



**Nature
based
Solutions**

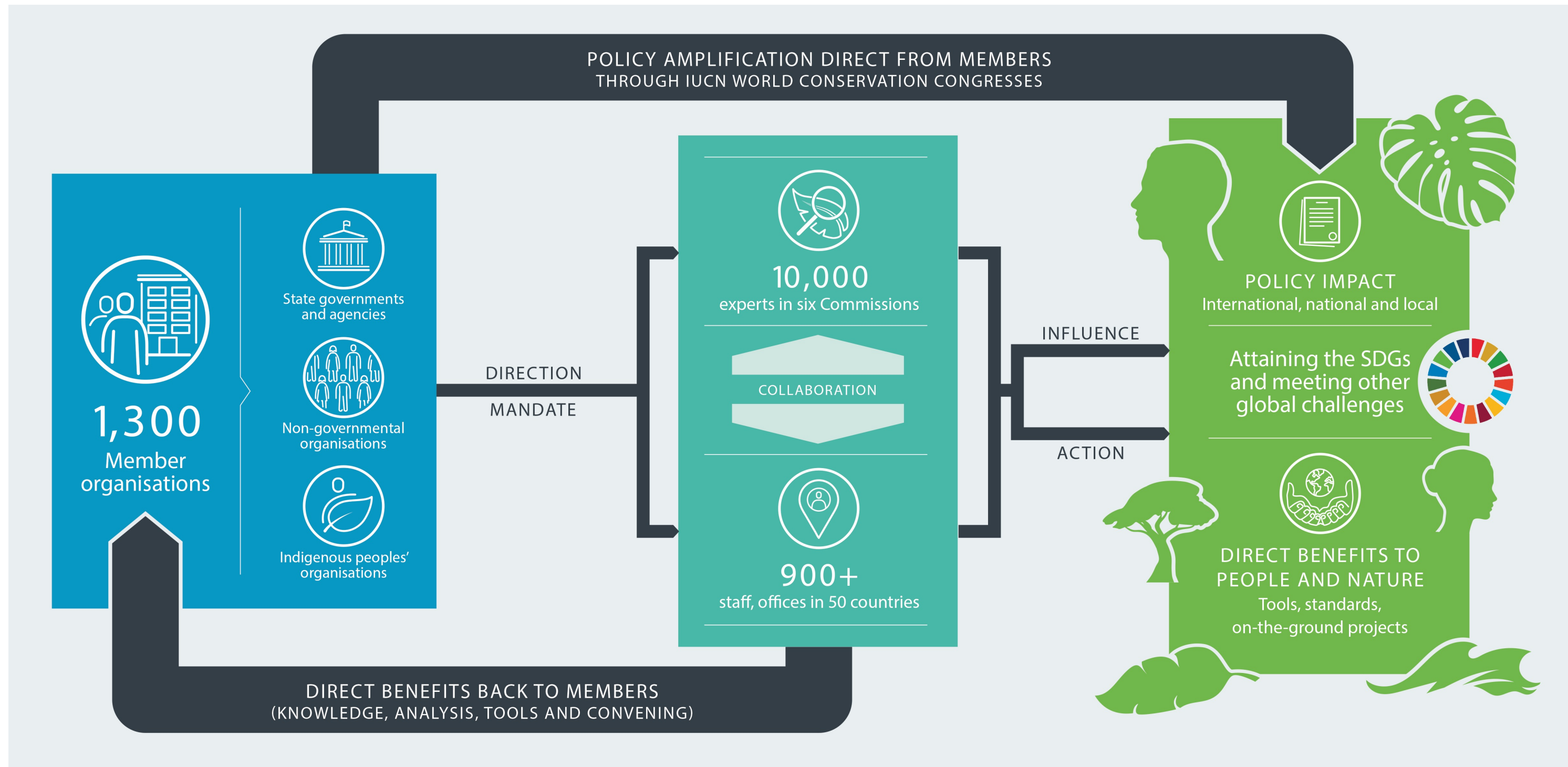
The nature of progress

Financing for Nature

Innovation through blending public and private finance

Elmedina Krilašević, September 2, 2021

IUCN – the world’s largest environmental network



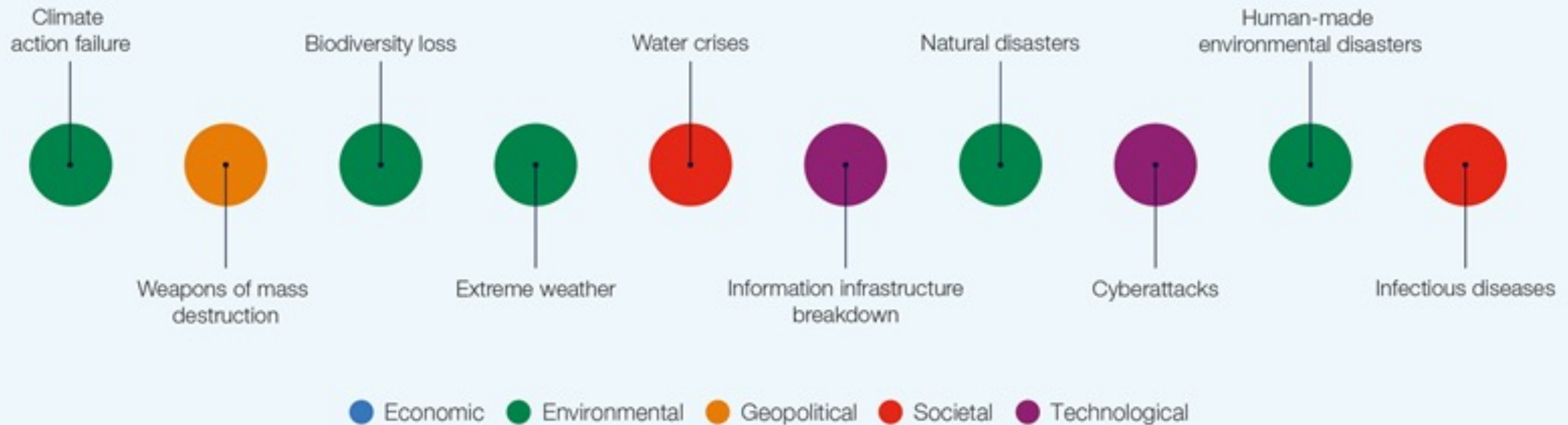
Today we face many challenges

TOP 10 RISKS OVER THE NEXT 10 YEARS

Long-Term Risk Outlook: Impact



Multistakeholders



NbS have significant potential to address our challenges

1.4 billion people

Estimated # of people NbS for water
could provide with clean and safe
drinking water saving US\$ 140
billion/year.



Climate change
mitigation and
adaptation



Disaster risk
reduction



Economic
and social
development



Human health



Food security



Water security



Environmental
degradation and
biodiversity loss

37%

Amount of climate mitigation
nature-based solutions can
contribute to meeting Paris climate
goal

US\$ 170 billion/year

Estimated global benefits in
ecosystem services from nature-
based solutions focused on climate

Defining NbS



IUCN defines nature-based solutions as:
“actions to protect, sustainably manage and restore natural or modified ecosystems, that address societal challenges (e.g. ,climate change, food and water security or natural disasters) effectively and adaptively, simultaneously providing human well-being and biodiversity benefits”

“NbS are often described as ‘no-regret’ options, providing benefits to people in a range of scenarios”

