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Finance can and must play its role in fighting land degradation

Mirova's comment on the report of the United Nation's Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) on the state of land degradation around the world.

Key Takeaways:

- The IPBES report highlights the major challenge of the fight against land degradation, and the potential impact on human wellbeing and natural ecosystems.
- Alarming, but not fatalistic, the IPBES report points out that solutions exist. An agroecological transition is needed, moving from unsustainable modes of production to a more responsible production approach. The financial sector must accompany it, as it has done for the energy transition.
- Mirova is leading the fight against land degradation through the Land Degradation Neutrality Initiative.

Once again, the scientific community is sounding the alarm on the terrible negative impacts of human activity on the environment. The IPBES report, published on 27th March 2018, highlights the major challenge of the fight against land degradation, and the potential impact on human wellbeing and natural ecosystems. This struggle is far from lost, but success will require immediate collaboration and action from all the key players in the public, private and civil society worlds.

Land degradation as a global challenge

There has been increasing public awareness of the link between human activity and climate change since the publication in 2001 of the 3rd report of the Intergovernmental Panel on Climate Change (IPCC). The subject of climate became a major political focus, with the Kyoto Protocol coming into effect in 2004. Since then, the fight against climate change, particularly the implementation of an energy transition towards more renewable sources, has become a priority in public policies.

It is now the turn of biodiversity loss and the degradation of ecosystems and natural resources to be the subject of a global awareness. After numerous reports presenting alarming findings on the degradation of natural capital, and high-profile campaigns such as WWF's "Overshoot Day", the United Nation's Intergovernmental Science-Policy



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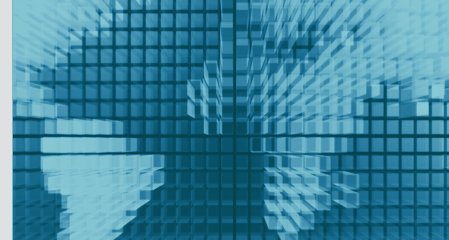
Mirova

Platform on Biodiversity and Ecosystem Services (IPBES) has just published an unprecedented report on the state of land degradation around the world.

The figures are very concerning: 3.2 billion people are directly affected by ecosystem degradation; up to 80% loss of species in some ecosystems between 1970 and 2012. Land degradation is a major cause of climate change, as well increasing the vulnerability of ecosystems to climate change impacts. Degraded lands pose a risk to the availability of essential resources, such as water, and lead to forced migration and political instability.

This IPBES report, the most comprehensive to date, provides a true measure of the rate and magnitude of environmental damage caused by humans, and highlights the risks of global disorder that may result. It highlights the need to achieve the target already set in the United Nations Sustainable Development Goals by 2030: land degradation neutrality, where the global amount of healthy productive land stays stable or increases.

¹ The mentioned fund project has not been approved by a supervisory authority



From awareness to action

Alarmant, mais pas fataliste, le rapport de l'IPBES souligne que des solutions existent et que les coûts de mise en oeuvre restent – pour le moment – inférieurs aux bénéfices créés.

Alarming, but not fatalistic, the IPBES report points out that solutions exist, and that if we act now the positive value created by these solutions will be far greater than the cost.

While the report particularly promotes better public policies to tackle the drivers of land degradation, as well as better coordination of public actors, it is also important to underline the major role that civil society and the private sector can and must play.

So how to counter land degradation? By managing land and natural ecosystems more sustainably. This covers a wide range of approaches, known variously as good agricultural practices, agroecology, or integrated landscape management. Whatever the terminology, the catalogue of solutions is there and many of them have been widely tested and proven. The challenge now is to mainstream them by scaling them up, making them the norm rather than the exception.

Like the energy transition, an agroecological transition is needed, moving from unsustainable modes of production (overgrazing, monocultures, deforestation by slash-and-burn, overexploitation of land) to a more responsible production approach.

The private sector is increasingly mobilising on these subjects, voluntarily, perhaps, but also pushed by civil society and changing consumer demand. In international markets, the fight against deforestation and support for more responsible supply chains is creating momentum and leading to a gradual transformation of production methods. Certification and labelling can help improve the situation, taking advantage of a growing market for sustainably produced products.

The key role of finance

The financial sector must accompany this agroecological transition, as it has done and continues to do for the energy transition. All over the world, project developers, often young people who are leading the movement for increased sustainability, are developing innovative solutions that require funding. While development institutions support them, public money will not be enough; the private sector must play its role.

Sustainable finance is on the move. The recent action plan of the European Commission testifies to this, and in its wake new funding approaches dedicated to sustainable land management and agroecology projects are being developed. It will be necessary for financial actors to gain expertise on these novel topics, and collaborate closely with research centres and

specialised actors. Because of investors' high risk-perceptions of these types of investments, a transition phase will be necessary, during which public and private financing needs to be combined.

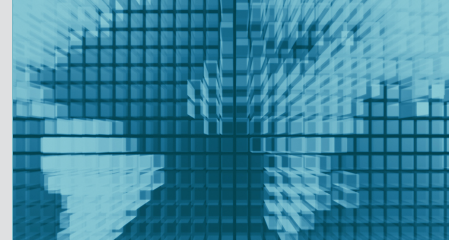
One of the pioneers of sustainable finance, Mirova is leading the fight against land degradation, and is making the sustainable management of natural capital an investment priority. Mirova has therefore developed the Land Degradation Neutrality Initiative, in collaboration with the United Nations Convention to Combat Desertification. This innovative fund project aims to mobilise public and private capital to finance sustainable land management and restoration of degraded lands. The aim is to demonstrate the viability of an economic model where development is decoupled from degradation, and to develop a new asset class that will support the agroecological transition.

Written on March 28th 2018

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