Promoting Nature-based Solutions for Climate Resilience in Water Sector in South Asia

Training Module (Virtual) 2023
Climate Adaptation and Resilience (CARE) for South Asia Project

Promoting Nature-based Solutions for Climate Resilience in Water Sector in South Asia: Training Module (Virtual)

2023

adpc
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ACKNOWLEDGEMENT

The training materials build on the IUCN Global Standards for Nature-based Solutions (NbS) and existing training courses on NbS developed by the IUCN Academy, as well as, modules developed by IUCN Asia to support training for the Asian Development Bank (ADB), the Agence Française de développement (AFD), and the Swiss Agency for Cooperation and Development (SDC).

The development of this product is a collaborative effort between many IUCN colleagues and partners working with IUCN, including Asian Disaster Preparedness Center (ADPC). From IUCN, many thanks to, Mr. Raphaël Glémet, Mr. Vishwa Ranjan Sinha, Ms. Kathryn Bimson, and Ms. Yan Yang from IUCN Asia Regional Office, Mr. Raquibul Amin, Mr. Tareq Aziz from IUCN Bangladesh, and Mr. Singh Rohit Kumar and Ms. Archana Chatterjee from IUCN India, Ms. Anu Adhikari, from IUCN Nepal, Ms. Fauzia Malik, from IUCN Pakistan for supporting the design and development of this training module.

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ACRONYMS

ADPC  Asian Disaster Preparedness Center (ADPC)
CARE  Climate Adaptation and Resilience
ES    Ecosystem Services
IUCN  International Union for Conservation of Nature (IUCN)
NbS   Nature-based solutions (NbS)
RAWES Rapid Assessment of Wetland Ecosystem Services
TESSA Toolkit for Ecosystem Service Site-Based Assessment
WB    World Bank
1. BACKGROUND

1.1 About the training module

Capacity building is critical to developing innovative NbS for solving water sector challenges that are technically and financially feasible and sustainable. Furthermore, at the local and national scales, governments must support research and knowledge sharing, further developing local technical capacity to implement NbS and promoting the use of existing tools to perform ecosystem services valuation at scale. The results must be integrated within national targets, plans, and policies, and the benefits of NbS approaches should be captured and shared with other countries in the region.

Considering this, the NbS training module is designed for the capacity building of practitioners, and policymakers working on the management of water resources or having an influence on the water sector, such as the Ministry of Water, environment, agriculture, land use, finance, and planning.

For the development of this training module International Union for Conservation of Nature (IUCN) collaborated with the Asian Disaster Preparedness Center (ADPC), under the World Bank (WB) funded initiative, Climate Adaptation and Resilience (CARE) for South Asia. This collaboration aims to promote the mainstreaming of NbS to increase the climate resilience of the water sector in South Asia. Please click HERE for further information on the ADPC-IUCN collaboration.

1.2 Objective and structure

This training module is designed for virtual delivery but can be adapted for on-site training. The specific objectives of the training include:

- Introduce participants to Ecosystem Services, Nature-based Solutions, their background, definition, and examples at scale, including IUCN Global Standard for NbS;
- Understand climate projections for South Asia and NbS approaches for building resilience in specific water-dependent sectors;
- Discuss and identify opportunities and priority areas for mainstreaming NbS in policies;
- Strengthen participant’s understanding of grey-green (or hybrid) infrastructure solutions;
- Discuss case studies and funding opportunities for financing large-scale NbS initiatives.

Training structure: The training is designed for three days, 3 hours each day, and divided into six sessions (See detailed agenda in Appendix I).

- On day 1, introduce participants to Ecosystem Services, discuss what are NbS and the tools for monitoring and verification of NbS initiatives, as well as, case studies from the region linked to the implementation of NbS at scale.
- On day 2, discuss climate projections and examples of NbS approaches for resilience in water-dependent sectors, as well as, the current status of NbS mainstreaming in policies and planning.
- On day 3, explore strategies linked to grey-green infrastructure solutions and specific funding mechanisms for financing and upscaling NbS initiatives.
2. SESSION’S INTRODUCTION AND FACILITATION PLAN

The sections below provide stepwise guidance and reference materials for those interested in developing training on NbS for promoting climate resilience in the water sector in South Asia.

2.1 Participants’ introduction and icebreaking exercise

Plan an introductory session to discuss the objectives of the workshop and the flow of the agenda. See Appendix I for the indicative agenda of the three days of visual workshops.

Understand who is in the room, what is their expectation from the workshop, and how comfortable they are with the main topic of the training. Below are suggested questions to facilitate an online Mentimeter interaction with the participants.

- Which sector do you represent?
- What is your understanding of NbS? Any examples from your work?
- Level of confidence in defining, designing, implementing, and M&E for NbS?
- What are the key opportunities for NbS in your work?

2.2 Session 1 - Introduction to the Ecosystem Services (ES)

1) Objective: Understanding multiple values of the ecosystem and different types of ecosystem services. Discuss how we assess the value of the benefits that nature provides.

Ecosystem management decisions are often made without understanding the full range of values of ecosystem services. Often the ecosystem services are only recognized when they have disappeared. The session, therefore, is designed to help participants understand ES.

2) Content design:

- Understanding ES: Introduction to the multiple values of ecosystems and ecosystem services.
- Categories of ES: provisioning services, regulating services, cultural services, and supporting services.
- How to assess ES? Examples of ES Assessment methodologies, e.g.,
  » Rapid Assessment of Wetland Ecosystem Services (RAWES),
  » Toolkit for Ecosystem Service Site-Based Assessment (TESSA)

3) Interactive exercises: Design questions and exercises to assess participants’ understanding of different ecosystem services. Show photographs of a mixed-use landscape with the ecosystem and anthropogenic activities. Ask participants to identify different types of ecosystem services. Discuss how these services are linked to each other.

Session presentation: see Appendix II

2.3 Session 2 – Nature-based Solutions- background, definition, examples at scale

1) Objective: Discuss the evolution of the NbS concept, and its definition (IUCN, 2016 and UNEA-5, 2022). Through case studies discuss the application of NbS at scale.
2) Content design:

- Understanding NbS: Introduction to the definition of NbS, development of the concept, and how it is different from traditional conservation or nature-inspired solutions.
- IUCN defines Nature-based Solutions, as actions to protect, sustainably manage, and restore natural and modified ecosystems that address societal challenges effectively and adaptively, simultaneously benefiting people and nature."
- Applying NbS at landscape/basin level: NbS activities must be strategically deployed across the larger landscape/seascape, because ecosystems interact with the larger land and seascape in which they are embedded and cannot be managed in isolation, thus requiring landscape-level design of NbS.
- Case studies: discuss case studies and examples of NbS application from the Asia region, such as forest landscape restoration, and ecosystem-based adaptation. Below is a link to NbS case studies from the Asia region.
  » [Nature-based Solutions in the Ganges Brahmaputra Meghna (GBM) river basin: Case Studies and Lessons Learned](#)
  » [Ecosystems Protecting Infrastructure and Communities: Lessons Learned and Guidelines for Implementation](#)
  » [Nature-based solutions in practice: the example of the Namey Nichu watershed in Bhutan](#)

3) Interactive exercise: Differentiate among NbS, grey infrastructure, and hybrid solutions.

Session presentation: see Appendix III.

2.4 Session 3 – Introduction to the IUCN Global Standards for Nature-based Solutions

1) Objective: Introduce participants to IUCN Global Standard for Nature-based Solutions. The standard provides a user-friendly framework for the verification, design, and scaling up of NbS.

2) Content design: Introduction to the eight criteria (see Error! Reference source not found.) and 28 indicators linked to the ecological, social, and economic dimensions of NbS. These criteria and indicators aim to ensure the application of Nature-based Solutions is credible and its
uptake tracked and measured for adaptive management so that its contributions can inspire others. Below is a link to the global standards and related references:

- [IUCN Global Standard for Nature-based Solutions](#)
- [Launch event – IUCN Global Standards](#)
- [NbS Group Website](#)

### Table 1 NbS Criteria

<table>
<thead>
<tr>
<th>Criteria</th>
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<tbody>
<tr>
<td>1. NbS effectively address societal challenges</td>
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<tr>
<td>2. The design of NbS is informed by scale</td>
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<tr>
<td>3. NbS result in a net gain to biodiversity and ecosystem integrity</td>
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<td>4. NbS are economically viable</td>
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<td>5. NbS is based on inclusive, transparent, and empowering governance processes</td>
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<tr>
<td>6. NbS equitably balances trade-offs between the achievement of its primary goal(s) and the continued provision of multiple benefits</td>
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<tr>
<td>7. NbS have managed adaptively, based on evidence</td>
</tr>
<tr>
<td>8. NbS are sustainable and mainstreamed within an appropriate jurisdictional context</td>
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</tbody>
</table>

3) Interactive exercise: Assess how comfortable participants are on NbS criteria.

Presentation: see Appendix IV

**2.5 Session 4 – NbS for resilience – examples and planning cycle**

1) Objective: Discuss how to integrate NbS into climate resilience planning, and guide participants throughout the full project cycle from planning and assessment to implementation, M&E, and mainstreaming. Explore these steps through real-life case studies from the South Asia region.

2) Content design:

- NbS for resilience – criteria: Introduce participants to the following three criteria to determine whether or not an action is an NbS for resilience
  
a) Is the approach focusing on tackling a climate-induced threat and on providing adaptation benefits?
  
b) Is the proposed/implemented solution to climate threats based on (or includes elements of) restoration/conservation/management of ecosystems to maintain/ enhance ecosystem services?
  
c) Does this approach provide biodiversity benefits?

- Understand the steps: Introduction to the eight key steps of the planning process for an NbS for a resilience project for the water sector. The eight steps of the cycle, complemented by the associated forms, aim to guide practitioners through the process of designing, implementing, monitoring and evaluating, and mainstreaming. Ecosystem-based Adaptation interventions for building water sector resilience. Below idd the reference material to support the design and facilitation of this session.

  - [The Guidebook for the Design and Implementation of Ecosystem-Based Adaptation in River Basins in Thailand](#)
Discuss the global climate models, their application, and climate change projections for South Asian countries.

