Pre-Investment Support
Landscape Resilience Fund

lrf landscape resilience fund

Fund Manager
south pole

Advisor and Service Provider
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Table of contents

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About South Pole

Who we are

South Pole works with clients to take climate action - creating value on their sustainability journeys, addressing impacts and mitigating risk

Innovative solutions

An award winning, 15-year history of providing sustainability solutions
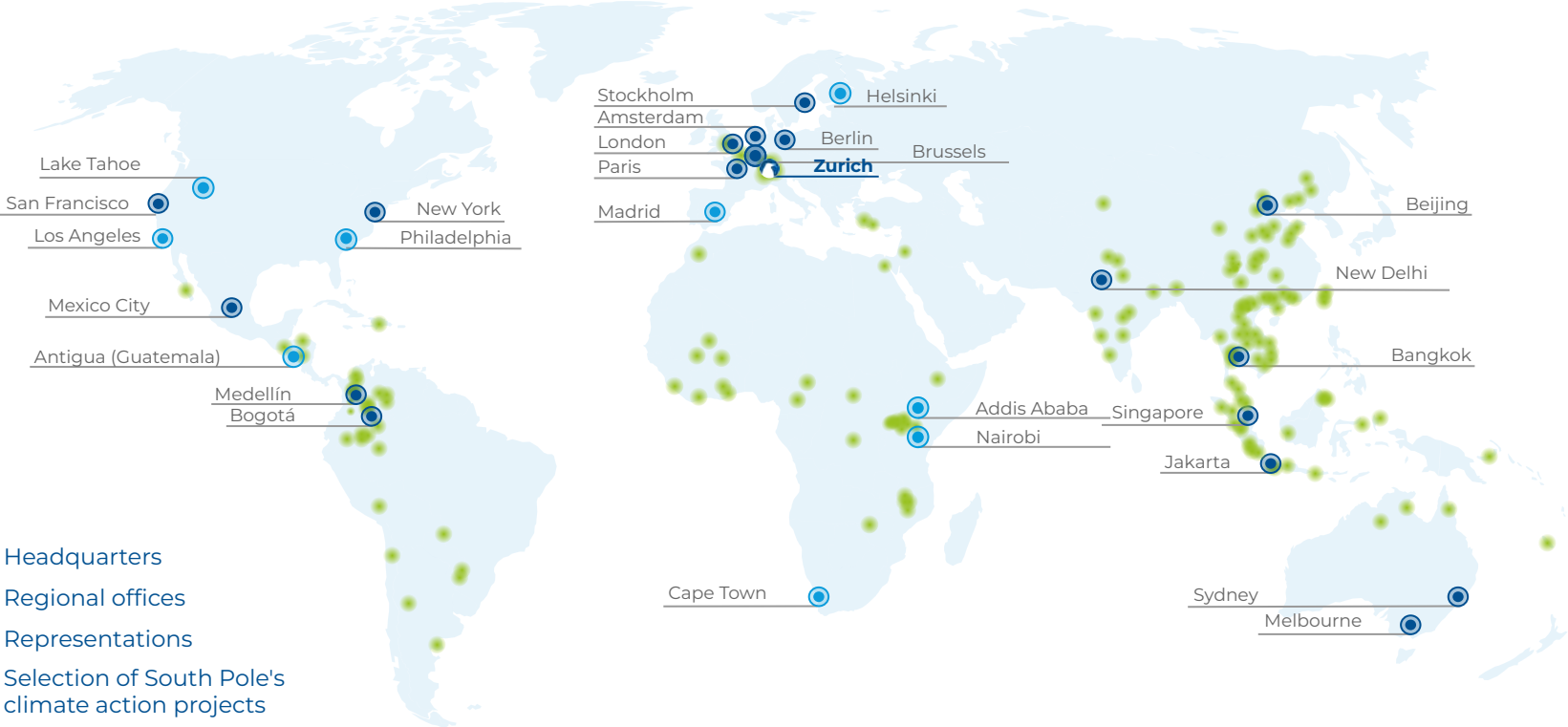
Diverse expertise

Based in 28 offices and representations globally, our team of 700+ sustainability advisors, scientists, and engineers are leading experts in their fields

