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# Forest and Landscape Restoration Financing

## Joint discussion paper (GM & FAO)

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Global Mechanism-UNCCD

**Forests and Landscape Forum**  
**UNCCD COP 12**

13-15<sup>th</sup> October 2015  
Ankara Turkey





# Rationale and objectives

The discussion paper addresses the following issues:

- ✓ **Diversity and specificities of funding sources** potentially available for FLR
- ✓ Requirements to **adapt existing funding sources for FLR** and opportunities to design innovative financing mechanisms
- ✓ **Gaps and barriers** inhibiting better engagement of investors in FLR
- ✓ **Tools, methodologies and instruments** to be implemented to create enabling conditions for maximizing interest of different investors types
- ✓ Opportunities to establish and/or strengthen **financial alliances and partnerships** to mobilize resources for FLR at different levels (local, national, (sub)regional, global).

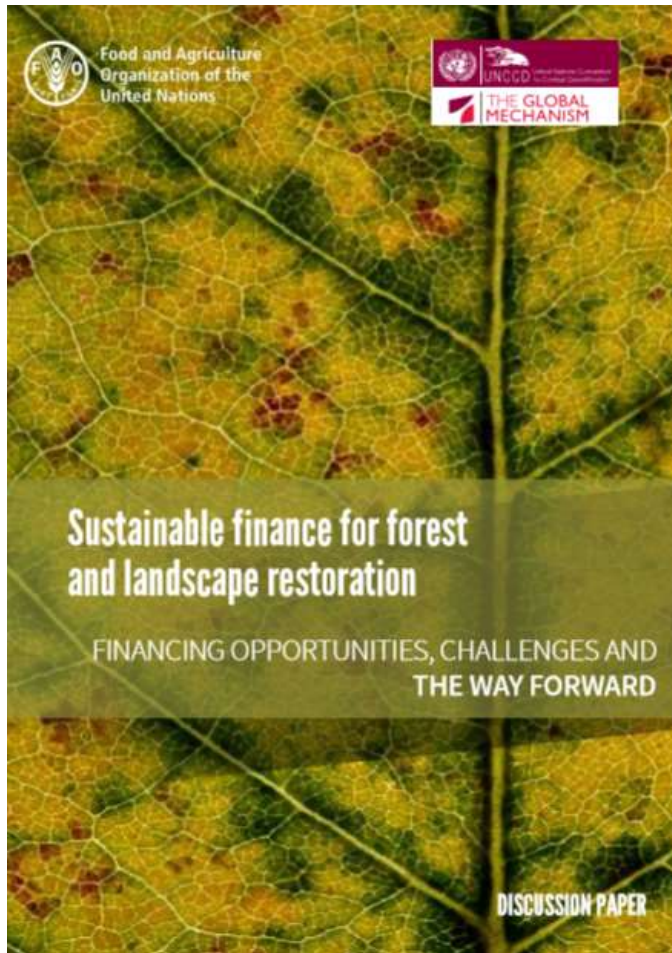




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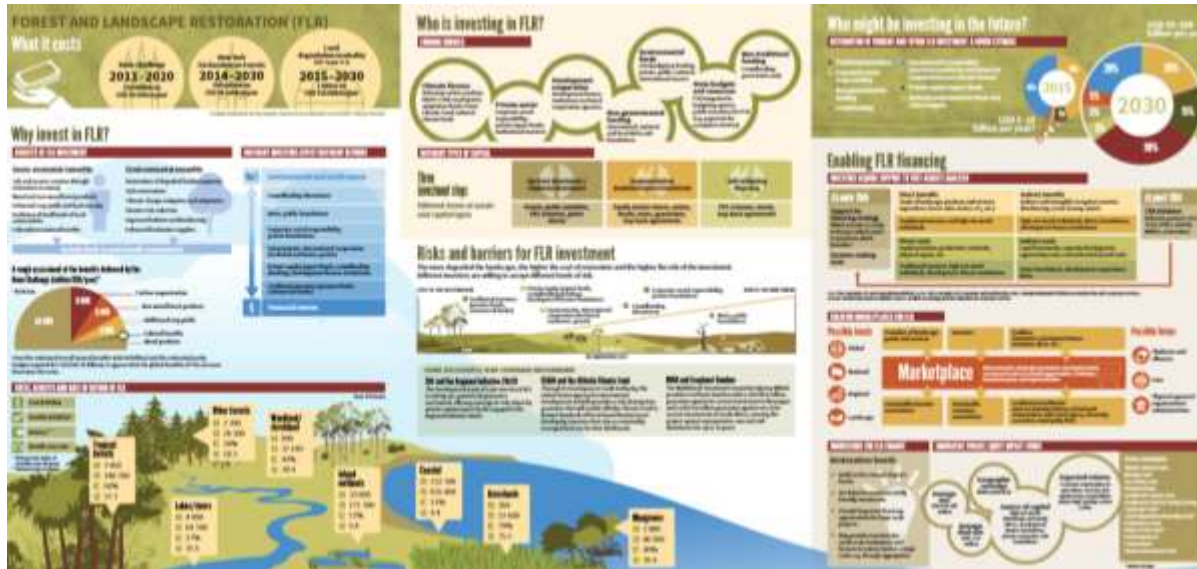
## Main product : Discussion paper



