



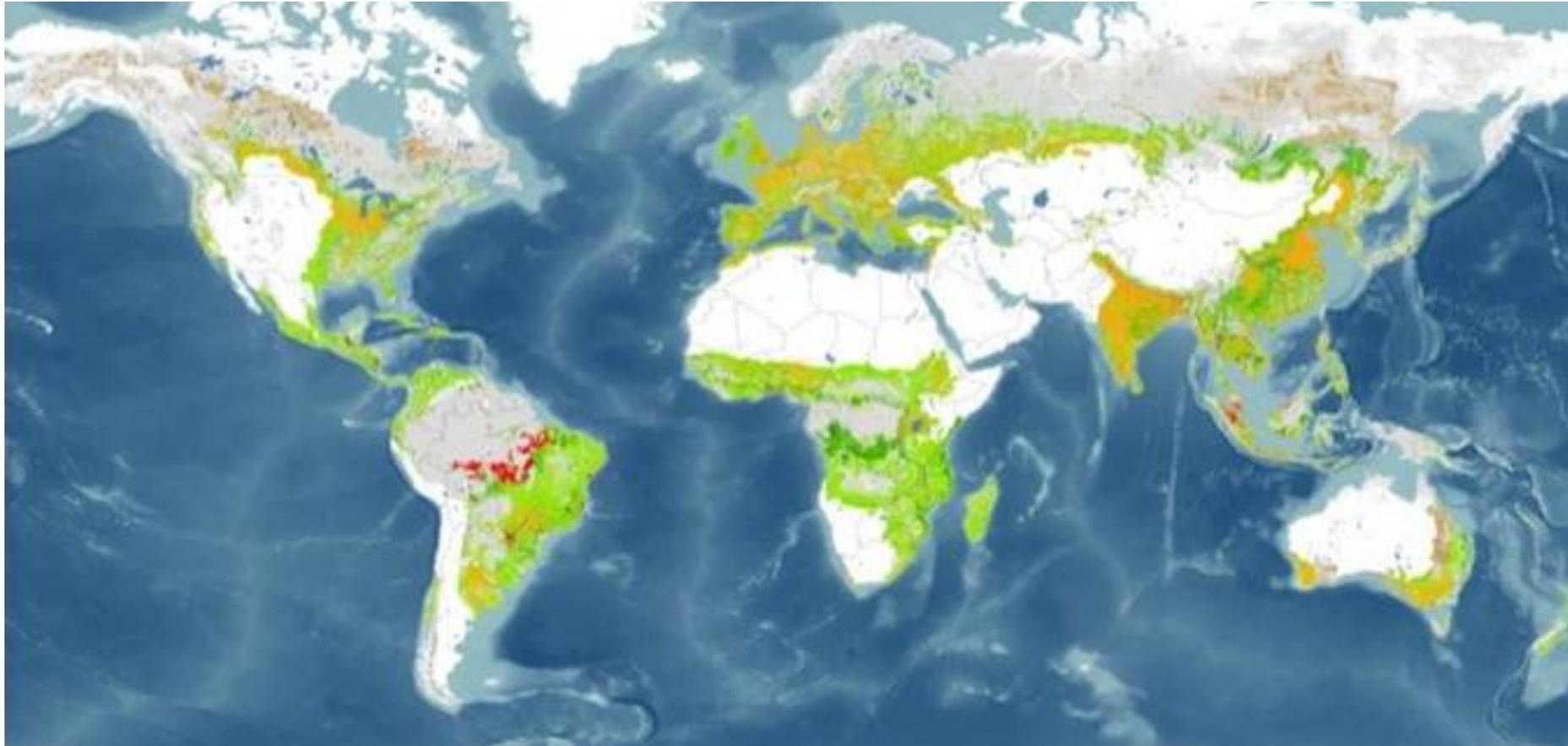
Food and Agriculture  
Organization of the  
United Nations