Project developer

Largest developer of climate action projects globally

Our global reach

28 offices and representations

Stockholm
Amsterdam
London
Berlin
Brussels
Paris
Zurich
Madrid

Helsinki

Lake Tahoe
San Francisco
Los Angeles
New York
Philadelphia

Mexico City

Antigua (Guatemala)

Medellín
Bogotá

Beijing
New Delhi
Bangkok
Addis Ababa
Nairobi
Singapore
Jakarta

Cape Town

Sydney
Melbourne

- Headquarters
- Regional offices
- Representations
- Selection of South Pole's climate action projects

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Our work

140,000 GWh of renewable energy generated

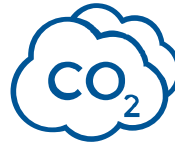That's equivalent to **21 million** cars taken off the roads

+2 trillion in investments screened for climate risk (EUR)

+700 carbon emission reduction projects developed

Over **100,000** jobs created

+170 million metric tonnes of **carbon dioxide** reduced

CO$_2$

€**15 billion** mobilised for Climate Mitigation Projects

2 million hectares of forests protected

Pictured: South Pole's Kariba Forest Protection Project in Zimbabwe

The Landscape Resilience Fund

Our vision

The LRF was co-developed by South Pole and WWF to enable the most vulnerable people - in specific landscapes in the Global South - to effectively adapt to climate change by mobilizing finance for commerce, communities and conservation.

Commerce
Innovative small and medium-sized enterprises (SMEs) build their capacities and receive catalytic funding to scale climate-resilient business models that deliver community and conservation benefits.
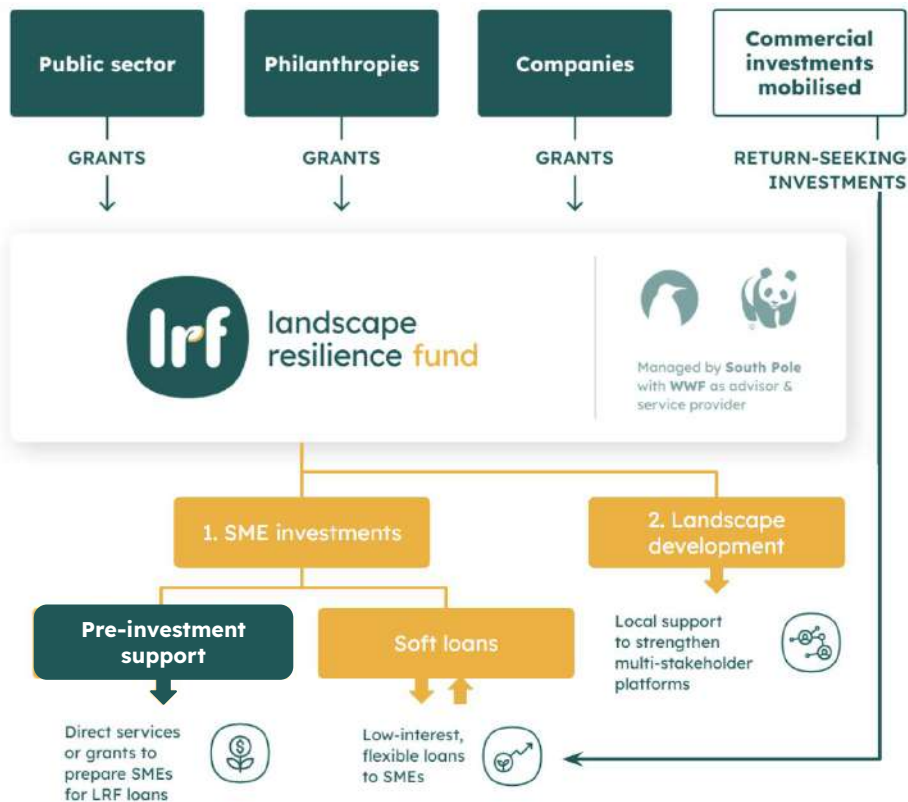
Communities
...in rural landscapes are empowered with the resources to better adapt to climate change. Smallholder farmers see increases in their income and more jobs are created, particularly for women and young people.