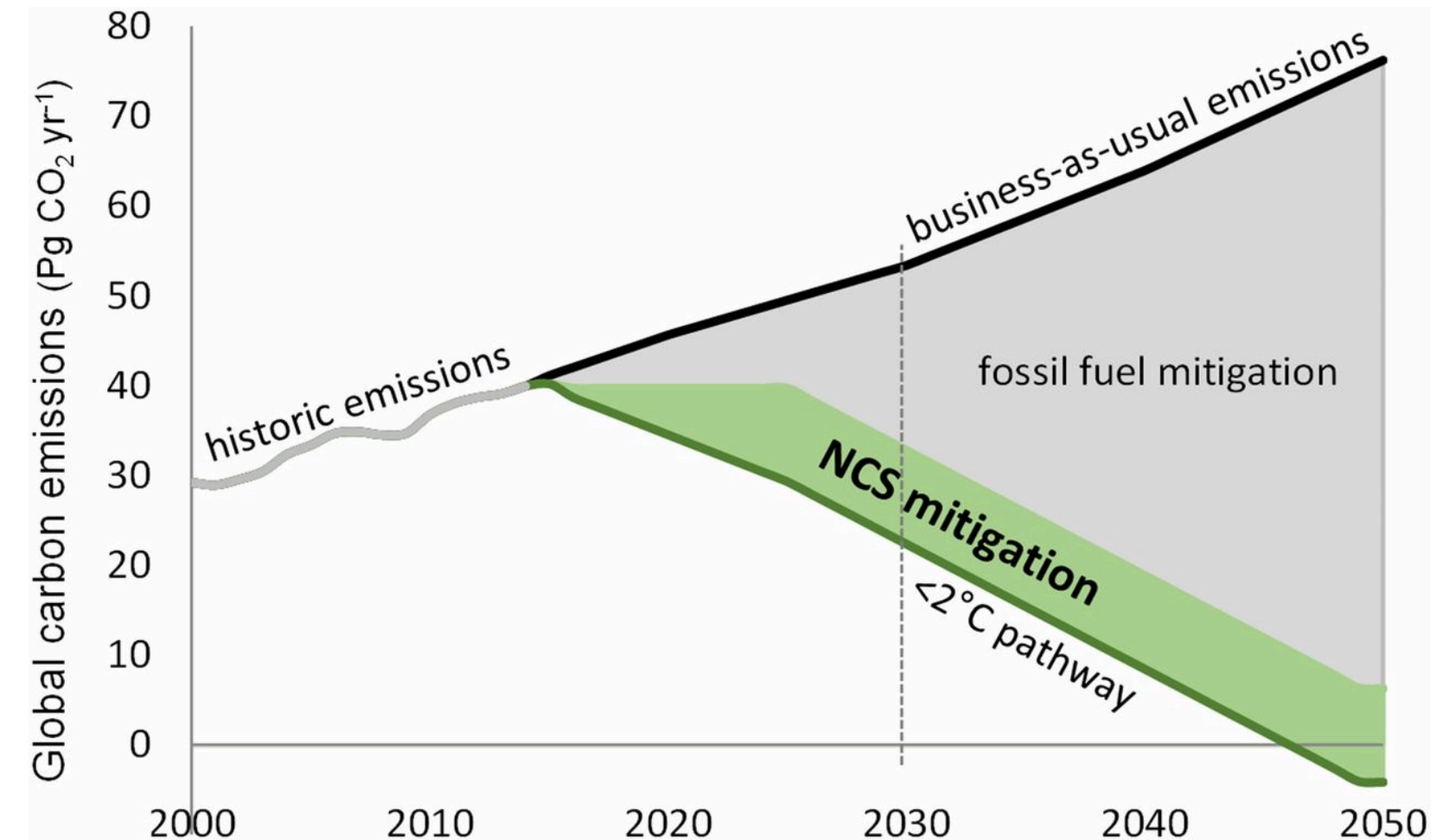


NbS benefits for climate mitigation

- Nature-based Solutions can provide over one-third of the cost-effective climate mitigation needed by 2030 to stabilize warming to below 2°C (PNAS 2017)
- Land-based carbon removal options – including forests, wetlands and soils – offer a total annual emissions reduction potential of up to 12 GtCO₂e (UNEP 2017)



Nature-based Solutions have a vitally important role to play in addressing both the causes and consequences of climate change