# Financing for Forest and Landscape Restoration

Mathilde Iweins | FAO

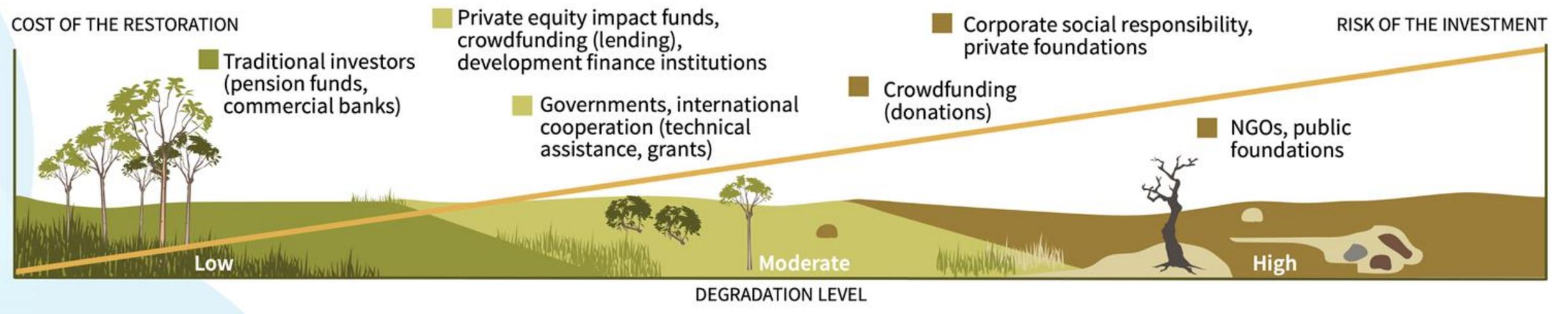
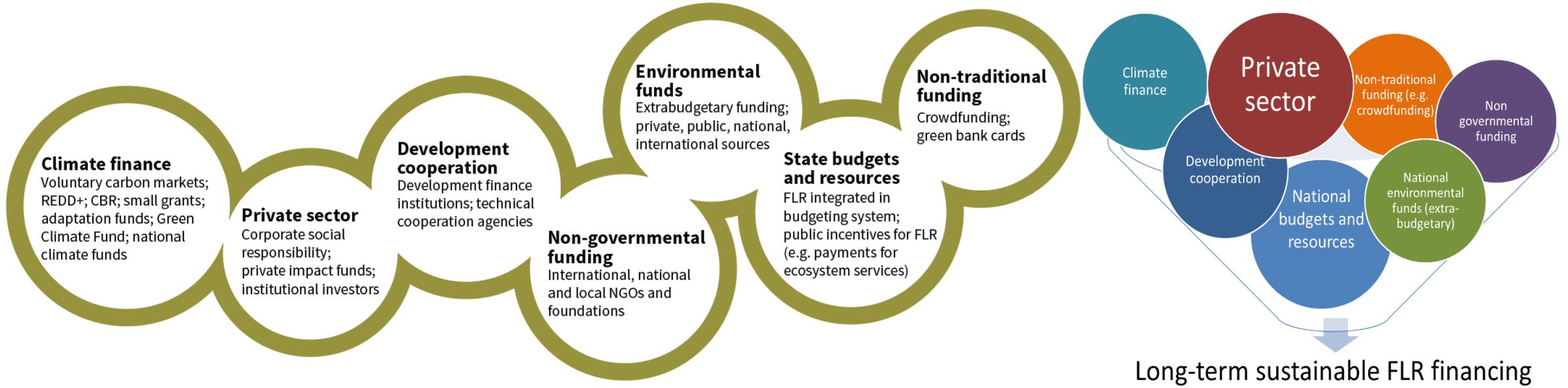
**FLRM**  
Forest and Landscape Restoration Mechanism

