

Report of the Workshop on

PRIVATE SECTOR INVESTMENT IN FOREST AND LANDSCAPE RESTORATION



Date: 30th June – 01st July 2015

Venue: Food and Agriculture Organization of the UN, Rome (Italy)

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Background and rationale

As partners in various initiatives relevant to Forest and Landscape Restoration (FLR) - such as the Global Partnership on Forest and Landscape Restoration (GPFLR), the Collaborative Partnership on Forests (CPF), TerrAfrica, and the Great Green Wall for the Sahel and the Sahara Initiative (GGWSSI) - the Food and Agriculture Organization of the United Nations (FAO) and the Global Mechanism of the United Nations Convention to Combat Desertification (GM-UNCCD) have put in place a dedicated partnership to contribute to the achievement of the Bonn Challenge, the New York Declaration on Forests, the Aichi Biodiversity Targets, and the proposed SDG target 15.3 on Land Degradation Neutrality, both at the country and global levels.

Both organizations are currently working in a Discussion Paper on *Sustainable Financing for Forest and Landscape Restoration*. The document is under preparation and is planned to be launched in Ankara in October 2015, on the occasion of the 12th session of Conference of Parties (COP-12) of the UNCCD. The draft Table of Contents of the Paper is available in **Annex V** of the present report. As suggested by its name, the Discussion Paper aims to provide additional elements to facilitate the discussion on FLR finance and to promote a collaborative approach towards the development of guidelines and tools aiming to improve capacity on mobilizing investments for FLR. More specifically, the main objectives of this Paper are:

1. providing an overview of the main types of funding sources (and related differences) available for financing FLR projects worldwide;
2. discussing available tools and methodologies to be implemented to create enabling conditions for maximizing the chances of having a FLR project proposal financed by the different types of private and/or public investors;
3. highlighting relevant funding sources and financing mechanisms at national, (sub) regional and global levels that could be harnessed specifically for FLR proposals;
4. discussing non-traditional or innovative approaches to be implemented to attract financial investments in FLR (i.e. private sector investments);
5. discussing opportunities to establish/strengthen financial alliances to mobilize resources for FLR at national level.

In this context, the FAO Forest and Landscape Restoration Mechanism (FLR-M), the Global Mechanism of the United Nations Convention to Combat Desertification (GM-UNCCD) and its Programme on Liaison-land, Security and Resilience (LLSR) organized a two days' workshop with the following objectives:

- Receive inputs and perspectives contributing towards the finalization of the Discussion Paper on *Sustainable Financing for Forest and Landscape Restoration*.

- Discuss on possible ways for increasing Private Sector investments in FLR initiatives.
- Exchange on successful public-private alliances and partnerships for FLR.
- Present relevant cases of ongoing private sector involvement in the implementation of FLR related activities.
- Provide substantive elements that could be used for the development of future policy briefs on private sector investments in FLR and capacity building activities for increasing investments in FLR initiatives.

The workshop brought together 40 international experts from multilateral, bilateral and non-governmental organizations, research institutes and the private sector. A complete list of the participants and attendees to the event is available in **Annex I** of the present report. The agenda of the event is attached in **Annex II**.

All the material from the workshop - including the background documentation and the presentations given during the event - is available for download on the FLR-M website¹.

¹ <http://www.fao.org/forestry/flrm/89477/en/>

Summary of the event

DAY 1

Morning session

The first day of the Workshop was opened by Mr Eduardo Mansur (Director of the FAO Forest Management Division, FOM) who, after a comprehensive opening remark, left the floor to Ms Marcela Villarreal (Director of FAO's Office of Partnership, Gender, Advocacy and Capacity Development, OPC) for a presentation of the FAO corporate vision on Responsible Investments in Agriculture. The opening session continued with Mr Sven Walter (Head of the GM-UNCCD Liaison Office hosted by FAO) who welcomed participants on behalf of the Managing Director of the GM-UNCCD and introduced the agenda and expected outcomes of the workshop.

After a quick *tour de table* aimed to introducing all participants, Mr Christophe Besacier (FOM) - moderator of the morning session - gave the floor to the speakers of Session 1 and 2 for the presentation of the content of the draft Discussion Paper that is currently being developed jointly by the FLR-M and the GM-UNCCD/LLSR Teams. The inputs and comments provided by participants to the content of the Paper are reported in the **Main Outcomes** session of the present report (page 9).

Afternoon session

The afternoon Sessions (3 and 4) - moderated by Mr Douglas McGuire (FOM) and Mr Sven Walter - were dedicated to the presentation of examples of FLR-related initiatives where investments made from private sectors brought direct benefits to the investors. Representatives from *Moringa Fund*, *EcoPlanet Bamboo*, *WeForest* presented the private sector involvement strategies in FLR-related activities implemented by their organizations. Successful case studies of private sector involvement in FLR were also shared by *Moringa Fund*, *World Wild Fund (WWF)* and *Citizens Luxury*. The *World Business Council for Sustainable Development* finally shared its vision with regard to private companies' involvement in FLR-related activities.

The first day of a workshop was concluded by an interactive session moderated by Mr Sven Walter, who invited participants to use two cards in order to specify:

- One main conclusion/take home message of the day; and
- One issue relevant to them that had not been touched during the first day of the workshop or that they found should be further discussed during the second day of the workshop.