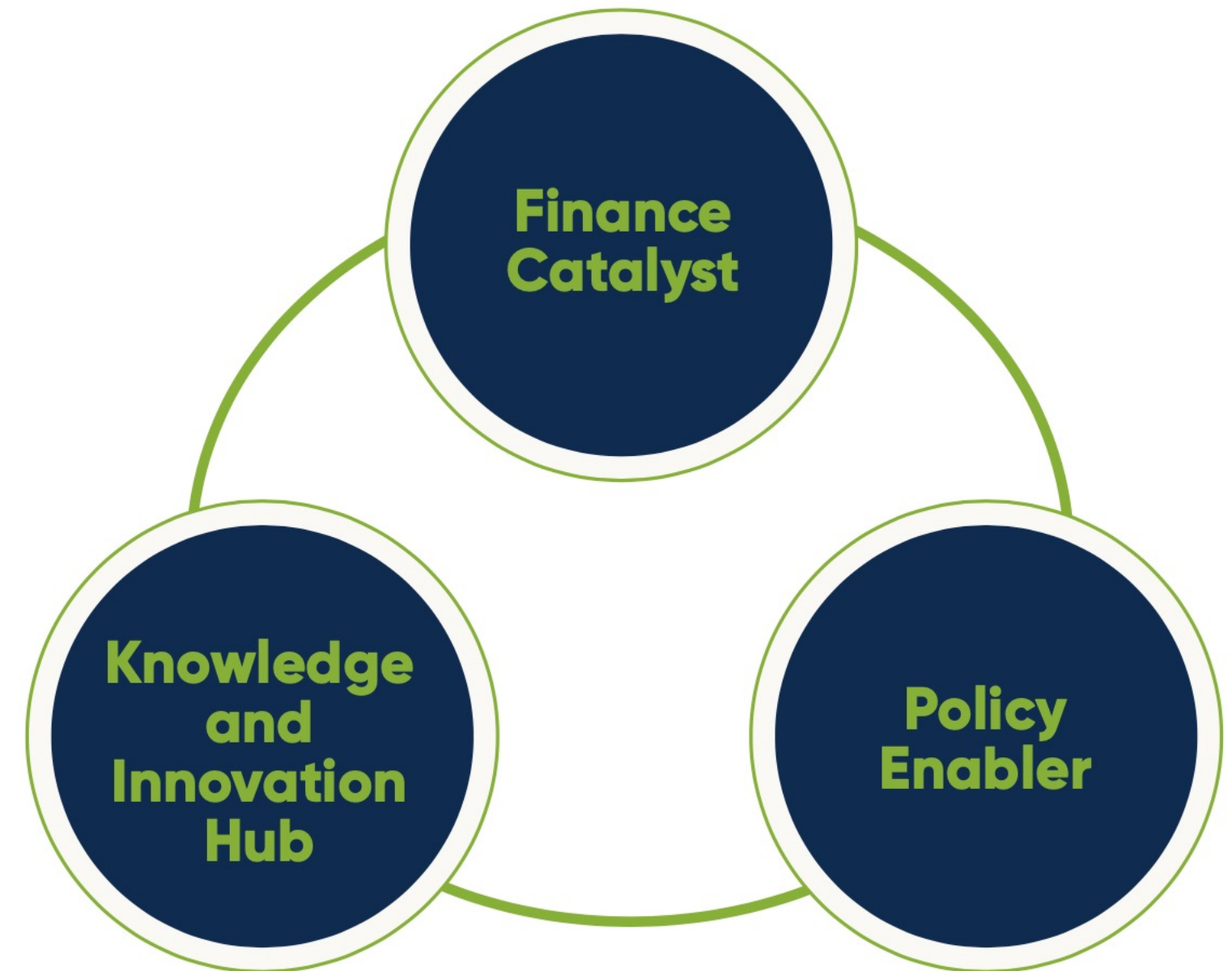


NBS Global Facility by IUCN

The aim of the **Facility** is to ensure that NbS are established as a proven and efficient sustainable development approach and delivered at the scale necessary to meet global conservation, and socio-economic targets by 2030.

IUCN is scaling up the operations of the Facility according to three transformational pathways: **develop, design and accelerate**

Underpinned by the transformational phases, the NbS Facility is built around three enabling components: a **Finance Catalyst**, a **Knowledge and Innovation Hub**, and a **Policy Enabler**.



Finance Catalyst of the Facility

Develop

**Investment
screening tools**

**NbS assurance
and certification**

Design

**Shaping public
sector investments**

**Private sector
pipeline
development**

Accelerate

**Facilitating
mobilisation of public
funds (inc. GEF & GCF)**

**Catalytic & de-risking
investments for private
sector action**

Finance Catalyst in Action – \$1B investment in nature



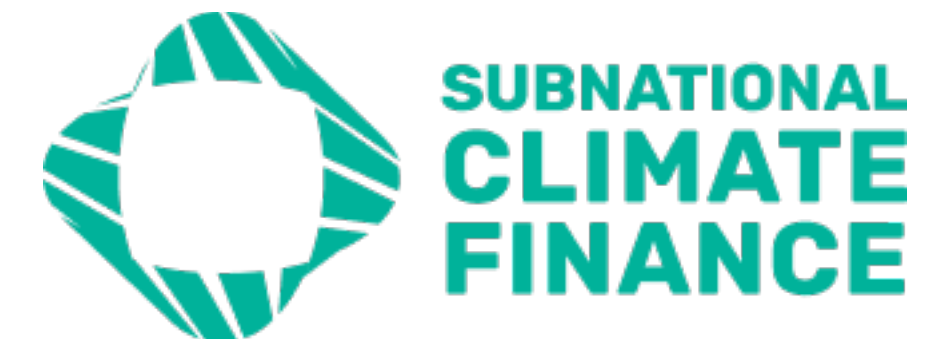
Nature+ Accelerator Fund

- US\$ 200M portfolio



Global Subnational Climate Finance Initiative (SCF)

- 750M in total in investment, supported with additional US\$ 28M for technical assistance, providing local government capacity building and certification for all projects for SDG impact prior to investment



Blue Natural Capital Financing Facility (BNCFF)

- Technical Assistance to help coastal NbS projects with a clear climate impact become bankable
- In the last 2 years screened over 200 projects and is actively supporting eight projects with grant financing



Nature+ Accelerator Fund



UNIQUE POSITIONING

Addressing the largest barrier to investment in nature by focusing on small-ticket, early-stage, high-impact projects



INNOVATIVE STRUCTURE

A first-of-its-kind investment fund borrowing features from traditional accelerators to grow high-impact pipeline for the Fund (and the market more broadly)



