



Global  
Landscapes  
Forum

# White Paper

London, 10 June 2015

## Integrated landscape investments

How to coordinate for impact and measure effectiveness across landscapes?

This White Paper was produced by  
**EcoAgriculture Partners**

## Objective

This cluster session will identify ways that private and public investors are engaging at landscape scale, and how the relationships between investors and other landscape stakeholders can be strengthened to the benefit of all involved. We will be highlighting the experience of impact investors and development finance institutions who are designing new instruments for investing in integrated landscapes. We will discuss the structure of these funds, modes of collaboration with landscape stakeholders and means of measuring the impact from these investments. This session will lay the foundation for a workshop on 11 June that will dig even deeper into these issues and try to identify clear design principles for investors and those seeking to mobilize landscape investment. The results of this work will be synthesized into a paper to be launched at the Global Landscapes Forum in Paris in December 2015.

## Context: Rapid growth in integrated landscape investments

Land managers, from small-scale farmers to large agri-businesses, are increasingly challenged by the inter-related impacts of ecosystem degradation, climate change, competition for scarce resources, poverty and food insecurity. In many cases, these risks cannot be mitigated solely through on-farm management or supply chain programs, the current focus of most efforts, and must be dealt with at landscape scale. See Figure 1 for an illustration of these inter-related issues from the perspective of private investors.

A single investor or business, in most cases, cannot achieve integrated landscape-scale outcomes on its own; neither can public and civic actors who often operate in sectoral silos and undertake parallel planning processes at national, subnational and local scales for economic development, climate, watershed management, forestry and biodiversity. Landscape impacts require landscape partnerships in which private and public investors engage with a group of relevant stakeholders that are collaborating to achieve landscape-scale outcomes that are critical for each stakeholder.

These kinds of landscape partnerships — referred to as Integrated Landscape Initiatives (ILIs) within the Landscapes for People, Food and Nature Initiative<sup>1</sup> — are on the rise.<sup>2</sup> A series of surveys to locate ILIs in Africa, Latin America and Asia identified 365 such partnerships<sup>3</sup>, and a similar review is underway in Europe. Meanwhile, a growing number of public and private funds are

<sup>1</sup> The Landscapes for People, Food and Nature Initiative is an international collaboration of knowledge sharing, dialogue and action to support integrated landscape management in order to achieve three simultaneous goals: improve food production, conserve ecosystems and promote sustainable livelihoods. This cluster session and the 11 June finance workshop are co-organized with members of the Finance Working Group of the Initiative ([www.peoplefoodandnature.org](http://www.peoplefoodandnature.org)).

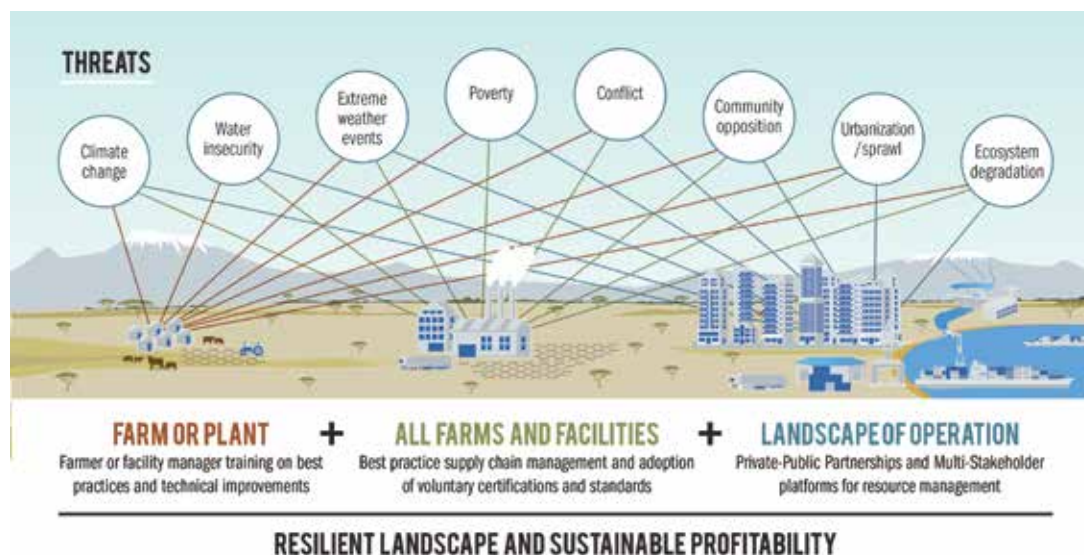
<sup>2</sup> This concept is known broadly as integrated landscape management (ILM), and encompasses diverse models of organization. For a more detailed description, see Scherr SJ, Shames S and Friedman R. 2013. Defining integrated landscape management for policy makers. *Ecoagriculture Policy Focus* No. 10. Washington, DC: EcoAgriculture Partners.

