GLOBE EUROPEAN UNION
The Network for Environmental Legislators

GLOBE EU event on Financing Nature-based Solutions

September 28, 2021

Event Summary:

In her opening remarks, **Catherine Chabaud** pointed out that the objective of the conference is how to support NbS and make innovation widely accessible through sufficient funding. She felt that not enough credit was given to maritime ecosystem services; preserving maritime ecosystems must go hand in hand with their regeneration abilities. She reminded the audience that nature has had to overcome the same challenges we are facing today and we should learn from nature's solutions. She gave various examples of biomimicry where companies used solutions found by nature to address contemporary issues. Many companies investing in biomimicry research find it difficult, however, to find investors since much of the benefits of their efforts only become evident after extended time periods. She mentioned the Great Green Wall (GGW) and Tolou Keur as great examples of NbS, supporting the livelihood of many impoverished African communities. She stated that oceans should be promoted as a global commons of humanity and that countries that use maritime facilities should also be responsible for their good health and that of the seas and oceans.

Justin Adams : was speaking about Natural Climate Solution (NCS) which is a subset of NbS to specifically address the climate crisis. Their aim is to stop emissions from deforestation and land use and sequester carbon. He mentioned that, besides climate mitigation, NCS can also have economic and social benefits. WEF partnered with McKinsey to look how carbon markets and finance could help scale up NCS. He emphasized the need to address the growing polarization and backlash on pricing nature, and instead use carbon markets to pay for NCS. There is, however, an increasing interest from business to invest in nature and he mentioned the many ongoing efforts to bring more integrity onto this market. However important, he felt that carbon markets could only be one part of what is needed to deliver on the potential of NCS. CAP funding, for instance, should be used to finance agricultural projects that help store carbon. Also, EU legislation on imported deforestation (and private sector efforts to clean up their supply chain) will help to fight the destruction of carbon sinks around the world.

Radhika Murti : focused her presentation on NbS as simultaneous a solution for the climate-biodiversity nexus. She mentioned infrastructure as one of the biggest gaps in the SDGs and recommended that NbS be considered as green infrastructure or a complementary solution to grey, when addressing this gap. looked at in this context. Also, she felt that conventional conservation methods that aim to solve livelihood issues should be looked at from the perspective of inherent economic and social benefits. She also mentioned IUCN's work on a three-prone approach to facilitate the financing of NbS projects: it wants to avoid NbS becoming a generic term and instead use specific criteria to qualify projects. Not only did IUCN put great effort in developing and adopting the global

standard, it has promoted its use around the world as well. IUCN is developing a third-party certification process with the help of existing sector-specific agencies to avoid that an entirely new structure needs to be established. She asked legislators to adopt rules and apply quality assurance mechanisms to help the integration of NbS in existing investment schemes.

Pascal Chapot : stated that two-thirds of Nestlé's carbon footprint comes from agricultural produce, its raw materials and that fifty percent of these raw materials will have to come from regenerative agriculture by 2030 to help meet the company's CO2 reduction target. He mentioned soil restoration as a key element of Nestlé's strategy and the large diversity of sources as a major obstacle since bespoke solutions are needed for different circumstances. As a change in farming practices can alter crop yields, he said that it is key to have Nestlé has systems in place to financially compensate farmers for possible losses, and Nestlé has some experience in that and will play its share. He stressed the importance of having common rules for measuring the impact of NbS. Quantifying the eventual outcome will help to incentivize and de-risk projects. Finally, he said that partnerships with the right local scientific authorities are important to provide a solid base and avoid greenwashing.

Jan Burger : gave an account of Coca-Cola's assessment last year to calculate natural capital for its NbS projects across Europe. He mentioned water replenishment being at the core of these projects and Coca-Cola is interested in understanding the additional ecosystem and social benefits thereof. It has developed a standardized methodology to measure this, which looks at the quantitative and qualitative benefits of NbS projects. The company learned that its water replenishment projects often were of greater value to other issues, such as carbon sequestration. Its findings lead to the conclusion that larger projects result in higher benefits and a better return on investment. He said that a quantitative assessment of biodiversity is still being developed. The methodology developed by Coca-Cola will be used to prioritize its future projects in line with its water strategy.

Eva Mayenhofer : reminded the audience that half of the world's GDP depends on nature. She said that there is little understanding of how much capital is actually directed to NbS and how much will need to be spent. A global and harmonized metrics is needed to make sure that there is a general understanding of what entails an NbS and quantify the funds that flow into it. This would create an enabling environment and help generate more public and private investment. She mentioned that private-sector investments are lagging and need to be scaled up. They are, however, held back by the fact that NbS are a long-term investment and immediate benefits are not always quantifiable. She felt that mainstreaming NbS in corporate activities remains important although mainstreaming can also occur through infrastructure. She said that the absence of bankable projects is not the issue, but rather that nature is not bankable (i.e., not an asset class). She concluded that it is not about putting a price on nature but in fact capital markets need to adequately price the cost of destroying nature. Recognizing the critical connectivity of the natural capital base and the global economy, it is the role of governments and financial institutions (such as the EIB), to make the economic case for investing in nature, rather than destroying it, by providing much greater incentives and tools to protect nature and implement NbS.

Questions by **Catherine Chabaud** :

1. A lack of definition hampers the integration of blue carbon in the Paris Agreement and the EU Green Deal; will the IUCN global standard differentiate between terrestrial and maritime projects?

Radhika Murti : the standard developed by IUCN measures the impact of NbS on any ecosystem and therefore applies to terrestrial and maritime project regardless. The organization set out to develop

a single framework to help stakeholders understand how nature can be used (albeit differently) to create opportunities for economic, social, and ecological gains.

2. Did Nestlé and Coca-Cola measure the impact of their projects on the SDGs ? What would they like to see from the EU ?

Jan Burger : standardization and certification are important to set and implement, but also the EU's policies and instruments such as the CAP and the Taxonomy Regulation should be used to promote NbS. This will help to get a sustainable food system in the EU.

Pascal Chapot : the EU can help with a common matrix by which NbS are measured. It should avoid dogmatic solutions; some level of flexibility will be necessary.