Conservation
Natural resources are stewarded sustainably, with benefits for local biodiversity. Deforestation is reduced and threatened species are protected.

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How it works

Public sector — GRANTS

Philanthropies — GRANTS

Companies — GRANTS

Commercial investments mobilised — RETURN-SEEKING INVESTMENTS

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Managed by **South Pole** with **WWF** as advisor & service provider

1. SME investments

2. Landscape development

Pre-investment support

Soft loans

Direct services or grants to prepare SMEs for LRF loans

Low-interest, flexible loans to SMEs

Local support to strengthen multi-stakeholder platforms

Smallholder farmers

Selected SMEs will support smallholder farmers in vulnerable landscapes (up to 500,000 people will have strengthened livelihoods and increased resilience) across 3 target geographic regions: Sub-Saharan Africa, South and Southeast Asia, Latin America.

How the LRF is different

The LRF deploys an integrated landscape approach, led by a local Landscape Co-ordinator, learning from experiences of rural communities and integrating local stakeholders in planning and implementation. The value of this approach has been recognised by *UpLink - World Economic Forum* who selected the LRF as a winner of its **2022 Climate Justice Challenge.**

The LRF is a revolving fund, meaning that all repaid loans are reinvested into new SMEs. As a result, it's self-sustaining and capable of multiplying the impact of each dollar committed to the LRF over time. The LRF is a **non-profit foundation** that does not have to repay capital to investors. It can, after professional due diligence, take calculated risks with its loans where SMEs underserved by capital markets show outstanding potential.

The LRF team provide hands-on support to the SMEs, helping them to cross from grant-dependent projects to self-sustainable businesses, which are then better able to access mainstream capital.

A global best practice framework: LRF's support goes beyond traditional technical assistance. By catalysing co-investments from mainstream financial institutions, LRF is driving a systemic shift in the financial sector towards sustainable, locally-led, climate-smart enterprises.

The vital role of SMEs

Communities least responsible for climate change are dealing with the intensifying impact of climate change.

Smallholder farmers producing **80%** of food in developing countries are the most vulnerable to climate change and loss of biodiversity.

The latest IPCC report states *'worldwide climate resilient development action is more urgent than previously assessed.'*

As the **economic backbone of rural landscapes**, local SMEs can serve as a cornerstone for effective climate resilience, by supporting smallholder farmers - such as cocoa growers - to adapt their farming practices and provide a secure income through the purchase of products.

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But there are many barriers to overcome

Small and medium-sized enterprises supporting smallholder farmers play a vital role in effective climate resilience and adaptation however these SMEs **can't access the funding** or the **capacity building needed** to scale quickly and reach more people.

They have enormous potential for impact but are considered too risky, and lack access to a **sustainable** source of finance.
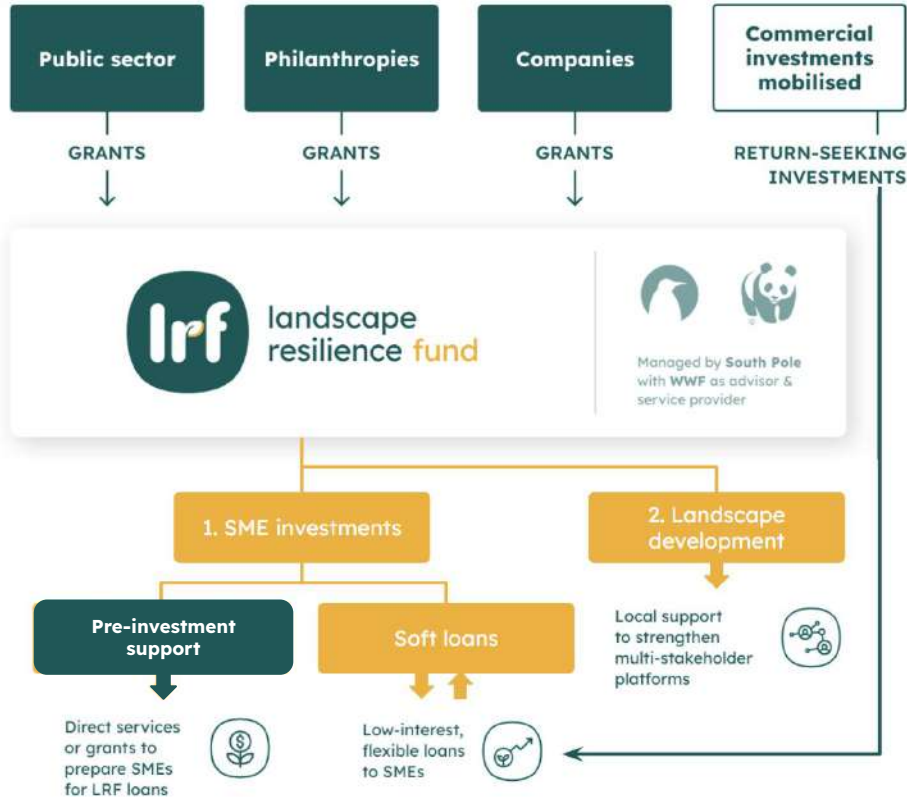
There is an urgent need for philanthropic funding to enable climate adaptation solutions to be piloted and scaled, to close the growing finance gap.

