring tools were also presented, including **Unique Land Use**’s Forest Landscape Restoration (FLR) impact engine and ecoacoustics tools, and the Luxembourg Institute of Science and Technology (**LIST**)’s Integration of Life Cycle Assessment and Ecosystem Services Assessment.





“Most of the time, the investors are unaware of the impacts they are causing in the field. So the task became to show them that with x amount of money, they can generate y impact on the field”

SANDRA CAROLINA SARMIENTO

Principal, [Terra Bella Nature Based Solutions Carbon Pool](#)



“There are some up-front costs that [investors] need to assume... For instance, when there are more agroforestry trees in cocoa production, that represents benefits, but it can also bring some challenges for the farmers, such as lower productivity. Some compensation needs to take place”

CAMILA OLMEDO MENDEZ

Sustainability Manager at [ECOM Agroindustrial](#)

Speakers also highlighted the importance of impact indicators that are meaningful and comprehensible to people in projects, rather than synthetic baselines. As Ellen Van, CFA and Principal at Vietnamese private equity firm [Mekong Capital](#), said regarding her company’s investments, “our KPIs must first be to increase the livelihoods of farmers and rural communities. Farmers need to be able to meet their basic needs, before transitioning to soil regeneration for regenerative farming ... social impact comes first, then soil life.” Kaspar Wansleben, Managing Director of Investing for Development at the Forestry and Climate Change Fund ([FCCF](#)) said that while much impact monitoring is currently voluntary, it is likely to become mandatory as urgency heightens – and monitoring tools and techniques become more efficient and accessible. “It’s no longer ‘nice to have’, but ‘need to do’: rigorously and with standards that live up to scrutiny,” he said. “We need to measure where we are falling short.”

Maria Elena Acevedo – the [Central Bank of Paraguay](#)’s Representative to the Public-Private Partnership for Sustainable Finance – said that the public sector also has an





Naoko Takahashi, Forestry Officer, FAO
Ivo Mulder, Head of Climate Finance Unit, UNEP
Olivia Elliot, Sustainable Protein Advisor, IFC
Felipe Ortega Schlingmann, Head of the Bioeconomy Division, EIB

FOLUR SESSION

Addressing commodity-driven deforestation in investment portfolios: How financial institutions can drive sustainability and value creation

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important part to play: regulations that protect a country's ecosystems are "not a challenge for development, but a catalyst for change," she said. "Regulation can make the market reliable and create the right atmosphere for development and investment."

But Olivia Elliot, Sustainable Protein Advisor at the **International Finance Corporation**, said that if banks simply pull back from financing unsustainable projects, "it doesn't mean that finance isn't going to flow. Finance is still going to flow, but it's going to come without strings attached. So, we have to make sure that sustainable investment is possible, and that we work with the companies to ensure that they can meet our standards." New monitoring and data analysis tools – such as **Global Forest Watch** and GMap – help facilitate that process by pinpointing deforestation hotspots and tracing commodity origins.

Projects and initiatives

Mekong Earth & Forest Fund

Forestry and Climate Change Fund

Luxembourg Sustainable Finance Initiative



Chris Magero,
 Programme Officer,
 IUCN

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3. Sustainable value chains

Policy recommendations

- Eliminate subsidies for unsustainable agriculture and direct funds towards sustainable and regenerative projects (as in Target 18 of the Global Biodiversity Framework)
- Create appropriate regulations to ensure transparency, traceability, sustainability, and human rights are upheld in commodity supply chains
- Financial institutions must direct resources into supporting companies and smallholders to comply with sustainability and human rights requirements
- Banks and corporations should invest in zero-deforestation, restoration, agroforestry and nature-positive programmes to reduce their own financial risks

All business value chains are directly or indirectly dependent on natural capital assets and ecosystem services, making them highly susceptible to natural risks like extreme weather and biodiversity loss. As financiers invest in these businesses, they also expose themselves to these risks, which can manifest in non-performing loans or reduced profitability. "If companies do not address the landscape degradation problem, the yield of our production will continue to fall," said Camila Olmedo Mendez, Sustainability Manager at **ECOM Agroindustrial**.