BUILDING ON DEVELOPING ENVIRONMENTAL MARKETS

Voluntary carbon market is expected to grow at a CAGR of 12.27% from 2020-2026, with new opportunities arising in the form of biodiversity credits



BACKED BY TECHNICAL ASSISTANCE

Additional de-risking opportunities made possible via technical assistance facility in targeted priority regions with high nature conservation values but less market opportunities



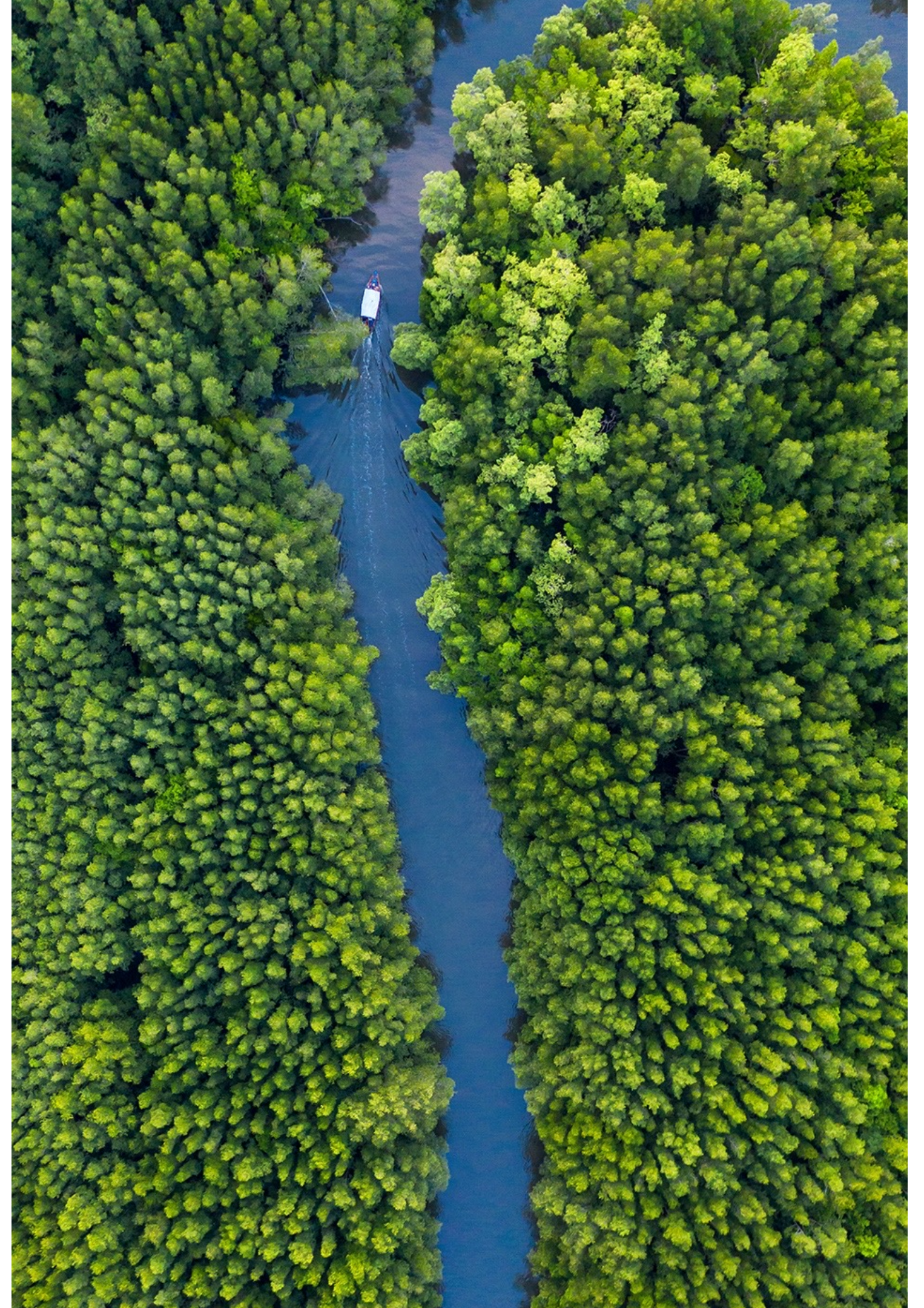
STRATEGIC PARTNERSHIPS

Partnering with recognized experts and the largest private conservation coalition will provide numerable sourcing channels for a high-quality high-impact pipeline, with opportunities to test best-in-class standards and tools

