

**Name of the Project:** *Implementation and Financing of Ecosystem-based Adaptation (EbA) by the Food and Agriculture Sector to Reduce Climate Risk and Environmental Impacts in Latin America.*

**Funded by:** *Federal Ministry for the Environment, Nature Conservation, and Nuclear Safety (BMU) - International Climate Initiative (IKI)*

**Project Duration:** *May 2022 - April 2028 (6 Years)*

**Consortium Partners:** TNC, UFZ, ECLAC, Nestlé

**Sub-Awards:** CIPAV, FONDAGUA, FONAG, ProYungas, Fundación Gran Chaco, TBD others

**Countries of Implementation:** Argentina, Colombia, Ecuador, Paraguay<sup>1</sup>, Peru<sup>2</sup>

**Short description of the Project:**

Climate change is disrupting Latin America's agricultural systems – a disruption amplified by COVID-19 as value chains have been upended, driving producers into unsustainable production methods. Through an improved enabling environment for Ecosystem-based Adaptation (EbA), the project will transform 3M ha of agricultural land into regenerative landscapes and benefit climate resilience, biodiversity, productivity, and producers. The project will increase knowledge of EbA agriculture practices and Green Recovery by analyzing challenges and achievements while strengthening regulatory frameworks which promote EbA and eliminating disincentives as populations return from pandemic isolation. The project will develop and test 13 business models with climate and agricultural data and will implement at least five financial instruments/financial risk transfer solutions to enable financing and investment in EbA practices. At least 2,369 producers will adopt these approaches and a multi-stakeholder platform will facilitate public-private-community coordination and promote rapid scaling of adoption.

**Project Target Groups:**

- 7,219 Farmers
- 18 Trade Associations
- 109 Agricultural Extension Services
- 24 Policymakers
- 20 Industry Partners
- 12 Financial Service Providers (FSPs)
- Consumers

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<sup>1</sup> TNC does not operate nor has personnel in this country. The activities will be carried out through external partners

<sup>2</sup> The activities in this country will officially begin in Year 2 of the project (2024)

**Theory of Change:** The project aims to shift conventional agriculture to regenerative agriculture practices, a transition that will support the achievement of key biodiversity and climate adaptation objectives, and drive climate mitigation in agricultural systems. Rural communities' resilience to climate change will be strengthened by ensuring that the value of ecosystem services and the benefits to people are considered in the planning and execution of viable agriculture-based economies. A clear co-dependency exists between EbA and agricultural production systems and this project will apply Regenerative Ranching and Agriculture (R2A) practices at scale to increase agricultural production, restore degraded soils, increase water security and carbon sequestration while developing community-based adaptation tools for climate change. In order to transform current land used for food production through the implementation and scaling of EbA R2A practices that contribute to green recovery (Outcome), a systems-level approach is required to engage the influence, expertise, and finance necessary to shift these deeply entrenched systems. To prepare and steer the project's scale and desired impacts, the consortium has designed a mechanism with five outputs and a project comprehensive monitoring, evaluation, and learning (MEL) system that includes two mechanisms for measuring impact and risk.

One Regional System Transformation Hub with five National Hubs (the Platform) will be developed (Output 1) as a collaborative engine for change that will engage governments, businesses, researchers, civil society, and producers in associations around the collective vision of scaling EbA R2A. The Regional Hub will create tools, policies, and business models with inputs from national stakeholders and channel them to the National Hubs. It will attract regional financing, the private sector, researchers, and other actors to promote EbA R2A. Each National Hub will adapt to the local context, testing policies and finance mechanisms, and applying EbA R2A approaches in collaboration with producers, government programmes, and the private sector. Through the project's comprehensive MEL system, learnings, challenges, and obstacles are fed back into the Regional Hub to strengthen and refine the interventions and ensure scaling occurs at a systems level. To ensure impact at the landscape level, the project will focus on Knowledge Development and Sharing (Output 2) by providing country-customized interdisciplinary situation analyses and gender action plans, creating pathways for system transformation, and building stakeholder capacity. This will include tailored monitoring for impact (EbA R2A-index) and risk (ESMS), nested into the comprehensive project MEL system, ensuring agricultural sector contributions to NDCs, NBSAPs, NAPs & SDGs and informing stakeholders and financial agencies. These learnings will inform the identification and improvement of Business Models (Output 3) based on the benefits of EbA R2A (e.g., foment entrepreneurship and industry innovation) to create pathways for rapid adoption by producers (including women, indigenous peoples), companies, and governments, and empower women and indigenous peoples through the development and commercialization of diverse products made of natural resources (dyes, fibers, honey, wool, medicinal plants, fruits for family diets). Furthermore, Policies and Public Finance (Output 4) are co-designed to enable mechanisms to meet EbA R2A's carbon capture goals, the adaptation and mitigation contributions to NDCs, steer agricultural economies to EbA R2A, and divert new and current government finance streams toward EbA R2A development. Finally, Private Finance (Output 5) will increase the availability of private credit, investment, and operating budgets that can be channeled to institutions and EbA R2A producers for the economic expansion of EbA R2A.

