

CLIMATE INVESTMENT FUNDS

Joint CTF-SCF/TFC.22/4.4

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Agenda Item 4

NATURE, PEOPLE AND CLIMATE INVESTMENTS PROGRAM (SUMMARY)

1. Overview

1. The **Nature, People and Climate Investments Program** seeks to tackle in an integrated manner the multiple drivers and impacts of human activities and climate change on land resources and ecosystems services. It will foster strategic partnerships bringing together multiple stakeholders from national/sub-national governments, private sector and civil society so that to reconcile competing land-uses and tackle climate risks. It will provide environmental, social and economic benefits while also contributing to national climate commitments and global targets.

2. The Challenge

2. Population growth and changes in per capita consumption of food, feed, fiber, timber and energy have caused unprecedented rates of land and freshwater use. Seventy-five percent of the land-based environment and about 66 percent of the marine environment have been “severely altered” by human actions. More than 30 percent of the world’s land surface and nearly 75 percent of freshwater resources are now destined to crop or livestock production. World’s larger and increasingly urban population will likely increase demand for food, water, minerals, fisheries and other natural resources thereby putting additional pressures on the environment. The production of commodities, shifting agriculture, large-scale forestry operations, wildfire and urbanization have also led to significant changes in global forest cover. Expansion of commodities like soy, beef, palm oil, and wood fiber is responsible for about 27 percent of permanent global forest loss. Beyond deforestation, forestry, shifting agriculture, wildfire and intensification and expansion of urban centers contributed to a further forest disturbance. The substantial projected increase in demand for forestry products and minerals will likely enhance land-use change and deforestation trends if governments and companies do not design and implement more effective policies and practices.
3. Climate change will exacerbate the existing conditions of land, oceans and other water basins that are now under stress further disrupting ecosystem functioning and negatively affect livelihoods, and food security. Impacts already observed include soil erosion, coral bleaching, changes in the abundance and distribution of species, depletion of water sources, loss of “blue carbon” associated with coastal ecosystems such as mangroves and sea grass, and forest fires. These threats can affect the ability of land and ecosystems to sequester and store carbon thereby resulting in increased GHG emissions.
4. A number of market and institutional failures and other regulatory, knowledge, technological and socio-cultural barriers hinder the sustainable use of land and natural resources and to harness nature’s full potential in climate action.

3. Nature, People and Climate Investments program seeks to provide a Solution

5. Reconciling competing uses of natural resources while addressing the climate challenge and achieving sustainable development policy goals requires investing in Nature-based Solutions and taking an integrated, system-wide multi-sectoral perspective. Nature-based Solutions represent an approach to address societal challenges by providing environmental, social and economic benefits as well as contributing to mitigate and adapt to climate change. They offer an opportunity to unlock nature’s transformative potential for climate action. The scale and urgency of the challenge is too great to address agriculture, forestry, biodiversity, food security, economic growth and poverty alleviation as separate issues or in “silos”.

6. Against this backdrop, the Climate Investment Funds and its implementing partners¹ propose the establishment of the Nature, People and Climate Investments Program to target the use of scaled and flexible concessional finance to overcome barriers and scale-up support to investments in Nature-based Solutions for the sustainable use of land and other ecosystems.
7. The Nature-based Solutions approach proposed by CIF's Nature, People and Climate Investments Program takes an integrated multi-sectoral view, recognizing the interplay of socio-ecological system to address multiple objectives related to both environmental and social (historical, political, economic and cultural) goals. It will enable CIF and its implementing partners to contribute towards improving livelihoods, addressing climate change and progressing towards sustainable development.
8. The program's objective shall be achieved by deploying CIF's business model to bring together all relevant stakeholders in the design and implementation of an investment strategy based on solid evidence, leadership and partnerships. The implementation arrangements of system-wide Nature-based Solution would be determined by context-specific circumstances and the scale of the intervention required. Three main models can be considered: government-, industry- or community-led. Engagement and collaboration among stakeholders would help gaining the institutional and political buy-in required to enable the design and implementation of integrated Nature-based Solutions and system-wide approaches. It would also help mobilizing resources from MDBs and other public and private investors into strategically-aligned and demand-driven transformational investment portfolios.
9. The program would target key areas of relevance for achieving the land and ecosystems transitions called by the international scientific community – agriculture and food, forests and other ecosystems, including coastal systems – by building collaborative relationships to address trade-offs and synergies among stakeholders and between different parts of the prioritized areas.
10. Through the Nature, People Climate Investments Program CIF's concessional finance will be deployed to undertake public and private sector interventions. At the public-sector level, CIF's programmatic approach would entail the following:
 - System-wide land-use diagnostic: Robust, data-based and participatory diagnostics will enable target countries to assess and prioritize the climatic and socio-economic issues and trends in land-use changes of a particular area or multiple areas, including those in coastal and transboundary areas. It would also investigate how such issues could evolve under changing climate conditions.
 - Investment action plan preparation: The plan will outline how the challenges identified through the diagnostic will be tackled through policy, institutional and technical assistance interventions and investments. Led, and owned by the government and supported by relevant stakeholders of the recipient country, the plan would define a common vision and strategic approach for the areas to be targeted, which will become the basis for identifying and developing a priority investment pipeline. It will build on and seek to enhance the ambition of existing nationally-driven climate-related plans or Long-Term Strategies, with a view of ensuring alignment with country priorities, prioritizing the use of concessional resources and support enhanced climate action.
 - Development, implementation and monitoring of catalytic investments: This phase focuses on developing and implementing catalytic investment pipelines identified and prioritized by countries in the Investment Action Plans. The program will provide catalytic support at the pre-investment and investment phase of the project, depending on context-specific circumstances.

¹ Working through six Multilateral Development Banks (AfDB, ADB, EBRD, IDB Group, IFC and World Bank), the US\$8.3 billion Climate Investment Funds (CIF) provides developing countries with a needed jump-start toward achieving low-carbon and climate-resilient development pathways: <https://www.climateinvestmentfunds.org/>

11. At the private sector-level, the Nature, People Climate Investments Program envisages a private sector-oriented investment strategy grounded in the participatory development and implementation of corporate-level “roadmaps” seeking to shift operations and supply chains towards more sustainable pathways.

4. Expected Outcomes

12. Nature-Based Solutions can provide over one-third of the cost-effective climate mitigation needed up to 2030 to stabilize warming to below 2 °C, and also help reduce the consequences of physical climate risks. The combined adoption of sustainable forms of agriculture and forest management, including agroforestry, for instance, could deliver over US\$ 2 trillion per year of economic benefits, generate millions of jobs – mainly in the developing countries – improve food security and deliver over a third of the climate change solution.
13. The main expected outcomes of the Nature, People Climate Investments Program include: (i) strengthened enabling environment for the sustainable use of land and other ecosystems; (ii) improved sources of livelihoods for rural communities and indigenous peoples, both women and men; (iii) increased adoption of sustainable supply chains and/or clean production processes; (iv) increased access to capital and budgeting for the sustainable use of land and other natural resources; (v) demonstration of the business case for private sector investments in Nature-based Solutions; (vi) fostered innovation through enhanced support for early-stage ventures, technologies and business models with high impact potential; and (vii) enhanced management of natural resources and improved forest, land and ecosystems’ health.