TOWARDS FINANCING LARGE-SCALE HOLISTIC LANDSCAPE RESTORATION IN EUROPE

RECOMMENDATIONS FOR EU POLICY ACTORS TO ATTAIN INSPIRATIONAL, SOCIAL, NATURAL, AND FINANCIAL RETURNS

COMMONLAND
4 Returns for Healthy Landscapes
Holistic landscape restoration (HLR, Box 1)* offers a solution to multiple interconnected challenges that face our planet. This paper introduces an innovative approach to financing nature alongside local socio-economic and wellbeing needs. Specifically, it describes a practical financing framework for HLR that can aid implementation of the European Green Deal (EGD) and global initiatives seeking integrated solutions on behalf of system transformation. It demonstrates how blended landscape finance can be structured to successfully support and scale up key activities that enable healthy, resilient ecosystems, while also considering the parallels between landscape and infrastructure investments. Finally, it present recommendations for EU policy actors (EU institutions, member state governments) and governments motivated to develop a sustainable planet (see p20). The paper builds on prior work1 and the expertise of a group of international organisations active in the fields of nature, climate, socio-economic and rural development.

**LANDSCAPE RESTORATION CAN PLAY A KEY ROLE IN ACHIEVING ENVIRONMENTAL AND SOCIAL TARGETS**

Land and ecosystem degradation drive several urgent crises we face today, including climate change, biodiversity loss, and water and food insecurity. The objectives of the EGD – as well as the United Nations’ Sustainable Development Goals (SDGs), the Paris Agreement and the Global Biodiversity Framework – have been designed to tackle these crises, restoring ecosystems and the services they provide. HLR (see Box 1) has the potential to contribute significantly towards achieving these targets.

HLR could play a pivotal role in transforming Europe towards sustainability for future generations by supporting climate neutrality targets as well as implementing the EGD’s Biodiversity Strategy including the Nature Restoration Law, the Farm to Fork Strategy, adaptation to climate change and the just transition on behalf of a more resilient and healthier food system.

**THE VALUE OF RESTORATION**

More than half of global gross domestic product (GDP) is generated in sectors such as agriculture and construction that rely on ecosystem services provided by landscapes.2 This makes landscapes and their restoration highly relevant for governments, businesses and financial institutions. Economic studies show that the benefits of restoration – measured in monetary terms – are on average eight to 10 times greater than the initial investment costs, and that this is consistent across all types of ecosystems.3 These include benefits such as food production, carbon sequestration, and storage, as well as water quality and cycling. In Europe, the restoration of biodiversity-rich land protected under the Habitats Directive is estimated to cost EUR 154 billion while generating benefits valued at EUR 1,860 billion, resulting in a cost-benefit ratio of 1:12.4 Conversely, the cost of inaction, over the same time period, is estimated at EUR 1,700 billion – far higher than the restoration costs. Nature-based solutions are usually more cost-effective than human-made solutions,3 as seen when using mangroves or salt marsh as coastal defences instead of building grey infrastructure like concrete sea walls and dykes, for example (see pages 3 & 4). When assessing the integrated long-term economic value of HLR, it is important to apply an integrated value approach that accounts for both monetisable (cash) and non-monetisable (non-cash) social, natural and financial returns across multiple sectors – including sustainable development, infrastructure, regenerative agriculture and restoration of natural areas (see Box 2).

* There are many different terms in use for approaches that are broadly similar to HLR, including integrated landscape management. The recommendations in this paper are applicable in most situations where a landscape approach has been adopted.

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1 Following the new EU Nature Restoration Law, it is clear that all EU member states would need to mobilize more financial resources to implement the law. Tackling issues at the Landscape level is the most cost-effective way of achieving multiple benefits in terms of climate, biodiversity, and inclusive growth for the EU. Welcoming Landscape Restoration (HLR) at the EU level. The framework presented here is about using money wisely to help nature and communities, drawing parallels between landscape and infrastructure investments for a healthier planet.

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3 Economic studies show that the benefits of restoration – measured in monetary terms – are on average eight to 10 times greater than the initial investment costs, and that this is consistent across all types of ecosystems.