<sup>3</sup> Estrada-Carmona N, Hart AK, DeClerck FAJ, Harvey CA and Milder JC. 2014. Integrated landscape management for agriculture, rural livelihoods and ecosystem conservation: An assessment of experience from Latin America and the Caribbean. *Landscape and Urban Planning* 129:1–11. <http://www.sciencedirect.com/science/article/pii/S0169204614001157>

Milder JC, Hart AK, Dobie P, Minai J and Zaleski C. 2014. Integrated landscape initiatives for African agriculture, development and conservation: A region-wide assessment. *World Development* 54 (February): 68–80. <http://www.sciencedirect.com/science/article/pii/S0305750X13001757>

Zanzanaini C, Tran BT, Singh C, Hart AK, Milder JC and DeClerck FAJ. In review. Integrated landscape initiatives for agriculture, livelihoods and ecosystem conservation: An assessment of experiences from South and Southeast Asia.





**Figure 1. Landscape issues and profitability**

Source: EcoAgriculture Partners and TerrAfrica. 2015 forthcoming. *The Landscape Approach for Sustainability in African Agribusiness*. EcoAgriculture Partners: Washington, D.C., on behalf of the Landscapes for People, Food and Nature Initiative

now seeking to invest in integrated landscapes. A review identified over 250 financial mechanisms and institutions that support multi-objective investment within a landscape context.<sup>4</sup> This session will

<sup>4</sup> Clarvis MH. 2014. Review of financing institutions and mechanisms. In Shames S, ed. *Financing Strategies for Integrated Landscape Investment*. Washington, DC: EcoAgriculture Partners, on behalf of the Landscapes for People, Food and Nature Initiative.

highlight some of the most innovative funds in this space. Among the impact investors, a small group of actors already has deep experience in this area (e.g. Ecoenterprises Fund), while others have more recently begun operating (e.g. Althelia Ecosphere and Moringa Fund), or are still in their design phases (e.g. Commonland Fund, Land Degradation Neutrality Fund). Public investors have also begun to focus on landscape-scale work more explicitly within a broad range of agro-ecosystem and economic contexts.

For example, the Dutch Sustainable Trade Initiative (IDH) through its Initiative for Sustainable Landscapes (ISLA) is now investing in landscape stakeholder coalitions in six commodity landscapes around the world; the Global Environment Facility (GEF) Integrated Approach Pilot (IAP) program on Fostering Sustainability and Resilience for Food Security in sub-Saharan Africa is working with 12 countries at both the landscape and national levels to build the enabling conditions for landscape-scale action.

## Topics to be covered: Key challenges and innovations of integrated landscape investment

In this session, we will cover three topics: coordinating investments within a landscape, facilitating investor engagement with landscape stakeholders, and tracking progress and multiple returns at a landscape scale.

### Coordinating investments within a landscape

Integrated landscapes require both asset and enabling investments. See Figure 2 for a summary of investment vehicles, mechanisms and outputs for landscape investments. Asset investments create tangible value that is returned back to the investor or land manager, ideally with a profit.

Categories of asset investment in landscapes include agricultural production practices that contribute to multiple landscape objectives, farm conservation or production, restoration or protection of natural assets on public or private lands, environmentally and socially responsible enterprise, and large-scale green infrastructure. Major constraints to mobilizing finance for landscape asset investments include short time horizons required for returns by most investors, a mismatch between investment stake and size of investment opportunities, and high investment risk versus return potential.

Enabling investments lay the institutional and policy foundation for asset investments by generating incentives to invest in a particular activity, usually with no immediate expectation of financial rewards. In landscape partnerships, these are investments in stakeholder engagement and cooperation, appropriate legal and regulatory framework, knowledge and capacity to plan and manage on a landscape scale and development of appropriate

incentive mechanisms. Challenges for enabling investments in landscape partnerships include the silos of public sector institutions, appropriate targeting of funds for landscape partnership establishment and coordination.<sup>5</sup>

From the perspective of a collaborative group of stakeholders within a landscape that can articulate objectives and plans (an ILI), the central financing challenges are to attract asset and enabling investments that support landscape plans and to steer financing to appropriate activities. This responsibility may also include aggregating investment opportunities so that actors with high minimum investment criteria can engage. The entity taking on these responsibilities, the *landscape investment coordinator*, can be practically any type of organization, including an NGO, government agency, business association, farmers group or community organization. It is possible for these coordination roles to be played by a single institution, but they may also be accomplished by a coalition of actors.

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<sup>5</sup> Adapted from Shames S, Clarvis MH and Kissinger G. 2014. Financing strategies for integrated landscape investment: Synthesis report. In Shames S, ed. *Financing Strategies for Integrated Landscape Investment*. Washington, DC: EcoAgriculture Partners, on behalf of the Landscapes for People, Food and Nature Initiative.