Investing in nature-based solutions means investors and businesses can mitigate risks from unsustainable land use. The symposium explored the capacities financiers need to more effectively invest in sustainable land use, and considered what investors need to be aware of when financing nature-based solutions to mitigate their land use risks. Speakers emphasized the pressing need to decouple deforestation from agricultural commodities, particularly in the Global South. "Despite financial institutions' willingness to eliminate deforestation risks in their investment portfolios, implementation is still lacking," said Naoko Takahashi, a forestry officer at the Food and





Agriculture Organization (**FAO**). There was also repeated reference to the need to eliminate subsidies for unsustainable agriculture, and direct funds towards sustainable and regenerative projects.

Una Jones, CEO & Founder of the **Sustainable Fibre Alliance** – a global alliance of supply chain actors working for the long-term viability of the cashmere sector – said that as consumer individuals and countries build awareness about the implications of their purchasing decisions, traceability is a key tool “to add value and help build sustainable and resilient supply chains. It also helps to incentivize further communities that are working in a responsible way.” Marthe Tollenaar, ESG Director of investment firm **SAIL Ventures**, spoke of the bankability of projects like regenerative agriculture-focused Colombian beef producer Hacienda San Jose, for which sustainability is built into the business model from the outset, rather than being ‘pasted on’ as an afterthought.

Projects and initiatives

The Sustainable Fibre Alliance
Hacienda San Jose
FOLUR
Land Degradation Neutrality Fund



“There is an interest in the private sector in maintaining a stable supply of high-quality products. As climate change becomes more perceptible, it raises a challenge for large-scale production and the stability of supply chains”

RUTH IRLÉN

Policy Officer for Forest Conservation and Sustainable Forest Management, Ministry for the Environment, Nature Conservation and Nuclear Safety, Germany



“Indigenous Peoples receive less than 1 percent of climate finance, even though many studies have demonstrated that the most effective way to protect biodiversity is by securing Indigenous lands”

ALDO SOTO

Managing Director and co-founder of **Amazonia Impact Ventures**

4. Innovations for community finance

Policy recommendations

- Dramatically increase direct financing support for community-led initiatives, needs, and priorities, including capacity building, natural resource governance, and local livelihoods
- Invest in human capital at the landscape level to create a pool of local champions (e.g., local businesses, private operators, administrations) who can attract investors
- Identify and document existing cases, and implement and document new initiatives through interdisciplinary, transdisciplinary, and action research
- Design, adapt, and implement innovative national and local financing mechanisms, such as forest funds, forest and biodiversity funds and microfinance
- Implement public incentive schemes, such as payments for ecosystem services, and couple these to investments in sustainable value chains
- Integrate nature-based solutions, ecosystem restoration and biodiversity conservation into state budgets and public investment funds, and proof these instruments against negative environmental impacts
- Increase inclusion in financial systems for a just transition: public and private sector efforts to scale up investments in nature-based solutions must integrate just transition principles and safeguard human rights
- Companies and financial institutions must transition to net zero and equitable business models in a time-bound manner with short-term targets



“Whilst there’s no magic solution, I think underlying all of the pictures that I have heard today is not necessarily a request to invest in products, but a request to fund and be partners in systems change. And for this to happen, funders need to realize that this is the field that they’re actually in, and the paramount importance of investing in the infrastructure and capacity to meet the needs of where finance can be most impactful”

TARIQ AL-OLAIMY

Co-founder, [3BL Associates](#)

It’s time to transcend barriers and connect capital with local solutions for those most severely affected by climate change. Myriad community-led projects and businesses need funding for landscape management and restoration activities, but most struggle to attract investors – who may not be able to identify these projects or provide the type of financing required.

To bridge this gap, there are a range of solutions, such as incubator and accelerator programs for investment readiness, microfinance institutions, local funds, and other innovations like securitization platforms that allow investors to contribute larger amounts of funding which can be distributed among multiple smaller projects. Financial flows for biodiversity, climate, land restoration, and economic development must be aligned through cross-sectoral and multi-stakeholder policy collaboration – requiring more focus on the landscape and local level, and long-term vision and commitment from stakeholders. Locally appropriate financial instruments are needed to increase small scale producers’ access, while national governments can link and align streams of financial support with action on the ground.