4 When assessing the integrated long-term economic value of HLR, it is important to apply an integrated value approach that accounts for both monetisable (cash) and non-monetisable (non-cash) social, natural and financial returns across multiple sectors – including sustainable development, infrastructure, regenerative agriculture and restoration of natural areas.
THE HOLISTIC LANDSCAPE RESTORATION (HLR) APPROACH

Adopting an HLR approach means restoring ecosystems at landscape scale by implementing locally led, place-based solutions. It requires identifying synergies across sectors to tackle the fragmented actions that contributed to degradation in the first place, as well as managing trade-offs between protecting nature and meeting people’s needs. By moving away from a site-based approach and considering trade-offs at the landscape scale, we can better understand the root causes of degradation and how they interact in order to address them more effectively and efficiently at systems level (See Box 3).

Creation of a multi-stakeholder landscape partnership is a vital and challenging element of HLR and a precondition for the landscape approach. In the resulting collaboration, locally grounded, partnership-based stakeholders must develop a vision for the landscape as a whole and apply interdisciplinary and intersectoral planning and management to understand and address multiple local challenges. Their landscape investment portfolio (see Box 1) must be built upon the foundation of the landscape partnership. Taking a landscape approach can reduce barriers to finance and unlock funding from multiple sources.

**BOX 1**
The impacts of wildfire: An example of the interconnectivity within landscapes

Wildfires are becoming an increasing problem, with 300,000 hectares burnt in EU countries between January and August 2023. Homes and livelihoods are destroyed and habitats and biodiversity are lost, which in turn impacts water cycles and can expose soils to erosion. The smoke from wildfires reduces air quality and can harm the health of people and wildlife. The fires themselves release significant amounts of carbon dioxide, contributing to further warming in the short-term and potentially exacerbating climate change in the long-term. Reducing the risk, severity and impacts of wildfires is a challenge that is best considered in a coordinated manner at landscape scale. Through a holistic landscape lens, planning for wildfire prevention can take a more comprehensive approach by considering how changes in land use shape the risk of fires starting and the way they spread. This can lead to better incorporation of measures such as controlled burning and firebreaks in land use plans, as well as development of early detection and rapid response systems. Restoration of ecosystems – especially wetlands – and creating more diverse forest systems can promote natural resilience to fire and simultaneously sequester carbon. These benefits, in turn, can help to mitigate temperature increases and the frequency and intensity of extreme weather conditions that contribute to the onset of wildfires in the first place.

**BOX 2**
Calculating the monetary value of holistic landscape restoration

To calculate the economic value of HLR, a long-term integrated value perspective is needed that accounts for natural, social and financial returns. In 2021, Commonland developed a valuation method to estimate the 20-year net present value (NPV)† of landscape restoration. Using this method, it was estimated that restoring a relatively small part (7.5%) of the one-million-hectare Albacete Estepario landscape in Southeast Spain could result in natural, social and financial returns worth as much as USD 218 million.

In 2024, a coalition of organisations led by Commonland will develop a practical generic valuation tool based on this method. The tool will enable landscape restoration partnerships, governments and private investors to estimate the total economic value of HLR. This will allow governments and businesses to make decisions based on the true long-term value of restoration and to develop policies with a corresponding holistic lens.

By moving away from a site-based approach and considering trade-offs at the landscape scale, we can better understand the root causes of degradation and how they interact in order to address them more effectively and efficiently at systems level.

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† Net present value (NPV) is the difference between the present value of cash inflows and the present value of cash outflows over a period of time.
Investors, banks and policymakers alike are familiar with human-made ‘grey’ infrastructure (such as transportation systems, energy, water, sanitation, and telecommunications) and understand that it is vital to development, the functioning of our society and quality of life. Furthermore, it is well-known that investing in local infrastructure can attract businesses and additional investment into an area. Between 2018 and 2021, governments and institutional investors in the EU spent an average of EUR 97 billion every year on transportation-related infrastructure, including roads, railways, inland waterways, maritime ports and airports.11 Over the same time period, on average another EUR 27 billion per year was spent on maintenance of existing transport infrastructure.12

HLR incorporates the needs of sustainable grey infrastructure, alongside the restoration and enhancement of natural or semi-natural areas (or ‘green infrastructure’). There are many parallels between the investment characteristics of HLR and those of traditional grey infrastructure, as outlined in Figure 2. Some of these characteristics have been listed as barriers to scaling up nature-restoration finance – investment tenure and illiquidity for example – but the same needs exist for infrastructure projects that do not face the same challenges in attracting investment.

