

WHAT DOES IT MEAN TO INVEST IN NATURE-BASED SOLUTIONS?



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ature-based solutions (NBS) have been used for centuries, if not millennia, by indigenous communities around the world to address environmental and societal challenges.

However, the term "nature-based solutions" as we know it today emerged in the 2000s as a way to describe a set of innovative approaches to solve societal and environmental problems that involve the use of natural systems or processes.

The concept of NBS gained traction in international policy discussions in the early 2010s, particularly in the context of climate change mitigation and adaptation. In 2015, the United Nations Framework Convention on Climate Change (UNFCCC) included NBS in its Paris Agreement, recognizing their potential to help countries achieve their climate goals.

Today, IUCN defines Nature-based Solutions as actions to protect, conserve, restore, sustainably use and manage natural or modified terrestrial, freshwater, coastal and marine ecosystems, which address social, economic and environmental challenges effectively and adaptively, while simultaneously providing human well-being, ecosystem services and resilience and biodiversity benefits.

Since then, NBS has gained increasing attention from governments, researchers, and practitioners as a means to address a wide range of environmental and societal challenges, including climate change, biodiversity loss, water management, disaster risk reduction, and urbanization.

Investing in NbS is crucial for achieving global sustainability goals, including the United Nations Sustainable Development Goals (SDGs) and the Paris Agreement on climate change. NbS offer a cost-effective and scalable way to address these challenges, while also delivering a range of co-benefits, including improved water quality, enhanced biodiversity, and increased resilience to natural disasters. There are several innovative finance vehicles that be used to support NBS projects such as Green-Bonds, payment for Ecosystem Services (PES) (PES is a market-based mechanism in which landowners are paid for maintaining or improving the ecological services provided

by their land) or Impact investment funds.

Early March, the Economist highlighted examples of cash for climate services(1) in the context of conservation, and more specifically saving rainforests in Brazil, Congo and Indonesia. However, lawlessness in those countries and the sheer size of those territories make it difficult to achieve sustainable results.

Impact Investments Fund are also starting to become attractive models to redirect private capital towards NBS.

For instance, the Green Climate Fund-backed Subnational Climate Fund (SCF) includes NBS in its approach and through its technical assistance facility, will support a study which will evaluate the potential of raw bamboo feedstock for electricity production through gasification. The project is led by TERRAGRN, a private sector enterprise, cultivating and operating large biodiverse agroforests.

Figure 1

TERRAGRN plans to grow Bamboo on unutilized land in coal mining province



In South Africa, over the next 5-6 years, TERRAGRN aims to grow an agroforest on approximately 200,000 ha of unutilized land in the major coal mining province of Mpumalanga. The objective is to create new jobs and to produce green energy, while contributing to improved soil and water conditions.

Another example from the SCF pipeline is an agroforestry project in Jamaica. The project currently studied is an agriculture production developing 260 acres of coconut trees and intercropped ground produce, post-harvest processing infrastructure, cultivation operations and smallholder farmer extension services. The project is the foundation of a scaled agroforestry infrastructure strategy across geographies and crops, partnering with the Jamaican government to reclaim unused former sugarcane land for trees and food. The project's benefits are food security, ecological restoration, labor creation, community resilience, and climate change mitigation.

NbS also includes the restoration and protection of mangroves, which are highly productive ecosystems that provide a range of services, including coastal protection, carbon sequestration, and habitats for fish and other marine species. Investing in the restoration and protection of mangroves can help to mitigate climate change by capturing and storing large amounts of carbon, while also reducing the vulnerability of coastal communities to storms and sea-level rise.

To facilitate investment in NbS, the IUCN has developed the Global Standard for Nature-based Solutions, a user-friendly framework which include principles such as ensuring social and environmental safeguards, promoting equitable access to benefits, and building capacity for adaptive management. These principles can guide investment decisions and help to ensure that NbS investments deliver positive outcomes for both nature and people.

Investing in NbS requires a long-term perspective and a commitment to collaboration between stakeholders from different sectors and at different scales. Governments, businesses, and civil society organizations all have a role to play in supporting NbS, by providing funding, policy support, and technical expertise. SCF is structured as a consortium, including IUCN, Gold Standard, Pegasus Capital Advisors and R20 Foundation.

In conclusion, investing in NbS is critical for achieving global sustainability goals and addressing some of the most pressing environmental challenges facing our planet. NbS offers a cost-effective and scalable way to address these challenges, while also delivering a range of co-benefits. To maximize the effectiveness of NbS investments, it is important to adopt a long-term perspective and a collaborative approach that engages stakeholders from different sectors and scales.

The Subnational Climate Fund (SCF) is a global blended finance initiative that aims to invest in and scale mid-sized (5 – 75 M \$USD) subnational infrastructure projects in the fields of sustainable energy, waste and sanitation, regenerative agriculture and nature-based solutions (NbS) in developing countries.

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As an organization dedicated to the conservation of nature and the sustainable use of natural resources, the International Union for Conservation of Nature (IUCN) recognizes the critical role of nature-based solutions (NbS) in addressing some of the most pressing environmental challenges facing our planet.