DAY 2

Morning session

The second day of the Workshop was opened by Mr Sven Walter who presented the main outcomes of the previous day based on the cards provided by workshop participants (see **Annex III**). After this opening session, he left the floor to Mr Christophe Besacier to moderate the morning session. In that framework, the *World Resource Institute (WRI)*, the *Development Bank of Latin America (CAF)*, the *French Development Agency (AFD)* and the *UN Capital Development Fund* presented examples of regional initiatives and financial tools developed for supporting investments at national, regional and global level. The morning session ended with the presentation held by *CIFOR* on the Landscape Fund and on the outcomes of the *Global Landscapes Forum*, held in London in June 2015.

During the second session of the day (moderated by Mr Bom Kwon Chun, FOM) successful strategies for the mobilization of individual donors and private companies were presented by *WRI* and *Jewish National Fund (KKL)*. In this regard, the GEiCO consultant presented a proposal for the creation of a Crowd Funding Platform as an innovative tool for mobilizing resources for small scale FLR projects and activities (see details in the **Way forward** session).

Afternoon session

The last session of the workshop was dedicated to brainstorm on how to promote private sector investments in FLR. After a brief introduction held by Ms Mathilde Iweins (FAO Natural Resources Division) on the need to integrate private sector investment in a larger landscape management plan, participants split in two working groups to separately brainstorm on the following key questions:

- Working Group 1: How to develop opportunities for private sector investments in FLR and between private and non-private stakeholders for efficient investments in FLR?
- Working Group 2: What capacities need to be further developed at national/regional level for facilitating the mobilization of investments in FLR?

After the working group session, reporters from both the groups reported back to plenary the outcomes of the brainstorming sessions. Details on the outcomes of the two working group discussions are described respectively in **Annex IV-a** and **Annex IV-b**.

The workshop closed at 17.30h. After a quick *tour de table* to allow participants provide their feedbacks on the two days' event, Mr Eduardo Rojas Briales (Assistant Director General, of FAO's Forestry Department) made his closing remarks thanking the attendees for the precious contribution given to this workshop on Private Sector investments in FLR.

Main outcomes

Several initiatives implemented around the world and aimed at contributing to global ecosystem restoration goals and promoting land degradation neutrality were presented during the event. Among them:

- Impact investors like the *Moringa* Fund invest in coffee plantations and agroforestry in order to promote sound and viable management strategies at landscape level;
- Private companies like *EcoPlanet Bamboo* promote large-scale bamboo restoration for the production of fibre;
- At the same time, regional initiatives like *TerrAfrica* in Africa and “Initiative 20 by 20” in Latin America;
- National projects such as Payment for Environmental Services for sustainable cork oak production in Portugal, supported by WWF and Coca Cola, offer a variety of mechanisms to upscale investments in FLR.

The cases presented provided interesting inputs for discussion and brainstorming among participants. The most relevant outcomes of the discussions held during the workshop are reported below and will be taken as key references for both paving the way towards an increased investment of the private sector in FLR and for finalizing the Discussion Paper on *Sustainable Financing for Forest and Landscape Restoration* (please refer to [Annex V](#)).

1) POSSIBLE WAYS FOR INCREASING PRIVATE SECTOR INVOLVEMENT AND INVESTMENTS IN FLR-RELATED INITIATIVES

Given the current investment gap, private investments and companies have the opportunity to play a key role in ecosystem conservation and restoration. Despite a number of relevant initiatives launched and allocated funding to date, progress in achieving global FLR-related targets remains uncertain.

The workshop identified concrete opportunities to upscale FLR, for example through bundling financial resources at landscape level bringing together different stakeholders and sectors involved, thus preventing intersectoral or resource use conflicts. However, participants also highlighted that certain key conditions must be in place in order to tap into increased finance for FLR, including an adequate environment enabling investment, the existence of local champions with the necessary skills, and the availability of bankable investment proposals with clear business cases that focus on promising value chains within landscapes. Missing information on possible returns of investments (e.g. *ex-ante* cost benefit analysis) as well as investment risk assessment and mitigation mechanisms, unclear tenure situation, and lack of coherence among possible investors and landowners/users have been highlighted among the key barriers that need to be overcome for increased investments in FLR.

In light of this, the following **recommendations**, **needs** and **challenges** have been highlighted as key factors to promote private sector involvement and contribution in FLR.

Recommendations – issues to be bared in mind

- Stakeholders' involvement as key factor for successful FLR implementation.
- Investors do not invest in landscapes or projects, but rather in value chains and people. Therefore, it is necessary link landscape approaches with value chain development and guide investors in understanding where in the value chain it is more optimal for them to invest to implement FLR. Also, counting on local players able to implement activities on the ground is a key factor for a successful implementation of FLR.
- "Full" CBA (cost-benefits analysis) enable the consideration of direct and indirect costs and benefits and thus highlight FLR benefits (financial, economic, social and environmental) for both traditional and impact investors.
- Financial RoI (financial returns on investments) calculations should be completed by "full" CBA to seize the whole range of FLR benefits and provide incentives to a diversity of investors to step in FLR.
- Focus should be not just on restoring landscapes and forest but also on avoiding further deforestation and land degradation. For this, supporting and building synergies with value chains-related initiatives (e.g. Zero Net Deforestation) is promising.
- There is a need to better address private investors' perspectives: addressing environmental and social objectives in FLR activities cannot be at the expense of profits.
- A red line in terms of E&S safeguards should nonetheless be defined and discussed with landscapes stakeholders (including private sector's investors) on a case by case basis, in order to combine profits with E&S sustainability.