Green Balam

Size: Small (\$750,000)

Maturity stage: Requires technical assistance

Country: Guatemala

Financing mechanism: Equity, Loan, Seed Capital

Carbon markets can help to finance local climate solutions such as reforestation and other sustainable land uses. Around **300,000 million metric tonnes of carbon** are held in land managed by Indigenous and local communities worldwide – and have lower deforestation rates than similar lands managed by others. Carbon trading could increase financial flows to these communities for forest protection and conservation, alongside livelihood opportunities. But many carbon sinks targeted by offsetting schemes sit in lands where Indigenous or local rights are not secure; and, accessing the carbon market is prohibitively expensive and time-consuming for many smallholders, while carbon prices remain too low to make many ventures worthwhile. It will be key to work with communities to ensure projects fit their capacities and aspirations: “That’s how the impact really gets to the communities – when we build capacity, when they are managing the project, when they have the ability to



“We have an opportunity to rethink our relationship with nature, transform our economies, and make them greener, more sustainable, and fairer... Sustainable finance is a key tool to build low carbon & resilient economies”

YURIKO BACKES

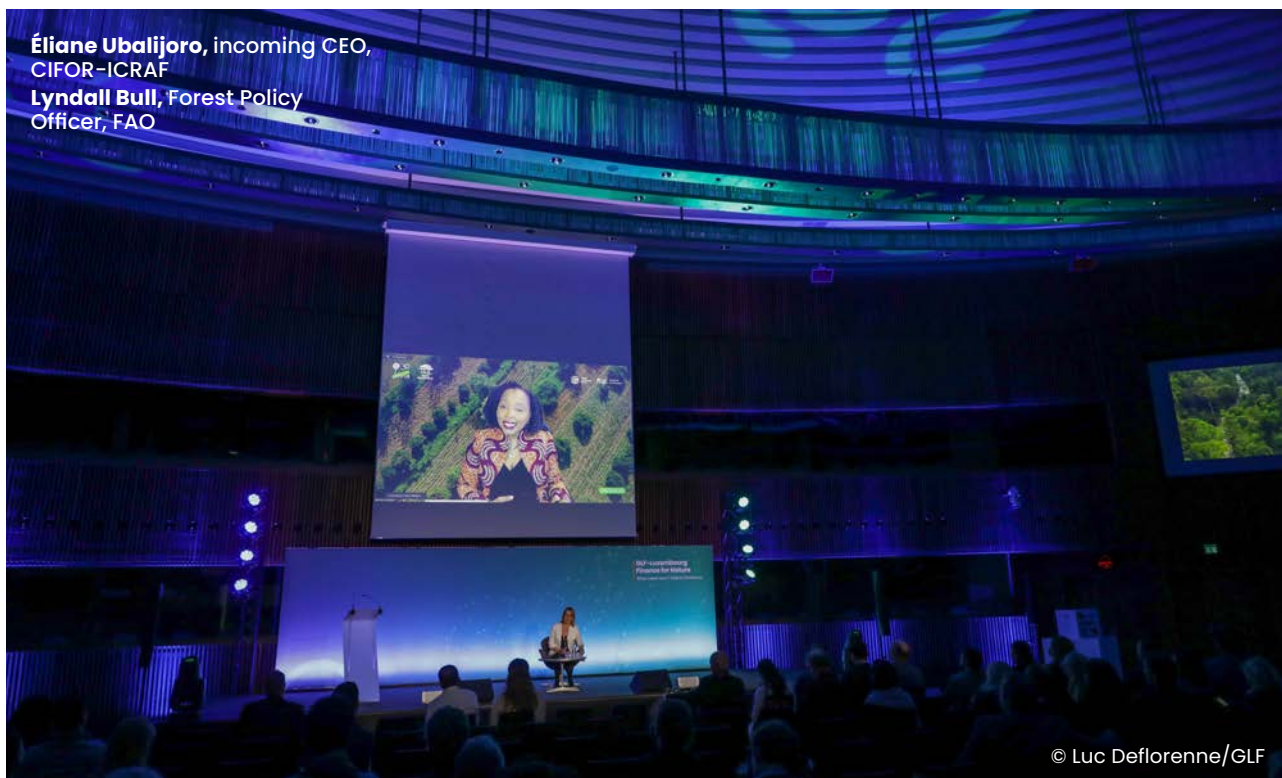
Minister of Finance, Luxembourg



“It’s time for action. It’s time for system change, and it’s time to push investment into innovative solutions developed for countries that need it, and by those impacted by these crises”

ELIANE UBALIJORO

CEO of the Centre for International Forestry Research and World Agroforestry (CIFOR-ICRAF) and Director General of ICRAF



develop all the processes that is required to go on with the project without us,” said Sandra Carolina Sarmiento, Principal at [Terra Bella’s Nature Based Solutions Carbon Pool](#).

Projects and initiatives

[Madagascar Coalition for Protected Areas](#)
[Acorn – Agroforestry CRUs for the Organic Restoration of Nature](#)

[Vintrace Limited](#)

[Okoforests](#)

[Land Finance Hub](#)

[Mobilizing More for Climate](#)

Conclusion





There is no lack of opportunities to invest in nature. Many projects, funds, and investors are making waves in the world of sustainable finance with ambitions to positively impact local communities and landscapes. But to achieve these goals, best practices need to be scaled up. The 6th Investment Case Symposium provided a plethora of examples

of successful and innovative financing mechanisms that could be leveraged to sustain and restore nature. This will require removing harmful incentives and reducing inequities across our systems. “We need to do better at getting funding to communities who are doing the real work of protecting and tending to nature – with nature, and as nature itself,” said Tariq Al-Olaimy, the co-founder of systems transformation consultancy [3BL Associates](#). “We know that this requires embracing not just blended finance, but the blended systems mindset to investing – which requires funders to think of themselves as vehicles for building and sharing power within business networks, and requires partners and funders to think of themselves as instruments for racial equity.”

We need to build a financial system that’s fit for purpose – a sustainable future on a healthy planet. We must collectively and urgently redirect funds to nature and climate restoration activities: as Ubalijoro said during the closing plenary, “no real progress can be made unless we make it together.”

Appendix 1: from niche to norm

What changes are needed – across our systems and societies – to reach the sustainable finance ‘tipping point’ and shift it from the margins to the mainstream? This infographic offers a (simplified) summary, based on what was discussed at GLF Luxembourg.

 Government
  Development Organization
  Corporate
  Financial Institution

NICHE

Blended finance

- Use philanthropic funding to leverage private capital investments into nature-based solutions, by reducing risk

- Use international development finance as a primary enabler of investments in nature-based solutions in the Global South

- Convene ongoing and meaningful stakeholder dialogue for effective policy development and public-private partnerships


Sustainable value chains

- Eliminate subsidies for unsustainable agriculture and redirect these towards sustainable and regenerative projects

- Uphold appropriate regulations for transparency, traceability, sustainability, and human rights in commodity supply chains

- Reduce financial risks by investing in zero-deforestation, restoration and agroforestry projects


Impact monitoring & standards

- Assist entrepreneurs and project developers that lack resources to comply with disclosure standards

- Create clear standards for sustainability and an enabling environment for green investment through appropriate regulations

- Develop tailored indicators for nature-based solutions and green commodity value chains


Innovations for community finance

- Invest in human capital at the landscape level to create a pool of local champions

- Create innovative national and local financing mechanisms for forest landscape restoration

- Increase integration of just transition principles for inclusive financial systems


SYSTEM CHANGE

NORM



Appendix 2: knowledge products

Blended Finance

[The State of Finance for Nature 2022](#)

[Scaling up ecosystem restoration finance – A stocktake report](#)

[Closing the nature finance gap: practical solutions to mobilize private investment for landscape restoration](#)

Impact monitoring and standards

[Inclusive finance for sustainable landscapes](#)

Sustainable value chains

[A guide to investing in landscape restoration to sustain agrifood supply chains](#)

[Practices for Sustainable Investment in Livestock](#)

[Agricultural trade and its impacts on cropland use and the global loss of species habitat](#)

Innovations for community finance

[Video: How small-scale farmers are helping companies offset emissions](#)

[Video: Climate solutions in action: ACORN platform enables farmers to capture and trade carbon emissions](#)

[Video: Interview with Entrepreneur that benefited from the Land Finance Hub in Indonesia](#)

[The Acorn Framework for voluntary, ex-post, agroforestry carbon removal units](#)

[One Acre Fund – connecting climate financing with the people who need it the most](#)