Discuss case studies: Through case studies and examples explore the implementation of eight steps planning process for NSb for Water resilience projects. Examples of case studies are below:

» [Solving water scarcity – Banda district success story (Uttar Pradesh, India)](#)

» [Wetland Management and Conservation, Hail Haor, Bangladesh](#)
2.6 Session 5 – Mainstreaming of NbS in Policies and Governance

1) Objective: Discuss how NbS is integrated into global and national policies in South Asian countries. Identification of gaps and priority areas for resilience building, and role of governments in developing the regulatory framework to support the mainstreaming of NbS in policy and planning process.

2) Content Design: Presentation and country group discussion

   Introduction of the regional context, methodology of analysis of NbS mainstreaming in policies.

   Present the mapping of NbS in existing national water governance frameworks and policies in Bangladesh, India, Nepal, and Pakistan.

3) Participants interaction: Questions for country group work

   » What role can local institutions play in mainstreaming NbS?
   
   » Identify priority policies and sectors for NbS integration in your country – concerning water resilience. Why are these important?
   
   » What do you think are gaps and opportunities for enhancing resilience through NbS – identify 5 gaps and 5 opportunities.
Session presentation: see Appendix VI.

2.7 Session 6 – Green-grey infrastructure solutions and cost-benefit analysis of NbS

1) Objective: Improved understanding of strategies linked to grey-green (or hybrid) infrastructure solutions, and cost-benefit analysis of NbS interventions from Asia region using case studies.

2) Content design:

Introduction to the session and grey-green infrastructure solutions; Grey infrastructure in the water sector refers to structures such as dams, embankments, seawalls, roads, pipes, or water treatment plants, whereas, green infrastructure includes forests, floodplains, wetlands, and soils that provide additional benefits for human well-being, such as flood protection and climate regulation. Both approaches often form part of the same landscape-level strategy to adapt to risks and pressures.

In a number of cases, grey and NbS infrastructure can be merged to develop complementary hybrid solutions. Overall, the long-term vision for solving a societal challenge is to progressively shift toward more NbS approaches and less grey infrastructure.

Discuss case studies highlighting the cost-benefit analysis of grey-green infrastructure solutions.

- Nepal - Water source protection in Nepal and a framework of cost-benefit analysis and actual economic benefits for the intervention. Below are references linked to the case study.
  - Community-based bio-engineering for eco-safe roadsides in Nepal
  - Ecosystems protecting infrastructure and communities: Lessons learned and guidelines for implementation
- Viet Nam - Designing grey-green infrastructure solutions, experiences from the Mekong Delta on flood-based agriculture systems to enhance climate and economic resilience of local communities.
3) Country group discussion: Questions

» Discuss the current status of existing green-grey infrastructure in different landscapes (mountain, grasslands, coastal, flood plains).

» What are the priorities, and hindrances to the development and implementation of hybrid infrastructure solutions? Identify 5 priorities and 5 challenges, including your suggestion on how to mitigate these.

Session presentations: see Appendix VII.

2.8 Session 7 – Sustainable financing for scaling up NbS

Interest in NbS is growing from both the public and private sectors, as is the desire to scale up implementation. However, one of the major hurdles keeping NbS projects from scaling up is how to finance NbS sustainably.

1) Objective: Improved understanding of funding mechanisms and strategies for financing NbS for the resilience of the water sector. Discuss the engagement of the private sector in resource mobilization for upscaling NbS.

2) Content design:

- Discuss the current landscape of NbS financing (public and private sector) and gaps in the current investment.

- Introducing financing opportunities for national and regional level NbS initiatives, including multilateral-funding mechanisms and country-led thematic initiatives, such as the Global Environment Facility (GEF), Green Climate Fund (GCF), International Climate Initiative (IKI), and the Global EbA Fund.

- Exploring the challenges and opportunities for private sector engagement in financing NbS, and tools for mobilizing private sector engagement, such as blended financing by governments, impact investment, the role of green taxonomy in demarcating nature friendly vs nature-destructive practices, and means to measure, report and verify (MRV) the progress on NbS.

- Discuss case studies from the region and globally linked to private sector engagement.
  
  » Operationalising Nature-based Solutions: innovative approaches to financing ecosystem restoration
  
  » KPMG True Value Case Study: Ambuja Cement, India
  
  » H&M offers EUR 500 million in sustainability-linked bonds
Figure 5: NbS - Financing needs and sources (source: PwC)

Session presentation: see Appendix VIII
# APPENDIX I: SUGGESTIVE AGENDA FOR THREE DAYS

<table>
<thead>
<tr>
<th>Duration</th>
<th>Sessions</th>
<th>Learning Outcome</th>
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<tbody>
<tr>
<td><strong>Day 1: Inauguration and Introduction to NbS</strong></td>
<td></td>
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<tr>
<td>30 mins</td>
<td>Participants welcome, housekeeping and introduction to the training module and its objectives. <strong>Mentimeter interaction with the participants</strong>&lt;br&gt;• Which sector do you represent?&lt;br&gt;• Confidence in defining, designing, implementing, and M&amp;E for NbS.&lt;br&gt;• What are the key opportunities for NbS in your work?</td>
<td>All participants are aware of the purpose and objectives of training. Participants' introduction through the Chatbox.</td>
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<tr>
<td>30 mins</td>
<td>Session 1 – Introduction to the Ecosystem Services (ES)&lt;br&gt;Introduction to the variety of ES and its linkages to the water sector.&lt;br&gt;Interactive exercise to gauge participants' understanding of different types of ES.</td>
<td>Understand different types of ES and the linkages among them.</td>
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<td>45 mins</td>
<td>Session 2: Nature-based Solutions- background, definition, examples at scale&lt;br&gt;NbS background, definition, and examples at scale (35 mins,&lt;br&gt;Mentimeter exercise – Use photos and ask participants if it is NbS or not? (10 mins)</td>
<td>Improved participant's understanding of NbS definition and application at scale.</td>
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<tr>
<td>60 mins</td>
<td>Session 3 - Introduction to the IUCN Global Standards for NbS&lt;br&gt;Presentation on Global Standards for NbS&lt;br&gt;Mentimeter Exercise – analyzing participant's understanding of the NbS criteria (15 mins)</td>
<td>Understand the criteria and indicators for the design, verification, and evaluation of NbS projects.</td>
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<tr>
<td><strong>Day 2: NbS for the resilience of the water sector in South Asia</strong></td>
<td></td>
<td></td>
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<tr>
<td>10 mins</td>
<td>Recap key takeaways and questions from Day 1</td>
<td>Understand climate projections and NbS approaches for resilience in specific water-dependent sectors.</td>
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<tr>
<td>80 mins</td>
<td>Session 4: NbS for resilience – examples and planning cycle&lt;br&gt;NbS for resilience: 8-step planning process (15 mins)&lt;br&gt;Climate Change Impact and Vulnerability Assessment (10 mins)&lt;br&gt;Case studies from South Asia (30 mins)&lt;br&gt;Q/A and participants’ feedback and interaction with case study presenters (15 mins)</td>
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<tr>
<td>Duration</td>
<td>Sessions</td>
<td>Learning Outcome</td>
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<td>75 mins</td>
<td><strong>Session 5: Mainstreaming of NbS in Policies and Governance</strong>&lt;br&gt;Overview – to what extent are NbS mainstreamed in relevant policies in South Asia? (20 mins)&lt;br&gt;Country Group exercise – discuss how NbS is integrated with relevant water sector policies and identify gaps and national priority for enhancing resilience through NbS (35 mins)&lt;br&gt;Country group presentation (20 mins);</td>
<td>Improved understanding of the opportunities for mainstreaming of NbS in policies at the national level.</td>
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<tr>
<td>Day 3: Green-grey infrastructure and financing of NbS</td>
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<tr>
<td>10 mins</td>
<td>Recap key takeaways and questions from Day 2</td>
<td></td>
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<tr>
<td>80 mins</td>
<td><strong>Session 6: Green-grey infrastructure solutions and cost-benefit analysis of NbS</strong>&lt;br&gt;Introduction to the session and grey-green infrastructure solutions (5 mins)&lt;br&gt;Case study presentations (20 mins)&lt;br&gt;Plenary discussion and participants’ interaction with the case study presenters (10 mins)&lt;br&gt;Country group exercise – status, priorities, hindrances to development and implementation of hybrid infrastructure solutions (30 mins)&lt;br&gt;Presentation of group exercise in plenary discussions (15 mins)</td>
<td>Improved understanding of strategies linked to grey-green (or hybrid) infrastructure solutions.</td>
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<tr>
<td>60 mins</td>
<td><strong>Session 7: Sustainable financing for scaling up NbS</strong>&lt;br&gt;Opportunities for financing national and regional level NbS initiative (15 mins)&lt;br&gt;Private sector engagement and resource mobilization for upscaling NbS (15 min)&lt;br&gt;Plenary discussion – funding opportunities and strategies countries could prioritize (30 mins)</td>
<td>Improved understanding of funding mechanisms and strategies for financing NbS for the resilience of the water sector nationally.</td>
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<tr>
<td>20 mins</td>
<td>Workshop Conclusion and Participants’ Feedback</td>
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Appendix II
Understanding Ecosystem Services
The foundation for Nature-based Solutions

Introduction to the multiple values of ecosystems and ecosystem services

What do we see?

Fisherman
Engineer
Insurance broker
Bird watcher
Wetland Manager
Artist
Farmer

Introduction to the multiple values of ecosystems and ecosystem services

What do we see? Consider three views . . .

Manage as farmland for grazing
Build a dam
Manage as a protected area

Manage as farmland for grazing

Introduction to the multiple values of ecosystems and ecosystem services

What do we see? A farmer’s view

Food production
Tourism
Water and powersupply

$
Introduction to the multiple values of ecosystems and ecosystem services

**What do we see? An engineer’s view**

![Engineer's View](image1)

- Build a dam
- Food production
- Tourism
- Water and power supply

**What do we see? A protected area manager’s view**

![Protected Area Manager's View](image2)

- Manage as a protected area

**Introduction to the multiple values of ecosystems and ecosystem services**

_Ecosystem management decisions are often made without understanding the full range of values._

![Wetland Infilling](image3)

*Wetland infilling for urban development*

**Types of Ecosystem Services**

*Source: Millennium Ecosystem Assessment, 2005*
Recognising, demonstrating and capturing the value of ecosystem services
Valuing the benefits that nature provides

'Putting a price on nature'
Accountancy

Often the services are only recognized when they have already disappeared!