Needs

- **Provide a clear definition of FLR**

There is a need to build a common understanding of what FLR is. Promoters and investors need to share a common language. Definitions and meaning of the FLR-related terminology need to be clarified and shared. Some suggestions in this regard include: to develop and implement capacity building tools, especially mass learning tools such as MOOCs (Massive Open Online Courses).

- **Build local capacity**

There is a need to build local stakeholders' capacity to work and communicate with investors and impact funds in an effective manner. Also governments' capacity to access available investment opportunities should be empowered. Inputs on this issue are reported in **Annex III**.

- **Provide a comprehensive overview of existing financing instruments**

Document and categorize the numerous financing mechanisms involving either private or public investors, as well as the many examples of cases where *mixed* models were applied with possible efficient synergies between public and private investments in terms of risk mitigation².

- **Develop a methodology to assess cost/benefit ratios for FLR investments**

There is a general lack of data on direct and indirect benefits provided by sustainably managed landscapes. To justify FLR interventions, it would be important to standardize a methodology to implement robust *ex ante* CBA in FLR. In this regard, there are methodologies available in initiatives such as the Close to Nature Planted Forests Initiative of FAO, which is conducting *ex post* CBA assessments. It would be interesting to explore how this methodology could be adapted to implement both *ex post* and *ex ante* CBA in FLR in order to improve the existing methodologies. The inputs of additional initiatives (ELD, TEEB, etc.) will be critical to ensure the development of sound methodologies, flexible and looking for precision at the same time.

- **Develop FLR outcomes monitoring systems and certification schemes**

There is a need to develop tools and criteria for assessing the outcomes of a FLR intervention. To do so, it is required to identify relevant criteria and indicators that can be used to assess when a landscape can be defined as “degraded” and when as “restored”. The development of certification schemes for FLR could support this assessment. However, this requires the implementation of standardized monitoring systems, which are still not widely available.

- **Develop systems to assess effective Land Degradation Neutrality of projects**

A common monitoring methodology needs to be developed to evaluate the impact of projects on land degradation. For the methodology to be developed and applied, specific indicators need to be identified and simple/efficient verification systems need to be built at global/regional levels.

- **Develop platforms to share successful FLR investment experiences/cases**

An historical tracking of experiences and best practices made on the field would be very useful to attract further investments. There is a need to gather and share more information on successful business models from early adopters that can inspire action from other actors. A database of successful cases is in fact still missing. This could help in upscaling success stories on FLR.

- **Enabling environment**

More information is required in order to better understand how to create an environment that is favourable for stakeholders to engage in large-scale FLR investment and implementation. This includes the empowerment of decentralized structures and local communities. Often, the needed

² See for example the Integrated Financing Strategies for Sustainable Land Management (SLM), proposed by the GM-UNCCD to identify possible sources of finance and barriers for resource mobilization for SLM, including F&LR (http://global-mechanism.org/edocman/download.php?fname=ifs_eweb.pdf).

institutional and regulatory frameworks are already in place but need to be strengthened and/or enforced.

- **Develop brokering platforms with information on bankable project proposals**

A pipeline of bankable projects needs to be developed. Numerous opportunities do exist for private investors to invest in/finance FLR but investors' awareness needs to be raised and links need to be established between local FLR opportunities with potentially interested investors.

- **Identify local champions**

Landscape projects require local champions and/or leaders in flagship value chains. The identification of these "champions" requires good knowledge of the local context and is critical to future investment success. The difficulty in identifying these "leaders" hinders the development of a pipeline of FLR projects. When good local players are identified, small projects can more easily be upscaled to the landscape level (from a nucleus project to a landscape scale project, integrating on a particular flagship value chain other landscape components).

- **Build synergies**

Public and private sectors should build more synergies and partnerships. Public sector could play a key role in supporting and promoting private sector's investment by:

- helping with the implementation of tools, guidelines and case studies at local level;
- bringing together different stakeholders that could act as brokers of partnerships;
- acting as neutral intermediary in identifying local investment opportunities and suitable local partners to be involved;
- supporting an enabling environment for FLR investments by developing and enforcing adequate regulations and legal frameworks .

- **Implement re/insurance mechanisms**

There is a need to develop and implement risk assessment and mitigation strategies at all levels. This would allow decreasing the risk associated to the implementation of FLR in areas, contexts and sectors currently considered as high-risky by Impact Investors.

Challenges

- **Agroforestry**

In some contexts, it is difficult to "sell" agroforestry, as this approach is still not common/classic for some investors. There are several success stories in terms of large scale agroforestry projects, but mainstreaming of business models related to investments in agroforestry is still lacking:

- Industry is largely specialized and segmented, dominated by the monoculture pattern (need changing consciousness).
- Deals are not mature enough, few local players having the capacities to deploy capital at a larger scale.

- Impact/risk ratio: available capital will focus on “safer” areas with potentially less impact potential.
- Investors need examples and success stories: a “track record” of projects.