HLR, when incorporating both green and grey infrastructure, is more climate resilient and cost efficient, and creates more benefits than entirely grey infrastructure investments. *Box 4*

**Box 4**

**Nature restoration reduces flood risks**

In January 1995, the rivers Meuse and Rhine and their tributaries reached record highs, resulting in the evacuation of 250,000 people in the Netherlands and the closure of a major Dutch highway. With emergency deployment of heavy machinery and support from the Dutch Army, a major dyke breach was narrowly avoided and the waters slowly receded.

Realising that traditional grey infrastructure (e.g. water barriers and dykes) would not be sufficient to avoid such disasters in the future due to the changing climate, the Dutch government opted instead to invest in green infrastructure. A programme known as “room for the river” was launched that restored rivers to their original courses, removed buildings from winter floodplains and re-flooded polders. Alongside the rivers, major wetlands and woodlands were created, capable of holding and regulating water. The programme proved its worth in the summer of 2021 when, despite record-high water levels in the Dutch Rivers, no major problems occurred. Besides reducing flood risks, the programme has created nature and recreational zones, wildlife has returned and water quality has improved.

**Figure 2**

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<td>Projects generate long-term stable cash flows because a proportion of the revenue is generated by the assets. High maintenance costs, often increasing with time.</td>
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**Typical Examples**

**Investment Needs**

**Public Returns**

**Operational and Maintenance Expenses**

**Cash Flows**

**Figure 2: Demonstrating the similarities and differences of financing needs for large-scale infrastructure projects versus HLR (which may include sustainable grey and green infrastructure development).**

Investments in HLR are often compared with investments in sectors such as traditional agriculture. Instead, we argue that HLR investments have even more in common with traditional infrastructure investments. In addition to lowering risks related to climate change, HLR provides significant added benefits to society such as: reduced carbon emissions; additional carbon sequestration; increased biodiversity and soil health; improved water quality; reduced runoff and increased infiltration of water; better air quality; and social impacts such as jobs, safety, health and well-being dividends. If viewed through such a lens, factors such as returns being spread over longer horizons (20+ years) should not be seen as significant obstacles. We also recommend that investments in grey infrastructure should incorporate complementary green infrastructure to build resilience to our changing climate (see p20 for the full list of recommendations).

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LANDSCAPE FINANCE IS AN EFFECTIVE WAY TO FINANCE RESTORATION

FUNDING GAP FOR NATURE RESTORATION

The funding gap for nature restoration remains immense and urgent. While estimates vary, several prominent observers agree that we are currently falling short by hundreds of billions of dollars for biodiversity, nature-based solutions and reversing land degradation at global level.14,15 Redirecting environmentally harmful subsidies could make up much of this shortfall, such as the global fossil fuel subsidies of USD 7 trillion spent in 2022 (USD 310 billion of which was from the EU)16, as well as environmentally harmful agricultural subsidies amounting to hundreds of billions of dollars each year.14,16

Landscape finance goes beyond simply restoring nature and includes sustainable business development and revitalising productive systems, as well as promoting social resilience and climate adaptation.

EXISTING MODEL OF NATURE RESTORATION FINANCE: PROJECT-BASED FINANCE

Nature restoration is generally undertaken through individual projects. Restoration projects are often small-scale (e.g. under 1000 ha), short-term (e.g. four to five years),17 display a small funding need (e.g. receiving EUR 1–10 million)18,19 and focussed on one or a few sites. Financing for these projects is correspondingly small, primarily coming from international bodies, such as the EU, governments and foundations, with very little from the private sector.16 These scales, both in project size and timeframe, do not match the generational timeframes and ecosystem scales needed to restore nature effectively.

