

Forest and Landscape Restoration Financing

**Joint discussion paper
on sustainable financing
for FLR. Policy brief for
public policy makers
(GM & FAO)**

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Sustainable financing for Forest and Landscape Restoration

THE ROLE OF PUBLIC POLICY MAKERS

THIS POLICY BRIEF PROVIDES SEVERAL RECOMMENDATIONS TO PUBLIC POLICY MAKERS TO HELP THEM TO IMPROVE THEIR SUPPORT TO FOREST AND LANDSCAPE RESTORATION FINANCING BY:

- 1) Mainstreaming FLR in States budgets ;**
- 2) Setting up appropriate financing mechanisms ;**
- 3) Engaging the private sector and attracting investors to FLR ;**
- 4) Building alliances and partnerships.**



Mainstreaming FLR in State budgets



Integrating Forest and Landscape Restoration (FLR) in state budgets and public investment funds and proofing these financing instruments against possible negatives impacts on landscapes



Mobilizing Official Development Assistance (ODA) funds for Forest and Landscape Restoration (FLR) (whether as donor or beneficiary) and adapting the wide range of ODA instruments to FLR



Developing monitoring systems for Forest and Landscape (FLR) expenditures and mechanisms for collecting consistent data on the costs and benefits of FLR investments

Setting up appropriate financing mechanisms



Designing, adapting and implementing innovative national and local financing mechanisms for Forest and Landscape Restoration (FLR) with, for example, national and local forest funds, microfinance instruments and credit lines in public and private banks



Using these financing instruments to implement public incentive schemes (e.g. payment for ecosystem services mechanisms) and coupling these schemes to investments in sustainable value chains to ensure a long-term self sustaining financing strategy on FLR



Promoting Forest and Landscape Restoration (FLR) as a solution for joint climate change mitigation and adaptation, targeting climate finance, and advocating for FLR windows in climate change instruments such as Adaptation Fund and the Green Climate Fund (GCF)

Engaging the private sector in FLR

1

Corporate Social Responsibility

No direct immediate financial returns expectation

Communication and marketing departments, Corporate foundations or CSR platforms

2

Sustainable Business and Investment

Direct financial returns expectation (short or long terms)

**Impact investors (private equity impact funds, etc...),
traditional investors (commercial banks / pension funds)**

Corporate Social Responsibility (CSR) principles & Forest and Landscape Restoration (FLR)

CSR Integration	Human Rights	Labor Practices	The Environment	Fair operating practices	Consumer Issues	Community Involvement & Development
1. CSR Direction	6. Respect for Employees' Human Rights	9. Fair Employment Relationship	14. Prevention of Environmental Pollution	17. Anti-corruption	20. Protection of Consumer Health and Safety	24. Community Involvement and Development
1. CSR Direction	7. Employee Grievance Handling	10. Employees' Quality of Life	15. Sustainable Use of Resources	18. Fair Competition	21. Consumer Information Protection	
2. CSR Organization	8. Anti-discrimination	11. Social Conversation	16. Climate Change Mitigation Efforts	19. Supply Chain CSR	22. Sustainable Consumption	
3. CSR Performance Management		12. Health and Safety at Workplace			23. Consumer Complaint/ Dispute Resolution	
4. CSR Communication		13. Talent Development				
5. Stakeholder Engagement						

CSR fields and indicators

F&LR relevant

Innovative private impact funds already engaged on FLR

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

Engaging the private sector in FLR

Building an enabling environment for investors in FLR



Increasing engagement with the private sector, especially with private impact funds and other innovative initiatives such as layered funds that can benefit from the support of governments and public institutions (Private impact funds + Readiness Facilities like Moringa Fund and Incentives for provision of Ecosystem Services (PPP)



Establishing risk mitigation mechanisms to engage Forest and Landscape Restoration investors at scale (Guarantee mechanisms, Multi-layered private funds, Sustainable Investment Criteria (PRI) and consistent MRV tools



Adapting the legal framework to attract investors to FLR

- Land tenure rights ;
- Benefit sharing mechanisms ;
- Fair investment regulations.



Improving Costs-Benefits Analyses

- Compile existing data and design a CBA data base
- Improving data quality for indirect costs and benefits
- Propose a ex-ante CBA tool

Building alliances and partnerships on FLR

Raising awareness among investors & project promoters/implementers



Building alliances and partnerships both at global, regional, national and local levels

- Global Partnership for Forest and Landscape Restoration (GPFLR)
- Initiative 20*20 in Latin America or the GGWSSI
- National alliance in the Southern Agricultural Growth Corridor in Tanzania



Building marketplaces on Forest & Landscape Restoration

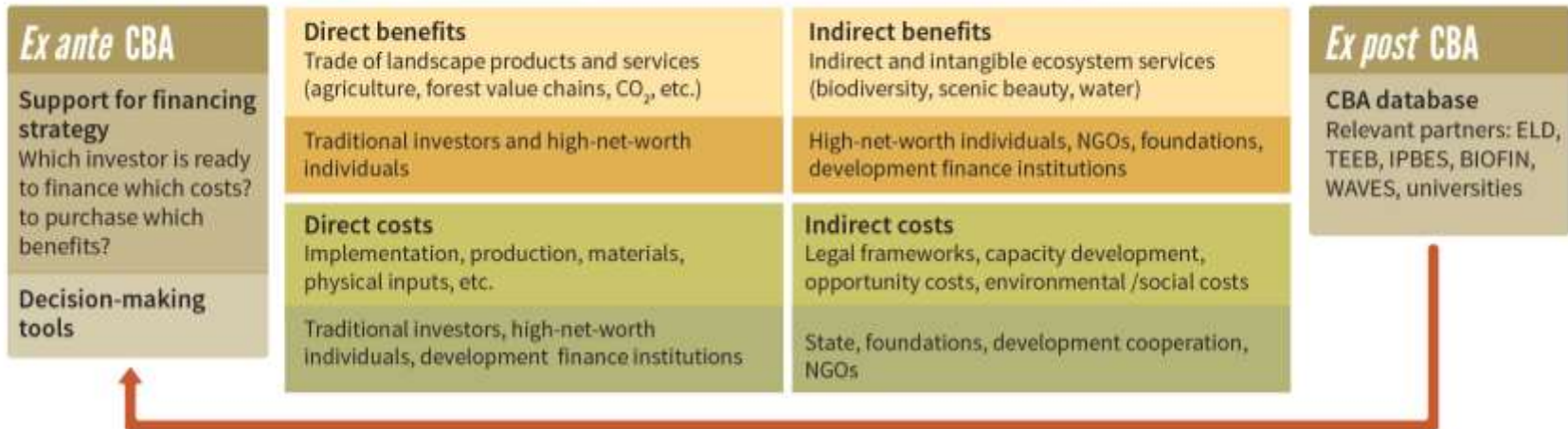
- At landscape, national, regional and/or global levels
- Mobilizing all investors types potentially interested in FLR
- Which suitable facilitator/coordinator ?



Communicating on success stories and opportunities

- Data base of successful business cases
- Promoting work of private impact funds towards traditional investors
- Using existing communication channels and creating new ones?

INVESTORS REQUIRE SUPPORT TO COST-BENEFIT ANALYSIS



ELD: The Economics of Land Degradation Initiative; TEEB: The Economics of Ecosystems and Biodiversity; IPBES: Intergovernmental Platform on Biodiversity and Ecosystem Services; BIOFIN: Biodiversity Finance Initiative; WAVES: Wealth Accounting and the Valuation of Ecosystem Services

CREATING MARKETPLACES FOR FLR

Possible levels

-  Global
-  National
-  Regional
-  Landscape



Possible forms

-  Platforms and alliances
-  Fairs
-  Physical agencies/ organizations/ administrations

Public policy makers: FLR financing champions

- ➔ Integrating FLR in state budgets and public investment funds, and proofing these financing instruments against negative impacts on landscapes
- ➔ Mobilizing official development assistance (ODA) funds for FLR (whether as donor or beneficiary) and adapting the wide range of ODA instruments to FLR
- ➔ Developing monitoring systems for FLR expenditures and mechanisms for collecting data on the costs and benefits of FLR investments
- ➔ Designing, adapting and implementing innovative national and local financing mechanisms for FLR, for example through national and local forest funds, microfinance instruments and credit lines in public and private banks
- ➔ Using these financing instruments to implement public incentive schemes (e.g. payment for ecosystem services mechanisms) and coupling these schemes to investments in sustainable value chains to ensure a long-term self-sustaining financing strategy
- ➔ Increasing engagement with the private sector, especially with pioneer private impact funds and other innovative initiatives such as layered funds that can benefit from the support of governments and public institutions
- ➔ Investing in human capital at the landscape level to create a pool of local champions (e.g. local businesses, private operators, administrations) able to attract investors to FLR
- ➔ Building a legal and regulatory framework that promotes landscape “readiness for investments” and attracts investors to FLR
- ➔ Establishing risk mitigation mechanisms to engage FLR investors at scale
- ➔ Promoting partnerships and alliances at local, national, subregional, regional and international levels, and contributing towards international FLR initiatives
- ➔ Promoting FLR as a solution for joint climate change mitigation and adaptation, targeting climate finance, and advocating for an FLR window in climate change instruments such as the Adaptation Fund and the Green Climate Fund



Food and Agriculture
Organization of the
United Nations



UNCCD United Nations Convention
to Combat Desertification

THE GLOBAL
MECHANISM

**Thanks for your
attention!**

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