- **Trade-offs between sectors**

The trade-offs between sectors concerned by FLR represent one of the barriers to increased investments in FLR, and the more and more limited amount of land available increase the already high competition among different land uses. With regard to agriculture and forestry, synergies should be strengthened in order to ensure a social, economic and environmental sustainability of land use management. The following factors have been identified as possible drivers towards the overcoming of the related intersectoral conflicts: (i) the emergence of a strong institutional arbitration process; and, (ii) the integration of FLR benefits into national accounting processes with the aim of raising its political profile.

- **High investment risk perceived**

When considering the ratio between the impacts of a FLR intervention and the investment risks associated with its implementation, although the positive impact is evident, risks are often too high for attracting private equity funds (e.g. land too degraded, farmers too vulnerable, etc.). This is a clear obstacle for short-term investments, but with a mid- to long-term vision, the benefits or positive impacts of investments would outweigh the risks. There is a need to address the difference between the real impact of FLR and the perception that private sector have of this impact.

- **Involvement of traditional private sector**

There is a clear difficulty in attracting traditional investors in FLR. Currently there is a total lack of cohesion between traditional financial sectors and FLR.

- **Value chain sustainability**

There is a need to ensure the sustainability of the whole value chain, making sure that the entire lifecycle of a product is sustainably managed.

- **Remittances**

There is a potential to engage diaspora in FLR. The “diaspora bond” instrument developed and implemented by the *Jewish National Fund* (JNF) could be taken as a reference for the development of a similar tool in other regions, including Africa (e.g. remittances from African emigrants to their home country could be more oriented on FLR initiatives that have a clear positive impact on food security and local livelihoods).

2) INPUTS TOWARDS THE FINALIZATION OF THE FIRST DRAFT OF THE DISCUSSION PAPER ON SUSTAINABLE FINANCING FOR FOREST AND LANDSCAPE RESTORATION

The following inputs have been provided towards the finalization of the discussion paper:

- It is essential that the paper provides clear direction to the reader.
- Natural regenerated landscapes should be included in the discussion paper. They are sometimes a direct consequence of the urbanization process: farmers migrate to cities so leaving their land which regenerate naturally or can be the results of actions/efforts focused on natural regeneration technics (e.g. Niger).
- Address the issue on how to use public and private money jointly for supporting FLR financing (e.g., mixed public-private investment mechanisms).
- More than one ecosystem service can be addressed at once in FLR interventions.
- Classify investors according to the type of investment provided, rather than to the main purpose of their intervention.
- Add among the criteria for the identification of priority areas for investment in FLR also the identification of local players that could play as main reference in the effective FLR implementation.
- Investors do not invest only in project or in landscapes but in value chains. Profitable value chains have high potential for investment; change the way it is phrased in the discussion paper.
- Investors invest in people, not only in projects. Having someone on the field that can ensure an effective implementation of the FLR project is key to succeed in attracting investments.
- It is important now to move from the global to the local level: highlight tools and guidelines for implementing site level FLR.

The following cases presented during the event will be reported in the discussion paper:

- The *Moringa Fund* has been described as an “extremely long-lasting” private equity fund with a maturity period of 12 years (which could be extended to 16 years). This type of structure thus requires long-term, more specifically “patient capital”.
- *EcoPlanet Bamboo* presented an interesting private sector solution for landscape scale restoration. The Multilateral Investment Guaranty Agency (MIGA) of the World Bank Group

has invested \$48.8 million in guarantee in support of *EcoPlanet Bamboo* Group's investment in Nicaragua, guaranteeing coverage against the risks of expropriation, war and civil disturbance for a period of up to 15 years. This insurance policy helped attracting more investors.

- *Humus* is a biodiversity philanthropic family fund (a private foundation founded by an Ultra high-net-worth individuals, UHNWI)) supporting a series of projects on biodiversity conservation, biological agriculture, sustainable value chains and sustainable sourcing (e.g. Cashmere).
- Among indirect benefits of corporate social responsibility (CSR) investments in FLR, *WeForest* identified “innovative leadership” as added-value for companies, together with impact communication which the Tree App (by Creo2) promotes.
- *WWF* provided a good example of PES. Need, however, to manage possible conflicts of interests (e.g. Coca cola in Portugal is doing well, however in other region it is continuing implementing unsustainable practices, so contributing to degradation).
- *WBCSD* promotes the understanding of ecosystems as natural “infrastructures” which need to be restored for both (i) delivering their goods and services along business value chains (in-setting), and (ii) protecting business infrastructures and increasing business resilience (e.g. towards the adverse effects of climate change).
- The *Development Bank of Latin America* (CAF) has developed an innovative Partial Risk Mitigation mechanism in support to the Initiative 20x20, especially towards coverage of risks taken by private equity impact funds engaged in the Initiative (Moringa Fund, Rare, Terra Bella Fund, etc.).
- The *French Development Agency* (AFD) presented the series of financing instruments which could be applied to FLR e.g. concessional/non concessional loans, soft loans, guarantees, grants, equity participations, etc. So far AFD portfolio related to FLR is relatively limited and could be further developed (as other Development Banks/International Cooperation Agencies). Combining the different tools adapted to state and non-state actors (including the private sector) in one joint mechanism for FLR is possible in theory even though this has not been applied yet.
- *UN Capital Development Fund* through the Local Finance Initiative (LFI) uses different investment tools: grants, guarantees, loans, microfinance for investment in local development projects. Critical point is also the identification of local champions and flagship value chains, as well as infrastructure projects with high social development leverage. Project promoters can be municipalities or inter-municipalities, administrative entities with the ability

to foster intersectoral integration and public private partnerships. There are no significant FLR projects supported by the LFI so far, even though its tools could be used to this end.