ALTERNATIVE FINANCING MODEL: LANDSCAPE FINANCE

The needs of landscapes are generally considerably larger than most projects. The 4 Returns framework, a holistic approach to integrated landscape management, recommends addressing at least 100,000 hectares at a time, covering a variety of land uses including urban, agricultural and natural areas. This goes beyond simply restoring nature and includes sustainable business development and revitalising productive systems, as well as promoting social resilience and climate adaptation. It requires a long-term approach — a minimum of 20 years is recommended to restore ecological functioning and enable establishment of sustainable businesses that support restoration and sustainable economic development. This approach brings together key stakeholders in a landscape partnership on behalf of landscape-level spatial planning, including assessment of trade-offs and synergies between possible activities and development of a corresponding landscape investment portfolio.20

Strategies to meet these funding gaps often call on greater investment from the private sector as well as appropriately valuing nature in all economies, integrating it into systems of environmental economic accounting and creating an enabling environment for investment through nature-positive policies, subsidies and taxes.9,10 However, the private sector in Europe contributes less than 5% of such investment,9 despite claiming to have a much larger appetite for nature-related investing.11,12 Adopting a holistic landscape approach can reduce or overcome many of the barriers to investment faced by existing project-focused approaches to restoration.

Funding needs for HLR include:

- Process funding for landscape partnerships to establish, operate and manage the landscape partnership and landscape governance system is essential for long-term success. This finance must be flexible and long-term, generally coming from grants or philanthropic sources. We estimate that approximately EUR 500,000 per year is needed, for a minimum of 20 years, to support partnership-oriented planning, management and monitoring activities.

- Ecosystem restoration funding for both natural (ecological restoration) and productive areas. This could incorporate grant funding and payment for ecosystem services (PES) schemes such as carbon or biodiversity credits; or related social benefits.

- Business development funding through concessional, high-risk impact capital or grant funding for pilot activities or early-stage sustainable ventures.

- Growth capital for sustainable businesses to scale up businesses beyond the venture phase with proven track records. This funding could come from public and private investment capital providers.

- Subsidies and tax incentives for environmentally friendly practices through favourable government policies that support restoration and promote responsible resource use.

Technical assistance facilities can play a key role in landscape finance by significantly reducing investment risks21 as well as improving equity and efficacy by incorporating diversity and inclusion. Most technical assistance facilities are provided through public or grant funding, with a small number supported by fund investors.14 Within landscapes, technical assistance should be embedded in the landscape approach and could be integrated through several of the funding means outlined above. For example, technical assistance could include:

- Supporting development of the landscape partnership, for example to incorporate expertise to facilitate dialogue, or guide the process of participatory spatial planning.

- Bringing in key expertise when developing plans for ecosystem and ecological restoration.

- Providing management and business development support as small businesses grow to help develop robust management systems (e.g. finance, human resources).

- Developing financing strategies for investors and grant makers that focus on HLR.

“The International Monetary Fund estimated (2022) that global fossil fuel subsidies were US$7 trillion or over 7 percent of GDP. This is totally unconscionable because it is a use of public money, including citizens’ taxes, to increase the profits of Oil Companies and decrease the chances of survival for future generations. These perverse subsidies must be replaced by fiscal support for ecosystem regeneration and regenerative agriculture, which capture carbon, improve agricultural productivity, reduce pollution damage to human health, and increase incomes in the hands of the poor. Regrettably, member nations present at UNFCCC are not doing enough to make this great transition. They are instead consigning themselves to the dustbin of history.”

Pavan Sukhdev
Chief Executive Officer, GIST Impact
KEY BARRIERS TO RESTORATION FINANCE19,20

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<td>Not all environmental and social benefits, which are often public rather than private benefits, can be monetised, resulting in relatively low financial returns. To date, only carbon value is tradable and this can result in perverse outcomes that do not truly benefit the entire ecosystem.</td>
<td>The holistic nature of the landscape approach values environmental, social and inspirational returns alongside financial returns, recognising the true value of an investment (see Box 2). Policies that recognise and incentivise environmental and social benefits explicitly would further reduce this barrier (see policy recommendations, p20).</td>
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PUBLIC FINANCE

Restoration is sometimes limited to small environmental budgets, while the impact extends to many other sectors.

Taking a landscape approach considers all the interconnected aspects of a landscape and how they interact to address multiple challenges. As such, the impacts for many sectors (e.g. sustainable development, infrastructure, climate, agriculture, and forestry) becomes clear and finance from multiple budgets can be attracted. This can be further supported through greater collaboration within governments and financial institutions.