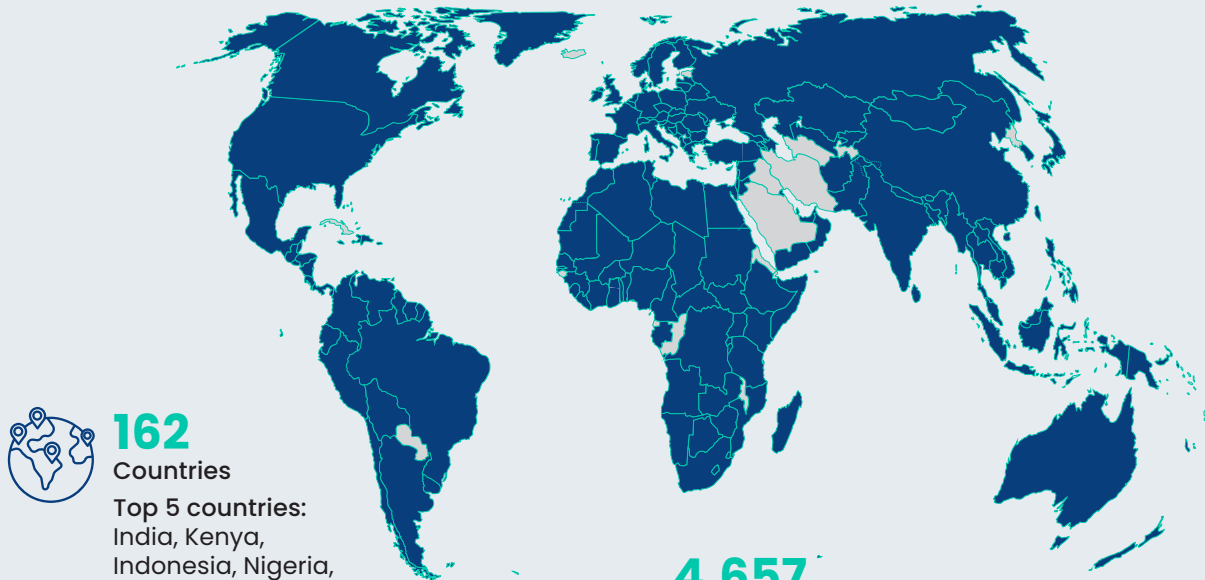
[Growing the community you serve](#)

[Infographic: Carbon farming with Rabobank](#)

[Sustainable land use impact bonds: Turning nature-based solutions into investable securities](#)

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Appendix 3: The 6th Investment Case by the numbers



162

Countries

Top 5 countries:
India, Kenya,
Indonesia, Nigeria,
and Pakistan

4,657

Total registered participants
(Luxembourg + online)



4,049

Participants
online



608

Participants
in-person

28%
Africa



24%
Europe



24%
Asia



20%
Latin
America



45

Financial
institutions



50

Private sector
organizations

Social media #LuxFinance4Nature

15M

Reach

48M

Impressions

330k

Engagement

85,660

Session views

1,000

Related posts

Event



37

sessions



106

Speakers



21

In-person
exhibition
booths



49%

Women

Knowledge hub



36

Knowledge
products

1,246

Views



13

Digital booths



72%

From Africa, Asia,
Latin America and
the Caribbean

Social media reach: The number of unique users who saw content related to event hashtags.

Impressions: The number of times content was displayed on user timelines related to event hashtags.

Engagement: The number of interactions on content received from users (likes, comments, shares, saves, etc.) related to event hashtags.

Session Views: Including partner-led sessions, launchpad, plenary, local & youth action sessions, and networking (only on GLF Climate Platform – excluding social media views).



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About Global Landscapes Forum

The Global Landscapes Forum (GLF) is the world’s largest knowledge-led platform on integrated land use, dedicated to achieving the Sustainable Development Goals and Paris Climate Agreement. The Forum takes a holistic approach to create sustainable landscapes that are productive, prosperous, equitable and resilient and considers five cohesive themes of food and livelihoods, landscape restoration, rights, finance and measuring progress. It is led by the Center for International Forestry Research (CIFOR), in collaboration with its co-founders UNEP and the World Bank and Charter Members.

Charter members: CIAT, CIFOR-ICRAF, CIRAD, Climate Focus, Conservation International, Crop Trust, Ecoagriculture Partners, The European Forest Institute, Evergreen Agriculture, FAO, FSC, GEF, GIZ, ICIMOD, IFOAM – Organics International, The International Livestock Research Institute, INBAR, IPMG, IUFRO, Rainforest Alliance, Rare, Rights and Resources Initiative, SAN, TMG-Think Tank for Sustainability, UNEP, Wageningen Centre for Development Innovation part of Wageningen Research, World Farmer Organization, World Agroforestry, World Bank Group, World Resources Institute, WWF International, Youth in Landscapes Initiative (YIL)

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