

CIF Nature Portfolio Update

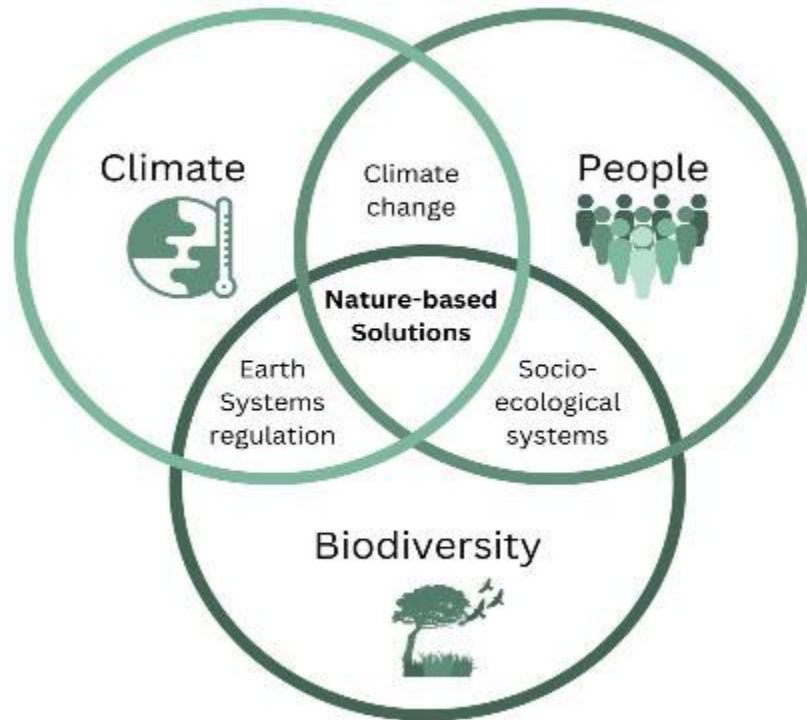
Paul Hartman

Nature Portfolio Lead

Thursday, February 27, 2025



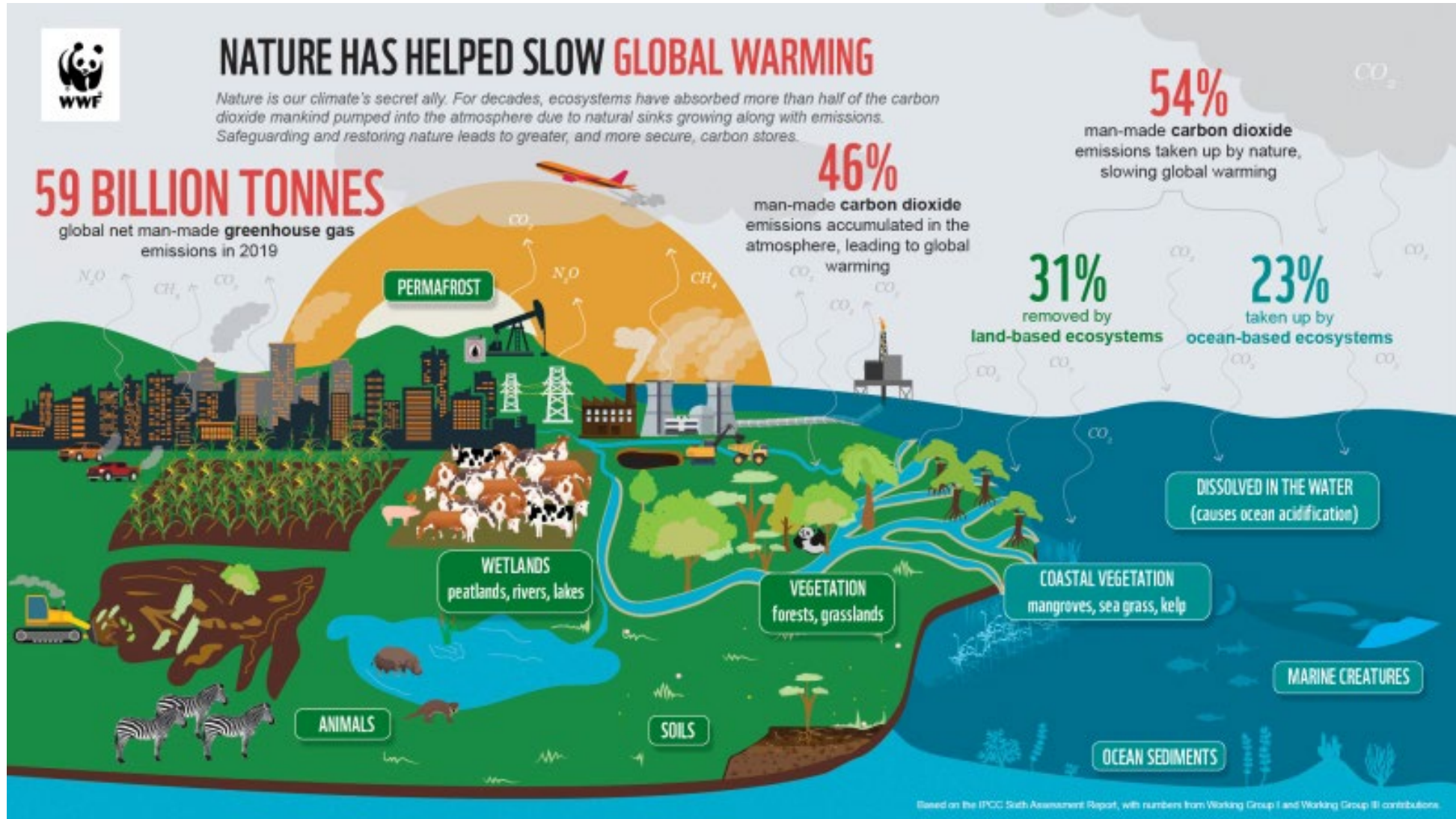
Nature as a Frontier Climate Solution



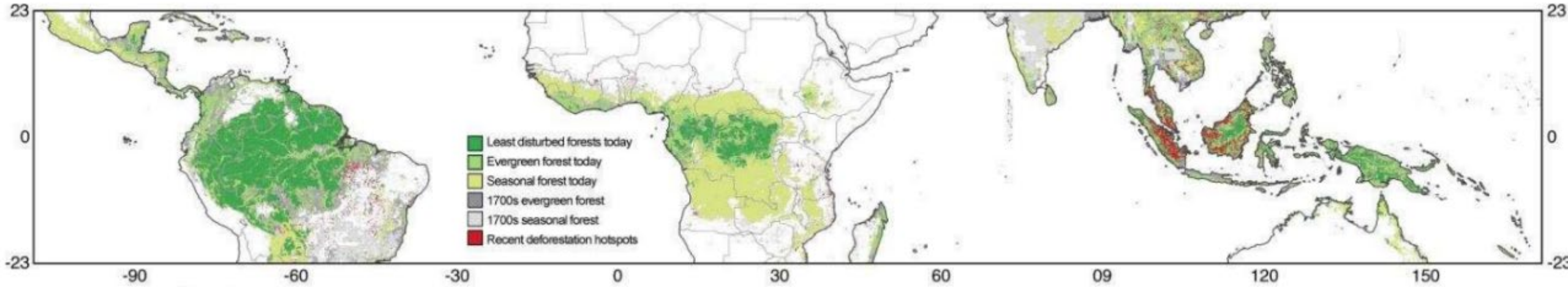
The world faces a dual crisis of climate change & biodiversity loss

- **MDB COP 26 Joint Statement on Nature, People and Planet**
- **1 million species at risk of extinction**
- **Climate change accelerates nature loss, and vice versa**
- **Over 50% of GDP depends on nature, but NbS receives <3% of climate finance**