- The *Jewish National Fund* (JNF) is a NFF-like model which developed innovative financing mechanisms and instruments, e.g. through the “diaspora bonds” and the initiative “Plant a tree for Israel. The “diaspora” could play a role as possible driver to capture funding for FLR (e.g. remittances from African emigrants to their home country).

The above comments, inputs and contributions will be included in the first draft of the paper that will be shared with all the participants of this event for an informal peer review process that will be conducted during August 2015 (exact dates to be announced).

Way forward

Possible future activities to be carried out in the context of the FAO/GM-UNCCD initiatives on FLR investments, and in cooperation with other interested partners, include:

- **Capacity building:**

Development of **training sessions/capacity building tools** aimed at building knowledge and providing guidance on opportunities, constraints and drivers for investment in FLR. The training could be addressed to national stakeholders interested in exploring opportunities for investment in the sector.

- **Awareness raising:**

- Development of **policy briefs** containing the main conclusions of the discussion paper and the case studies presented during the workshop in Rome highlighting ongoing successful experiences of private sector involvement in FLR/ LDN efforts.
- Organization of **joint events** on FLR in the context of the following relevant venues, including: (i) COP 12 of the UNCCD (Ankara, Turkey, October 2015); and, (ii) Global Landscape Forum (Paris, France, December 2015) or World Economic Forum (Davos, Switzerland, January 2016)

- **Land degradation-free supply chains:**

Development and piloting of a **certification/eco-labelling process** aimed at certifying the neutral land degradation impact of a given product, taking into account all the phases of its value chain. Such certification would be expected to increase consumers' awareness and, consequently, incentivize private sector's investments in activities that promote LDN.

- **Innovative financing mechanisms for FLR:**

Aiming at unlocking the potential of innovative financing mechanisms for the promotion of FLR implementation, new approaches could be assessed and promoted, including the feasibility assessment, piloting and further development of an **online crowdfunding platform** for financing small-scale FLR interventions. This online crowdfunding platform would allow implementing small FLR projects but a good monitoring system needs to be put in place to make sure that only trustful organizations are involved. A way to ensure the involvement also of the many local people who do not have access to internet could be explored.

ANNEX I

List of participants

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ANNEX II

Agenda of the workshop

FAO HQ – Rome, Italy

Mexico Room D213bis

Tuesday 30 June

PRIVATE INVESTMENTS IN THE CONTEXT OF MULTIPLE EXISTING SOURCES OF FUNDING FOR FLR INITIATIVES

09:00 – 10:00

Opening Session

- Welcome addresses from FAO and the Global Mechanism
FAO - Global Mechanism (E. Rojas - S. Walter)
- Presentation of the FLR Financing discussion paper
Global Mechanism (S. Walter, P. Lara)

10:00 – 10:45

Session 1. Overview of the multiple existing funding sources and instruments for FLR initiatives

Overview of relevant funding sources and instruments for FLR and discussion with participants
FAO - Global Mechanism (C. Besacier - L. Liagre)

10:45 – 11:15

Coffee Break

11:15 – 12:30

Session 2. Barriers inhibiting investments in FLR initiatives: the way forward for breaking current obstacles

- Overview of tools and guidelines for the identification of FLR investment areas
FAO (M. Conigliaro)
- Cost Benefits Analysis: The example of the Close To Nature Planted Forest initiative
FAO (H. Thiel)
- Promoting investments in Forest and Landscape Restoration
Global Mechanism (L. Liagre)

12:30 – 13:00

Conclusions: The way forward for better investments in FLR

13:00 – 14:00

Lunch

PRIVATE SECTOR INVESTMENTS IN FOREST AND LANDSCAPE RESTORATION INITIATIVES: MULTIPLE VISIONS AND PRIVATE PLAYERS

14:00 – 15:00

Session 3. Examples/study cases of investments in FLR initiatives with direct benefits for the private sector (Moderated by D. McGuire)

Investment from the private sector based on economic win – win situation with an action centered on a profitable value chain

- Example 1 on coffee plantation and agroforestry investment supported by Moringa Fund with a coffee trading company in Nicaragua
Moringa fund (C. Chenost)
- Example 2 with EcoPlanet Bamboo: Opportunities for Forest and Landscape Restoration
EcoPlanet Bamboo (C. Rebelot)
- Investment of private sector in certification process/sustainable label as a positive key driver of changes: Fight against environmental degradation in Mongolia, by improving capacity of local stakeholders in pasture management, through the development of a sustainable cashmere value chain managed by the luxury industry of cashmere
Citizen luxury (C. Lochard)