- ✓ To be released in December 2015
- ✓ Policy and expert guidance to design sustainable FLR financing strategies
- ✓ 120 pages
- ✓ 14 chapters
- ✓ Writing team (GM & FAO) :  
Ludwig Liagre, Pedro Lara Almuedo,  
Sven Walter (Global Mechanism-  
UNCCD); Douglas McGuire,  
Christophe Besacier, Rao Matta,  
Michela Conigliaro (FAO)

# Two derived products

## Infographics



## Policy brief





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## Elements of the discussion paper





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Bonn Challenge  
**2011–2020**  
150 million ha  
USD 36 billion/year

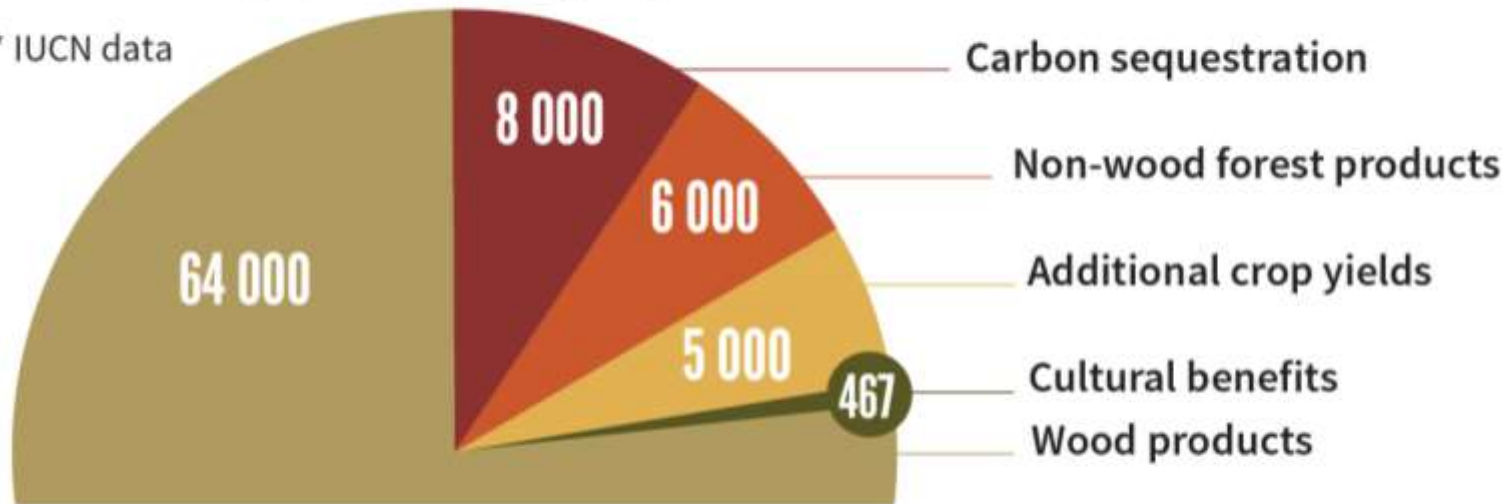
New York  
Declaration on Forests  
**2014–2030**  
350 million ha  
USD 49 billion/year

Land  
degradation neutrality  
(SDG Target 15.3)  
**2015–2030**  
2 billion ha  
USD 318 billion/year



## A rough assessment of the benefits delivered by the Bonn Challenge (million USD/year)\*

\* IUCN data



From the estimated overall annual benefits (USD 84 billion) and the estimated yearly budget required for FLR (USD 36 billion), it appears that the global benefits of FLR are more than twice the costs.