Nature's Role in Slowing Climate Change



Critical Ecosystems Approaching Tipping Points



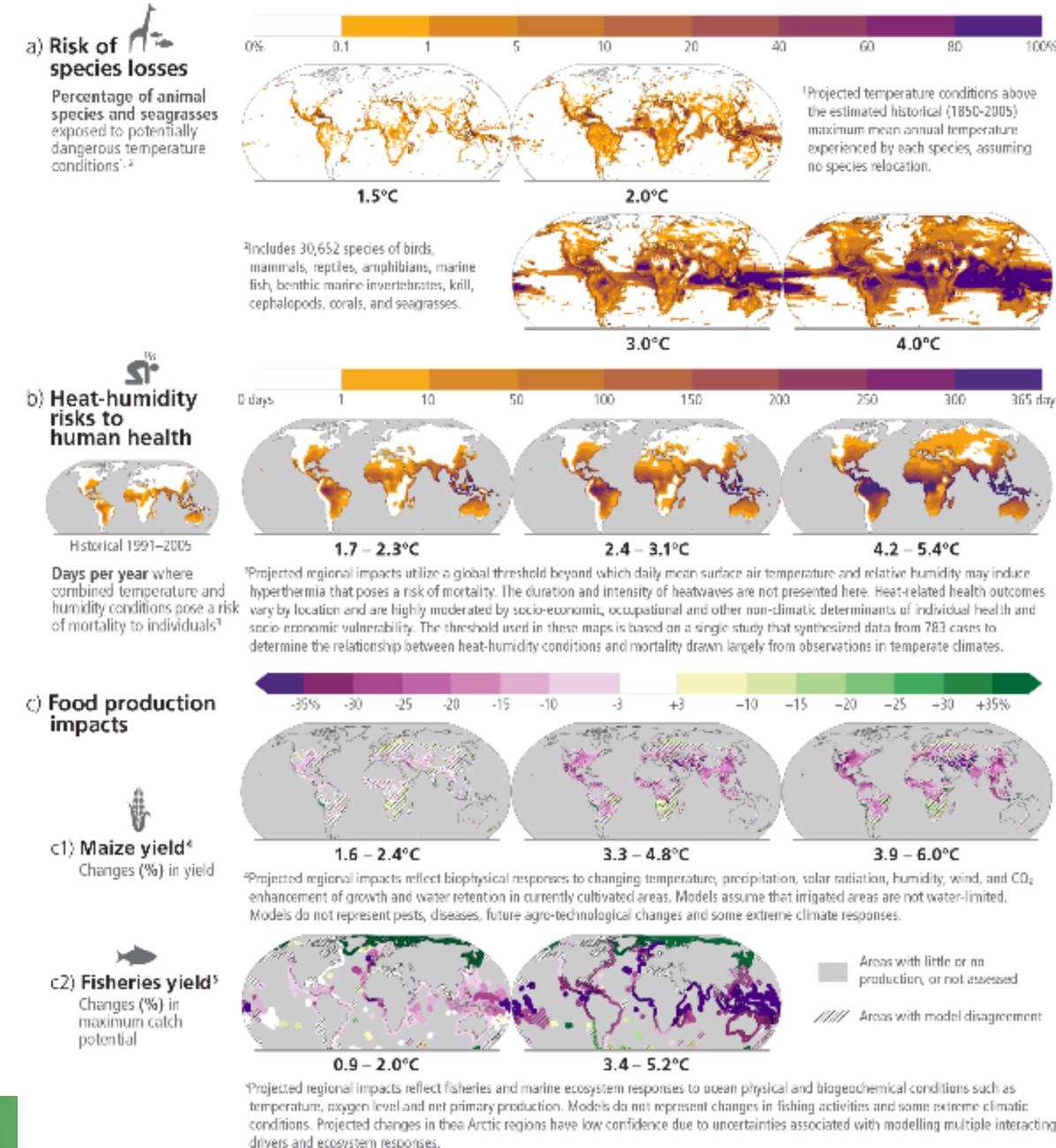
- Amazon, Congo Basin and Asian forests **regulate global rainfall patterns, carbon storage and climate stability**
- These ecosystems are **interconnected** and **nearing tipping point** – threatening their function as vital carbon sinks
- Their collapse could trigger **runaway climate change, food insecurity and economic disruptions worldwide**

There is a growing recognition of the role NbS can play **protect, restore and manage** ecosystems for its multiple benefits – **climate** mitigation and adaptation, **economic** development and livelihoods, **biodiversity** conservation and ecosystem regulation

Climate Change Impacts Require Adaptation Approaches

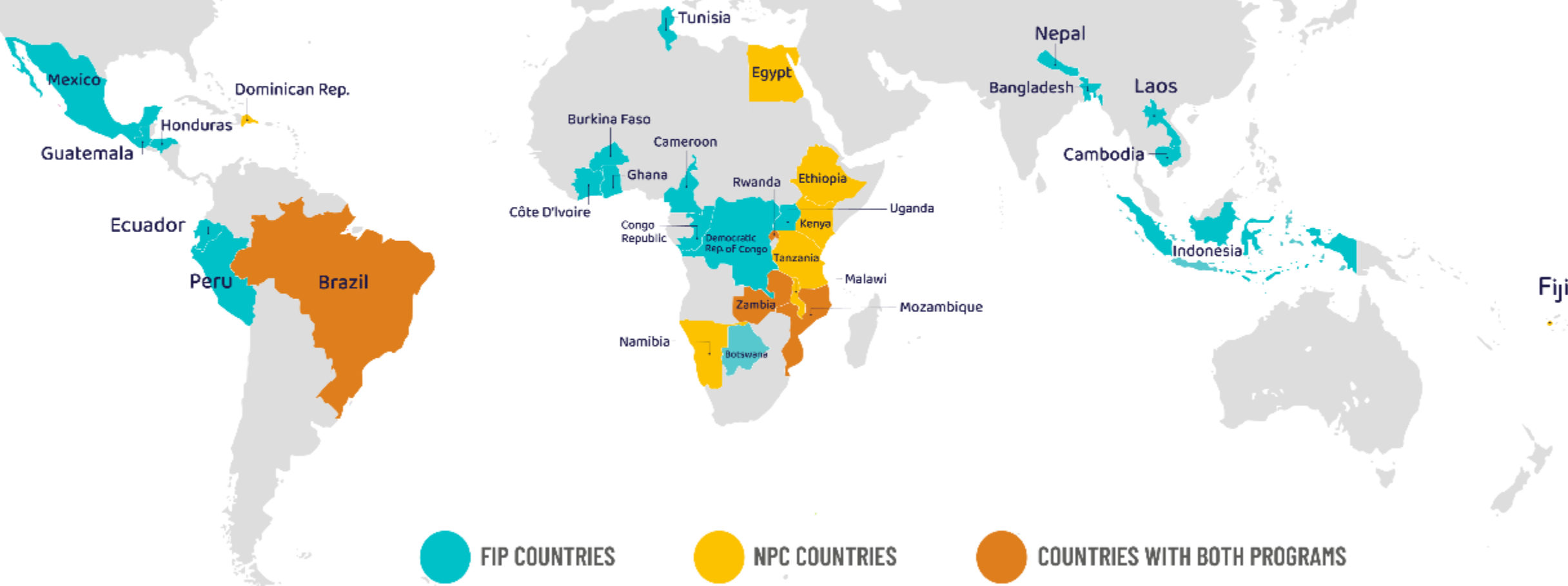
Future climate change is projected to increase the severity of impacts across natural and human systems and will increase regional differences