15:00 – 15:15

Conclusions

15:15 - 15:45	Coffee Break
15:45 - 17:00	Session 4. Examples/study cases of investments in FLR initiatives with indirect benefits for the private sector (Moderated by S. Walter) - Investment based on a Corporate strategy of private sector in terms of social and environmental responsibility: WeForest <i>WeForest (V. Gutierrez)</i> - Second example of private sector investment on certification with (a wood or non wood forest product with possible example of WWF/Coca Cola with FSC certification in Cork Oak Landscape for provision of good quality water for Coca Cola factory with incentive paid by Coca Cola) <i>WWF (M. Bugalho)</i> - The vision of the World Business Council for Sustainable Development <i>WBCSD (V. Berger)</i>
17:00 - 17:30	Conclusions: how to deal with this diversity of corporate visions

Wednesday 01 July

09:00 - 10:30	Session 5. Enabling environment for private sector investments at global, regional and national levels (Moderated by C. Besacier) - Example of a regional initiative: Initiative 20 by 20 in Latin America - CAF Development bank for Latin America, partial risk guarantee mechanism in the context of the Initiative 20 by 20 <i>WRI - CAF (W. Vergara - O. Carrasquilla)</i> - Examples of financial instruments for supporting investments of national stakeholders: the multiple tools developed by the French Agency for Development and Proparco <i>AFD (K. Colin De Verdere)</i> - Examples of financial instruments for supporting investments through decentralized authorities and municipalities: the tools developed by UN Capital Development Fund <i>UN Capital Development Fund (C. Alvergne)</i> - The landscape fund and key messages from the investment case event held in London <i>CIFOR (A. Wardell)</i>
10:30 - 10:45	Conclusions
10:45 - 11:15	Coffee Break
11:15 - 12:30	Session 6. Philanthropy, foundations, corporate citizenship and innovative tools (Moderated by BK. Chun) - Mobilization of individual donors and private company: example of WRI Fund Raising strategy <i>WRI (K. Buckingham, W. Vergara)</i> - Mobilization of individual donors /Diaspora on FLR Initiatives (KKL) <i>KKL (K. Bolton)</i> - Innovative tools: An example of Crowd Funding Platform (e.g. Stand for Trees platform) <i>Global Mechanism (L. Liagre)</i>
12:30 - 13:00	Conclusions
13:00 - 14:00	Lunch
	HOW TO PROMOTE PRIVATE SECTOR INVESTMENTS IN FLR INITIATIVES: THE WAY FORWARD BY 2020
14:00 - 16:00	Lessons learnt and good practices to be included in a position paper on Investment from private sector on FLR. (After an introduction in the plenary the seminary will split in working groups)
16:00 - 16:30	Coffee Break
16:30 - 17:30	Main conclusions, recommendations and follow-up actions for promotion of private sector investments in FLR Initiatives (Working groups reports and wrap up session)

ANNEX III

Table reporting the outcomes of Day 1 – Participants were provided with two cards where to write respectively (i) one main conclusion/take home message of the day, and (ii) one issue relevant to them and that had not been touched during that first day of workshop, or that they found should have been further discussed on the second day of the meeting.

DIVERSITY OF FLR OPPORTUNITIES	PRECONDITIONS	NEED FOR SYNERGIES AND COOPERATION	AWARENESS RAISING	CAPACITY BUILDING	COST-BENEFITS	HARD INVESTMENT OPPORTUNITIES	M&E VS SUSTAINABILITY
Large variety of financing tools that exist which can meet the variety of private sector interest and needs	Identify champions at local/national level to deal with investors	Public and private sectors should try to see from each other's view. It will generate more synergy	What form for the market place linking public actors and their partners to private investors?	How to build capacity of local stakeholders to deal with investors and impact funds	Profitability of investments in FLR?	How to attract more traditional investors in FLR?	Common monitoring methodology need to be developed to evaluate the impact of project on land degradations (define indicator)
Private investments and companies can play a key role in ecosystem conservation and restoration	More "bankable" FLR projects are needed	How to favor private/public collaboration and synergies?	How to engage companies and private investments that generate concrete returns for companies?	How to deal with poor governance?	How do we contend with the difference between perceived and actual impact of private sector?	Total lack of cohesion between traditional financial sectors and FLR ☹️	Need to identify consistent criteria to monitor FLR outcomes
The private sector has a various schema for investing in Landscape Restoration	We need to link landscape approaches with value chain development	Need to more collaborative work for making success story on FLR in global	How to raise attention on landscape restoration towards private companies?	How to develop and promote business cases for LR in Africa?	Super rich buying lands (of Oakland institute research)	-	How can systematized the landscape restoration including the regional experience

Good screening of financing mechanisms involving either public or private finance, many examples of “mixed” models (cases): Need to document / categorize them	Despite lots of good initiatives and funding, progress in LR remains uncertain	How can we create more opportunities for public-private impact marketing partnerships?	-	How do we empower the governments so that they are themselves capable of benefiting /using these investment opportunities?	Addressing environment and social objectives in FLR activities does not have to be at the expense of profits	-	What role should lifecycle – end of life of products play in successful projects? For example, Moringa Fund is restoring land but the end buyer, Nespresso, is highly polluting: environmental disaster
Several opportunities (and rational) of financing/investing in FLR	Can we invest in a landscape?	-	-	Managing trade-offs: how?	FLR in positive to cooperating with private investors especially in priority like social and environmental responsibility	-	-
Varied approaches to FLR and how financed	What do we mean by “degraded” and “restored”?	-	-	How to upscale success stories?	-	-	-
-	Hot to identify local players to important activities?	-	-	-	-	-	-
It is essential that the paper provides direction! (without necessarily being prescriptive?)							