PRIVATE FINANCE

Restoration projects are too small to be attractive to investors, with nature-based projects requiring only USD 1-10 million compared to the USD 50-100 million generally required by institutional investors.

While a landscape approach does not necessarily increase the size of individual projects, they can provide aggregation points for investment and develop a landscape investment portfolio, bringing together the funding needs of multiple actors to provide an investment opportunity that also fits with institutional investor requirements.

Projects require a long investment horizon (10-20 years), and there is a lag between restoration activities and seeing returns through ecosystem improvements.

HLR provides opportunities for blended finance, with more patient capital with lower return requirements playing a targeted role to reduce the discount rate associated with long investment horizons (e.g. through guarantees, see Box 5), which can bring these investments within investor return expectations.

Restoration is considered high risk due to limited experience and track record, social risks including land tenure and community engagement, governance and reputational risks.

Social, governance and reputational risks are reduced through the inclusive nature of the multi-stakeholder partnership, which drives the development of the landscape plan and related actions accounting for land tenure and community rights. Performance risks are lowered by operating in a setting with aligned stakeholders, aggregating across the portfolio, providing investment opportunities with diverse revenue streams, and blending public and private finance.

Corporate investors are inhibited by the lack of a regulatory framework, which prevents them from being able to report against sustainability targets, so they are unable to make recognisable and credible claims for their investment that support landscape outcomes.25

Landscape partnerships play a vital governance role in HLR, including monitoring and evaluating restoration outcomes against landscape plans and visions. With political support to establish harmonised accounting and reporting frameworks (see policy recommendations, p20), the landscape could be a point of integration for relevant metrics (e.g. in relation to the SDGs) and could oversee monitoring activities.

“With up to 40% of land globally considered degraded, we urgently need to redirect subsidies away from activities that encourage further environmental damage and towards those, like holistic landscape restoration, that generate benefits for nature and people.”

MEP César Luena
Group of the Progressive Alliance of Socialist and Democratic Groups in the European Parliament, Rapporteur for the Biodiversity Strategy for 2030 Initiative and for the Nature Restoration Law
There is one other important barrier that requires government support to overcome. The incentives to degrade land outweigh the incentives to restore it.\(^{26,27}\) Perverse incentives, such as subsidies, encourage continued private investment in environmentally harmful activities. For example, subsidies for agrochemical inputs incentivise farmers to overuse them, exacerbating damage to soils and waterways through runoff. Redirecting these resources towards efforts to restore ecosystems and promote environmentally friendly businesses is essential to meet global and national restoration targets and encourage investment in restoration activities (see policy recommendations, p20).

**LARGE-SCALE LANDSCAPE FINANCE IS WITHIN SIGHT**

**FINANCING NATURE RESTORATION NEEDS THROUGH AN INTEGRATED LANDSCAPE FINANCE APPROACH**

Financing large-scale HLR is not only possible, but also increasingly necessary to address the complex environmental challenges we face and to achieve global, regional and national goals. In our recommended approach, funding needs are based on landscape finance comprising interrelated activities that together transform the landscape, achieve the targeted value creation, and progressively generate substantive stable cash flows that attract capital investments – all underpinned and driven by a landscape partnership. Here we present a high-level practical framework that demonstrates how financial flows from private, public and philanthropic sources can be combined to support successful HLR at scale. We highlight where aspects of the framework have already been realised in successful initiatives and describe the enabling environment needed to support the development of these landscapes.

**BOX 5**

**The power of a guarantee to mobilise private capital**

To close the biodiversity funding gap, it is essential that public funds mobilise a significant increase in private investment. For every dollar of public funding deployed for nature today, less than a dollar of private capital is mobilised.\(^{27}\) The mechanism used by the public sector to catalyse private investment has a significant impact on the scale of private finance that is mobilised. Guarantees currently constitute a small part of public-sector commitments, but they demonstrate the highest mobilisation ratio because they are contingent obligations that only require a pay-out when a guarantee event is called.\(^{27,28}\) Guarantees catalyse private capital by transferring the risks facing investors to the guarantor, significantly improving the risk-reward profile of the investment. Increasing the use of guarantees to support private-sector investments can substantially increase the amount of funding available for nature restoration.

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**Figure 3.** Envisioned future scenario when the landscape finance framework has been implemented in a landscape. Funds flow from funding sources, partly through the landscape partnership and into example activities within the landscape. See Figure 4 for illustration of how capital flows change over time and where this scenario fits in. Note: This is an illustration of how funding for HLR could operate. The proportions of the different types of finance are approximations of what we would expect to see – they are not based on actual figures. (Attribution: Lear, E, Bertels, JS and Ferwerda, WH)
The landscape finance framework is based on the funding needs of activities required for HLR. The framework centres on development of a solid platform comprising a mix of activities and funding (white, green, and blue areas in Figures 3 and 4) that enable the development and scaling of restoration activities and drive down risks for investors. This makes it possible for restoration initiatives to attract investment capital to expand activities to the scale of a whole landscape (>100,000 hectares, yellow area in Figures 3 and 4).

The platform to unlock private and blended investment capital comprises these key building blocks:

- **Landscape partnership** (white) – the multi-stakeholder partnership for HLR planning and management requires flexible long-term process funding. Currently, this type of funding is provided primarily by philanthropic and government donors. However, it is likely that impact and investment capital providers will begin providing funding for landscape partnerships in the near-term, as their recognition of the critical catalytic role played by the stakeholder partnership in HLR grows. While the partnership does not generate inspirational, financial, social and/or environmental returns in its own right, it is catalytic to the generation of those returns within the landscape. Additionally, a coordinating partnership is fundamental for the development of the landscape investment portfolio. Development of the landscape partnership occurs in the initial phase of HLR. It then functions throughout the restoration process, requiring stable funding throughout.

- **Ecosystem restoration and agricultural biodiversity** (green) – this covers ecological restoration and conservation of natural ecosystems and the promotion of agricultural biodiversity in productive areas through activities such as regenerative agriculture. For successful restoration of these areas, it is vital that these sustainable practices are supported by incentives such as subsidies that promote restoration. Public and philanthropic donor finance is crucial to support restoration of natural areas, alongside impact investment capital where there are opportunities to generate financial returns, for example through PES. For productive areas, blended finance instruments in which government funding provides catalytic capital (first-loss capital or a guarantee, for example) can attract concessional and high-risk impact capital and, at a later stage, investment capital. Green or blue (impact linked) bonds and debt-for-nature swaps are other ways for traditional investment finance to be channelled into ecosystem restoration. See Figure 5 for examples.

Restoration activities finally begin after the landscape partnership, vision and plan have been developed. Ideally, funding for ecological restoration and conservation will increase over time until the total landscape is restored, as the area under restoration expands, and activities and businesses supporting restoration increase, leading to growth in relevant subsidies and PES.

- **Early-stage sustainable businesses** (blue) – grant funding is often vital for early-stage development of businesses supporting restoration, particularly when business practices are new, markets are being developed or there is a limited company track record resulting in uncertainty around success and financial returns. In time, concessional and high-risk impact capital can be added to support further development and growth. Ideally, the development of businesses is also enabled by the landscape partnership, creating alignment between initiatives and stakeholders and reducing operational and business risks. At the same time, ecosystem restoration and conservation supported by pro-restoration policies and PES will have a positive impact on businesses through the generation of additional financial income for regenerative businesses and reduced investor risk.

Development of these businesses generally starts at about the same time as ecological restoration (green). As shown in the graph, funding for early-stage businesses is expected to grow until the landscape is restored. As businesses grow, they will progress to the scaling phase (yellow, supported by investment capital). Meanwhile, it is expected that restoration at landscape scale will continue to catalyse the development of new businesses supported by increasing restoration returns and an improved regenerative business ecosystem.

This description offers a summary of a generic, practical, high-level landscape finance framework. It outlines the key funding requirements and the basic structure needed to fund the main activities of HLR over time. Nevertheless, given the variations of different landscapes, ecosystems, landscape characteristics and socioeconomic situations, there is no single blueprint for the development and structuring of funding systems that will suit every case. There are many different ways to implement this framework considering the local context. Figure 5 provides several examples.
Wide Open Agriculture (WOA), Western Australia, is a publicly listed agri-company that has shown how holistic restoration can be driven by a business. Beyond a focus on regenerative agriculture, WOA has made HLR core to its activities and has developed partnerships with diverse stakeholders from across the landscape, including environmental NGOs, a university and Aboriginal groups. WOA’s products include plant-based protein and carbon-neutral oat milk.29

The Department of San Martin, Peru, is one of the most biodiverse regions of Peru, but is facing high rates of deforestation. The regional government, in collaboration with civil society and conservation organisations, has developed a rural strategy for sustainable development, aiming to increase productivity through low-emission goods and services, and improve the sustainable management of the Amazon rainforest, with a focus on gender and cultural inclusivity. It has developed a landscape investment portfolio and a suite of existing and new funding mechanisms, including guarantee funds and PES schemes.30

Grupo Ecológico Sierra Gorda (GESG), Mexico, is a leading environmental organisation in Mexico that demonstrates how civil society – working closely with government at local, state and national level – can effectively drive HLR. GESG’s work includes environmental education, reforestation and forest conservation, waste management, water harvesting, soil regeneration and business development across the landscape. Financial mechanisms, including vehicle fees and carbon taxes, have provided payments for ecosystem services (PES).31

Ecuador’s debt-for-nature conversion was the largest to date, with USD 1.6 billion of debt converted into a USD 656 million loan, financed through a bond issued by Credit Suisse, and made possible with a USD 85 million guarantee provided by the Inter-American Development Bank and political risk insurance provided by the US Development Finance Corporation. This debt-for-nature swap will channel USD 17 million a year into conservation activities in the Galapagos, including a contribution to a Trust Fund which, by the time the loan is repaid, will continue to provide USD 12 million annually in perpetuity.33

The East of England Landscape Enterprise Network (LENS) has brought together water companies, food manufacturers and local government to support more than 60 farmers in undertaking activities to restore soil quality, reduce flooding risks and improve water quality and biodiversity. The LENS approach demonstrates how the aggregation of both investors (demand-side) and farmers (supply-side) can facilitate the flow of finance to restorative and regenerative agriculture activities.34
The case studies presented here illustrate how different parts of our recommended holistic landscape finance framework have already been successfully developed and implemented in practice. The case of Wide Open Agriculture in Western Australia, for example, illustrates the establishment and functioning of a locally-led multi-stakeholder landscape partnership. The partnership has played a vital catalytic role in driving restoration activities and attracting public and philanthropic grants, as well as concessional and high-risk seed capital and private investments.

The importance of government support and active involvement in successful HLR initiatives is evidenced by several case studies, particularly in Sierra Gorda, San Martín and Long Point Walsingham Forest Conservation Impact Bond. Existing financial mechanisms – such as bonds, political-risk insurance and guarantees, when used to support initiatives such as debt-for-nature conversions – can successfully mobilise significant funds for landscape restoration. The stories shared here prove that it is possible to create successful models that combine the required activities and funding to drive HLR.

They show that landscape finance is possible despite existing barriers to the mobilisation of funding for nature restoration. If we work to create a more enabling environment with aligned policies, as recommended here, it will become significantly easier to develop large-scale landscape finance structures to advance holistic landscape restoration. The result will be much faster and larger-scale restoration of ecosystems with significantly increased benefits on behalf of economic development and societal wellbeing. In the next section, we make several policy recommendations to help make this possible.

**Landscape finance is possible despite existing barriers to the mobilisation of funding for nature restoration**

"Investing at landscape level requires us to look at our world through a different lens. An investment in landscape restoration is not just an investment in the environment, it is an investment in our shared future. Gold Standard is delighted to be working with Commonland, WRI, The Nature Conservancy, and Climate-KIC to encourage innovative investments that deliver not only environmental sustainability but also social impact."

Margaret Kim
Chief Executive Officer, Gold Standard
POLICY RECOMMENDATIONS FOR EU ACTORS

To realise its full potential, HLR requires an enabling political and institutional environment based on new, innovative ways of systemic thinking. Parts of the approach have already been successfully implemented. However, for HLR to be comprehensively achieved at scale, we recommend the following:

1. **LANDSCAPES AND LANDSCAPE PARTNERSHIPS NEED TO BE RECOGNISED IN POLICY FRAMEWORKS FOR TRANSFORMATIVE CHANGE AND MEETING MULTIPLE TARGETS**

   HLR can serve as an enabling platform to streamline implementation of national plans targeting the same landscape. National and regional development plans (including National Biodiversity Strategies and Action Plans) of EU member states should recognise landscapes and landscape partnerships, facilitating vertical and horizontal policy coherence and integration of national spatial planning and budgeting across sectors. This should be done to best suit the policy and fiscal systems of each country. However, regardless of each country’s level of decentralised decision-making, landscapes can be leveraged to implement adaptation, nature restoration and drought plans, among other policies.