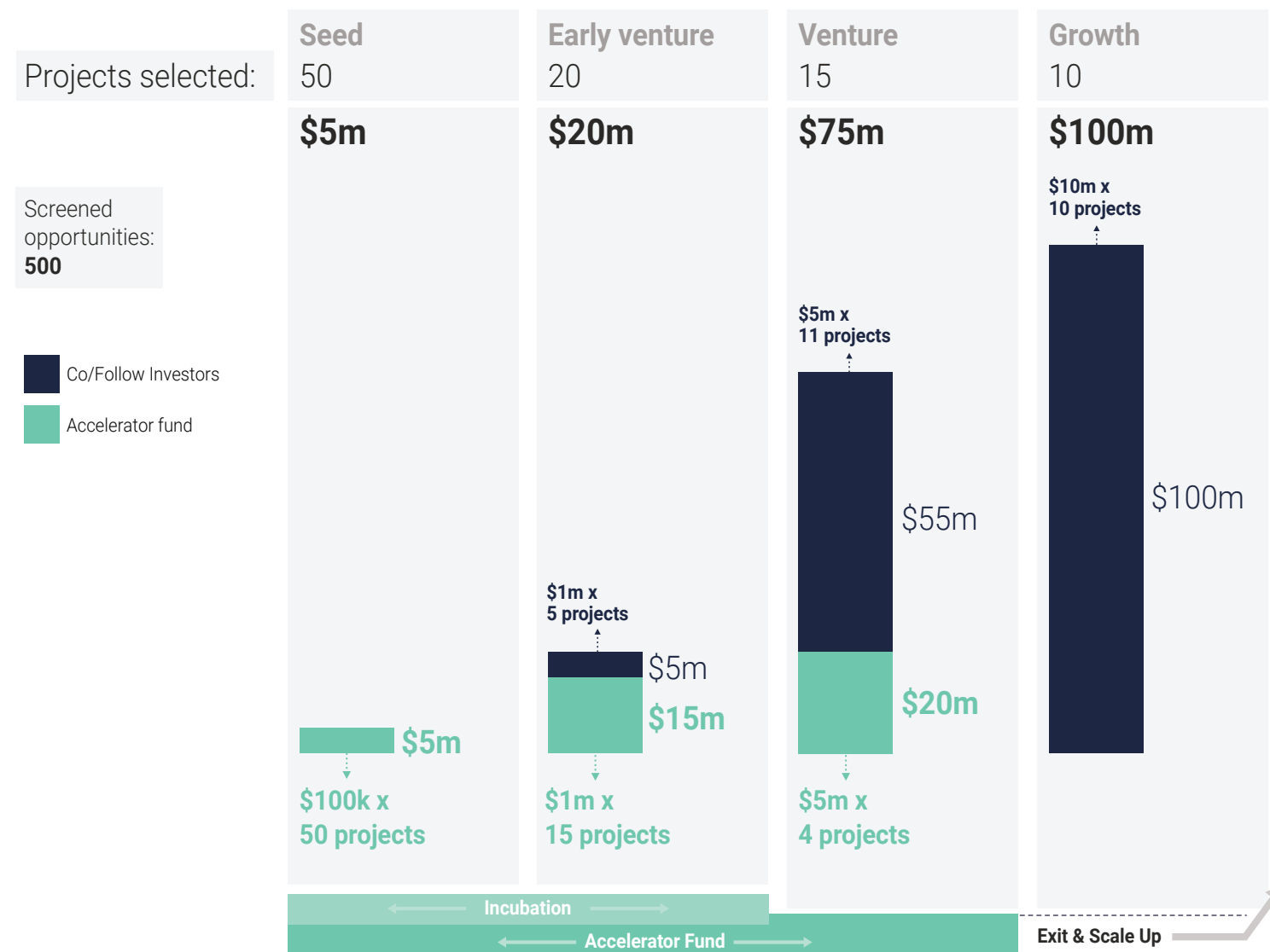


INVESTMENT THESIS

- › The Nature+ Accelerator Fund is highly impactful and additional to the currently available solutions on the market.
- › It will bridge the current financing gap by providing small-ticket seed funding to early-stage projects, addressing the missing middle in conservation finance – i.e. projects too big for grant funding but not yet bankable for impact investing.
- › The Fund will focus on the most impactful greenfield/frontier deals, a landscape traditionally dominated by donor grants and philanthropic funding, helping projects to unlock additional private capital later in the more advanced stage after several months of co-building and acceleration.
- › The Fund will grow the investible pipeline for the whole market with up to US\$160m co-investment and follow-on investment opportunities expected for investors.
- › The Fund will create scientifically robust measurable impact outcomes by testing new standards such as the IUCN STAR tool and IUCN Global NBS Standard, providing competitive know-how and exclusive access to the pipeline for its investors.



