Philanthropic Action for Thriving Landscapes

Notes and Ideas for Action, September 19, 2023

During Climate Week in New York City, <u>1000 Landscapes for 1 Billion People</u> (1000L) convened a group of philanthropists who actively support thriving landscapes for a lively <u>dialogue</u>. EcoAgriculture Partners and EIT Climate-KIC co-organized the event, hosted by CDP, on behalf of 1000L. The gathering included 14 leaders from 12 grant-making and investing organizations, as well as 1000L leaders (see participant list below). Participants received background <u>resources</u> on integrated landscape finance before the event.

EcoAgriculture and EIT Climate-KIC presented a 15-minute overview of <u>lessons learned</u> from 1000L's extensive work on landscape finance and shared <u>11 areas of action for finance system transformation</u>. The following are their suggested priorities for collaborative action by philanthropies:

- Strengthen landscape partnerships (coordinate financing for locally led landscape action plans and develop grant funds for long-term support of landscape partnerships);
- Stimulate funding for landscape investment portfolios (coordinate philanthropic with public and private funders; develop marketplace mechanisms to link projects and funders; develop blended finance funds; and adapt sector-focused funds); and
- Foster finance-system transformation (innovate financial architecture, mechanisms, and services for landscapes; advocate for integrated landscape development and finance; and advance knowledge and tools).

The group discussed the above and generated additional ideas for philanthropic collaboration. Overall reflections and five identified action areas are summarized below.

General Reflections on Collaborative Philanthropic Action

Many participants expressed a profound sense of urgency and frustration at continued trends of landscape degradation, impoverishment, and inequality, and the limits of working on these challenges alone. Aligned and coordinated investments across a landscape are needed to generate sustained impact at scale. Without a collective value proposition across the landscape, the long-term viability of each of the value streams is jeopardized. To achieve real impact, organizations must work together over the long term, which requires a paradigm shift.

Philanthropies are uniquely positioned to shift collective thinking and create opportunities to use existing frameworks and financial infrastructure to catalyze change. However, they must modify and improve their practices so that they can move both collectively and quickly to generate greater impacts at scale. Interested philanthropists will reach out to peers to further pursue collaborative action discussed below. Several expressed an interest in co-funding a design grant for research on landscape finance.

1. Catalyze Landscape Partnerships with the Right Actors at the Table

Participants had experience directly supporting landscape partnerships in Latin America, Europe, the U.S., Africa, Australia, Canada, and Asia from different entry points, including regenerative agriculture, biodiversity conservation, Indigenous land management, and sustainable sourcing. The group identified many challenges:

- Incentives for actors to engage in landscape approaches,
- Forming multi-stakeholder partnerships,
- Attracting key actors to the table,
- Finding effective governance models,
- · Ensuring equity in decision-making, and
- Integrating cultural values and ecosystem outcomes.



Landscapes can be politically complicated. Even when actors are willing to engage, they may worry about being disadvantaged in negotiations. Some local actors may view the operations of specific companies in their landscape as inappropriate. Philanthropists must use an abundance mentality to support integrated landscapes.

It takes time for landscape partnerships to form, cultivate trust, create a common understanding, and develop a shared vision, action plans, and financing strategies. The process of systemic and transformational change requires long-term (20+ year) grant finance. Yet many foundations are not currently set up to invest over such a time horizon. Collaborative funding models may offer solutions.

2. Achieve Equitable Outcomes from Landscape Investment and Finance

Power imbalances exist between Indigenous peoples, local communities, companies, and governments. Philanthropy can significantly contribute to centering equity and equitable economic opportunity while supporting local cultural and social values. Principles, values, and processes are essential. Philanthropies have the opportunity to truly partner with Indigenous people and local communities and audit equity with transparency. They can analyze who is unearthing the possibilities for landscape actors, who is deciding on resource allocation, who is sacrificing, and who is benefiting.

To deploy a larger scale of funding, philanthropies must address livelihoods and the environment in tandem. A tiny fraction of philanthropic funding supports environmental causes, while a much greater pool focuses on community well-being. Yet environment and community are interlinked issues. Field experience has shown the value of the integrated approach, where empowered local smallholders and communities drive regenerative farming and landscape restoration. Innovative landscape finance mechanisms are enabling funds from large companies, carbon emitters, and finance institutions to flow to smallholders, small-scale enterprises, communities, and local governments for spatially and economically coordinated landscape investments.

3. Unlock Collaboration and Finance from Businesses Operating in/Sourcing from Landscapes

Participants discussed the growing interest and roles in landscape development and finance for companies active in food, agriculture, fiber, and other natural resource-related supply chains. Company sustainability teams are interested in incorporating landscape development into their supply chains; big brands have the potential to scale the investments that landscapes need. Businesses should be involved as much as possible in the discussion, with different modalities for small, large, and emerging businesses. Companies may also be interested in shared stewardship funds.

Companies can focus on aligning around and incorporating incentives into their balance sheets. Participants proposed to focus on the "integrated bottom line" (versus the "triple bottom line"), showing that behaving responsibly helps the bottom line (e.g., a more engaged workforce). Many companies that have engaged in landscape initiatives have done so to mitigate risk, but the risk mitigation that landscape initiatives provide is generally documented poorly. A clearer understanding is needed of the real opportunities and motivators for companies to invest in landscape programs, including the sensitivity of sourcing to secure supply in particular landscapes. Barriers to commercial investment include unsupportive regulatory systems, a lack of relevant training in traditional accounting and finance structures, the difficulty of companies making claims around targets since the outcomes are collective, and the absence of commercial banks in landscape discussions.

4. Unlock Landscape Finance at Scale

With integrated landscape development and finance still immature and lacking institutional support, philanthropic funding has the potential to play a catalytic role in mobilizing much larger flows of publicand private-sector finance and in de-risking projects and investments. Yet a clear understanding of the most effective pathways to leverage solutions and their costs is lacking. Areas for potential collaborative action include:

- Transform bread-and-butter financing to contribute to landscape goals
- Reimagine or hack existing finance mechanisms for landscapes in an integrated way
- Support analytics
- Support strategic alignment around risk, return, and associated sources and uses of capital
- Pull together the best of the landscape finance practitioners into a coherent network
- Engage innovative and commercial investors in dialogue
- Join forces among philanthropists and other financiers in the many places that need to unlock finance to provide patient, long-term capital
- Promote and adopt true-cost accounting for investment and finance
- Support finance strategy development in landscapes

5. Produce and Disseminate Strong Landscape Finance Cases

The participants felt strongly that building the foundation to scale landscape finance beyond current actors requires developing and widely disseminating strong, clearly articulated stories and case studies for different audiences. Needs include:

- Business cases that integrate social, cultural, and environmental impacts as well as a deep understanding of what is truly regenerative
- Evidence for sustainable development advocates of how to scale landscape finance in a way that centers people as well as nature and climate benefits
- Evidence for businesses of the data and value case for landscape investing and how the intervention will guarantee business offtake five and ten years out
- Evidence for philanthropies of why they should make longer-term, patient investments.

For more information about the landscape finance work of 1000 Landscapes for 1 Billion People, please contact: Seth Shames of EcoAgriculture Partners, sshames@ecoagriculture.org or Daniel Zimmer of Climate-KIC, daniel.zimmer@climate-kic.org.

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