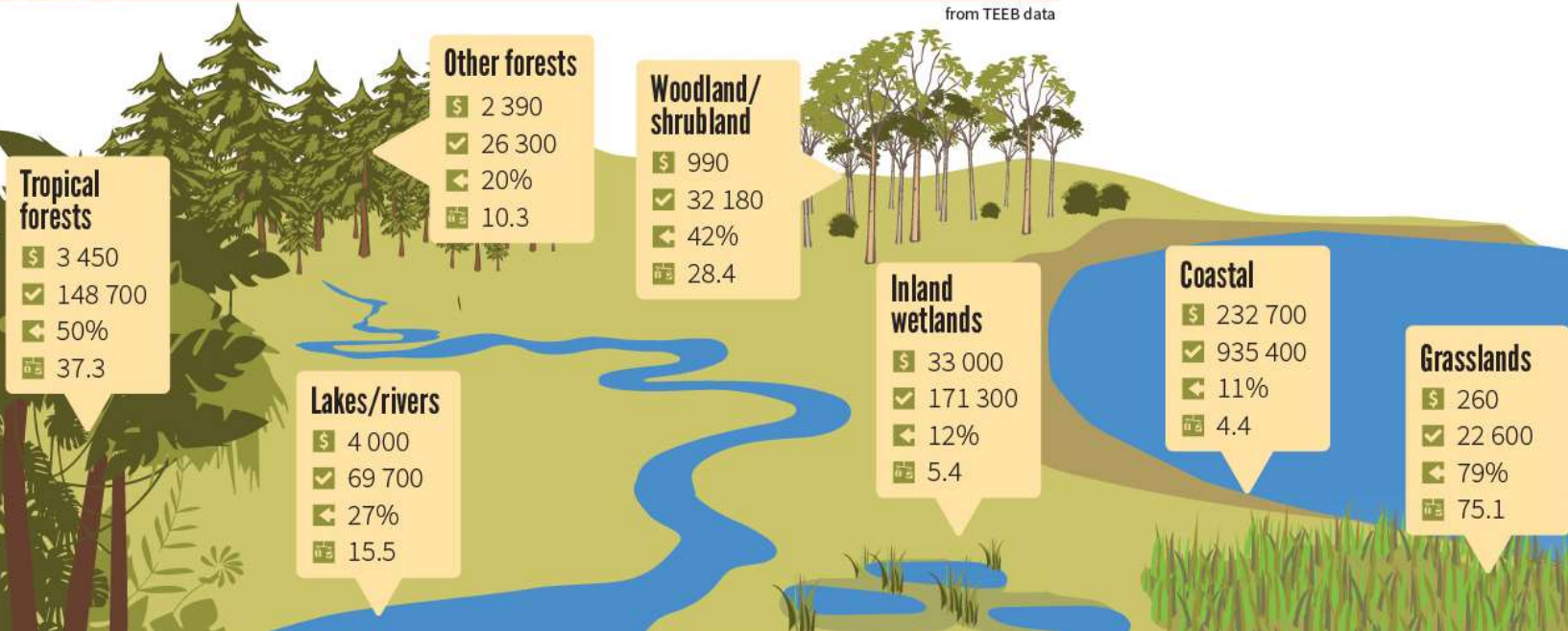


## COSTS, BENEFITS AND RATE OF RETURN OF FLR

\$	Cost (USD/ha)
✓	Benefits (USD/ha)*
←	Returns **
📊	Benefit-cost ratio

\* Net present value of benefits over 40 years  
\*\* Internal rate of return

from TEEB data



**Tropical forests**

- \$ 3 450
- ✓ 148 700
- ← 50%
- 📊 37.3

**Other forests**

- \$ 2 390
- ✓ 26 300
- ← 20%
- 📊 10.3

**Woodland/shrubland**

- \$ 990