2. **PUBLIC FINANCE CAN PLAY A CRUCIAL, CATALYTIC ROLE IN HLR**

   The commission should develop harmonised accounting and reporting frameworks for landscapes that enable the private sector (companies and investors) to report against emerging sustainable finance regulations such as the Corporate Sustainable Reporting Directive and the Sustainable Finance Disclosure Regulation.

3. **THE COMMISSION SHOULD DEVELOP A MECHANISM WITH THE MANDATE TO PROVIDE EMARKED FUNDING FOR LANDSCAPES**

   Within the current multiannual financing framework (MFF), Directorates-General that will benefit from restoration (CLIMA, ENV, AGRI, EMPL, REGIO, SANTE etc) should earmark portions of their budgets for landscape restoration. These earmarked budget elements could be put under one governance system, a dedicated restoration fund. Equally, dedicated financial support should be considered in the new MFF (2028–2034). This could be done through a funding programme similar to the European Innovation Council Accelerator, targeted towards attracting private finance to HLR activities and processes, for example by providing guarantees to de-risk investments, or by providing subordinated funding as part of a blended-finance approach. The European Investment Bank could provide advisory support to such a vehicle and/or provide co-investment.

4. **ANY AND ALL GUIDANCE DOCUMENTATION OF THE NATURE RESTORATION LAW DEVELOPED BY THE EUROPEAN COMMISSION SHOULD EXPLICITLY RECOGNISE THE VALUE OF LANDSCAPES IN TACKLING MULTIPLE GOALS AND BE TRANSLATED IN NATIONAL RESTORATION PLANS**

   By fostering cross-sectoral collaboration among government agencies, NGOs, businesses and local communities at landscape level, diverse interests can be aligned and resources pooled to implement strategies that tackle multiple challenges in a cost-efficient and effective way. The commission should produce a guidance document on how to incorporate landscape restoration into national restoration plans.

5. **EU INSTITUTIONS AND MEMBER STATES SHOULD ALLOCATE RESOURCES TO SUPPORT LANDSCAPE PARTNERSHIPS THAT DRIVE HLR**

   Public funds in the form of unrestricted and flexible grant funding should be made available to support multi-stakeholder landscape partnership and governance processes to catalyse restoration. This is the most catalytic of all funding opportunities within HLR as the partnership develops the vision and plan for the landscape, providing governance and driving long-term restoration.

6. **IMPLEMENT INCENTIVES THAT ARE ALIGNED TO NATURE**

   It is critical to redirect or eliminate environmentally harmful incentives, such as subsidies, on behalf of activities that restore ecosystems and enhance ecosystem services. Accelerating the reform of the Common Agricultural Policy (CAP) and applying the reform with integrity will be instrumental in aligning nature and agricultural biodiversity objectives and finance. By aligning policies to reward benefits appropriately and financially penalise harms, governments can encourage nature-positive actions and discourage harmful ones.

7. **WITHIN HLR, INFRASTRUCTURE INVESTMENTS SHOULD ADOPT A LONG-TERM HOLISTIC PERSPECTIVE, INCORPORATING RESTORATION OF GREEN INFRASTRUCTURE TO ENHANCE CLIMATE RESILIENCE**

   EU institutions and member states should provide public funding for landscape restoration initiatives to enable integration of grey infrastructure projects with improvements in associated green infrastructure. Taking a holistic approach to these investments at landscape level will be more cost-effective, and it will improve the resilience of the total investment to the physical risks of climate change while generating multiple valuable public benefits. Large scale landscape restoration projects should get similar financial support and attention as large grey infrastructure projects.

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**The management of river basins through the Water Framework Directive is an existing example of an integrated approach at the landscape scale.**

**Physical risks of climate change include climatic changes and more frequent, more extreme weather events.**
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