# The size of the challenge: How much does FLR costs?

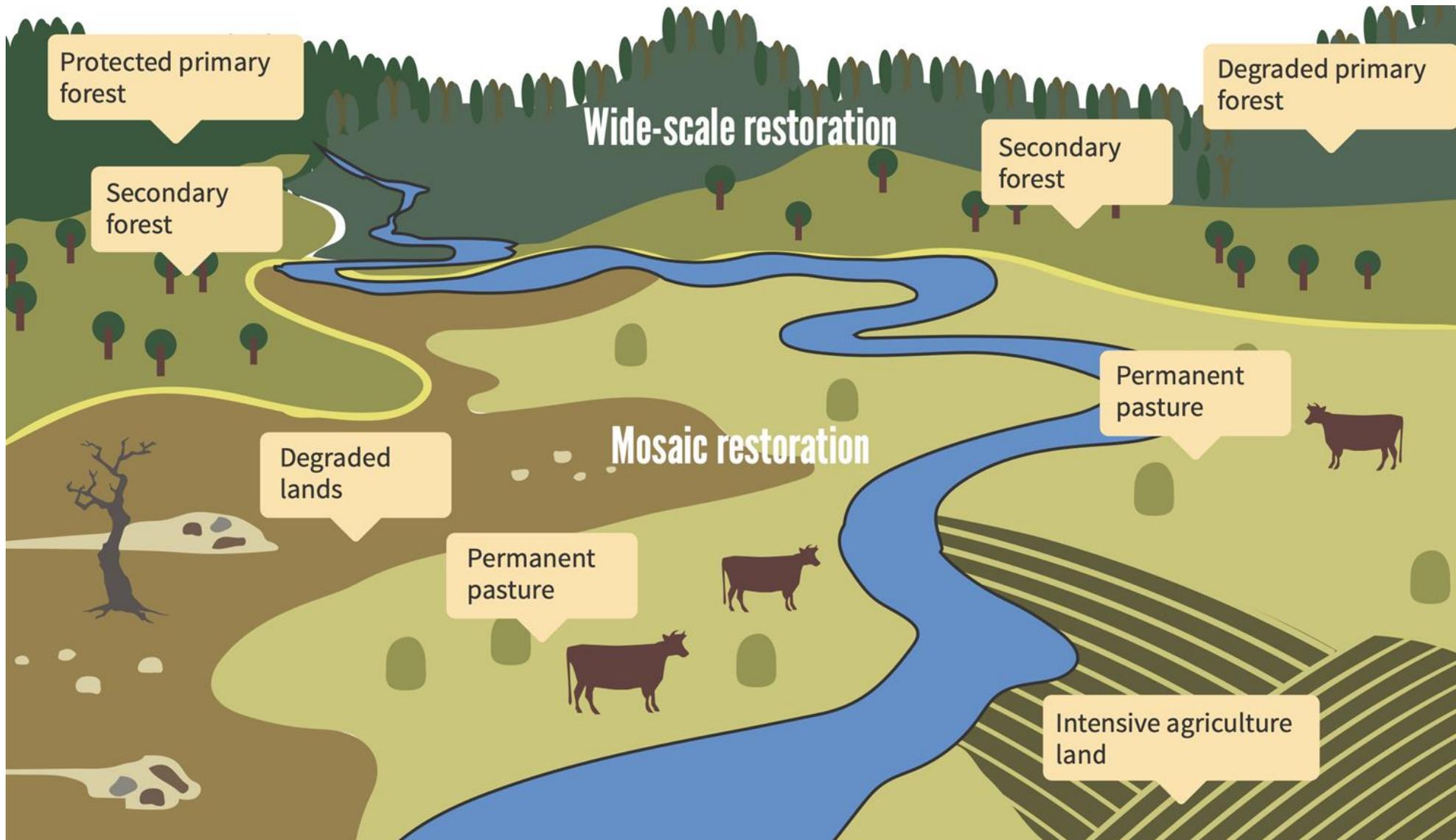


Up to 2 billion hectares of degraded lands (source GPFLR)