- ✓ 32 180
- ← 42%
- 📊 28.4

**Lakes/ivers**

- \$ 4 000
- ✓ 69 700
- ← 27%
- 📊 15.5

**Inland wetlands**

- \$ 33 000
- ✓ 171 300
- ← 12%
- 📊 5.4

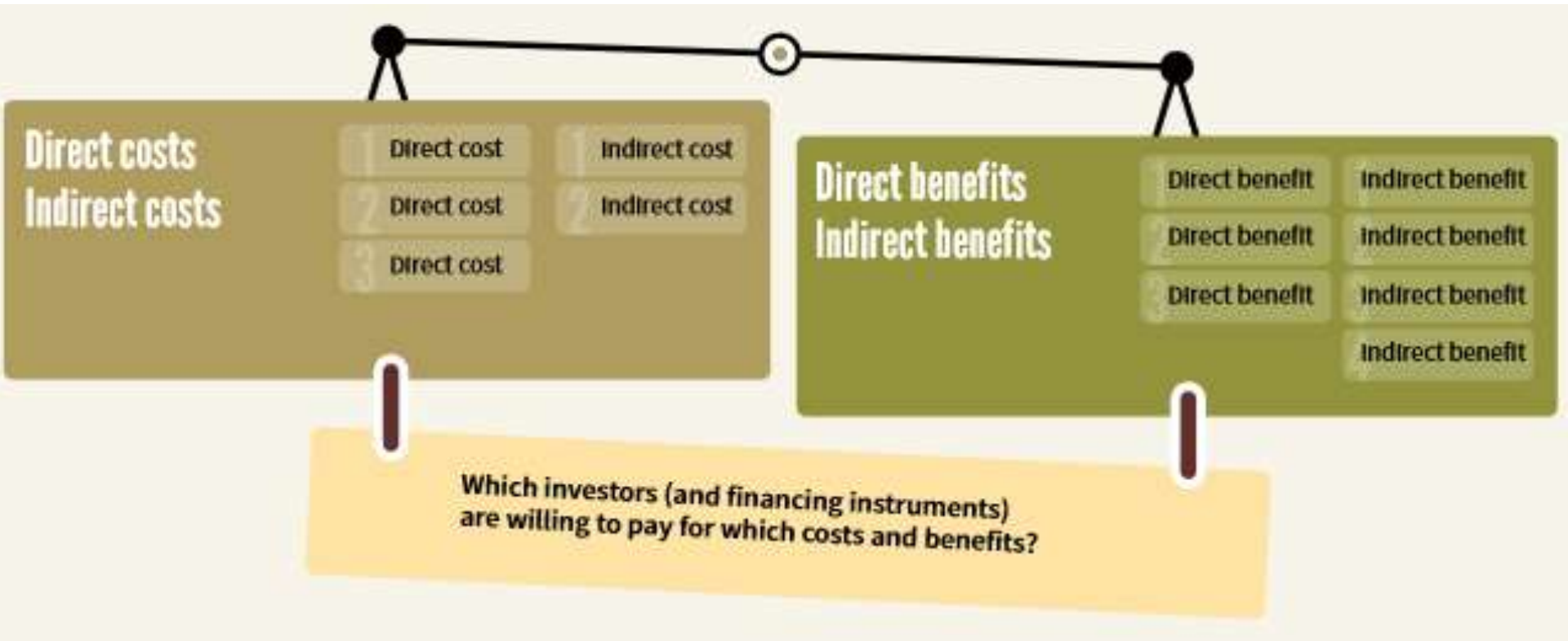
**Coastal**

- \$ 232 700
- ✓ 935 400
- ← 11%
- 📊 4.4

**Grasslands**

- \$ 260
- ✓ 22 600
- ← 79%
- 📊 75.1







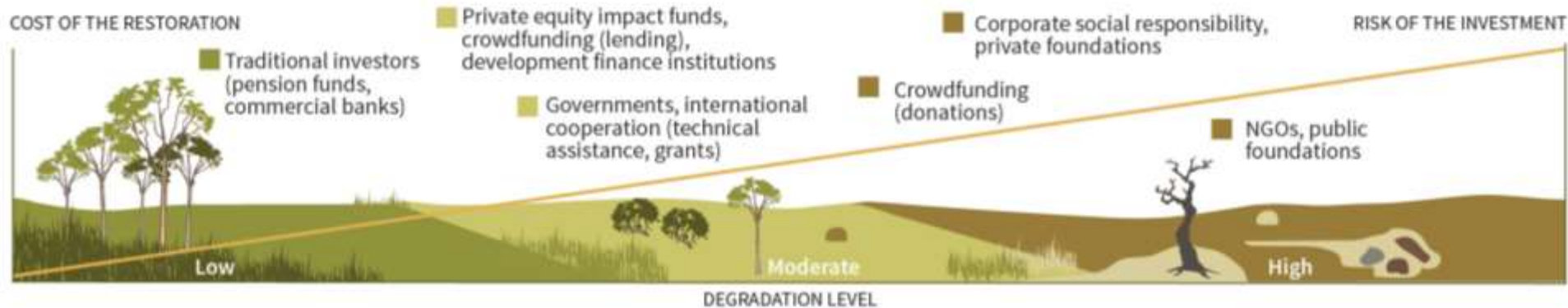
## Mix of financing sources required for FLR