Pre-Investment Support Services

How pre-investment support works

3 purposes:

- To resolve shortcomings of the SME's business model and internal capacity
- To enhance or better monitor the SME's socio-economic and environmental benefits
- To match an SME with other potential private investors.

Overcoming barriers for SMEs to access finance

Barrier	Solution
Lack of knowledge and capacity on how to prepare investment-ready climate-resilient practices	System for partial or full reimbursement of zero-interest loans and/or direct services, and reinvestment in SMEs
High costs and risks associated with the preparation of investment-ready proposals	Provision of grants or zero-interest loans and/or direct services to implement
Lack access to adaptation focused investors and the expertise required for the preparation of adequate pitches and offer sheets	Assistance for development of project offer sheets and pitches or matchmaking meetings with investors
Lack capacity to monitor and evaluate impacts, and lack access to up-to-date lessons and best practices	Development of knowledge products and disseminated to wider SME and investment communities

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Our services

Types of activities financed through LRF pre-investment support

Investment criteria	Types of activities	Best practice examples the LRF is looking to support
Investment readiness	Development of the business model & market opportunities	• Demonstrate the end-to-end value-add of the value chain to customers, suppliers, and other immediate business stakeholders • Assess key markets and identify opportunities and risks • Establishment or improvement of offtake contracts for agriculture or forest products • Design or improvement of the marketing strategy
Investment readiness	Measures to improve financial planning and creditworthiness of projects	• Improve the presentation of past financials to allow a clearer understanding and basis for loan structuring • Develop financial model so that inputs & assumptions become reasonable and an accurate reflection of reality • Financial stress testing to determine likelihood of
Investment readiness	Development and documentation of sound management processes	• Gap assessment of SME team's composition and experience to design and implement an improvement action plan • Develop SME governance structures that would be aligned with the requirements of a lender • Improve bookkeeping processes & controls • Improve business model to align the use of proceeds with impact objectives

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Our services

Types of activities financed through LRF pre-investment support

Investment criteria	Types of activities	Best practice examples the LRF is looking to support
Climate Resilience	Improvement of anticipated impact of climate adaptation technologies and measures	• Develop the baseline of current exposure, sensitivity and adaptive capacity to climate risk • Develop climate change scenarios to identify future exposure, sensitivity and adaptive capacity to climate risk • Assess adaptive capacities and opportunities
Climate resilience	Building of training programs for farmers to strengthen their adaptive capacity	• Development or enhancement of training programmes to enhance climate resilience in the economic activity • Strengthening training programs by mainstreaming adaptation and climate resilience
Environmental and Social Management Systems	Development or policies and procedures for environmental and social risk management	• Design and implementation of Environmental and Social Management Systems (ESMS) which contributes to identifying and managing risks
SDG co-benefits	Improvement of social and environmental co-benefits	• Develop a gender analysis and design and implement a gender action plan • Determine baseline and opportunities for climate change mitigation • Determine baseline and opportunities for biodiversity