These outputs will ensure that, by 2028, the adoption of EbA R2A achieves our project outcome to increase climate resilience, biodiversity, climate adaptation and mitigation, and agricultural production while reducing carbon emissions and promoting green recovery across the countries, landscapes, value chains and local communities of this project.

### Summary of Project Outcome Indicators:

By the end of the project, large mainstream agricultural producers as well as marginalized, small, and medium-sized farmers, including women, indigenous people and youth will have increased climate resilience and will have begun the EbA R2A transition on 3M ha across Argentina, Colombia, Ecuador, Paraguay, and Peru, transforming agricultural systems into regenerative landscapes that benefit the climate, biodiversity, and productivity, and contribute to green recovery

- **3,068,149 ha** with EbA R2A management practices applied in agriculture production systems.
- **16.2 M Co2eq** GHG mitigation (CO2 removal and avoided emissions) by the agricultural sector through the implementation of EbA R2A production systems
- **21,919 people** supported by the project with increased access to resilient economic opportunities in EbA R2A production landscapes
- **120M EUR of funding** initiated by the System Transformation Platform by mobilizing additional sources (private and public) in the five countries to enable EbA R2A transition by 2028

### Summary of Project Outputs and Indicators:

**Output I:** A System Transformation Platform (with its five associated National Hubs) is established and running by 2028 with core intervention modules designed to scale EbA R2A transition through networking, processes, and procedures for system transformation, and incentivizing a culture of public-private collaboration that contributes to NDC, NAPs, NBSAP & SDG commitments.

- By 2028, 500 EbA R2A System Transformation Platform users have a 90% satisfaction rate on the Platform activities end-goals.
- By the end of 2028, new agreements, processes, or programs have been promoted by the Platform in the five countries to support the uptake and/or scaling up of EbA R2A practices.
- By the end of 2028, four phases in the platform business model (financial sustainability plan) have been developed, tested, and approved by the platform governance structure.

**Output II:** By 2028, the evidence developed has increased the level of stakeholders' knowledge and awareness resulting in improved decision-making processes for scaling EbA in agriculture: country-customized and needs-responsive interdisciplinary situation analyses and synthesis products, co-development of agricultural transformation strategies with the private sector and enhanced MEL and MRV for agricultural sector contributions to NDCs, NBSAPs, NAPs & SDGs

- By 2028, at least 60 user-oriented knowledge products (including research outputs, evidence-based products, and capacity development strategies) developed and delivered to target groups to enable EbA R2A transition.
- By 2025, an assessment methodology for environmental, social, and economic impacts of EbA R2A practices (including climate resilience benefits and the role of biodiversity) has been tested and implemented as part of the project's ESMS and has been validated across all five countries.

**Output III:** By 2026, 13 EbA R2A-based business models across the six supply chains (beef, dairy, cacao, palm oil, sugar and non-timber forest products) have been tested and demonstrate viability to maintain or increase productivity while factoring in climate risks, resilience benefits provided by enhanced biodiversity, social inclusion, and stakeholder input in accordance with the ESMS.

- By 2026, at least 13 EbA R2A-based business models have been tested and demonstrate viability.

- At the end of 2026, at least 7,219 producers have started the EbA R2A transition consistent with the ESMS by initiating the implementation of EbA R2A activities on their lands.

**Output IV:** By 2028, governance structures in each target country have developed and promoted at least five policy instruments and at least five financing instruments that enable the transition processes from unsustainable practices to regenerative agriculture and enhance MEL and MRV for the agricultural sector contributions to NDCs, NBSAPs, NAPs & SDGs.

- By the end of 2028, at least five policy instruments (one per country) have been co-developed, updated by the project, and adopted and/or implemented by local or national governments to catalyze EbA R2A transition and contribute to green recovery.
- By the end of 2028, at least five financing instruments (one per country) have been designed, updated, adopted, and/or implemented to incentivize EbA R2A transition with government involvement.

**Output V:** By 2028, at least five private financial instruments/financial risk transfer solutions (one per country) have been established in the five countries, facilitating a minimum investment of 20M EUR specifically for EbA R2A transition.

- By the end of 2028, at least five private financial instruments/financial risk-transfer solutions (one per country) for funding EbA R2A transition have been updated, adopted, and/or implemented. (
- By the end of 2028, at least 2,000 producers will have access to private financial instruments to ( fund their EbA R2A transition.

### Geographical Focus and Value Chains:

