

## **Launch of a new Livelihoods Carbon Fund**

### **14 COMPANIES & FINANCIAL INVESTORS JOIN FORCES TO ACCELERATE AND SCALE-UP NATURE-BASED SOLUTIONS**

Capitalizing on a robust 10-year experience, Livelihoods is launching a 3<sup>rd</sup> Livelihoods Carbon Fund (LCF3) to support rural communities in their effort to preserve or restore their natural ecosystems and improve their livelihood through sustainable farming practices. In a booming international carbon market, Livelihoods confirms its unique and singular positioning: linking people and the planet, businesses and NGOs, investments in nature-based solutions and social value creation.

With a first closing of €150 million (and more to be invested in future closings), LCF3 aims at improving the lives of 2 million people while delivering up to 30 million carbon offsets over the entire duration of the fund.

The creation of this new fund echoes the international agenda geared towards addressing climate change, biodiversity preservation and social justice equally. Considered a crucial year for nature and people, 2021 will be marked by: the IUCN Congress<sup>1</sup> (Marseille, France) which will set an international framework for biodiversity preservation but also the 15<sup>th</sup> Convention on Biological Diversity (CBD)<sup>2</sup> in Kunming, China, which will help adopt individual and collective actions to reverse biodiversity loss by 2050. In turn, COP26 in Glasgow, UK, is considered as the most important climate conference since 2015 when the Paris Agreement was adopted. COP26 is expected to raise international ambitions to more carbon reduction commitments, while increasing financial support to the poorest and most climate-vulnerable countries.

Beyond the complexity of international negotiations and whatever the outputs of these global gatherings, the priority is to action. The Livelihoods Funds experience shows that it is possible to act and generate impact when businesses, civil society organizations and public authorities work hand in hand with a clear agenda and a result-based approach. LCF3's ambition is to amplify the move.

A total of 14 corporate & financial investors are expected to join LCF3 in a common investment vehicle to achieve the transition: Bel Group, Chanel, Danone, Eurofins, Global Environmental Facility<sup>3</sup>, Hermès, L'OCCITANE Group, Mars, Mauritius Commercial Bank, McCain Foods, Orange, SAP, Schneider Electric and Voyageurs du Monde.

### **What makes Livelihoods stand out: address climate, biodiversity preservation & social impact simultaneously**

Livelihoods was born out of the realization that preserving the world's natural resources is inseparable from fighting for the dignity of men and women who look after the land they cultivate and make a living out of it. Since its creation in 2011, Livelihoods' mission has been driven by two core principles: no transformation can be achieved without the direct involvement of the communities concerned. Plus, no single actor can achieve sustainable transformation alone.

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<sup>1</sup> Held every four years, the [IUCN World Conservation Congress](#) brings together leaders and decision-makers from government, civil society, indigenous peoples, business, and academia to conserve the environment and harness the solutions nature offers to global challenges.

<sup>2</sup> Signed by 150 government leaders at the 1992 Rio Earth Summit, the [Convention on Biological Diversity](#) is dedicated to promoting sustainable development. It recognizes that biological diversity is about more than plants, animals, and microorganisms: it is about people and our need for food security, medicines, fresh air and water, shelter, and a clean and healthy environment in which to live.

<sup>3</sup> Funding from the [Global Environment Facility](#) (GEF) via Conservation International, is subject to approval of the Conservation International Investment Committee and GEF CEO Endorsement.

Livelihoods' principles of action were defined in Livelihoods Charter back in 2009, when several European businesses decided to join forces and share investment risks.

Livelihoods invests in large-scale projects to restore natural ecosystems, promote sustainable farming practices and access to sustainable rural energy. Examples of successful projects include the restoration of 10,000 hectares of mangroves in Senegal which relied on an exceptional social mobilization, recreated a rich biodiversity ecosystem, and provided rural communities with new sources of incomes (fish, oysters...).

Year after year since 2008, Livelihoods has implemented with NGO partners a wide range of solutions from agroforestry to land restoration in Kenya, Rwanda, India, or Guatemala to name a few, thus improving the resilience and the livelihood of millions of farmers and their families. To date, more than 1.5 million people benefit from the Livelihoods Funds projects and more than 130 million trees have been planted, including mangroves and agroforestry trees. (Learn more about [Livelihoods projects](#)).

### **A distinctive model with the long-term commitment of Livelihoods investors**

The Livelihoods model relies on the long-term support of its investors, their mutual trust and shared investment risks. Livelihoods' investors are mostly corporations which are engaged primarily in reducing their carbon emissions and transform their whole value chain from energy consumption to product manufacturing, from services to logistics for instance. In addition to their reduction strategy, these companies have decided to help neutralize the impact of their residual emissions on the planet.

To achieve this, these companies have made a choice: unlike other actors in the voluntary carbon market, they do not just buy carbon credits from traders. They invest equity in the Livelihoods Carbon Fund that supports carbon projects coupled with strong social and economic impact for local communities. Therefore, investors involved voluntarily commit on 20 years, to achieve long-term transformation. Beyond funding, they bring vision, stability and are actively participating in all the fund's strategic decisions. Instead of financial dividends, Livelihoods' partner companies receive carbon credits as a return for their investment and use them to offset part of their CO<sub>2</sub> emissions.

Livelihoods carbon projects are measured and audited by independent organizations to provide partner investors with carbon credits that meet the highest international standards (mainly Gold Standard & VERRA). The credits issued by Livelihoods come from an actual calculated quantity of carbon that has been sequestered or reduced. They are never delivered for future carbon sequestration or reduction estimations. Beyond carbon, the social, economic, and environmental impacts of Livelihoods projects are measured under the United Nations Sustainable Development Goals.

### **Working hand-in-hand with local organizations to drive a systemic change**

The same long-term and mutual trust approach applies to the relationship with Livelihoods' project development partners, the vast majority of which are local grass-root NGOs committed to their people and landscape. Together, a relationship based on shared values, objectives, and complementarities is built. Developers bring their local roots and skills while Livelihoods brings in funding, long-lasting development support and expertise in a variety of fields ranging from agronomy to carbon modelling and accounting.

This is a blend of expertise reinforced by Livelihoods team of experts and its ability to structure tailor-made projects for systemic local and positive change. Local partnering communities receive assistance, training, support to get the project off the ground, benefit from their restored landscape and agricultural land, while the projects provide Livelihoods' investors with high quality offsets, proportionately to their investment.

The investments have a twin objective: help combat climate change by storing large quantities of carbon in trees and the soil and help rural communities sustainably enhance their standard of living. The fruits of Livelihoods projects belong to the local communities, who can keep the produce from their forests, farms, and fisheries to increase their food security or to generate income.

## Livelihoods bets on blended finance to accelerate nature-based solutions

Private companies are increasingly engaged in climate action and have a central role to play towards sustainability. They are transforming their business models and taking strong commitments to achieve carbon neutrality. In the continuity of LCF1 (2011, €45 million) and LCF2 (2017, €65 million), LCF3 will invest in large-scale natural ecosystem restoration, agroforestry, and rural energy projects in developing countries. What is new, is that LCF3 relies on an innovative business model, where corporate, financial investors and institutions join forces to invest in long-term carbon compensation projects, with strong benefits for local communities. LCF3 provides a unique opportunity to scale-up a proven investment model positioned as a coalition between **corporate investors** who are keen on sourcing in-kind certified carbon offsets to neutralise their uncompressible carbon footprint.

Financial investors are also starting to play a role. In addition to corporate engagement, the coming on board by financial investors will help accelerate the move. At the forefront, **social impact investors** (financial institutions, public funds, development finance institutions or any other private or public financial entity) are investing with the intention to generate social and environmental benefits in addition to a financial return.

*“The robustness of our model relies on the strong involvement of communities that benefit from Livelihoods’ investments in restoring natural ecosystems, agroforestry, regenerative agriculture, and sustainable energy. We invest only when we are convinced that the project will be carried out over the long term by highly involved local communities and partners who have demonstrated their ability to implement these kinds of projects successfully. We launched a first Carbon Fund in 2011, to support companies in their carbon-neutral approach, while preserving natural ecosystems and the most vulnerable communities. Today, this model is mature enough to scale-up.”* **Bernard Giraud, President & Co-Founder** of the Livelihoods Funds.

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