Our long-term targets

By providing USD 600,000 in pre-investment support services

At least 9 entrepreneurs supported

25,000 farmers with diversified and strengthened livelihoods and sources of income

10,000 direct beneficiaries from more resilient physical and natural assets

25,000 ha of agricultural land made more resilient to climate variability and change

25,000 ha of rural landscape made more resilient to climate variability and change

450 people trained regarding climate change impacts and appropriate adaptation responses

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🖥 www.landscaperesiliencefund.org

Grievance mechanism
A grievance can be filed with the Project Complaints Officer (PCO), a WWF staff member fully independent from the Project Team, who is responsible for the WWF Accountability and Grievance Mechanism and who can be reached at: **SafeguardsComplaint@wwfus.org**

Mailing address: Project Complaints Officer Safeguards Complaints, World Wildlife Fund 1250 24th Street NW Washington, DC 20037. The PCO will respond within 10 business days of receipt, and claims will be filed and included in project monitoring.

Stakeholders may also submit a complaint to WWF online or over the phone through EthicsPoint, an independent third-party platform at: **https://secure.ethicspoint.com/domain/media/en/gui/59041/index.html.**

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Contact us

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Annexes

LRF investment criteria for SMEs

Criterion	Description
Sector	Sustainable (climate-smart) agriculture and forestry as well as other nature-based solutions
Climate resilience	Increase of the adaptive capacity and/or reduction of the sensitivity of vulnerable people towards climate change impacts
Investment readiness	Comprehensible business model and revenue streams; qualified and experienced management team
SDG co-benefits	Contribution to the SDGs, particularly climate mitigation, biodiversity, and empowerment of women
Environmental and Social Safeguards	SMEs have to comply with a comprehensive set of safeguards to identify and manage a broad range of environmental and social risks.
Landscape approach	Integration into a landscape approach where a multi-stakeholder platform collectively addresses risks and harnesses opportunities for sustainable development and climate resilience
Scalability or replicability	Business model facilitates allows for expansion of activities (scalability) and be replicable (by other SMEs and/or in other geographies and sectors)
Additionality	Lack of access to sufficient finance at similar terms in the absence of LRF financing
Alignment with national priorities	Contribution to priorities specified in national planning and policy documents

Overcoming barriers for SMEs to access finance

ACTIVITIES → **OUTPUTS** → **OUTCOMES**

Barrier 1

SMEs lack knowledge and capacity on how to prepare investment-ready climate-resilient practices

Establishing systems to support SMEs with climate-resilient practices to access private investment	System for partial or full reimbursement of zero-interest loans and/or direct services, and reinvestment in SMEs	**Sustainable processes for provision of pre-investment services to SMEs, to make their climate-resilient practices investment-ready**

Barrier 2

SMEs face high costs and risks associated with the preparation of investment-ready climate-resilient practices

Pre-investment services to make SMEs with climate-resilient practices investment-ready	Provision of grants or zero-interest loans and/or direct services to selected SMEs to implement their investment-readiness plans	**SMEs have increased technical, operational, and financial capacity to structure their climate-resilient practices and make them investment-ready**

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Overcoming barriers for SMEs to access finance

ACTIVITIES	→	OUTPUTS	→	OUTCOMES

Barrier 3

SMEs lack (i) access to adaptation focused investors and the (ii) knowledge and expertise required for the preparation of adequate pitches and offer sheets

Establishing matchmaking support for SMEs with climate-resilient practices to match with potential private investors	→	Assistance to selected SMEs for development of project offer sheets and pitches to investor or matchmaking meetings with investors	→	**Increased capacity of selected SMEs to match with private investors**

Barrier 4

SMEs and private investors lack (i) capacity to monitor and evaluate the impacts of private investments in climate resilience, and (ii) access to up-to-date lessons and best practices shared by similar climate-resilient practices

Knowledge management and effective project monitoring & evaluation	→	Knowledge products developed and disseminated to wider SME and investment communities	→	• M&E to inform adaptive management of projects • **Knowledge management increases awareness of private investors on successful approaches to preparing, implementing, and financing climate-resilient practice**

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