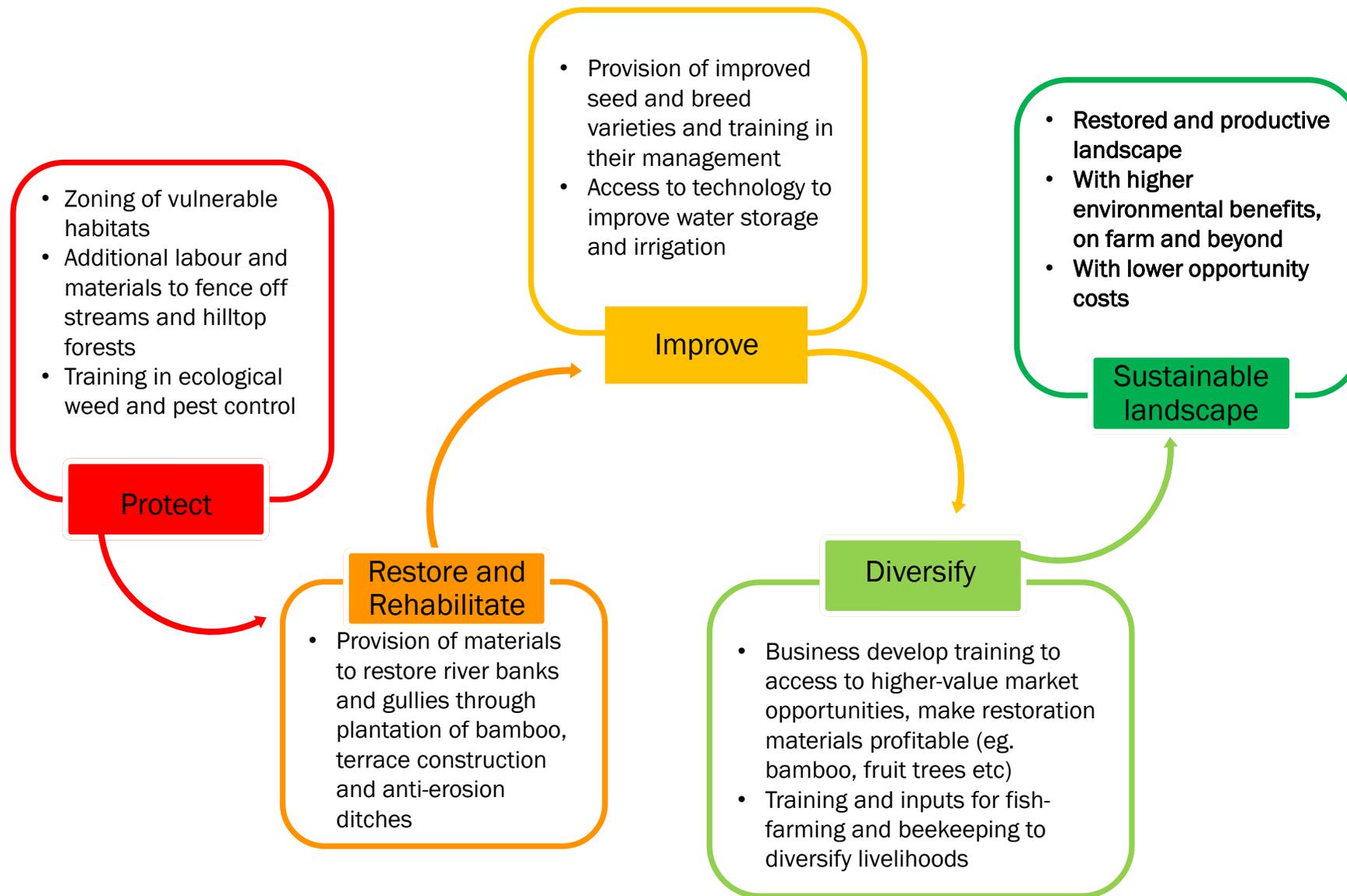
# Main funding sources for FLR



# Landscape: mosaic of land uses and financing needs



**A restored landscape incorporates many land uses—based on the context of the land and the needs of the community**



# The FLR process & financing needs

# Investment needs

Lay the **institutional and policy foundation**

**Direct investments** in physical components of the landscape

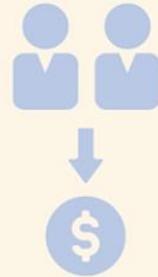
## Enabling Investments

Stakeholder engagement and cooperation

Appropriate legal and regulatory frameworks

Knowledge and capacity to strategically plan and manage at the landscape scale

Development of incentive mechanisms



## Asset Investments

Improved agricultural and forestry practices and value chain activities

More efficient agro-processing and sustainable energy use

Building green infrastructure and greening of built infrastructure

Natural resource restoration



# Financing Mechanisms

Provide funds for FLR activities at different stages of the FLR process, to **cover transaction costs and scaling up**

Use economic drivers to create a **market incentive** for investment for FLR by producing profitable products or services for buyers

## Financial mechanisms



## Market mechanisms



- Payments for ecosystem services
- Market development for timber and non-timber forest products and value chains
- Sustainability standards and certification
- Ecotourism

# For-profit – Insurance/ guarantees

## What are they?

- Mechanism to **'de-risk'** restoration investments.
- Provide **security** against political instability, market risks, risks of non-payment
- Beneficiaries: **FLR operators** themselves or the **investors**

## Case Study: The Multilateral Investment Guarantee Agency (MIGA) and EcoPlanet Bamboo

- EcoPlanet Bamboo **restores degraded lands**, turning them into commercial bamboo plantations using a landscape approach.
- To **'de-risk'** these investments, MIGA is providing over **USD 50 million** guarantee against EcoPlanet Bamboo's investments in Nicaragua and South Africa.
- The 15-year policy against **political risk** (expropriation, war and civil disturbance,...)