Recognising, demonstrating and capturing the value of ecosystem services
What happens if we don’t value the benefits that nature provides?

Recognising, demonstrating and capturing the value of ecosystem services
How do we assess the value of the benefits that nature provides?

Monetary:
market price of products, value of carbon storage, avoided costs of water purification, alternative construction costs, etc.

Quantitative:
amount of people enjoying given products, volume of stored carbon, volume of purified water, number of properties protected, etc.

Qualitative:
description of the range of various benefits, dependency of people on these benefits etc., e.g. stores carbon, cleans water, protects houses from flooding, etc.

Recognising, demonstrating and capturing the value of ecosystem services
How do we assess ecosystem services?

What do you see?

Start with a checklist of ecosystem services

Ras Al Khair Ramsar Site, Dubai, UAE
Recognising, demonstrating and capturing the value of ecosystem services

**How do we recognise ecosystem services?**

- Observation
- Research
- Stakeholders
- Professional Knowledge
- Community of Practice
- Colleagues

Ras Al Khor Ramsar Site, Dubai, UAE

**Examples of Ecosystem Services Assessment Methodologies**

- Rapid Assessment of Wetland Ecosystem Services (RAWES)
- Toolkit for Ecosystem Service Site-Based Assessment (TESSA)

Recognising, demonstrating and capturing the value of wetland ecosystem services

**How do we recognise wetland ecosystem services?**

- Food provided by shellfish
- Climate cooled through evapo-transpiration from vegetation
- Public using hides and walkways
- Native plants providing source of pollination
- Habitat provided for globally rare species
- Tidal flats control erosion and trap sediment
- Channel stores flood water

Ras Al Khor Ramsar Site, Dubai, UAE

Recognising, demonstrating and capturing the value of ecosystem services

**Practical Exercise 1: What do you see? Which of the ecosystem services do you think are present?**

Bagmati River, Nepal
Recognising, demonstrating and capturing the value of ecosystem services

Practical Exercise 2: What do you see?
Which of the ecosystem services do you think are present?

Appendix III
Nature-based Solutions for Societal Challenges
Background, Definition and Examples at scale

We are facing complex challenges

- Floods caused by rising sea levels could cost as much as $14 trillion if we fail to keep global warming under 2°C. - Jevrejeva et al, 2018
- The population currently affected by land degradation/desertification and drought is estimated at 1.8 billion people. - UN Water
- Over 2/3 of world population will live in other areas by 2050. - UN DESA

But nature can help - ecosystem services: are services provided that benefit people
Nature-based Solutions – common foundations but a distinct approach

EXTENDING CONSERVATION’S REACH AND RELEVANCE

Priority to address drivers of loss of species and species habitat

Priority to resolve pressing societal problems and challenges

Safeguarding nature

Safeguarding society

Conservation norms and science

The biosphere underpins economic and social well-being

IUCN has framed and developed the NBS concept

Actions to protect, sustainably manage, and restore natural and modified ecosystems that address societal challenges effectively and adaptively, simultaneously providing human well-being and biodiversity benefits.

A common global understanding of NBS

IUCN 2016

UNEA-5 2022

Actions to protect, conserve, restore, sustainably use and manage natural or modified terrestrial, freshwater, coastal and marine ecosystems, which address social, economic and environmental challenges effectively and adaptively, while simultaneously providing human well-being, ecosystem services and resilience and biodiversity benefits.
What is the scope of Nature-based Solutions?

- Nature-derived solutions
- Nature-inspired solutions
- Nature-based solutions

Is part of an overall management strategy

- Nature-based options
- Hybrid options
- Infrastructure-based options
- Political and social options

Management strategy

Green - Grey infrastructure: Key messages

- Grey infrastructure in the water sector refers to structures such as dams, embankments, seawalls, roads, pipes or water treatment plants
- Green infrastructure can include forests, floodplains, wetlands and soils that provide additional benefits for human well-being, such as flood protection and climate regulation
- Both approaches often form part of the same landscape-level strategy to adapt to risks and pressures
- In a number of cases, grey and NbS infrastructure can be merged to develop complementary hybrid solutions
- Overall, the long-term vision for solving societal challenges is to progressively shift toward more NbS approaches and less grey infrastructure
Leveraging complementarity

Hybrid approaches, utilizing a combination of natural and grey infrastructure

Synergies

Natural infrastructure

Grey infrastructure

Example 1 - Forest Landscape Restoration

The Bonn Challenge is a global effort to bring 150 million hectares of the world’s deforested and degraded land into restoration by 2020, and 350 million hectares by 2030.

It was launched in 2011 by the Government of Germany and IUCN, and later endorsed and extended by the New York Declaration on Forests at the 2014 UN Climate Summit.

The restoration will create approximately USD 84 billion per year in net benefits that could bring direct additional income opportunities for rural communities.

“Pakistan has achieved its restoration target through a combination of protected natural regeneration (60%) and planned afforestation (40%). In addition, it has established 10,000 private tree nurseries, which have already boosted local incomes, generated thousands of green jobs, and empowered unemployed youth and women in the province.”

Example 2 - Ecosystem Based Adaptation, Mitigation and Eco-DRR

Build climate resilience by harnessing the benefits of wetlands in Cambodia, Laos PDR, Thailand, and Viet Nam

Increasing resilience of infrastructure to disaster in Nepal

Restoring and managing Blue Carbon ecosystems for carbon storage and coastal protection

Applying NbS at scale at landscape/basin level
China Mega-cities and their watersheds: nature-based solutions for sustainable drinking water sources, pilot in Miyun and Jiaquan watersheds, before expanding to another 5-10 Chinese mega-cities.

Example 3 – NbS for Water

In the 3S basins (Cambodia, Lao PDR and Viet Nam)

✓ Changing coffee practices in the headwater of the basin
  ➢ Benifiting both coffee production in Viet Nam and downstream plantation.
  ➢ Leaving the taking free flowing would ensure maintenance of Cambodian fisheries and sediment flow to Mekong Delta.

Example 4 - Funding for NbS - Payment for Ecosystem Services

Sharing of hydropower revenue in Kulekhani reservoir, Nepal
– upstream communities receive payment for the maintenance of watershed, less sedimentation in the reservoir.

PES for water in Bhutan – Communities commit to managing the watershed sustainably, to ensure the provision of water. In exchange, the main water users downstream pay a fee for the service provided.

This support, which amounts to approximately US$2,000 per year per watershed, is allocated to community-level investments related to development and livelihoods.

Example 5 - Nature Based Solution to Human Health in the Context of Covid-19

➢ NbS to prevent epidemics:
  Science shows that humanity’s destruction of biodiversity is creating the conditions for new viruses and diseases. Deforestation drives wild animals out of their natural habitats and closer to human populations, creating greater opportunities for viruses like Covid-19 to spread.

➢ NbS for mental health:
  Health Parks, Healthy People model by Parks Victoria, Australia – developing park-based activities that promote mental health over the long term, increasing evidence of their benefits and informing cross-sector policies and plans.

London’s green spaces saved £370 million per year from improved mental health and £580 million per year due to better physical health.

➢ NbS to build back better:
  If we want a more resilient post-COVID-19 world, we will need to scale-up investment in NbS, for which we need a strong accounting of our natural capital.

Appendix IV

Introduction to the IUCN Global Standard for Nature-based Solutions
The Global Standard for Nature-based Solutions:

- Is a facilitative standard for quality design, verification and scaling up of NbS;
- Safeguards nature from overexploitation;
- Engages (and ensures the involvement of all) stakeholders;
- Builds common language and understanding;
- Incentivizes positive sustainable change;
- Has 8 criteria and 28 indicators;
- Is based on knowledge co-creation: conservation science, social science, traditional knowledge.

Criteria

**Criterion 1 – Societal challenges**

NbS effectively address societal challenges

1.1 The most pressing societal challenges for rights holders and beneficiaries are prioritised

1.2 The societal challenges addressed are clearly understood and documented

1.3 Human wellbeing outcomes arising from the NbS are identified, benchmarked and periodically assessed

**Criterion 2 – Design at scale**

Design of NbS is informed by scale

2.1 Design of NbS recognises and responds to the interactions between the economy, society and ecosystems

2.2 Design of NbS integrated with other complementary interventions and seeks synergies across sectors

2.3 Design of NbS incorporates risk identification and risk management beyond the intervention site
Criterion 3 - Biodiversity net-gain

NBs result in net gain to biodiversity and ecosystem integrity

<table>
<thead>
<tr>
<th>3.1 NBs actions directly respond to evidence-based assessment of the current state of the ecosystem and prevailing drivers of degradation and loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.2 Clear and measurable biodiversity conservation outcomes are identified, benchmarked and periodically assessed</td>
</tr>
<tr>
<td>3.3 Monitoring includes periodic assessments for unintended adverse consequences on nature arising from the NBs</td>
</tr>
<tr>
<td>3.4 Opportunities to enhance ecosystem integrity and connectivity identified and incorporated into the NBs strategy</td>
</tr>
</tbody>
</table>

Criterion 4 - Economic Viability

NBs are economically viable

| 4.1 The direct and indirect benefits and costs associated with the NBs, who pays and who benefits, are identified and documented |
| 4.2 A cost-effectiveness study is provided to support the choice of NBs including the likely impact of any relevant regulations and subsidies |
| 4.3 The effectiveness of an NBs design is justified against available alternative solutions, taking into account any associated externalities |
| 4.4 NBs design considers a portfolio of resourcing options such as market-based, public sector, voluntary commitments and actions to support regulatory compliance |

Criterion 5 - Inclusive Governance

NBs are based on inclusive, transparent and empowering governance processes

| 5.1 A defined and fully agreed upon feedback and grievance resolution mechanism is available to all stakeholders before an NBs intervention can be initiated |
| 5.2 Participation is based on mutual respect and equality, regardless of gender, age or social status, and upholds the right of Indigenous Peoples to Free Prior and Informed Consent (FPIC) |
| 5.3 Stakeholders who are directly and indirectly affected by the NBs have been identified and involved in all processes of the NBs intervention |
| 5.4 Decision-making processes document and respond to rights and interests of all participating and affected stakeholders |
| 5.5 Where the scale of the NBs extends beyond jurisdictional boundaries, mechanisms are established to enable joint decision-making among the stakeholders in those jurisdictions affected by the NBs |

Criterion 6 - Balance trade-offs

NBs equitably balances trade-offs between achievement of their primary goal(s) and the continued provision of multiple benefits

| 6.1 The potential costs and benefits of associated trade-offs of the NBs intervention are explicitly acknowledged and inform safeguards and any appropriate corrective actions |
| 6.2 The rights, usage of and access to land and resources, along with the responsibilities of different stakeholders are acknowledged and respected |
| 6.3 Established safeguards are periodically reviewed to ensure that mutually-agreed trade-offs limits are respected and do not destabilise the entire NBs |
Criterion 7 – Adaptive management

NbS are managed adaptively, based on evidence

7.1 A NbS strategy is established and used as a basis for regular monitoring and evaluation of the intervention
7.2 A monitoring and evaluation plan is developed and implemented throughout the intervention lifecycle
7.3 A framework for iterative learning that enables adaptive management is applied throughout the intervention lifecycle

Criterion 8 – Sustainability and mainstreaming

NbS are sustainable and mainstreamed within an appropriate jurisdictional context

8.1 NbS design, implementation and lessons learnt are shared for triggering transformative change
8.2 NbS inform and enhance facilitating policy and regulation frameworks to support its uptake and mainstreaming
8.3 Where relevant, NbS contribute to national and global targets for human wellbeing, climate change, biodiversity and human rights, including the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP)

What does the Standard look like?