Examples of impacts without additional adaptation



CIF's Nature Portfolio

2 programs covering 23 countries
(two overlapping - Brazil, Mozambique)
≈ **1.2 billion** in financing



Through the Forest Investment Program (FIP) and the Nature, People and Climate Program (NPC),
CIF works to protect vital ecosystems

FIP Program

US\$ 770M

By Region	Total Portfolio Funding	Total Portfolio Project Count
Asia	\$98.52M	8
Latin America & Caribbean	\$216.08M	22
Sub-Saharan Africa	\$300.94M	24
Global	\$9.3M	3
MENA Region	\$31.5M	2
Total	\$656.34M	59

People receiving
livelihood co-benefits
11 Countries

3 million



Forests in Ghana

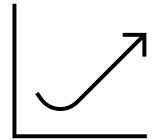
FIP accounted for **18%** of the **US\$9.5 billion** in public international climate mitigation **finance for forests** from **2010-2022**

Sustainability of FIP Projects



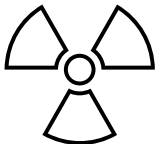
Carbon Deals

- In **over 50%** of the first round of countries, **REDD+ payments were unlocked with FIP's bridging finance and process support.**
- **Additional finance for REDD+ was secured** through Global Environment Facility & Central Africa Forest Initiative,



MDB Follow-On Financing

- **Multilateral Development Banks (MDBs) have sustained and advanced FIP interventions after close out.**
- In the Democratic Republic of Congo alone, over USD\$300M from the World Bank is building on FIP investments of USD\$84M.



Sticky Areas

- Private sector finance at scale
- Low government budgetary allocations to sustainable forest management
- Slow pace and scale to advance REDD+ readiness and to secure payments

DGM pioneered an approach to direct climate finance to IPs and LCs

US\$71M

committed
by CIF

915

subgrants
approved as of
2023

8%

of total direct finance to
IPs and LCs for forest
management (2009-19)

DGM was *designed by IPs and LCs for IPs and LCs*. Its benefits include:

- **Builds capacity for grassroots community to lead climate solutions**, spearhead projects, and solve issues facing their communities
- **Builds a national body representing IPs and LCs** that can be sustained beyond DGM
- **Complements top-down govt efforts** on shared priorities especially conservation, development and climate goals
- **Supports gender inclusion** by building women's leadership through training, income, and greater participation in community-level decisions



FIP IP Close-Outs

- ✔ Formally closes out programmatic results of FIP country IPs
- ✔ **Three pilot IP Close-Outs** held so far in 3 critical ecosystems: Indonesia (March 2024), Brazil (Oct 2024), and DRC (Dec 2024)
- ✔ **Indonesia** –Transformed forest management unit governance and demonstrated viability of agroforestry and ANR approaches.
 - ✔ Nearly 240,000 people with livelihood benefits
- ✔ **Brazil** – Pivotal in elevating importance of the Cerrado biome in policymaking & directly increasing its consideration nationally.
 - ✔ Vast reach of 26.8 million ha for SLM and DGM scaled up 3x
- ✔ **DRC** – Effectively operationalized DRC's REDD+ strategy, bringing the country from preparations to results-based payments.
 - ✔ GHG impact at scale (> 30 million tCO₂ eq reduced/avoided through the IP (2x target))
- ✔ **Next: Interactive, multi-media modules on CIF.org** country pages will feature key country results and takeaways



Nature, People and Climate Program Portfolio

- **Announced at Egypt Pavilion at COP27** in Sharm el-Sheikh
- High demand from developing countries
- **Implementation Investment:** 8 countries with IP and Implementation funds: **Brazil, Dominican Republic, Egypt, Ethiopia, Fiji, Kenya, Rwanda, Zambezi Basin Regional** (led by Zambia, Malawi, Mozambique, Namibia, and Tanzania)
- **Investment Plan Funding:** Zambia, Namibia
- **Dedicated Grant Mechanism:** \$40m for 8 programs and Global Component



Key Elements of the NPC Program

NATURE



Employing ecosystem functions and processes (“nature”) as a solution.

PEOPLE



Driven by benefits to the population of a defined landscape /seascape.

CLIMATE



Furthering low-carbon and climate-resilient development.

Evolution of FIP to Nature, People and Climate

Lessons Learned from FIP

NPC Design

Design tied FIP's success to carbon market growth

NPC includes broader approaches including carbon markets e.g., *wildlife bonds, biodiversity credits, payment for ecosystem services etc.*

FIP had a single focus on climate mitigation

NPC's design bridges mitigation and adaptation, in a demand driven approach requested by countries

FIP focus on forests excluded ecosystems critical to climate mitigation and adaptation

NPC supports forest, agricultural and coastal ecosystems in an **integrated landscape approach**

DGM design and results are highly relevant to IP&LC self-determination and forest protection

A DGM financing window is part of the NPC program

FIP investments addressed **small scale actors over large-scale drivers of deforestation**

NPC's integrated landscape approach encourages **design with greater systems-level thinking**

FIP had a low success rate in engaging the private sector

NPC investment plans demonstrate a **far greater focus on private sector participation and consultation in design**

Nature-based Solutions provide Multiple Benefits

Nature-based Solutions bridge the gap between Adaptation and Mitigation while providing significant co-benefits for people and biodiversity

Simplified Examples



Natural forest regeneration sinks carbon



Protecting mangroves supports fish populations



Conserving natural ecosystems filters water



Cover crops improve soil health & sequester carbon



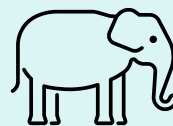
Managed wetlands support water supply



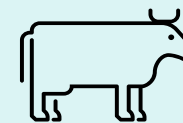
Managed forests mitigate soil erosion



Restoring mangroves sequesters carbon & reduces storm surge



Protecting biodiversity improves ecosystem adaptive capacity



Managed grazing regenerates degraded land & reduces GHGs



Agroforestry restoration sequesters carbon & improves soil health

Landscape: Connectivity, Threats and Approaches

UPPER WATERSHED FORESTED

LOWLAND INTENSIFICATION

PERIURBAN INTERFACE

COASTAL ZONE

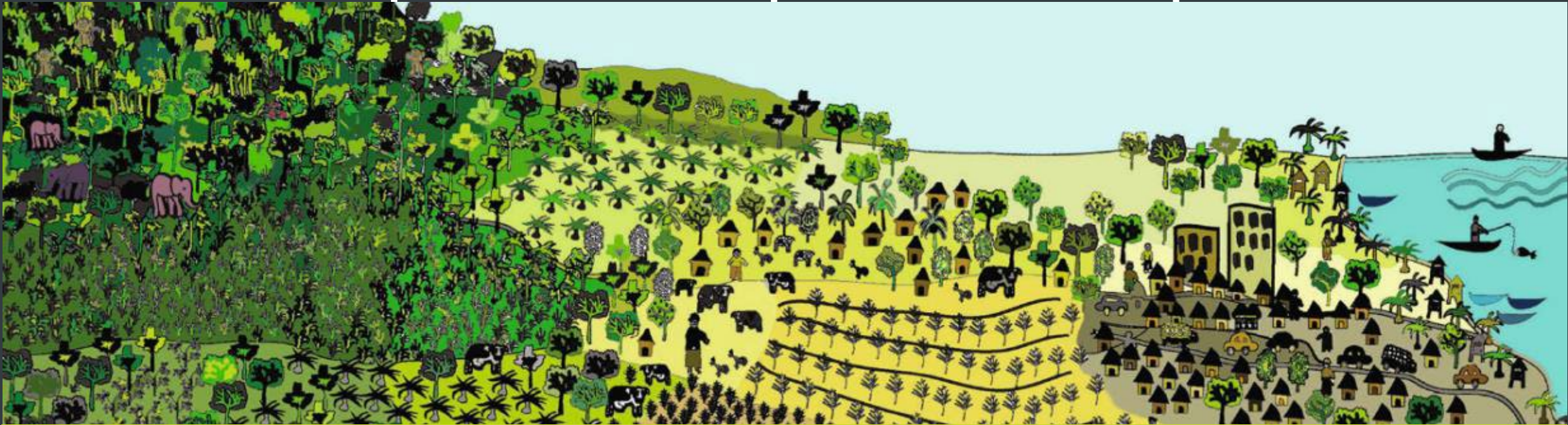
ILLUSTRATIVE THREATS

Smallholder & Industrial Ag expansion
Land conversion/Biodiversity loss
Soil retention/Sediment loads