# For-profit – Insurance/ guarantees

## Success Factors

- Necessary to **unblock private investment** by protecting against risks.
- Can **address market failures**, e.g. when there is political risk in the investment region.

## Challenges

- **The cost of the insurance** for the insured party.
- When dealing with a new/unproven class of investment, it can be difficult to **calculate the level of risk** and thus the appropriate cost of insurance.

## Investors

Investors: Hedge funds, specialist insurers, multilateral financial institutions, etc.

Investor role: Investors **provide the guarantee** or the **insurance** to re-assure other investors or the stakeholders implementing FLR.



# Investment needs & Mechanisms

## Financial mechanisms



### For profit

- Short-term loans
- Medium- & long-term loans
- Equity investment
- Insurance / Guarantees

### Not for profit

- Public finance instruments
- Grants



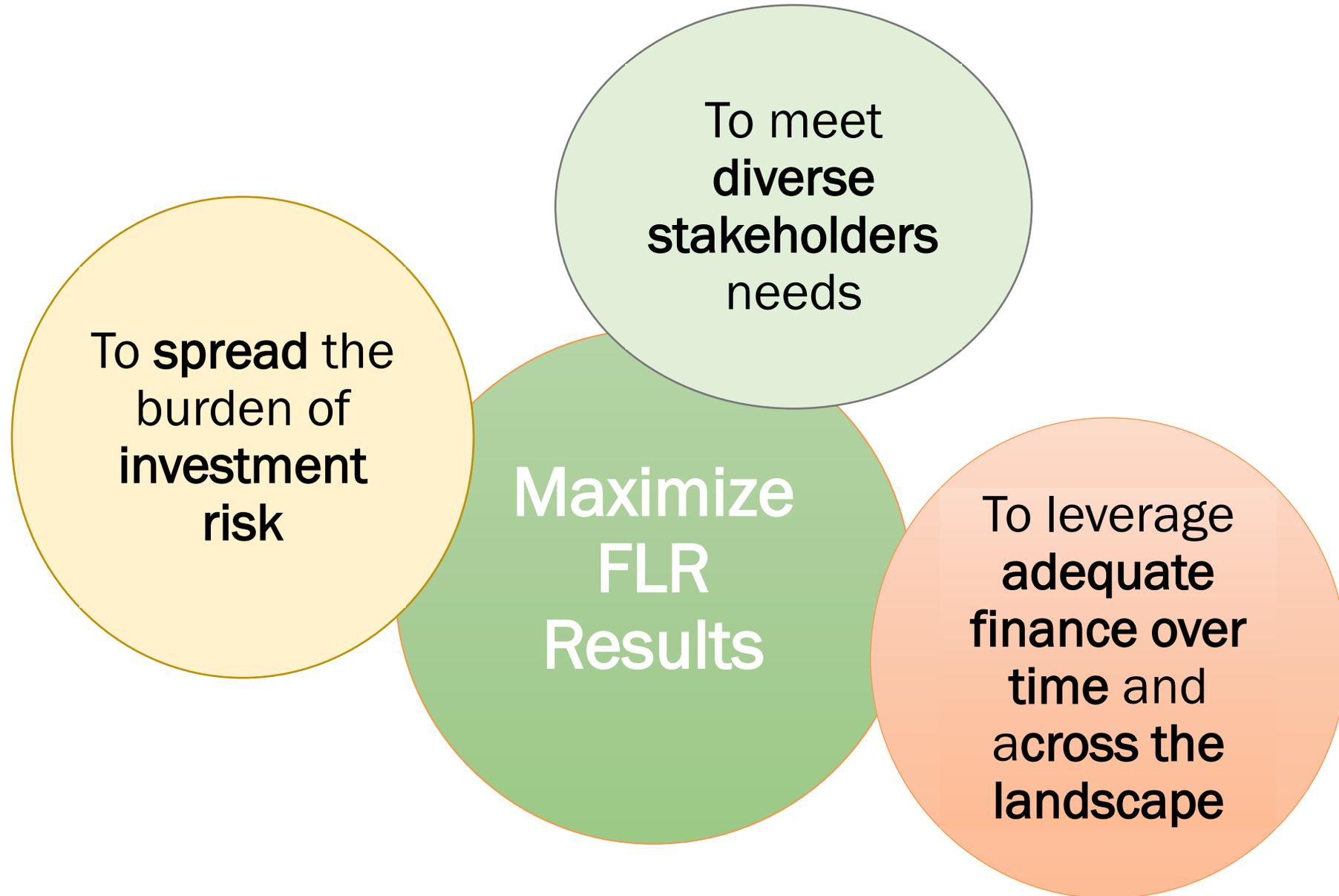
## Market mechanisms

FLR  
goods &  
services

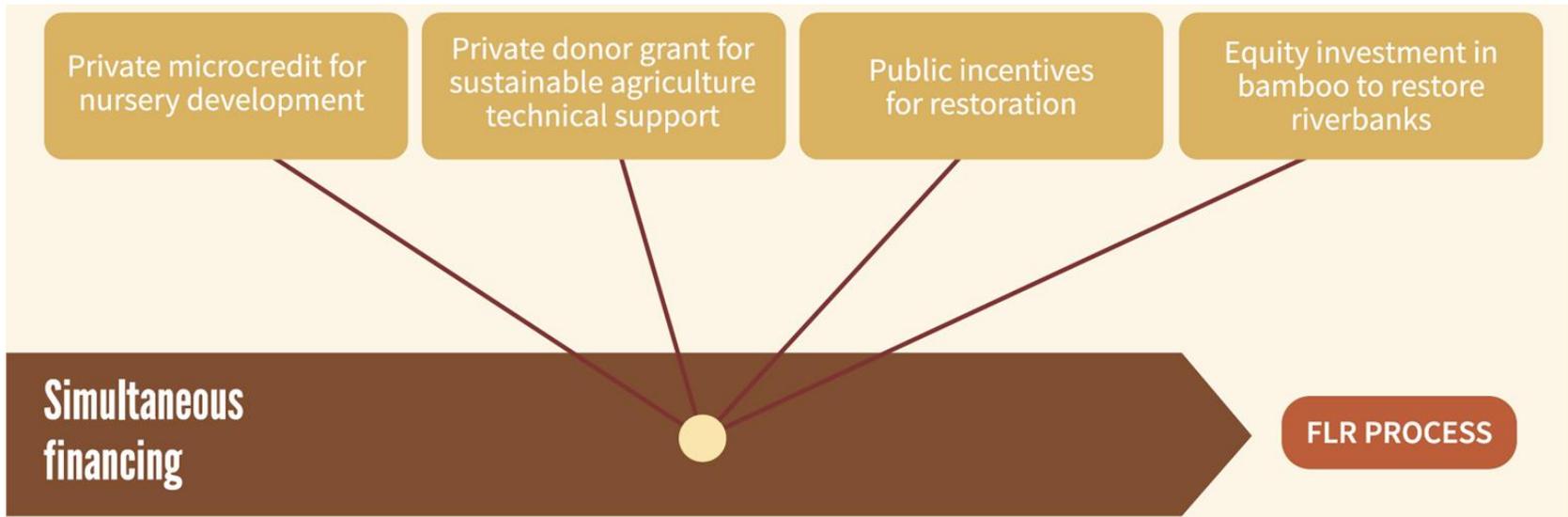


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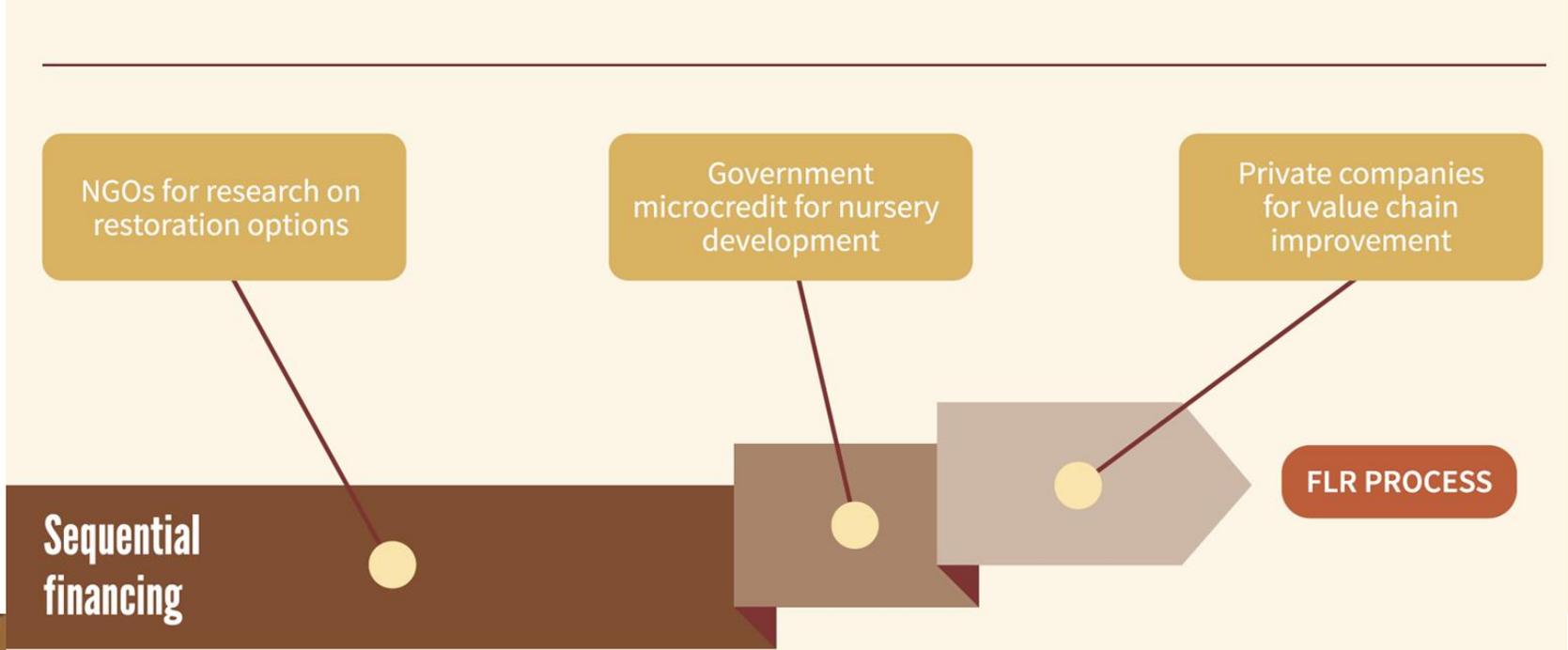
# Lessons: Coordinating finance to maximize results



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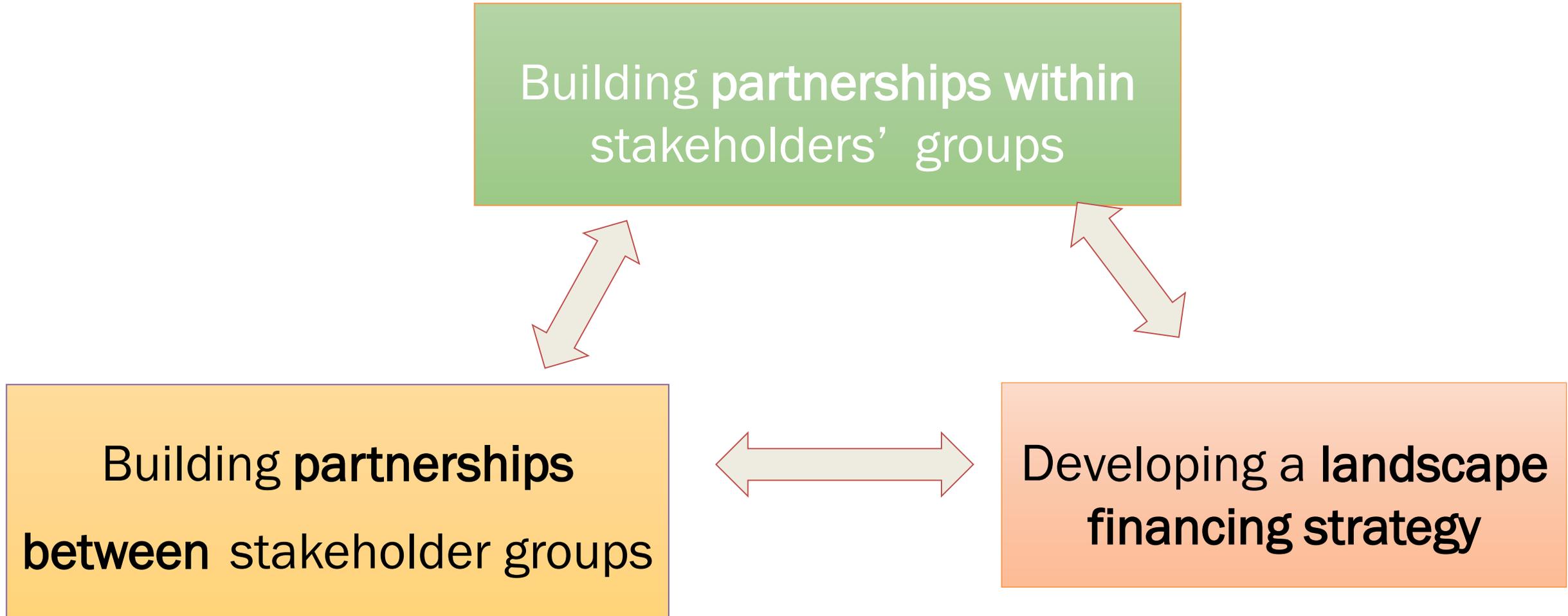