1. The Standard
   - each criteria with brief guidance, indicators, case study, informative graphic and photo example.
2. The Guidance
   - puts NbS into context with detailed descriptions of the rationale and requirements behind each criterion and indicator.
3. A self-assessment tool in the form of an excel sheet where users can enter if they have fully, partially or not met individual indicators.

Criteria

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>NbS effectively address societal challenges</td>
</tr>
<tr>
<td>2.</td>
<td>Design of NbS is interlinked by scale</td>
</tr>
<tr>
<td>3.</td>
<td>NbS result in net gain to biodiversity and ecosystem integrity</td>
</tr>
<tr>
<td>4.</td>
<td>NbS are economically viable</td>
</tr>
<tr>
<td>5.</td>
<td>NbS is based on inclusive, transparent and empowering governance processes</td>
</tr>
<tr>
<td>6.</td>
<td>NbS equitably balances trade-offs between achievement of its primary goal(s) and the continued provision of multiple benefits</td>
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<td>7.</td>
<td>NbS are managed adaptively, based on evidence</td>
</tr>
<tr>
<td>8.</td>
<td>NbS are sustainable and mainstreamed within an appropriate jurisdictional context</td>
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<tr>
<td>Measure of standard adherence</td>
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<td>------------------------------</td>
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<td><a href="https://portals.iucn.org/library/node/49070">https://portals.iucn.org/library/node/49070</a></td>
</tr>
<tr>
<td>Open-access documents</td>
</tr>
<tr>
<td>Launch events YouTube videos: &gt;3000 livestream participants, &gt;8500 views since, Participants from 140 countries</td>
</tr>
<tr>
<td><a href="https://www.youtube.com/watch?v=hpDN-svlg7I">https://www.youtube.com/watch?v=hpDN-svlg7I</a></td>
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<tr>
<td>NbS Group website</td>
</tr>
<tr>
<td>Consultation synopsis</td>
</tr>
<tr>
<td>2 page issues brief</td>
</tr>
</tbody>
</table>

Questions?

[Image of prayer flags]
Appendix V - Nature-based Solutions for Resilience Planning Cycle
Nature-based Solutions for Resilience- a subset of NbS

\[ \text{NbS for Resilience uses biodiversity and ecosystem services to support communities in adapting to the impacts of climate change through the conservation, management and restoration of ecosystems, as part of a wider strategy.} \]

To determine whether or not an action is a NbS for Resilience, the measure must meet (at minimum) the following three criteria:

- Is the approach focusing on tackling a climate induced threat and on providing adaptation benefits?
- Is the proposed/implemented solution to climate threats based on (or include elements of) restoration/conservation/management of ecosystems to maintain/ enhance ecosystems services?
- Does this approach provide biodiversity benefits?
NbS for Resilience Planning: An Overview

• The NbS for Resilience planning process has eight key steps, which aim to ensure that the measures are based on the best available data and include local stakeholders throughout the entire process.

• The process will take a minimum of 18 months
Step 1: Stocktaking and planning

Objective: This initial step aims to develop a preliminary understanding of the societal challenge to be addressed, to understand planned and ongoing measures in the focal area, and pre-assess whether NbS for Resilience can potentially address climate impacts at the site and possible approaches to be developed.
Step 2: Mapping the ecosystems and assessing ecosystem services

Objective: Map the ecosystem services in the focal area and use the results from the climate change vulnerability assessment to identify the ecosystem services that are key for reducing vulnerability.
Step 3: Conduct a Climate Change Vulnerability Assessment

Objective: The Climate Change Vulnerability Assessment uses information about the site and climate projections and models to highlight the focal area’s climate change vulnerabilities. The results will be used to inform the objectives and content of the adaptation strategy and NbS for Resilience measures.
Step 4: Developing a NbS for Resilience vision

Objective: The NbS for Resilience vision will use the key findings from the Climate Change Vulnerability Assessment and the ecosystem services assessment to develop an NbS for Resilience vision and support the identification of NbS for Resilience approaches that can support the vision.
Developing a NbS for Resilience Vision

Baseline
- Climate vulnerability
- Societal challenge
  - People affected
  - Ecosystem services
  - Biodiversity

Future Goals
- Climate adaptation outcome
- Number of people benefitting
- Biodiversity outcomes

NbS for Resilience Approach
- NbS for Resilience vision
- Governance
- Funding
**Objective:** This step aims to guide project implementers in identifying, describing and assessing the NbS for Resilience measures based on the vision and approaches developed in Step 4, and then validating them. The measures selected will aim to reduce climate risks and vulnerabilities and maximise benefits for local stakeholders and biodiversity.
Step 5: Identify and validate NbS for Resilience measures

Using the vision from Step 4, select NbS for Resilience measures to support the achievement of the vision.

Natural Water Retention Measures (www.nwrm.eu) has detailed descriptions of NbS for Resilience measures divided into agriculture, forest, hydromorphology and urban.

In this step, project teams will describe the measures in detail and to ensure that they can be implemented effectively.
Step 6: Developing a monitoring and evaluation framework for the NbS for Resilience measures

**Objective:** This step aims to develop a framework to help understand the change that the selected NbS for Resilience measures have had on the communities and ecosystems, to gauge their effectiveness, and whether or not and why NbS for Resilience measures are having the desired effect. Monitoring and evaluation (M&E) is part of an ongoing process, and measures should be continuously evaluated throughout their lifetime, and adjusted as needed as the ecosystem or socio-economic conditions in the area change.
Step 6: Developing a monitoring and evaluation framework for the NbS for Resilience measures

1. Develop indicators and identify monitoring methods
2. Develop an M&E plan and provide capacity building on M&E
3. Implement adaptive management to strengthen the NbS for Resilience measure and provide the intended outcomes
Step 7: Implementing NbS for Resilience Measures

Objective: Work with local stakeholders to implement the identified NbS for Resilience measures in the focal area.
Objective: Identify and document the key lessons learned from the implementation of the NbS for Resilience measure, and share them with relevant government agencies to trigger policy change.
Climate Change Projections, their understanding and impact assessment

Regional Online Training and Dialogue on NbS for the Resilient Water Sector in South Asia 2023
Understanding the Climate Models

Climate System

The animals and plants (the **Biosphere**)

The oceans, lakes, and rivers (the **Hydrosphere**)

Icebergs, glaciers and ice sheets (the **Cryosphere**)

Air (the **Atmosphere**)

Mountains, Volcanoes and moving continents (the **Geosphere**)

A complex system which is difficult to understand.
Climate Model

Climate model is a computer-based simulation that uses mathematical formulas to recreate the chemical and physical processes that drive Earth’s climate system. To “run” a model, scientists divide the planet into a 3-dimensional grid, apply the basic laws of physics, fluid motion, and chemistry and then evaluate the results.

The models calculate winds, heat transfer, radiation, relative humidity, and surface hydrology within each grid and...
GCM typical horizontal resolution of between 100 and 300 km, 10 to 20 vertical layers in the atmosphere and sometimes as many as 30 layers.
Why use climate Change Scenarios?

- We are unsure exactly how regional/national climate will change

- Scenarios are plausible combinations of variables consistent with what we know about human-induced climate change

- One can think of them as the prediction of a model, contingent upon the GHG emissions scenario

- Since estimates of regional change by models differ substantially, an individual model estimate should be treated more as a scenario

- Scenarios are fed into GCMs in order to understand how the climate might respond to different possible pathways and climate drivers
Climate Risk and Vulnerability Assessment
General Circulation Models (GCMs) are a class of computer-driven models for weather forecasting, understanding climate and projecting climate change, where they are commonly called Global Climate Models.

Thousands of climate researchers use global climate models to better understand how global changes such as increasing greenhouses gases or decreasing Arctic sea ice will affect the Earth. The models are used to look hundreds of years into the future, so that we can predict how our planet’s climate will likely change.

There are various types of climate models. Some focus on certain things that affect climate such as the atmosphere or the oceans. Some models take into account many factors of the atmosphere, biosphere, geosphere, hydrosphere, and cryosphere to model the entire Earth system.

HadCM – Hadley Center, UK
ECHAM – Max Planck Institute, Germany
CCSM – National Center for Atmospheric Research (NCAR), USA
GFDL – National Oceanic and Atmospheric Administration (NOAA), USA
Climate Model Simulations

Prediction of Global Warming

Figure shows the distribution of warming during the late 21st century predicted by the HadCM3 climate model. The average warming predicted by this model is 3.0 °C.
Downscaling of GCM

As a result, the global scale assessments of climate variables that are simulated by the GCMs are not generally appropriate for assessing the impact of climate change at the regional and local levels for decision-making processes in such sectors as agriculture, health, transportation, energy and water resource management. Scientists have therefore taken steps to address this; to translate the global-scale data from GCM into the finer resolutions for use in regional and local impacts analysis. This process is known as ‘downscaling’.