INVESTMENT APPROACH



Nature+ will accelerate an initial 50 project portfolio up to venture stage, with own funding up to US\$ 50m while creating co-investment opportunities for other MNC funds and broader market for up to US\$ 160m

The Fund is offering investment capital to projects in three complementary investment windows: **Seed, Early Venture** (together defined as Incubation period), and **Venture**:

1. Seed Window (average ticket size of US \$100K)

- Targets projects with an early-stage concept where feasibility has not yet have been demonstrated
- Pre-investment/grant support and technical assistance could be structured via IUCN partners and public donors leveraged by the Accelerator.
- Deals with an opportunity for rapid scaling and clear potential for follow-on funding by the Accelerator within 3-5 years will be prioritized.

2. Early Venture Window (average ticket size of \$1m)

- Targets projects that have passed the proof-of-concept phase and are delivering or are about to deliver tangible revenue streams.
- Tailor-made contracts, convertible notes, equity, revenue sharing loans.

3. Venture Window (up to \$5m per transaction)

- 'Following the winner' – the venture window will provide follow-on funding to scale-up successful projects already funded under the incubation period (seed and early venture)

FUND'S PARTNERS



International
Union for
Conservation of
Nature (IUCN)



THE WORLD'S LARGEST ENVIROMENTAL NETWORK

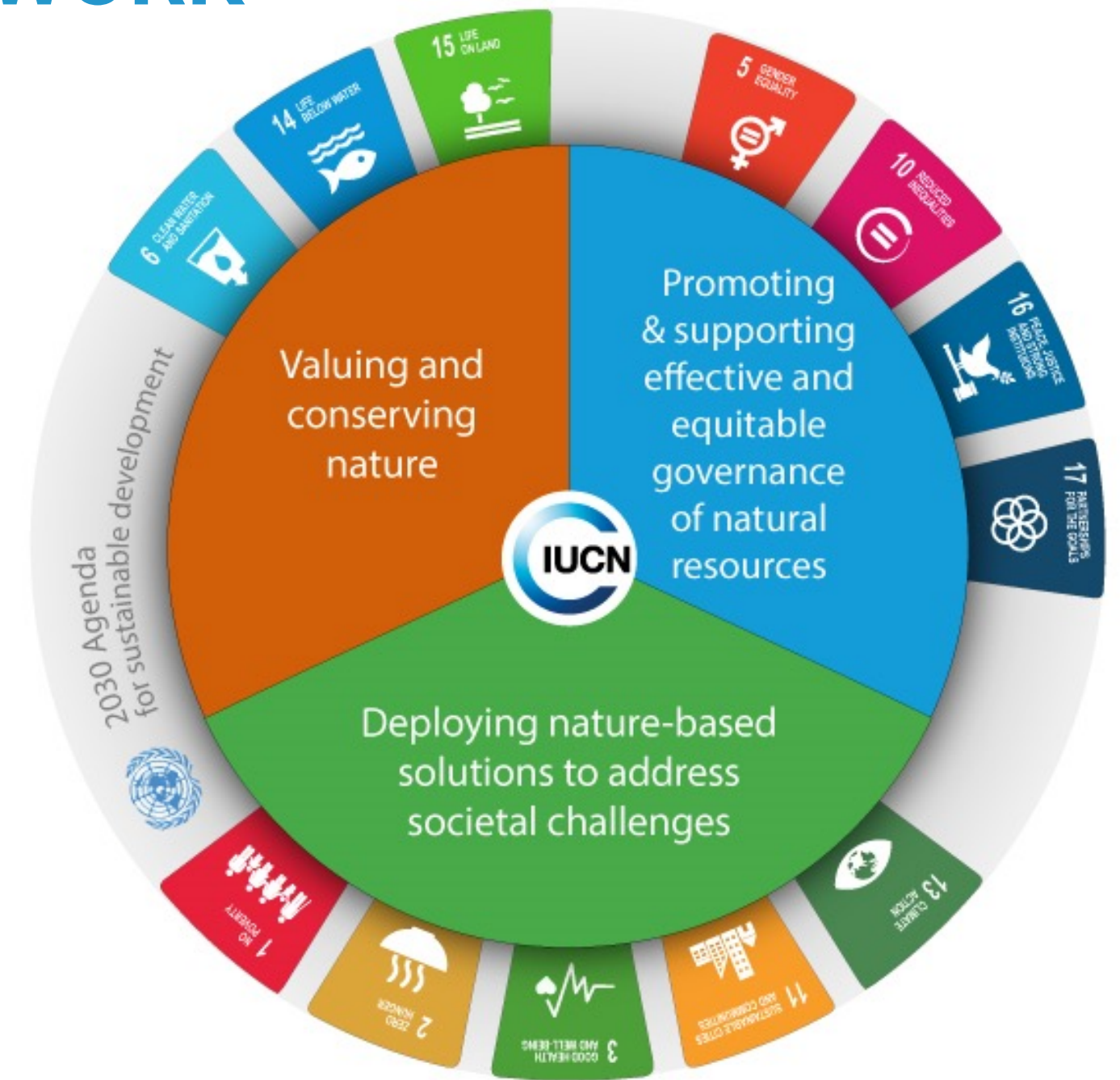
IUCN is a membership union that seeks to bring together the world's governments and environmental organizations in a combined effort to conserve nature and accelerate the transition to sustainable development.

