

# Financing Nature-based Solutions for a Just Transition

## GIZ and Triodos Investment Management Join Forces to Scale Finance for Nature

### Challenges

According to the UN, global biodiversity has plummeted by 70% since 1970. The trends in land degradation have been similarly concerning: over 100 million ha of healthy, productive land was lost between 2015 and 2019, directly impacting 1.3 billion people living on degraded land. The World Bank estimates that the decline in ecosystem services arising from environmental and biodiversity degradation not only threatens food security but also risks a decrease in GDP by over 10% in low-income and lower-middle-income countries.

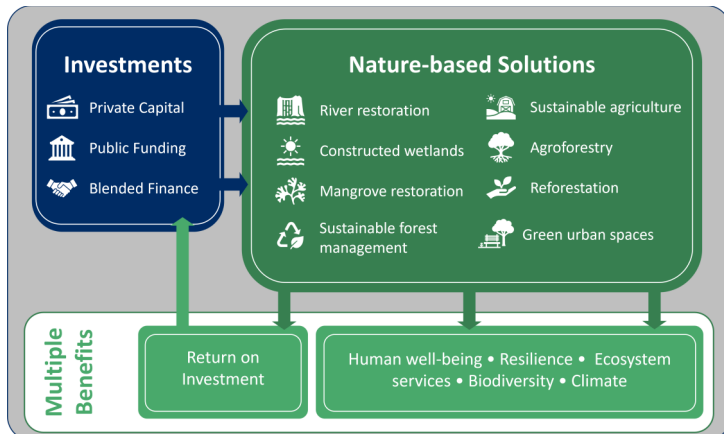


Figure 1: Investing in Nature-based Solutions

### Nature-based solutions to protect global resources

Against this backdrop, nature-based solutions (NbS) have been identified by governments, communities, and companies alike as tools to simultaneously reverse ecosystem degradation, combat climate change, and preserve livelihoods. The severity of the challenges, however, requires a scaling of NbS that can only be achieved with a significant mobilisation of public and, crucially, private capital, as outlined in the State of Finance for Nature report (2023).

Interest from the private financial sector in investing in NbS has risen markedly over the past years, acknowledging their multiple benefits (see Figure 1). But investments remain limited due to:

- a lack of track record on the profitability and feasibility of NbS,
- limited capacities of financial institutions on NbS, and
- an insufficient mutual understanding between NbS project developers and financial institutions.

Scaling financing is key to tackling climate change, reversing biodiversity loss, and supporting a Just Transition. Identifying the business case, local capacity building, and facilitated exchange between the relevant stakeholders can pave the way for private capital mobilization.

### Joining forces and creating public-private partnerships

To address the financing gap for NbS, Triodos Investment Management and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH are working together within the framework of the develoPPP funding programme, which GIZ implements on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ). The collaboration 'Financing Nature-based Solutions for a Just Transition' (Finance for Nature, F4N) will work to address the aforementioned challenges in Kenya, Mexico, and Peru.



Figure 2: The project will be implemented in Kenya, Mexico and Peru



Funding programme



Partners in  
Transformation  
develoPPP

Implemented by



In cooperation with



## Project approach:

'Finance for Nature' follows a three-pronged approach:

### 1) Market readiness assessments:



holistic and bankable NbS projects will be identified based on impact profile, solidity of business case, and ability to absorb equity and/or debt financing. Detailed investment assessments will be undertaken for a subset of projects, as Triodos IM is building a demonstration portfolio to showcase the bankability of holistic NbS. Co-financing options will be mapped.

### 2) Training financial institutions and stakeholder convening:



awareness raising and upskilling of financial institutions on financing NbS through workshops, investor guidance, e-learning, and other knowledge products. In collaboration with local initiatives and associations, the workshops will convene financial institutions, project developers, NGOs, development banks, and regulatory authorities.

### 3) Learning dissemination:



learnings from the project will be compiled in a report and disseminated broadly amongst the financial sector and the development cooperation community in international fora and initiatives.

## Desired Results:

Between 2024 and 2026, the project endeavours to achieve the following:



**35 projects or companies** have been reviewed to evaluate potential financing opportunities.



**EUR 12 million** are mobilised through Triodos Investment Management's upcoming NbS fund for holistic NbS projects.



Through extensive **training** activities, the project reaches decision makers in the **banking and investment sectors** as well as from technical fields such as **agriculture, forestry and nature preservation** to inform about NbS financing. The training participants can use their newly gained **knowledge** to **promote financing** NbS.



**Four knowledge products** have been jointly developed and are **disseminated** in national, regional, or global initiatives.

## About the project partners

For over 30 years, **Triodos Investment Management (Triodos IM)** has been connecting investors who want to put their money towards lasting, positive change with innovative entrepreneurs and sustainable companies that are doing just that. In this way, Triodos IM acts as a catalyst in those sectors that play a key role in the transition to a fairer, more sustainable and more humane world. Triodos IM's investment activities focus on five interlinked transition themes: food, resources, energy, societal and wellbeing. Its mission as a financial player is to enable and accelerate these essential transitions. Assets under management at the end of 2023: EUR 5.7 billion. Triodos IM a wholly owned subsidiary of Triodos Bank and a globally active impact investor. Visit: [www.triodos-im.com](http://www.triodos-im.com)

**The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH** is a service provider with worldwide operations in the fields of international cooperation for sustainable development and international education work.

It works with its partners to develop effective solutions that offer people better prospects and sustainably improve their living conditions.

GIZ is a public-benefit federal enterprise and supports the German Government and a host of public and private sector clients in a wide variety of areas, including economic development and employment promotion, energy and the environment, and peace and security

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