There are two general downscaling approaches: statistical and dynamic downscaling.
Select suitable models and identify the hotspots for impact assessment/How to address the uncertainty

1. Access suitable climate projections dataset (regional & local)
2. Identify suitable models (NEX-GDDP)
4. Downscale scenarios into 1x1 km² and prepare daily data for impact modeling
5. Impact modeling & uncertainty estimation
Climate Change Projections for Nepal (as an example)
Climate Scenarios

- Climate projection data source: NEX – GDDP: NASA Earth Exchange – Global Daily Downscaled Projections. 25km res, 21 GCMs, 2 RCPs

- Identify Suitable CMIP5/CMIP6 GCMs for the local context which shows extreme conditions

- Downscaled / resampled into 1x1km² using a robust regression approach (Evans, J.S. & Ram, K. (2016) with DEM (1x1km²) as the independent variable to build a bivariate (or even multivariate) regression model.
Thank You for Your Attention!
REGIONAL DIALOGUE ON
NATURE BASED SOLUTIONS FOR WATER SECTOR

PRESENTED BY: DR. HEERA LAL, IAS
VIRTUAL MEETING DATED 17 JANUARY 2023
In Bundelkhand, women walk 6km to fetch water. The Banda district in the Bundelkhand region is facing a severe water crisis, with major challenges including defeatist mindset, inadequate resources, high run-off rate, and low recharge rate of water sources. Research and study is needed to address these issues. Unique people engagement and innovative approaches are required to overcome the water crisis.
THE SOLUTION

THE DANGEROUS DISCONNECT

Steps to Success
- Inter-departmental
- Jal Choupal (Water Meetings) + Water Budgeting
- Trench digging - Campaign 1
- Rejuvenation of old water resources - Campaign 2
- Creation of new ponds
- Rain Water Harvesting
- River Ken, Bage & Yamuna Aarti
- Jal March (Water March)
- Deep Daan (Auspicious light lamp donation to develop respect towards water bodies)
- Tree Plantation & Bedbandi (Edging)
- Jal Par Kavita & Mushaira (Poetry recitation on water theme)
- Jal Hasya Charcha (StandUp comedy on water)
- Oath ceremony (to create a moral attachment towards success of water conservation efforts)

STRATEGIC PARTNERS

INSPIRING PEOPLE TO MIGRATE FROM ARTIFICIAL SOURCES OF WATER TO CONSERVING AND NURTURING NATURAL WATER SOURCES.
IMPLEMENTATION

BHOQIAL BADHAO.
PEYJAL BACHAO.
(INCREASE GROUNDWATER
SAVE DRINKING WATER)

oct 2018

JAN 2019

JAL JAN

2605

2443

trenches built around 2443 hand pumps & wells.
JAL CHOUP AL + WATER BUDGETING

Mass Water Participation

Conducted in all 471 gram panchayats.

34732 direct villagers’ participation.

BHOQIAL BADHAO.
PEYJAL BACHAO.
(INCREASE GROUNDWATER
SAVE DRINKING WATER)

IMPLEMENTATION

3930 k.l. 110001 k.l.

471 gram panchayats

34732
572 old ponds revived
2233 new ponds created
Medbandi at 1311 locations
JULY 2019

10K+ people participated in the march & Oath for 'Water Care' resonated across Banda.

JAL MARCH + JAL SURAKSHA

Unique outreach - Raju Srivastava & Poetry

KEN AARTI + MUSHAIRA

DEES DAAN + PAANI POOJAN

KUWAAN TAALAB JIAO ABHIYAAN
(REVIVE WELLS AND PONDS CAMPAIGN)
### INTERVENTIONS

<table>
<thead>
<tr>
<th>471</th>
<th>34732</th>
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<tr>
<td>15 lakh</td>
<td>34732</td>
</tr>
<tr>
<td>2605</td>
<td>2443</td>
</tr>
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<td>572</td>
<td>2233</td>
</tr>
<tr>
<td>82</td>
<td></td>
</tr>
<tr>
<td>1536</td>
<td>1311</td>
</tr>
</tbody>
</table>

130 villages 6,50,000

Ken, Yamuna & Bage.

### IMPACT

#### GROUND WATER LEVEL INCREASE

- **Badokhar**: +1.88 m
- **Kamasin**: -0.22 m
- **Vissadda**: -1.30 m
- **Jaspura**: +2.69 m
- **Tindvaari**: +2.01 m
- **Naraini**: +1.92 m
- **Baberu**: +2.12 m

**Net average increase in water table**: +1.34 m

*Data from Minor Irrigation Department.*
CONCEPT FLOW

Activation

Mass participation & people ownership

Mass awareness through various activities

Interesting mix of traditional & modern medium of outreach

BANDA WATER CONSERVATION

Planning

Roadmap creation through research & analysis

Inter-Departmental team

Pooling of funds & other resources

Intelligent resource allocation

Review & monitoring mechanism

Resources

Channelised funds from various sources

Strategic partnership with external organisations

Expert manpower from different departments

Admin-People gap

Deficit

Lack of initiative

Mindset

Jal choupal = Water budgeting
Trench digging
Rejuvenation of old water resources
Creation of new ponds
Rain water harvesting
Kiri, Baz & Yamuna aarti
Jal March
Deep Dhan
Vegetation & Medicines
Jal Mushains
Jal Hasaya Charcha
KEYS TO SUCCESS

MINDSET
Bridging the people-administration gap.

RESOURCES
Strategic pooling of resources in a channelised manner.

basic knowledge
Revisiting childhood life experiences to explore optimum solutions.

APPROACH
Don't limit your challenges. Challenge your limits.

MULTIPLE ROLES
Officially I was the DM. Unofficially, I played multiple roles.

hierarchy divide
Valuing ideas & hard work. Not designations.

THE HUMAN TOUCH
This was not an administrative campaign. It was a people's movement.
WATER IS A PUBLIC PROBLEM. NO SOLUTION WITHOUT PUBLIC PARTICIPATION!

WHAT CAN BE THE FUTURE OF WATER?

AN IDEA LIKE MODEL GAON (HINDI FOR VILLAGE) WHICH PROMOTES PEOPLE PARTICIPATION FOR PROBLEM SOLVING.

www.modelgaon.org
PHYSICALLY AUDITED & ENcouraged by:

Sh. U. P. Singh - Sec. Jal Shakti Ministry, GoI
Sh. Mahendra Modi (Consultant to GoUP - Urban Development) Known as 'Jal Guru'
Sh. L. Venkateshwarlu - Then CEO, U.P
Sh. S. R. Bhoosreddy - Addl. Ch. Sec. GoUP

SKOCH (Leading think-tank on AWARDS & RECOGNITION)

22 CRORE

LIMCA BOOK OF RECORDS 2019

AWARDS & RECOGNITION

Adding 22 CRORE

SANCTIONED BY MINOR IRRIGATION DEPT.
Thank you
Restoring wetlands to enhance biodiversity and ecosystem services in Hail Haor (Bangladesh)

NbS for the resilience of the water sector in South Asia

Regional Online Training and Dialogue on NbS for the Resilient Water Sector in South Asia

17 January 2023

By

M. Mokhlesur Rahman PhD
Executive Director, Center for Natural Resource Studies (CNRS)
• Located in Meghna Basin in Moulvibazar district
• Dry season 3,500ha and wet season - 12,500 ha
• Use to provide diversified ecosystem services for human and nature – fishing, farming, collecting various wetland products
• However, the Hail Haor was rapidly degrading due to multiple problems – reduced its capacity to provide ecosystem services
Participatory Planning Sessions

NbS - Steps 3 (Social-Ecological Vulnerability assessment)

Drivers of Vulnerability:
- Habitat degradation/conversions
- Lack of dry-season water
- Overfishing/Destructive fishing
- Unsustainable land use/high siltation
- The leasing system is not pro-poor/Lacks awareness

Lack of dry-season water
Overfishing/Destructive fishing
Unsustainable land use/high siltation
The leasing system is not pro-poor/Lacks awareness
Problem/solution matrix...in Participatory Planning Sessions

NbS – Steps 4&5 (NbS plans finalized for Building Resilience)

Solutions

- Habitat restoration/enhancement
- Wetland sanctuary
- Re-introduction of lost/rare species
- Watershed/riparian veg. restoration
- Crop diversification/AIGA/Awareness/policy linkages
NbS: Step 6- Developed monitoring systems

Fish catch monitoring
Wildlife survey

Household protein consumption monitoring
Vegetation survey

Household census
Hydrology study

Water level Sediment trap
NbS: Step 7 (NbS plan implementing for resilience)

Jethua Beel in dry season – 2000 (before rehabilitation)

Habitat Rehabilitation - 2001

Restoring degraded wetlands: dry season habitats, protect biodiversity, increase fish yields.

Wetland sanctuary: Biodiversity conservation, increased fish yield, ecotourism, increased income

Jethua Beel in dry season – 2003 (after rehabilitation)
**NbS: Step 7 (NbS plan implementing for resilience)**

**NbS at the watershed of Hail Haor Wetland**

**Riparian Vegetation restoration:**
- wildfire corridor,
- arrest soil erosion,
- protect wetland

**Contour farming of hill slopes:**
- Reduce soil erosion,
- Retain fertile topsoil,
- wetland protection downstream

Contour pineapple planting reduces sedimentation of Hail Haor – protects habitat for fish and other aquatic biotas (integrating watershed in wetland management)
Re-introduction of locally lost/rare species: services/benefits

*Biodiversity of flora* - Re-introduction of native plants and reeds and protection of existing species

*Enhanced habitat area and diversity* – native plants and reeds created new habitats/restored lost habitats

*Biodiversity of fauna* - Re-introduction of locally lost fish species with increased biodiversity

*Livelihood security* - *Increased fish yield and incomes from higher catches*

*Protect critical fish habitats* - Protection of fish breeding sites - *chital* fish (feather back) breeding location
**NbS: Step 8 (evidence for influencing policies)**

### Fish Production

**Figure 1: Fish yield and fish sanctuaries in MACH sites**

- **Fish yield**
- **Sanctuary area**

<table>
<thead>
<tr>
<th>Year</th>
<th>Fish yield (kg/ha)</th>
<th>Sanctuary area (ha)</th>
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</thead>
<tbody>
<tr>
<td>1999-2000</td>
<td>150</td>
<td>20</td>
</tr>
<tr>
<td>2000-2001</td>
<td>180</td>
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<td>260</td>
<td>70</td>
</tr>
<tr>
<td>2005-2006</td>
<td>280</td>
<td>80</td>
</tr>
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</table>