It provides public, non-governmental, and private organizations with:

- › Knowledge, tools and analysis,
- › A unique convening space,
- › Action on the ground.

KEY FACTS

- World's largest environmental network with 1300+ governmental and civil society members from more than 160 countries
- More than 900 staff in 50 country offices worldwide
- 6 World commissions with 10,000+ experts in science, law, and policy





PROVIDING FINANCING FOR HIGHLY INNOVATIVE AND CATALITIC INITIATIVES

- › The GEF has a long history of using blended finance in environmental areas, particularly on climate change, and has started to move towards the frontier space of natural resources management.
- › Its support for conservation finance can play a key role in encouraging international collaboration and cross-country learning as a pre-requisite for scaled-up impacts.
- › GEF recognizes “**a huge potential for mobilizing private investments in conservation and ecosystem management**”

\$175 MILLION

To catalyze private sector
investment in climate
change projects

\$1.1 BILLION

Additional resources
mobilized from the private
sector

6.3

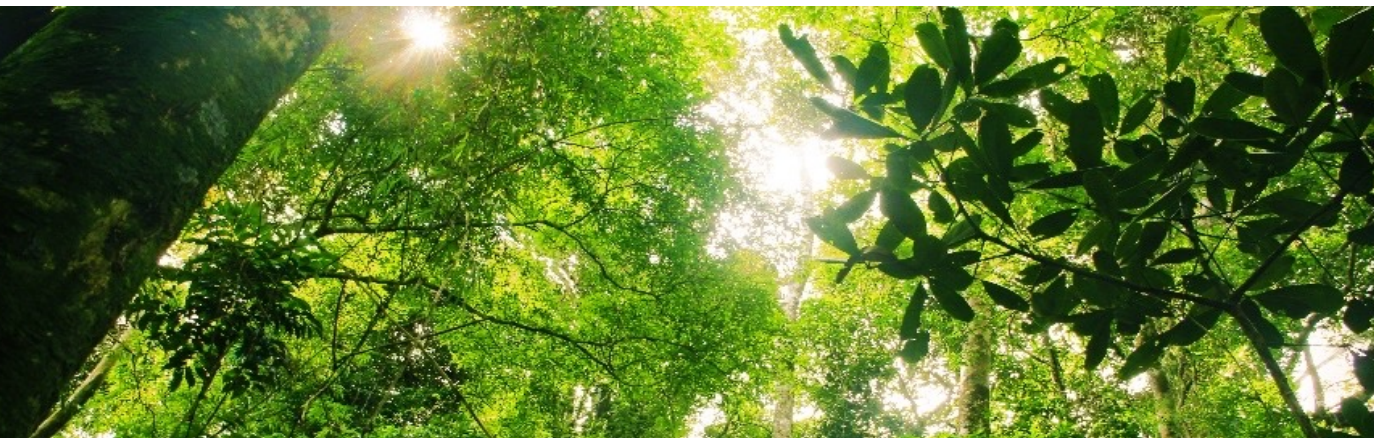
Leverage ratio
achieved through blended
finance

The GEF's Blended finance

A HOLISTIC AND THEMATIC APPROACH TO DELIVER IMPACT

FORESTS

Conservation and Reforestation



- › Forest development
- › Sustainable forest management
- › Reforestation services
- › Payments for ecosystem services

OCEANS

Clean-up and Regeneration



- › Sustainable seafood
- › Ocean conservation
- › Circular economy
- › Blue economy

SOILS

Sustainable Land Management



- › Agroforestry
- › Mixed crop-livestock farming
- › Conservation agriculture
- › Integrated landscape management



BIODIVERSITY

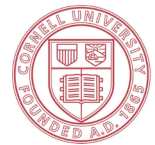
Protection and Restoration

As a cross-cutting and fundamental issue, the biodiversity component is systematically taken into account in all our activities

Coalition for Private
Investment in
Conservation (CPIC)



THE WORLD'S LARGEST COALITION FOR CONSERVATION FINANCE



Cornell University



natureVest™

The Nature
Conservancy





Thank you!



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