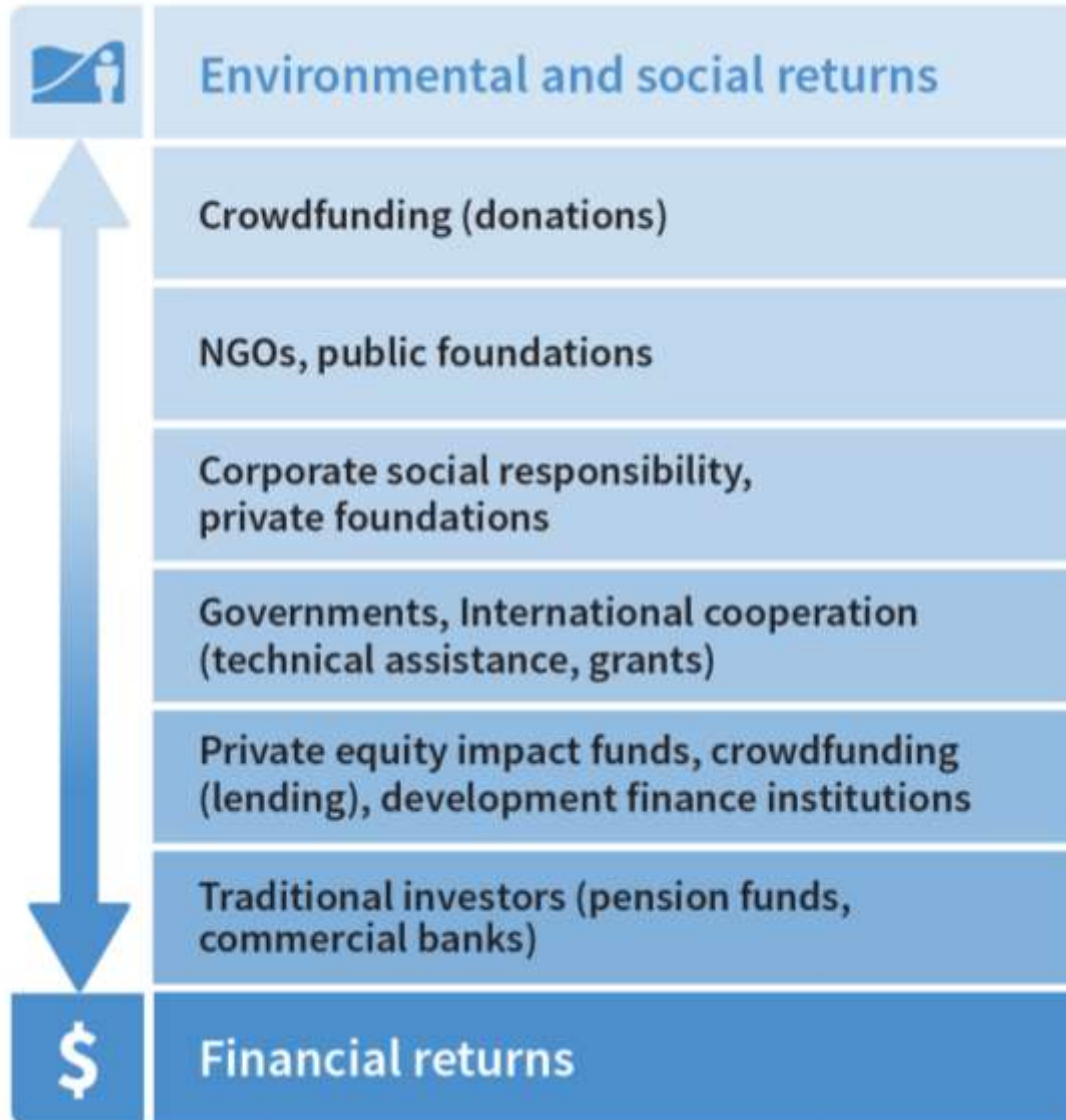


# Risks and barriers for FLR investment

The more degraded the landscape, the higher the cost of restoration and the higher the risk of the investment.  
Different investors are willing to accept different levels of risk.









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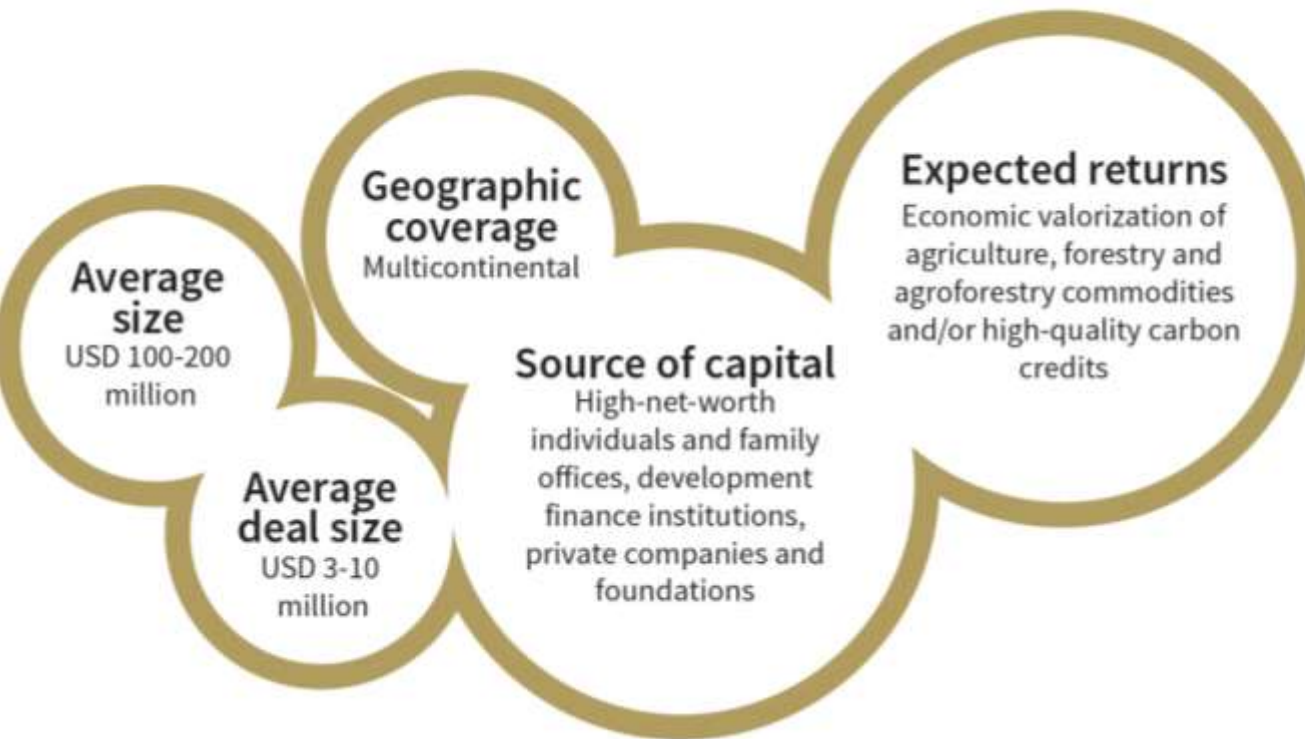
THE GLOBAL  
MECHANISM