ANNEX IV-a

Table reporting the outcomes of the brainstorming held in Working Group 1

Issue: which are the main barriers to private sector involvement and which actions we should implement to address and overpass them?

Facilitator: Ms Mathilde Iweins (FAO Natural Resources Division)

BARRIERS AND NEEDS				ACTIONS
ORGANIZATION AT LOCAL LEVEL	BUILDING THE BUSINESS CASE	EFFICIENT COMMUNICATION	-	CONCLUSIONS OF WORKING GROUP
Scale that works for investors and producers/farmers	Returns on Investment	Marketing communication	Compliance to regulation	Difficulty to identify projects, to find the right partners and information locally. Discussion on role of public vs private sector: 1. If it wants its projects to be successful, P.S should be the ones doing it 2. Could have neutral intermediation
Economies of Scale	Beyond impact marketing	Communication tools	Measurement - benefit	Bringing together different stakeholders that could act as brokers of partnerships
Reliable/sustainable local actors	Proliferation of indicators – beyond finance	No one wants to pay for branding	Huge gap between projects and investors interest: difficulty to get them to invest in FLR	Public sector can help with implementation of tools, guidelines, case studies, etc. (e.g. Adapting ROAM to private sector?). Creating a database of projects/case studies can be a good strategy to promote investments in FLR.

Transparency and communication in supply chains	Charity sector is not investment	Awareness-raising that FLR can be profitable	-	Understanding the local context would help private investors. Public sector could be helpful in providing more precise info on opportunities at local level.
Value chain	Operation/transaction costs	-	-	Scaling up projects: bundling of projects, e.g. association of land owners etc.
Risk (Context)	Strong Business case	-	-	Promote insurance mechanisms for risk mitigation
Difficulty in working with smallholders: quality/quantity	Missing proof: need more cost benefit analysis: link to bottom-lines	-	-	Clarify and enforce the legal framework and regulations, then explore how to improve them
Risk mitigation strategies at all levels	How to transform philanthropic-type activities into profitable ones: business case	-	-	Measurement of impacts: work on scheme of indicators and measurement methodology that can be used across projects
Creating/promoting structure at landscape and market chain	Building private sector Interest on long-term	-	-	

ANNEX IV-b

Table reporting the outcomes of the brainstorming held in Working Group 2

Issue: what capacities need to be developed at national/regional level for facilitating resources mobilization – especially from private investments - in FLR?

Facilitator: Ms Sally Berman (FAO Nature Resources Division)

	WHOSE CAPACITIES AT COUNTRY LEVEL NEED TO BE DEVELOPED?	WHAT CAPACITIES ARE NEEDED?	HOW TO BEST DEVELOP THOSE CAPACITIES?
GOVERNMENT AND PUBLIC ADMINISTRATIONS	Minister of Plan	- Understanding of types of investment instruments - Spatial intersectoral coordination + arbitration - Legal reforms to encourage investors	- Documents, including white papers - Meeting (local or international) - V & H integration - Draft bills to promote investment, NOT just Small and Medium Enterprises (SMEs) [Center for Latin American Studies and Transition Economies (ISLA)]
	- Minister of finance/Treasury - Parliamentarians - Minister of agriculture	- Facilitating multi-stakeholder platforms - Strengthening ESIA (Environmental and Social Impact Assessment) capacities (for prof in CBA capacities)	- Support Rep. of marginalized groups - Curriculum change (ex-post studies trainings). Questions and answers of Leisure Business Advisors (LBA) consultants
	- Minister of finance/Treasury - Minister of environment	- Monitoring compliance & performance of investments - Land administration processes and land allocation transparency; land banks	- Monitoring and Evaluation capacities (social impact) - Documents in local languages - Radio
		Mobilizing co-financing for Gov. incentives	- Parliamentary oversight bodies: budget information (Natural Resources Management) - More awareness on national budget - Retention of revenues

FARMERS ASSOCIATIONS/COOPERATIVES/ UNIONS REPRESENTATIVES	- Land owners - Smallholders - Local business companies - Associations and cooperatives - Farmers associations - Extensionists	Knowledge and land tenure rights, systems, and benefits – sharing opportunities	- Training of decentralized offices - Trainings by NGOs
		Basic business skills and behavior (reliability, ...) for smallholders/small cooperatives	- Radio/TV spots - Farmers Field Schools (FFS)
		Advanced business skills and coordination for aggregation for larger cooperation. Skills would include elaborated business cases and contract farming	-
FACILITATING ORGANIZATIONS STATE/NON-STATE	- Chambers de commerce - Development agencies - Investment promotion agencies - Local progression	- International legal capacities - Experience - Knowledge of best practices	Short term: 5 candidates to be sent abroad: 6 months at university + 6 months of secondment Long term: Publication of best practices. University training (minor in international law) aimed to develop the following skills: (i) identify needs; (ii) identify financial opportunities; (iii) know both finance language and restoration language; (iv) coordination and administration. Suggested tools: (i) E-courses (i.e. world Bank); (ii) develop university courses (Climate & Dev.); (iii) Mentor program secondment position; (iv) Agency to agency training; (v) training the trainers.
INVESTORS: LOCAL AND FOREIGN DIRECT INVESTMENT (FDI)	- National private sector - Companies with bad soil Practices - Export markets - Foreign and local companies	Evaluate technical performance for projects	Working with standards/schemes (certification, etc.)
		Evaluate impacts (social-environment)	Monitoring assessment baseline tools (indicators, etc.)
		Evaluate investments	Financial and economic analyst
		Capacity for structured and ... investors	Trustful convener to gather investors around the table
		Benefits (returns on investment - ROI)	Technical team
		Priorities investment (where?)	Best practices implementing