Industrial Ag-Livestock/FW Fisheries
Large farms /Industrial Estates/SMH
Livelihood Vulnerability/Deforestation

Farms/Industry Upstream
Pollution/waste /water supply

Coastal fisheries/Fish Farming
Pollution/sedimentation/CC impacts



ILLUSTRATIVE APPROACHES

Mixed cropping
Natural Forest Management
Forest set asides/REDD+

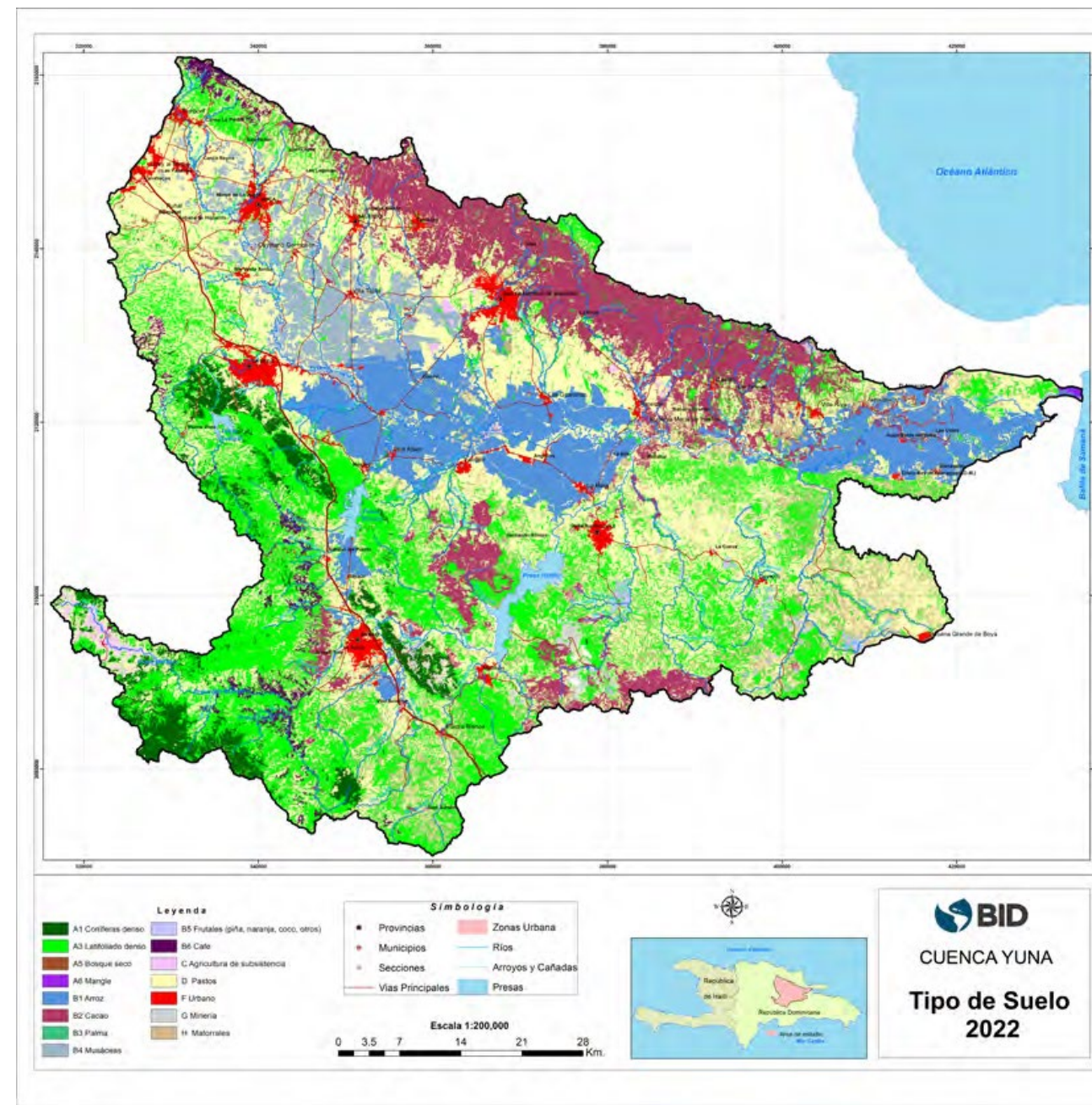
Climate Smart Agriculture
Sustain Supply Chains/Agroforestry
Reforestation/EBA/Integrated Farming