# Corporate Social Responsibility (CSR) principles & FLR

CSR integration	1	CSR direction	Relevant to FLR
	2	CSR organization	
	3	CSR performance Management	
	4	CSR communication	
	5	Stakeholder engagem	
Human rights	6	Respect of employees' human rightsent	
	7	Employee grievance handling	
	8	Anti-discrimination	
Labour practices	9	Fair employment relationship	
	10	Employees' quality of life	
	11	Social conversation	
	12	Health and safety of workplace	
	13	Talent development	
Environment	14	Prevention of environmental pollution	
	15	Sustainable use of resources	
	16	Climate change mitigation efforts	
Fair operating practices	17	Anti-corruption	
	18	Fair competition	
	19	Supply chain CSR	
Consumer issues	20	Protection of consumer health and safety	
	21	Consumer information protection	
	22	Sustainable consumption	
	23	Consumer complaint/dispute resolution	
Community involvement and development	24	Community involvement and development	



## INNOVATIVE PRIVATE EQUITY IMPACT FUNDS



- Some examples:**
- Althelia Climate Fund
  - Moringa Fund
  - Terra Bella Fund
  - Permian Global
  - Livelihoods Carbon Fund
  - Livelihoods Fund for Family Farming
  - Landscape Fund\*
  - Land Degradation Neutrality Fund\*
  - EcoBusiness Fund
  - Arbaro Forest Fund\*
  - EcoEnterprises II
  - Commonland
  - Global Environment Fund

\* Under design





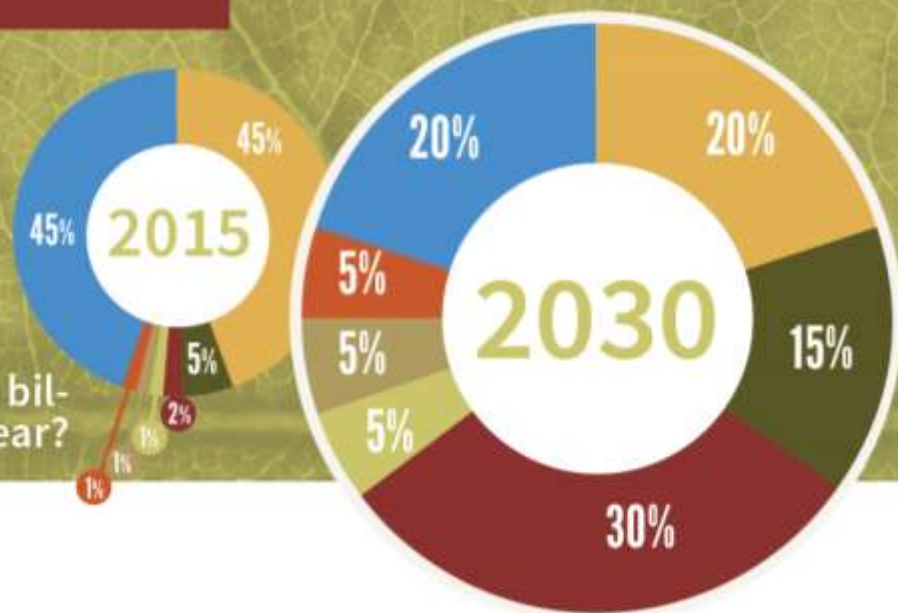
# Who might be investing in the future?

## DISTRIBUTION OF CURRENT AND FUTURE FLR INVESTMENT: A ROUGH ESTIMATE

USD 35–300 billion per year?

- Traditional investors
- Corporate social responsibility
- Non-governmental funding
- Crowdfunding
- Development cooperation (technical assistance and financial cooperation) and climate finance
- Private equity impact funds
- National environmental funds and State budgets

USD 5–10 billion per year?







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**Thanks for your  
attention!**

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