### Fish consumption

**Percapita fish consumption**

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<tr>
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<td>20.0</td>
<td>25.0</td>
<td>30.0</td>
<td>35.0</td>
<td>40.0</td>
</tr>
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</table>

### Income increases

**Figure 2: Micro-credit support through MACH**

- **Incremental income per year**
- **Value of loans disbursed**
- **No. of borrowers**

<table>
<thead>
<tr>
<th>Year</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
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<td>15.0</td>
<td>20.0</td>
<td>25.0</td>
<td>30.0</td>
<td>35.0</td>
<td>40.0</td>
<td>45.0</td>
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### Biodiversity Impacts

**Figure 1: Water bird species in Baikka Beel mid-winter waterbird census**

- **Waterbird number**
- **Total ducks**
- **Waterbird species**

<table>
<thead>
<tr>
<th>Year</th>
<th>2003</th>
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</table>
Regional Training and Dialogue on Nature-based Solutions (NbS) for a Resilient Water Sector in South Asia

Session 6: Green-grey infrastructure solutions and cost-benefit analysis of NbS

Case study 3: Designing grey-green infrastructure solutions – experiences from the Mekong Delta
Case study 3: Designing grey-green infrastructure solutions: Experiences from the Mekong Delta
SITE DESCRIPTION AND ISSUES

- The upper Mekong Delta is 1.4 million hectare freshwater seasonal flood plain that grows more than 60% of Vietnam’s rice exports.

- Habitat for over 100 aquatic species; many are important commercial species (e.g. snakeheads, Pangasius spp, giant freshwater prawns).

- Poldering to grow third rice crop has caused loss of more than half the seasonal floodplain in the Mekong Delta.

- Continuing pressure from farmers and local governments for more polders in remaining floodplain area.
Societal challenges in the Upper Mekong Delta floodplain of Vietnam

- Growing socio-economic inequality as rice profits decline with increasing input costs to compensate for lost sediment/fertility, and lost fisheries
- Increased pesticide use with resulting accumulation of POPs in ecosystems and food chains
- Reduced flood absorption capacity has increased disaster risks: CC projections of a doubling in the flood pulse volume by 2050

Graph showing the growing gap in monthly incomes in the Mekong Delta (Source: GSO, 2014).
PROJECT BACKGROUND

A 10 year program of work since 2011 in the Mekong Delta: multiple technical assistance and demonstration projects funded by the IKI, The Coca Cola Foundation, the World Bank, cooperation with range of DPs, and engagement from farmers to Prime Minister.

Goal of the program: Profitable, low-risk, flood-based cropping systems are a viable alternative to the third rice crop that addresses the societal challenges of:
- reducing inequality by increasing farmer incomes of lower quintile
- restoring aquatic habitats for commercially important fish species:
  - conserve the remaining seasonal flood plain area
  - restore lost flood plain areas inside the polders
- Main activities:
  - Technical advice and facilitation of the Dutch Mekong Delta Plan (2011-2013) on rice issue
  - CBA analysis and documentation of various flood-based crops practiced by farmers: environmental and social impacts of upscaling
  - Small scale demonstrations (2016-2021) implemented by farmers and local governments to improve livelihood designs and address risks
  - Co-organising high level dialogues with the government on policy change
  - Working with the government and World Bank to design investment projects to upscale flood-based agriculture
KEY RESULTS

- 2013 Mekong Delta Plan included advice to trade-off rice intensification for increased climate resilience by adapting to the floods with higher value crops including flood-based crops
- Policy change in 2017 – National Resolution 120 stipulated a deintensification of rice growing and adoption of nature based solutions
- Over 500 hectares of farmer implemented profitable flood-based cropping demonstrations (2016-2021)
- Investment projects to upscale flood based agriculture:
  - WB ICRSL (20 million USD, 2020-2023)
  - GCF (40 million USD, 2024-2029)
  - WB IBRD loan (?? USD, 2024 – 2030)
Conserving water retention area (existing flood area)

Rice-aquaculture systems

Lotus farming systems (lotus-rice, lotus-fish, lotus-ecotourism)

Floating rice–upland crop systems

Melaleuca timber plantations

Restoring water retention area (inside high dykes)

Intensive lotus inside high dykes

Floating crops, eg. water caltrops

Floating vegetable gardens. Business models:
1. Seasonal vegetables (soy beans, etc)
2. Vegetable seedlings
Grey infrastructure to support flood-based cropping systems
FLOATING RICE DEMONSTRATION INSIDE A 150 HECTARE HIGH DYKE DURING 2021 FLOOD SEASON = GENERATED PROFITS OF ALMOST 200% FOR FULL CROPPING CYCLE
PROFETING FROM THE FLOODS: FLOOD-BASED CROPPING SYSTEMS ARE UP TO 5 TIMES MORE PROFITABLE THAN DOUBLE AND TRIPLE RICE CROPPING

Table 4
Annual household profit under alternative farming systems.

<table>
<thead>
<tr>
<th>Alternative farming system/household</th>
<th>ID number</th>
<th>Annual profit per household</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>L4</td>
<td>92,800</td>
</tr>
<tr>
<td></td>
<td>L4</td>
<td>104,100</td>
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<td></td>
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<tr>
<td></td>
<td>L4</td>
<td>105,000</td>
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<td></td>
<td>L4</td>
<td>107,000</td>
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<td>138,800</td>
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<tr>
<td></td>
<td>L4</td>
<td>291,100</td>
</tr>
</tbody>
</table>

Exchange rate in 2017: 1 US dollar = 22,300 VND

*Source: IUCN (2015)
SELF-ASSESSMENT RESULTS

- No one organization could have addressed the rice issue – evidence-based policy change required
- Decade long collaboration between DPs was key (MDWG) – consensus and funding resources
- Dependence on partners including the government means some outcomes sub-optimal, e.g. adaptive management

<table>
<thead>
<tr>
<th>Criterion</th>
<th>Your Criterion Score</th>
<th>Maximum Criterion Score</th>
<th>Normalised criterion</th>
<th>FINAL OUTPUT Your Criterion %age</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Societal challenges</td>
<td>6</td>
<td>9</td>
<td>0.67</td>
<td>0.7</td>
</tr>
<tr>
<td>2. Design at scale</td>
<td>5</td>
<td>9</td>
<td>0.56</td>
<td>0.6</td>
</tr>
<tr>
<td>3. Biodiversity net-gain</td>
<td>7</td>
<td>12</td>
<td>0.58</td>
<td>0.6</td>
</tr>
<tr>
<td>4. Economic feasibility</td>
<td>10</td>
<td>12</td>
<td>0.83</td>
<td>0.8</td>
</tr>
<tr>
<td>5. Inclusive governance</td>
<td>10</td>
<td>15</td>
<td>0.67</td>
<td>0.7</td>
</tr>
<tr>
<td>6. Balance trade-offs</td>
<td>6</td>
<td>9</td>
<td>0.67</td>
<td>0.7</td>
</tr>
<tr>
<td>7. Adaptive management</td>
<td>4</td>
<td>9</td>
<td>0.44</td>
<td>0.4</td>
</tr>
<tr>
<td>8. Sustainability and mainstreaming</td>
<td>6</td>
<td>9</td>
<td>0.67</td>
<td>0.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>5.08</strong></td>
<td><strong>0.6</strong></td>
</tr>
</tbody>
</table>
Thank You

Contact: Dr. Andrew Wyatt
Deputy Head Lower Mekong Sub-Region
Andrew.Wyatt@iucn.org
Regional Training and Dialogue on Nature-based Solutions (NbS) for a Resilient Water Sector in South Asia

Session 6: Green-grey infrastructure solutions and cost-benefit analysis of NbS: Cases from Nepal

Anu Adhikari, IUCN Nepal

16-18 January 2023
Virtual Training
**Introduction**

- The **fragile mountains** and hill-slope landscape of Nepal are highly vulnerable & climate-sensitive;

- The impacts of **climate change** increased over the period; (Water sector)

- Flash Flood, Soil Erosion, and shallow landslides are some of the common but deeply rooted problems of Nepal often damaging lives and livelihoods;

- The common problems are **more pronounced more recently** because of climate change & unplanned development of infrastructures (e.g. rural roads);

Conservative yield losses due to damaged agricultural land adjacent to rural roads (12,000 NPR per year per km)

Highly degraded overgrazing land

High maintenance cost- The average yearly maintenance cost for **grey roads** (50,600 NPR compared to 8,500 NPR for the “eco-safe roads”)
Approach and Methodologies

• Both Primary and Secondary data (cost-benefit and effectiveness)

• Cost- Benefit analysis: Present Value (PV), Benefit Cost Ratio (BCR) and Internal Rate of Return (IRR)
  • Money is dynamic and its value changes yearly
  • We must adjust this value into a single monetary value so we can compare costs or Net Present Value
  • We can choose different annual rates: i.e., 5%, 10% or 20%
  • The World Bank uses 10%, so all our scenarios use this value

The cash flow for the given period is discounted to reflect in present value (PV). The present value of costs and benefits of interventions are estimated using the empirical formula;

The internal rate of return (IRR) is the annual rate of growth that an investment is expected to generate or the measure of the profitability of investments

• Present Value (PV): \[ PV = \frac{FV}{(1+r)^t} \]
  Where, \( t \) is the time of the cash flow, \( r \) is the discount rate, and \( FV \) it the net cash flow (future value)

Benefit-Cost Ratio (BCR): \[ BCR = \frac{PV_b}{PV_c} \]
  Where, PVb is present value benefit and PVc is present value of cost

Net Present Value (NPV): \[ NPV = PV_b - PV_c \]

Net Present Value (NPV) is the difference between the present value of benefits (PVb) and Present Value Cost (PVc)

• Internal Rate of Return (IRR): \[ NPV = \sum_{n=0}^{N} \frac{C_n}{(1+r)^n} \]
  Where, NPV is Net Present Value, \( N \) is total number of periods, \( n \) is non negative integer, \( C_n \) is the cash flow and \( r \) is the internal rate of return
Case: Water Source Protection