DECENTRALIZED GOVERNMENT	- Unions - Jurisdictional authorities – provinces and districts	Improved capacity to share information (e.g. seed collection) and to coordinate action	Create platforms to access resources (financial, technical) and develop ability to use them
	- Decentralized authorities - Local decision makers (municipalities)	Improved communication capacities (to access information and express needs) of “extensionists”	Create horizontal and cross-sectoral platforms
	- Extension training service providers - Extensionists	Advanced business skills and coordination for aggregation for larger cooperation. Skills would include elaborated business cases and contract farming	-
IMPROVING ACCESS TO INFORMATION MEDIA	CSOs, NGOs: - Local actors - Interest groups Research organizations: - Research - Universities Finance Institutions: - National Development Banks - Banks, MFIs - Private Banks - Local Finance Institutions - Local Climate Fund	-	-

ANNEX V

Draft Table of Contents for the FLR Financing Discussion Paper

1. BACKGROUND

[Brief introductory section, touching on forest and land degradation issues, importance of using the landscape approach and implementing restoration at landscape level, reference to relevant initiatives, justification of the study, and the rationale for FLR investments]

2. OVERVIEW OF RELEVANT FUNDING SOURCES AND INSTRUMENTS FOR FLR

[Discuss existing types of capital and of investors, highlighting the main differences in terms of criteria requested for approval of projects proposals, type of capital available, way of thinking and approaching the FLR issue]

a. Existing types of capital: Equity; Loans; Bonds; Grants; Balance sheet; Crowd funding

b. Relevant funding sources/investors for FLR:

1. Climate financing Instruments
2. Development Banks (loans and grants)
3. Environmental funds
4. Non-governmental funding
5. National budgets, National resources from Ministry of Finance, Budgetary Aid or debt conversion provided by donors like EU/Bilateral in some countries
6. Private investors
7. Non-traditional or innovative funding

c. Overview of tools and guidelines for the identification of FLR investment areas

[Based on a review of existing tools and guidelines (such as the Atlas of Forest Landscape Restoration Opportunities, the Global Forest Watch initiative, the GPFLR tool for National Assessment of Forest and Landscape Restoration Potential, Open Foris' Collect Earth tool, USGS/ESRI's Ecological Land Units Map of the World, REDD+ guidelines, and FAO's MOSAICC tool, "Global guidelines for restoration of forest landscapes and degraded lands" and "Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security", among others), this section would describe them and identify which tools/guidelines could be used by different stakeholders interested in FLR implementation.]

3. GAPS INHIBITING BETTER INVESTMENT

[This section would focus on the gaps and what has been lacking, inhibiting better investment – this could include lessons learned from case studies and the fact that we may have better chances of getting investment when we have connected more effectively the objectives of environment/social and economic concerns.]

4. PROMOTING INVESTMENTS IN FLR

a. A review of the costs and benefits of FLR investments

[This section will include a brief discussion on the information available regarding the costs (\$/ha) of FLR interventions, providing data regarding cost/benefit ratios and return on investments. This section will also discuss the costs of land degradation, providing a perspective on the opportunity costs/costs of inaction]

b. Creating a favorable enabling environment for FLR investments

[This sub section would focus on describing the conditions that would make investment more favorable (i.e. good policies, good governance, clear financial returns, well developed value chain in place, stakeholders' involvement, etc...), showcasing lessons learned from previous initiatives]

c. Non-traditional or innovative approaches to attract financial investment in FLR

[This section could discuss non-traditional or innovative approaches to attract financial investments in this field, such as private sector investments (including analysis of successful business models), PES schemes, crowd-funding platforms (e.g. Stand for Trees platform, Mirlo Positive Nature platform, Lebanon pilot), and investments in NTFPs (e.g., cork) and agroforestry as innovative financing opportunities for FLR]

d. Building/strengthening alliances

[This sub section will discuss whether - for the mobilization of resources for large scale forest and landscape restoration activities - it is more effective establishing new alliances and partnerships or strengthening the already existing ones, including advantages and disadvantages of the two options. It will also discuss proposals for establishing new alliances (i.e. development of Integrated Financing Strategies for FLR purposes, and/or developing Sustainable Land Management financing toolkit tailored for FLR purposes, including public-private partnerships and social enterprises which could be articulated at country level for a number of selected pilot countries)]

5. THE WAY FORWARD

[This section will briefly go over the key aspects and take home messages included in this discussion paper, building the case for stepping up the efforts in FLR investments, and inviting relevant partners, donors and investors to engage in FLR financing in a collaborative manner. It will also recommend areas that need further work or analysis and possible additional products or tools that may be needed to stimulate greater investment (e.g. guidelines for preparing proposals to specific types of investors, capacity building workshops, etc.)]