Payment for Environmental Services
Fresh water management

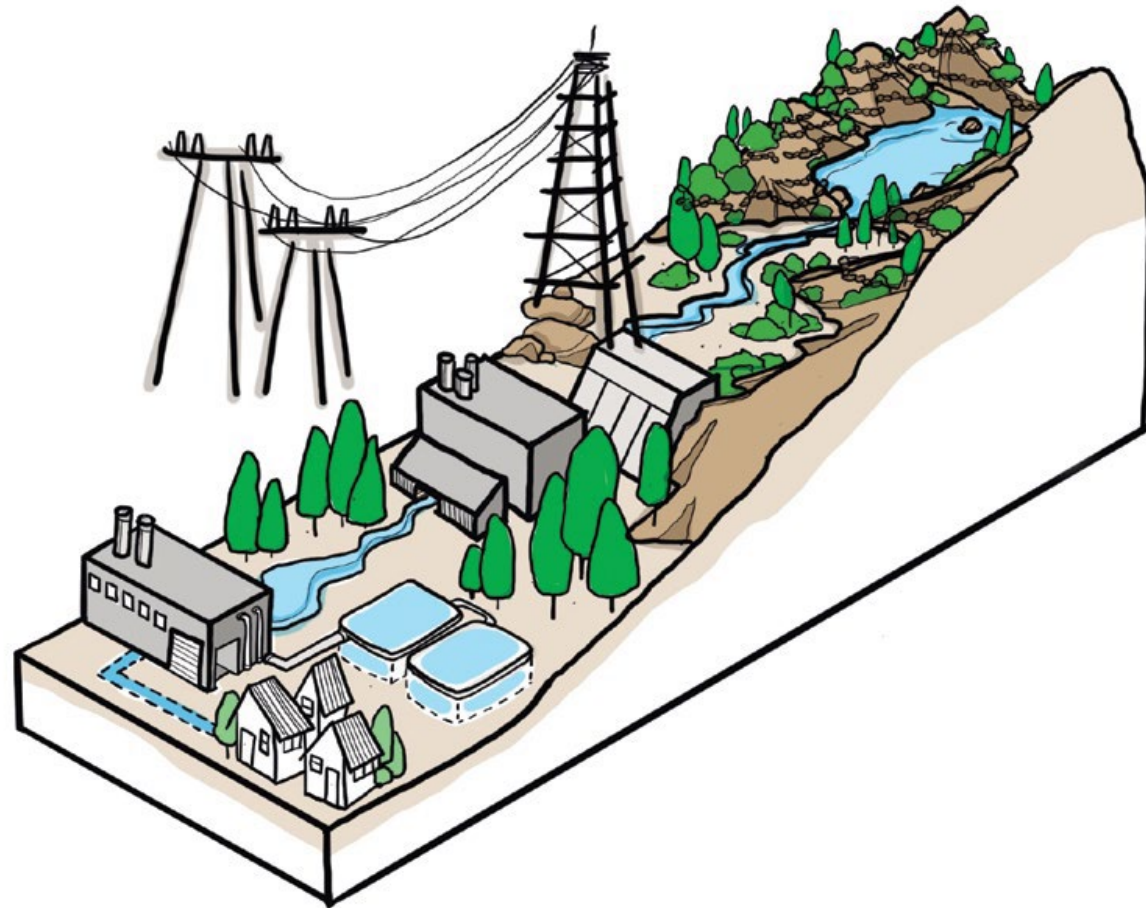
Mangrove & Coastal Restoration
Disaster Risk Reduction
Sustainable Aquaculture

Emissions Reduced, Land and Community CC Resilience Strengthened, Livelihoods Improved

Landscape Approach: Connectivity of System



An Ecological Foundation Underpins Economic Investments



NPC Investment Plan Development Progress

Country/Program	Submitted	Status
Brazil	January 2025	Posted for Review
Dominican Republic	✓	Approved
Egypt	April 2025	
Ethiopia	✓	Approved
Fiji*	✓	
Kenya	January 2025	Posted for Review
Namibia	April 2025	
Rwanda	✓	Approved
Zambia	✓	Approved
Zambezi River Basin Regional	January 2025	Posted for Review

Funding gap:
USD \$36 million

Funding gap:
USD \$14 million

NPC Missions



Kenya



Brazil



Zambia

Brazil's Nature, People, Climate Investment Plan

The USD \$47M plan aims to turn the **Tocantins-Araguaia Basin** from the '*Arc of Deforestation*' to the '*Arc of Restoration*':