Water sources are a place within or from which water is or may be developed such as spring and groundwater body or other source of water body or related combination thereof, that are potentially useful for humans,
## Cost Benefit Analysis of Water Source Protection

### Annual Cash Flow and NPV

<table>
<thead>
<tr>
<th>Year</th>
<th>Annual Cash Flow</th>
<th>Annual NPV (10.5% Discount Rate)</th>
<th>Annual NPV @5.5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>-50000</td>
<td>-50000</td>
<td>-50000</td>
</tr>
<tr>
<td>2</td>
<td>20150</td>
<td>-31765</td>
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<td>3</td>
<td>20150</td>
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<tr>
<td>10</td>
<td>17049</td>
<td>54603</td>
<td>77354</td>
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<tr>
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<td>6198</td>
<td>56886</td>
<td>80983</td>
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<tr>
<td>12</td>
<td>17047</td>
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<td>107906</td>
</tr>
<tr>
<td>15</td>
<td>17044</td>
<td>76581</td>
<td>115961</td>
</tr>
</tbody>
</table>

### One source/Community (maintenance at every 5th)

![Graph showing annual cash flow and NPV over years](image-url)

- **Annual Cash Flow**: Green bars represent the annual cash flow for each year.
- **Annual NPV (10.5% Discount Rate)**: Orange line shows the annual NPV with a 10.5% discount rate.
- **Annual NPV @5.5%**: Blue dashed line indicates the annual NPV with a 5.5% discount rate.
## Cost Benefit Analysis Results

<table>
<thead>
<tr>
<th>EbA Measures</th>
<th>Years of Analysis</th>
<th>Scale of Analysis</th>
<th>Discount Rate @5.5%</th>
<th>Discount Rate @10.5%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>PV Costs (Rs)</td>
<td>PV benefits (Rs)</td>
</tr>
<tr>
<td>Pond conservation</td>
<td>15</td>
<td>One pond/community</td>
<td>140,211</td>
<td>357,471</td>
</tr>
<tr>
<td>Water source conservation</td>
<td>15</td>
<td>One water-source/community</td>
<td>234,729</td>
<td>350,690</td>
</tr>
</tbody>
</table>

- Both pond conservation and water source protection are cost-effective at both 5.5 and 10.5 discount rate.
- Pond conservation is most efficient, IRR is higher in water source protection but BCR is higher in Pond conservation.
Interpretation

• Benefit Cost Ratio
  - Ratio lower than 1 means the benefit is lower than the cost; which means that the intervention is financially not beneficial;
  - Ratio higher than 1 means the benefit exceed the cost and higher the ratio better the intervention.
  - The intervention having the highest BCR is the most efficient

• NPV
  - NPV greater than 0 means the benefit exceed the cost
  - Higher the value of NPV, better the intervention

• Internal rate of return (IRR): is the measure of the profitability of investments. This is a return rate that makes net present value (NPV) zero (i.e. difference between PV of benefits and PV of costs, of all cash flows in the given time period equal to zero!
Conclusions

The benefits from these interventions are underestimated since many indirect benefits are not accounted in the estimation. These benefits include:

- Water recharge benefits and water provided to wild animals of pond conservation;
- Water used by trekkers and water recharge by water conservation activities;
- Landslide/flash flood protection function of pond;

- Both pond conservation and water source protection are cost effective investments if we follow NbS approach.

- The results indicate that BCR and NPV of all interventions decrease with the increasing discount rate, this means a change in fiscal policy, particularly the bank interest rate, may influence the benefits from NbS interventions.

- Investing in “eco-safe roads” is cost-effective investment in DRR and it is imperative that eco-safe roads (roadside soil bio-engineering), proper drainage and design become standard practice rather than the highly costly heavy equipment, and post monsoon clean up approach for conventional “grey” unplanned rural roads.

- The losses and repair costs are often not taken into account by policy makers and communities when considering how to use funds for constructing roads.

- NbS interventions are long-term activities and may not produce or improve targeted ecosystem services immediately.
Thank You
Regional Training and Dialogue on Nature-based Solutions (NbS) for a Resilient Water Sector

Climate Adaptation and Resilience (CARE) for South Asia

Opportunities for financing national and regional level NbS initiative
Nature–based Solutions: Financing Needs and Sources

- NbS/SDGs linkages
- UN Decade of Ecosystem Restoration (2021 – 2030)
- G7 2030 Nature Compact (Net-zero and nature positive)
- Developed country commitments to support developed country in climate adaption

Gap – “Investments in NbS needs to triple by 2030 (4 time by 2050)”

Source: UNEP State of Finance of Nature, 2021

Public funds dominate global NbS financing (86.46%) whilst private fund contribution remains minimal at (13.53%)

Source: Deutz et. al., 2020%
Potential funding sources

Multilateral Funding Mechanisms and Country Led Thematic Initiative

1. GEF
2. GCF
3. IKI (Thematic and Adaptation Fund)
4. Global EbA Fund
5. AFD, SDC and SIDA...
1) The Global Environment Facility
FOCAL AREAS

- Biodiversity Conservation
- Climate Change
- Land Degradation

IMPACT PROGRAMS

STAR Allocation
(System for Transparent Allocation of Resources)

- International Waters
- Chemicals & Waste

GLOBAL / REGIONAL PROGRAMS

- 39 Donors – Multilateral banks, Countries, and UN Agencies
- 4.1 billion USD (Replenishment fund – GEF 7)
### GEF 8 Goal and Focus (Contd.)

<table>
<thead>
<tr>
<th>Strategy</th>
<th>GEF -8 Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Focal Areas</strong></td>
<td>• 1) Biodiversity loss; 2) chemicals and waste; 3) climate change; 4) international waters, and 5) land degradation.</td>
</tr>
<tr>
<td></td>
<td>• Increasing flexibility to mainstream integrated programming, support to vulnerable countries, improve policy coherence, encourage use of blended finance, creating a competitive space</td>
</tr>
<tr>
<td><strong>Integrated Programming</strong></td>
<td>• Food Systems</td>
</tr>
<tr>
<td></td>
<td>• Landscape and Ecosystem Restoration</td>
</tr>
<tr>
<td></td>
<td>• Sustainable Cities – Up-scaling / replication to GEF-7 Project</td>
</tr>
<tr>
<td></td>
<td>• Amazon, Congo and Critical Forest Biomes (incl. Asia)</td>
</tr>
<tr>
<td></td>
<td>• Circular solutions to Plastic Pollution</td>
</tr>
<tr>
<td></td>
<td>• Blue and green islands</td>
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<tr>
<td></td>
<td>• Clean and healthy oceans</td>
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<tr>
<td></td>
<td>• Net zero accelerator</td>
</tr>
<tr>
<td></td>
<td>• Wildlife Conservation and Development</td>
</tr>
<tr>
<td></td>
<td>• Greening Transportation Infrastructure Development</td>
</tr>
<tr>
<td><strong>Global Programmes</strong></td>
<td>• Mobilizing private investment through blended finance</td>
</tr>
<tr>
<td></td>
<td>• Maximizing the contribution of local actions, civil society</td>
</tr>
<tr>
<td></td>
<td>• Expansion of the Small Grant Programme</td>
</tr>
<tr>
<td></td>
<td>• Innovation and targeted research window</td>
</tr>
</tbody>
</table>
Landscape Restoration Integrated Program

Goal: To restore healthy and resilient ecosystems to foster green recovery and secure livelihoods

Major objectives:
1. Generate multiple environmental and socio-economic benefits by applying restoring degraded land and ecosystems
2. Strengthen restoration policies, governance, institutional, and socio-economic structures for transformational impact

Major contributions to GEBs and MEAs:
1. Contribute to reaching LDN targets
2. Support countries on NBSAP goals
3. Mitigation action via NDCs
2) The Green Climate Fund
Growing Portfolio

- Committed **USD 10bn** for 190 projects with total value including co-financing of **USD 37.1bn**
- Anticipated number people with increased resilience – **613mn**
- Anticipated tonnes of CO2 equivalent avoided – **2.0bn**
- Results Theme –
  - Ecosystem and Ecosystem Services - **USD 760.3mn** financing for 60 projects
  - Livelihoods of People and Communities – **USD 1.4bn** for 121 projects
  - Forests and Land Use – **USD 1.5bn** for 52 projects
GCF Approach

Financial Instruments
- Grants
- Loans
- Guarantees
- Equity

Accredited Entities

Green Climate Fund

NDAs / Focal Points
Six Investment Criteria and Sectoral Guidance

- **Impact potential**: Potential to contribute to achievement of Fund's objectives and result areas
- **Paradigm shift potential**: Long-term impact beyond a one-off investment
- **Sustainable development potential**: Wider economic, environmental, social (gender) co-benefits
- **Country ownership**: Country ownership and capacity to implement (policies, climate strategies and institutions)
- **Efficiency & effectiveness**: Economic and, if appropriate, financial soundness, as well as cost-effectiveness and co-financing for mitigation
- **Responsive to needs of recipients**: Vulnerability and financing needs of beneficiary in targeted group
Size of projects – less than 10 million to more than 100 million USD
3) IKI Mechanism

Here you can find information on all IKI calls for projects under the International Climate Initiative (IKI). Current calls are marked in green. In addition, the IKI develops and participates in other major funding programmes and global funds that offer their own funding calls and finance support.

**Thematic Call**

**2022 urban Built4Climate 21.02.2023**

How much funding is provided?
10 to 20 million Euros

Who receives funding?
Several organisations and/or companies in a consortium

**Apply now**

**Country Call**

**Medium Grants**

How much funding is provided?
300,000 to 300,000 euros

Who receives funding?
Non-profit organisations and companies based in Germany by the time of the grant approval in cooperation with local organisations

**Medium Grants**

How much funding is provided?
5,000 euros

Who receives funding?
Regional, national and local organisations based in CIDA countries

**Small Grants**

**ADAPTATION FUND**

Helping developing countries build resilience and adapt to climate change

**Recent Announcements**
4) Global EbA Fund

The Global EbA Fund is a catalytic funding mechanism for supporting innovative approaches to EbA to create an enabling environment for its mainstreaming and scaling up.

The Fund helps to overcome barriers to upscaling EbA, by addressing knowledge gaps, piloting innovative EbA approaches, engaging in strategic EbA policy mainstreaming, and incentivising innovative finance mechanisms and private sector EbA investment.