Enabling Investment				Asset Investment			
Investor	Government	Donors Philanthropists	Rights-holder Product investor Philanthropists	Private sector companies	Philanthropists	Banks	Private investors and equity funds
Vehicle	Projects, Policy	NGOs, Research & policy institutions	Small businesses Intermediaries	Capital Expenditure Research & Development	Capital investment	Financial services	Risk-adjusted return on capital
Mechanism	Public expenditure: Infrastructure Fiscal reform Regulatory reform Subsidies	Grants: Organizational & policy development Institutional reform	Enterprise Philanthropy Grants & seed funding to demonstrate validity of business model	Purchase of capital assets	Impact investment via equity, loans	Loans secured against assets	Investment via equity or loans
Output	Public Goods			Private Assets			

**Figure 2. Investment vehicles, mechanisms and outputs for landscape investments**

Source: Shames, Seth, Margot Hill Clarvis, and Gabrielle Kissinger. 2014. Financing Strategies for Integrated Landscape Investment: Synthesis Report. In Seth Shames, ed. *Financing Strategies for Integrated Landscape Investment*. Washington, DC: EcoAgriculture Partners, on behalf of the Landscapes for People, Food and Nature Initiative. (adapted from Elson 2012 'Guide to investing in locally controlled forestry')

An example of such a coordinator is Imarisha Naivasha in Kenya. In 2009, a major drought in the Lake Naivasha area caused lake and river levels to recede to dangerous levels. This drought had devastating effects for the fishing and livestock industries, as well as detrimental effects on ecosystem services throughout the landscape.

Commercial horticulture operations faced community relations problems for using large quantities of water, as well as serious risks to the future availability of this water. The Government of Kenya responded by creating a public-private partnership, Imarisha Naivasha, to bring stakeholders together to strategically plan and coordinate

activities within the landscape. Imarisha Naivasha produced its Sustainable Development Action Plan and has been working to implement activities. Through a Sustainable Development Fund, for example, Imarisha Naivasha is working to aggregate diverse sources of investment and ensure the achievement of the partnership's goals.

## Facilitating investor engagement with landscape stakeholders

Investors have a variety of experiences coordinating their activities with other landscape stakeholders to align objectives. This engagement often requires long-term collaboration and trust building for both asset and enabling investors. In some cases, investors are managing enabling investments (e.g. technical capacity for farmers, landscape institution building, market development) specifically designed to support their own asset investments.

Investors require mechanisms by which to interact with landscape coordination entities that can help them identify appropriate opportunities and partners. The funds highlighted in this session all have the capacity to do this directly; in cases where they do not, an investor may choose to work with an institution that interacts directly with a landscape coordinator on its behalf, potentially reducing transaction costs for all parties involved. These intermediaries can also serve as aggregators that can pool financing from multiple sources to help bridge the gap between the size of a single investor's commitment and that required for larger landscape-scale investments.

In the case of IDH's ISLA program, enabling investments are specifically designed to support better engagement between private businesses and other stakeholders in agro-commodity landscapes in Africa, Asia and South America. ISLA investments will encourage public-private stakeholder groups to plan landscape-scale activities and partnerships will include companies sourcing from and impacting the landscape. In this way, each multi-stakeholder platform is developing into the landscape investment coordinator for that particular place. As a result, it is anticipated that companies active in these landscapes will reduce their risks and improve the sustainability of their supply chain. These investments also encourage additional asset investors to co-fund these activities.

The Moringa Partnership is a PPP that manages a private equity fund in coordination with a publicly funded grant facility that helps lay the groundwork for its private investment. Moringa uses a stakeholder engagement protocol when designing its agroforestry investments, and one of the key roles of the grants facility is to strengthen local landscape management. The grants facility also engages with local and national governments to create conditions for similar investments throughout a given region or country.

## Tracking progress and multiple returns at a landscape scale

A core challenge of landscape investment is evaluating effectively the return on investment of engaging with landscape partnerships. Investors need ecosystem-linked financial models that indicate the benefits that landscape action will yield and the value of those benefits for their “triple bottom line”. At the same time, landscape stakeholders need to track indicators that reflect overall landscape progress against their joint objectives, to demonstrate performance on commitments (e.g. for aggregate greenhouse gas emission reductions in a climate program or healthy biodiversity in a landscape eco-labeling scheme) and also as input to collaborative adaptive management.

Significant progress is being made on landscape-scale tracking that can generate outcome measures — across sectoral objectives — that many different individual investors, businesses and resource managers can use.

- The Landscape Measures methodology developed by EcoAgriculture Partners has focused on monitoring to meet needs for stakeholder negotiation and decision making within landscape platforms.

- The World Agroforestry Centre is developing land health surveillance systems that can be easily accessed by stakeholders.
- The Vital Signs program is testing the reliability of different indicators for explaining landscape change.
- IDH's ISLA program is developing modeling tools to link investments to ecosystem and income benefits.

Nonetheless, considerable gaps remain in the development of methods that truly meet the needs of both investors and landscape stakeholders. To date, there have been relatively few rigorous landscape-scale assessments of the impacts of investment programs. As much more investment is mobilized toward integrated landscape management, from public, private and civic sectors, we can expect major advances in monitoring and impact methods. The Landscapes for People, Food and Nature Initiative is setting up a learning forum to accelerate development of improved M&E and impact measure systems, drawing on expertise from diverse partners, and with application to different impact measurement challenges.



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The Investment Case

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## Coordinating partners



## Strategic partners



## Funding partners



## Authors