- First **fully private sector IP** in the NPC. Funds will be **on lent through the National Development Bank (BNDES)**
- Supports **multiple restoration models** at the **landscape level**, with diverse partnerships from small cooperatives to large agribusiness exporters



Kenya's NPC Investment Plan

Kenya's USD \$35M approach focuses on protecting and investing in a **highly nature tourism dependent economy** through:

- **Nature Capital** to restore and manage ecological infrastructure
- **Nature People** to promote sustainable livelihoods
- **Nature Ventures** to stimulate private sector investment



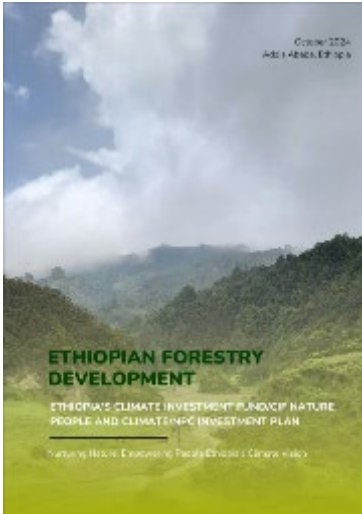
Zambezi River Basin NPC Investment Plan

- USD \$60M IP is the **joint vision of five riparian countries** – *Malawi, Mozambique, Namibia, Tanzania and Zambia*
- The plan takes a ***transboundary approach*** to protect and manage shared ecosystems including forests, wetlands and peatlands
- The plan also invests in enhancing forest-dependent community livelihoods, resilience of agricultural systems and building an enabling environment



Approved NPC Investment Plans (IP)

Ethiopia



USD\$38M IP addressing food insecurity by:

- Building climate resilience for food and livelihoods in the Horn of Africa
- Climate action through landscape management
- Climate-smart agriculture, climate Resilience, and post-harvest loss reduction

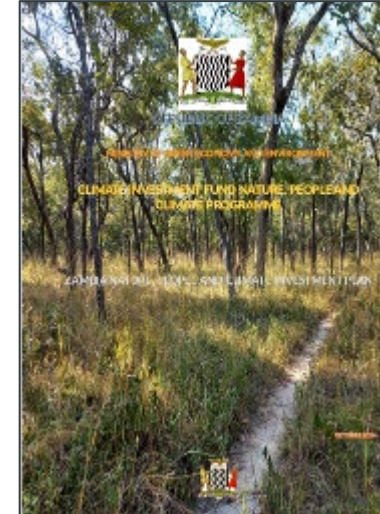
USD\$31 million restoring community ag lands in Rwanda's poorest province:

- Increasing forest management, restoration and protection of wetlands and climate resilient farming in the Kaduha-Gitwe Corridor
- Wildlife Conservation Bond: Restoration of parks that are home to iconic wildlife like chimpanzees.



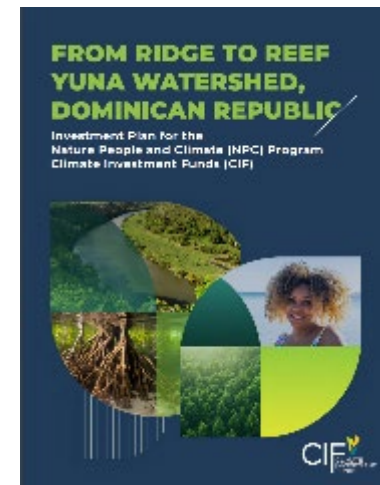
Rwanda

Zambia



USD\$33M IP tackling climate impacts through:

- Climate-smart agriculture and alternative livelihoods
- Land and forest management practices to restore ecosystems
- Increasing private sector participation and market linkages for NbS-related enterprises

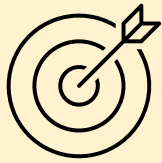


Dominican Republic

USD\$30M "Ridge to Reef" approach, in the Yuna Watershed focused on:

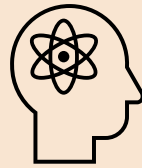
- Strengthening the institutional and regulatory framework for NbS
- Ecosystem restoration and conservation
- Nature-positive economic diversification

NPC has piloted approach to country engagement through a Capacity Development Program



Targeted **Investment Planning support** for NPC countries

- **NbS and TC presentations and IP support** in Zambezi River Basin, the DR, Rwanda, Brazil and Egypt



Capacity and knowledge development on NbS for NPC countries

- **Regional NbS trainings** for NPC govt partners
- **Case studies** and **technical guidance**



Awareness of NbS approach across CIF countries and partners

- **'Nature Series'** webinars to showcase approved IPs
- **Regional knowledge exchanges** between govt reps

CIF CLIMATE INVESTMENT FUNDS