Grants from **USD 50,000 to USD 250,000** – up to 36 months, projects that are either targeted to one or more ODA-eligible countries.

Eligible recipients:
- Local NGOs and INGOs, community-based organisations, research organisations, think tanks, scientific communities, vulnerable communities & indigenous peoples, private sector.
- In line with current IKI policies, the Fund will not grant directly to government partners but will provide grants to organisations working directly with national, sub-national and local governments to create an enabling environment for EbA.
Understanding Cross-sectoral Issues & Paradigm Shift Pathway

<table>
<thead>
<tr>
<th>Sector</th>
<th>Actions across the drivers of the GCF Strategic Plan</th>
</tr>
</thead>
</table>
| Ecosystems and ecosystem services     | • Participatory multi-stakeholder processes and effective PPIC  
• Public policies, regulatory frameworks to promote green infrastructure investments  
• Land use and ecological-economic zoning to enhance ecological connectivity  
• Ecosystem-based solutions improving NDCs or projects by ecosystem type and geography  
• Insurance premiums linked to wildfires reflecting risks of ecosystem loss  
• Building with nature planning  
• Securing land tenure  
• Pilot, test, and evaluate new methods for valuing and incorporating ecosystem services in national accounts  
• Develop technology-based traceability systems for ecosystem services maintenance and provision (e.g., water regulation) in PES schemes  
• Test block chain and other technologies for traceability of certification for commodities in ecosystem and climate-friendly crops  
• Pilot the development of bio-basinesses based on non-timber forest products' sustainable management and harvesting  
• Next-generation green bonds  
• Debt-for-climate and nature swaps  
• Low-interest lending and guarantees  
• Blended finance for nature-based solutions  
• Community-based financing methods  
• Cash transfer schemes  
• Bottom of the pyramid micro-financing  
• Standardised climate accounting  
• Public-private financing  
• Upscaled PES schemes with strong M&E systems linked to water fees  
• Infrastructure investments to protect and enhance ecosystems  
• High recreational value investment  
• Private incentives and partnerships in ecosystem management  |
| Transformational planning & programming| • Participatory monitoring, evaluation and learning  
• Reconciliation GHG accounting and nested jurisdictional approaches  
• Harmonised monitoring and assessment  
• Involving companies in shared (hybrid) data governance (e.g., enhanced hydro-met services)  
• Data centres for ecosystems  
• Enhanced ES valuation and internalisation methodologies  
• Exchange platforms, in particular, south-to-south  
• Incubation and acceleration of start-ups and early-stage ventures |

Coalitions & knowledge to scale up success
THANK YOU

www.iucn.org
Private sector engagement and resource mobilization for upscaling NBS

January 2023
Content

1. Current financing landscape and financing gap

2. Challenges and opportunities for private sector to NBS financing

3. Financial tools to mobilize private sector

4. Case Studies

5. Recommendations and Conclusion
According to the UNEP report, *Generation Restoration*, half of the world’s total GDP (approx. USD 50 trillion) is dependent on nature and every dollar invested in restoration of nature creates up to 30 dollars in economic benefits.

50% of carbon dioxide emissions from human activities is absorbed by nature and it provides critical resources for economic development.

Despite the benefits of natural capital, there is a **significant underfunding** in the areas of NBS, particularly from private sectors.

Current public and private financial flows to NBS are estimated to be **US$154 billion** per year.

Public funds make up 83% of the total, directing US$126 billion per year towards NBS through government domestic expenditure and US$ 2 billion per year through Official Development Assistance (ODA).

The private sector contributes approximately 17% at US$26 billion per year (UNEP, 2022).

To limit global temperature below 1.5°C and halt biodiversity loss, annual investment in NBS needs to increase to **US$384 billion** by 2025, and to **US$ 674 billion** by 2050.
## Current financing situation and financing gap

### Public financial flows (in USD billion)

<table>
<thead>
<tr>
<th>Category</th>
<th>Public Flows</th>
</tr>
</thead>
<tbody>
<tr>
<td>Protection of biodiversity and landscape</td>
<td>58</td>
</tr>
<tr>
<td>Sustainable agriculture, forestry &amp; fishing</td>
<td>29</td>
</tr>
<tr>
<td>Wastewater management</td>
<td>17</td>
</tr>
<tr>
<td>Pollution abatement</td>
<td>13</td>
</tr>
<tr>
<td>Environment policy and other</td>
<td>9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>126</strong></td>
</tr>
</tbody>
</table>

### Private financial flows (in USD billion)

<table>
<thead>
<tr>
<th>Category</th>
<th>Private Flows</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable supply chains</td>
<td>8</td>
</tr>
<tr>
<td>Biodiversity offsets</td>
<td>6</td>
</tr>
<tr>
<td>Payments for ecosystem Services</td>
<td>3</td>
</tr>
<tr>
<td>Impact investing</td>
<td>3</td>
</tr>
<tr>
<td>Philanthropy</td>
<td>2</td>
</tr>
<tr>
<td>Carbon markets</td>
<td>2</td>
</tr>
<tr>
<td>Conservation NGOs</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>26</strong></td>
</tr>
</tbody>
</table>
Challenges and opportunities for private sector to NBS financing

**Challenges**
1. Limited capacity of financial sector
2. High project level risks
3. Market failures

**Opportunities**
1. Enhance capacity of financial sector
2. Information on returns and impact
3. Standardisation and structures
Financial tools to mobilise private sector investment - Blended Finance

<table>
<thead>
<tr>
<th>Concessional Finance Providers</th>
<th>Commercial Investors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>Financial Institutions</td>
</tr>
<tr>
<td>Philanthropic foundations</td>
<td>Assets Managers</td>
</tr>
<tr>
<td>Biodiversity Funds</td>
<td></td>
</tr>
<tr>
<td>NGOs</td>
<td></td>
</tr>
<tr>
<td>DFIs/ MDBs</td>
<td></td>
</tr>
</tbody>
</table>

- **Provides concessional/blended finance**
- **Provides funds at commercial rates of return**

**IUCN**
- Promotes the fund and provides seed money and hires fund manager
- Manages the fund allocated

**Blended Finance Vehicle for NBS**
- Manages the fund allocated

**Fund Manager**

**Private Sectors:**
- Agriculture, Livestock & Forestry
- Tourism
- Mining Industry
- Manufacturing Industry
- Energy sector

**Promotes NBS and engages in activities dealing with conservation, restoration & sustainability**

**Concessional Loans**
- Grants
- Guarantee Facility
- Equity Investment
- Currency Hedge
- Technical Assistance
Financial tools to mobilize private sector
- Development Impact Bonds

**Investors**
- provide upfront funding for the service provider to finance the project, and are repaid based on specified outcomes being achieved.

**Independent Verifier**
- checks whether the goals that were agreed upon were met or not.

**Outcome Payers**
- are commissioners that identify biodiversity issues, specify payable outcomes that must be achieved to address these issues, and pay for achieved outcomes.

**Service Providers**
- work with the target group to achieve the outcomes specified by the outcome payer, and receive payments based on specified outcomes being achieved.

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How Impact Bonds Work
Case studies

In India, Indore Water-body Restoration developed artificial floating islands to purify water while also serving as a habitat for birds and improving the aesthetic quality of urban lakes. This was facilitated and funded by international non-profits & private developers and undertaken with the municipal government.

Volkswagen along with the Government of Mexico (private-public partnership) has taken long-term measures for reliable water supply in the region of Puebla-Tlaxcala Valley in Mexico. The measures include planting trees, digging pits, and developing earthen banks which enabled more than 1,300,000 cubic meters of additional water per year to be fed into the ground reserves.

Dow Chemical Company (DOW) in California constructed wetlands for wastewater treatment with lower capital, operations, and maintenance costs, as well as lessened energy and resources requirements. The natural infrastructure solution resulted in reduced construction and implementation time, along with other benefits of increased biodiversity as well as community educational opportunities.

Ambuja Cement Foundation’s quarry rehabilitation of the mined out and surrounding areas have resulted in the capture and preservation of freshwater in artificial lakes (closed quarries). The Foundation is following a landscape approach that includes tree planting activities and improving degraded areas near Gir forest.
H&M group’s sustainability-linked bond to scale recycled materials

The targets* that H&M Group has committed to achieving by 2025 are:

- **Increase the share of recycled materials used to 30%**.

- **Reduce emissions from the Group’s own operations by 20%**.

- **Reduce absolute Scope 3 emissions from fabric production, garment manufacturing, raw materials and upstream transport by 10%**.

H&M sustainability-linked bond raised EUR 500 million ($583 million) with a maturity of 8.5 years. The annual coupon rate is 0.25%. The bond generated great interest and was 7.6 times oversubscribed.

H&M’s Sustainability-linked bonds are coupled to the company meeting several defined sustainability targets.
Despite the benefits of natural capital, there is a significant underfunding in NBS particularly from private sector as it contributes about 17% of financing.

However, due to realization of benefits natural ecosystems offer in combating climate change, and enhancing biodiversity, many private sector stakeholders are indicating increasing interest in NBS.

Role of private businesses is important in NBS as they are considerably dependent on natural resources for their sustenance.

Moreover, they have resources and skills (technical knowledge, administrative, delivery and implementation) to mobilize investment in NBS which needs to increase to US$384 billion by 2025 (more than double the finance currently flowing to NBS, US$154 billion) to meet international commitments.

Governments and DFIs can only provide catalytic capital via blended finance to help private sector mobilize required funds in NBS.

An extensive NBS transaction database would be helpful in benchmarking deals. Such database can help attract private sector by providing important information on pricing and returns of long-term investment in NBS.
• The development community is struggling to mobilise private finance
• Private investors seem increasingly keen but, for lack of consistent incentives, DFIs including MDFIs are failing to stimulate NBS-aligned private investment.
• Owners of DFIs and MDFIs need to implement significant reforms of their governance systems, to provide them with the right financial and political incentives.

Target 15 of the Kunming-Montreal Global Biodiversity Framework encourages businesses to regularly monitor, assess and disclose their risks, dependencies and impacts on biodiversity through their operations, supply chains and portfolios. Companies are expected to provide information to consumers to promote sustainable consumption patterns and report on compliance with access and benefit-sharing regulations. The goal is to reduce negative impacts on biodiversity and promote sustainable patterns of production.
References


Thank you