Maximize the funds available for FLR for different interdependent and/or complementary activities



Restoration activities will evolve overtime. Need to build on the achievements of earlier investments.

# Lessons: Importance of partnerships and planning



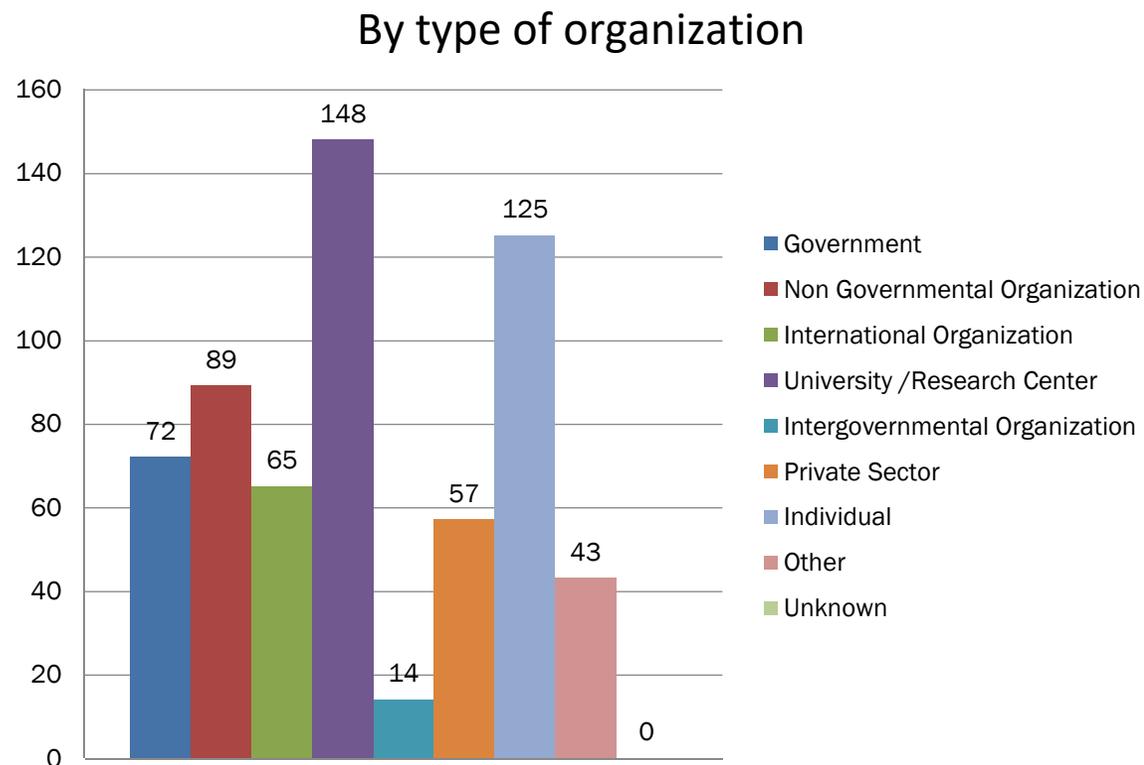
# Lessons: Other keys to success

- Developing **business model** (including development of sustainable markets for value chains)
- **Local ownership and champions** and building local capacity



# FLR Finance modules

- 3 Modules
- Launched – April 2021 (english)  
September 2021 (french)
- Over 700 people took the entire course
- Need to extend the reach and support application





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THANK YOU

**FLRM**

Forest and Landscape Restoration Mechanism

Restoring Landscapes for Enhanced Livelihoods