

# **Coordinating Finance for F&LR Across Sectors**

**How do we get to sustainable landscape investing?**

Louis Wertz  
International Conference on  
Forest Landscape Restoration under Global Change  
7 June 2017

# Key Messages

- Integrated landscape planning must be a key component of F&LR implementation, to maximize return on investments
- Investment coordination is a responsibility of a good integrated landscape management platform
- Tools and training for investment-readiness at the landscape level, and for the coordination role, are needed urgently.

# **\$ Billions stand to be invested**

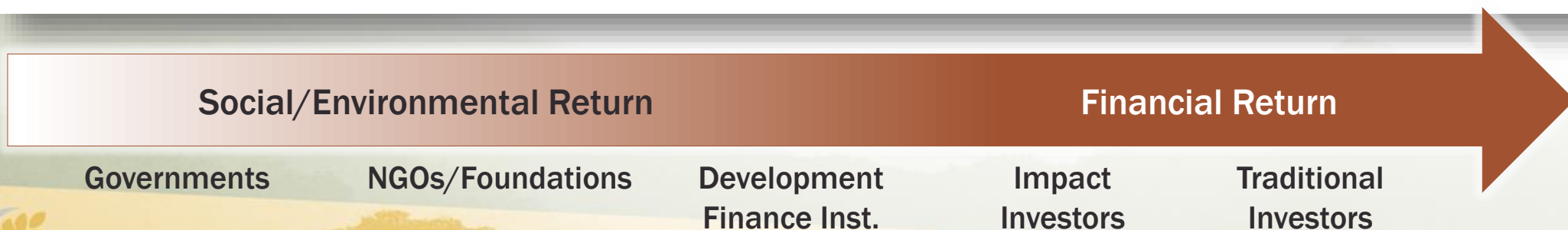
- **\$1.25bn committed to 20x20**
- **\$1.5bn committed to AFR100**
- **Does not include all the potentially "aligned" commitments (deforestation-free supply chains, SDGs, etc.).**

# Investment Needs

- **Enabling investments**
  - Multi-stakeholder platform
  - Strategic planning and coordination, training
  - Landscape assessments, monitoring, impacts
  - Policies and financial incentives
- **Asset investments**
  - Agricultural practices/value chain activities
  - Enterprises, industries using natural resources/products
  - Green infrastructure/greening built infrastructure
  - Natural resource restoration (productive lands, habitat)



Enabling Investment				Asset Investment			
Investor	Government	Donors Philanthropists	Rights-holders Product investors, Philanthropists	Private sector companies	Philanthropists	Banks	Private investors and equity funds
Vehicle	Projects, Policy	NGOs, Research & policy institutions	Small businesses Intermediaries	Capital Expenditure Research & Development	Capital investment	Financial services	Risk-adjusted return on capital
Mechanism	Public expenditure: Infrastructure Fiscal reform Regulatory reform Subsidies	Grants: Organisational & policy development Institutional reform	Enterprise Philanthropy Grants & seed funding to demonstrate validity of business model	Purchase of capital assets	Impact investment via equity, loans	Loans secured against assets	Investment via equity or loans
Output	Public Goods			Private Assets			



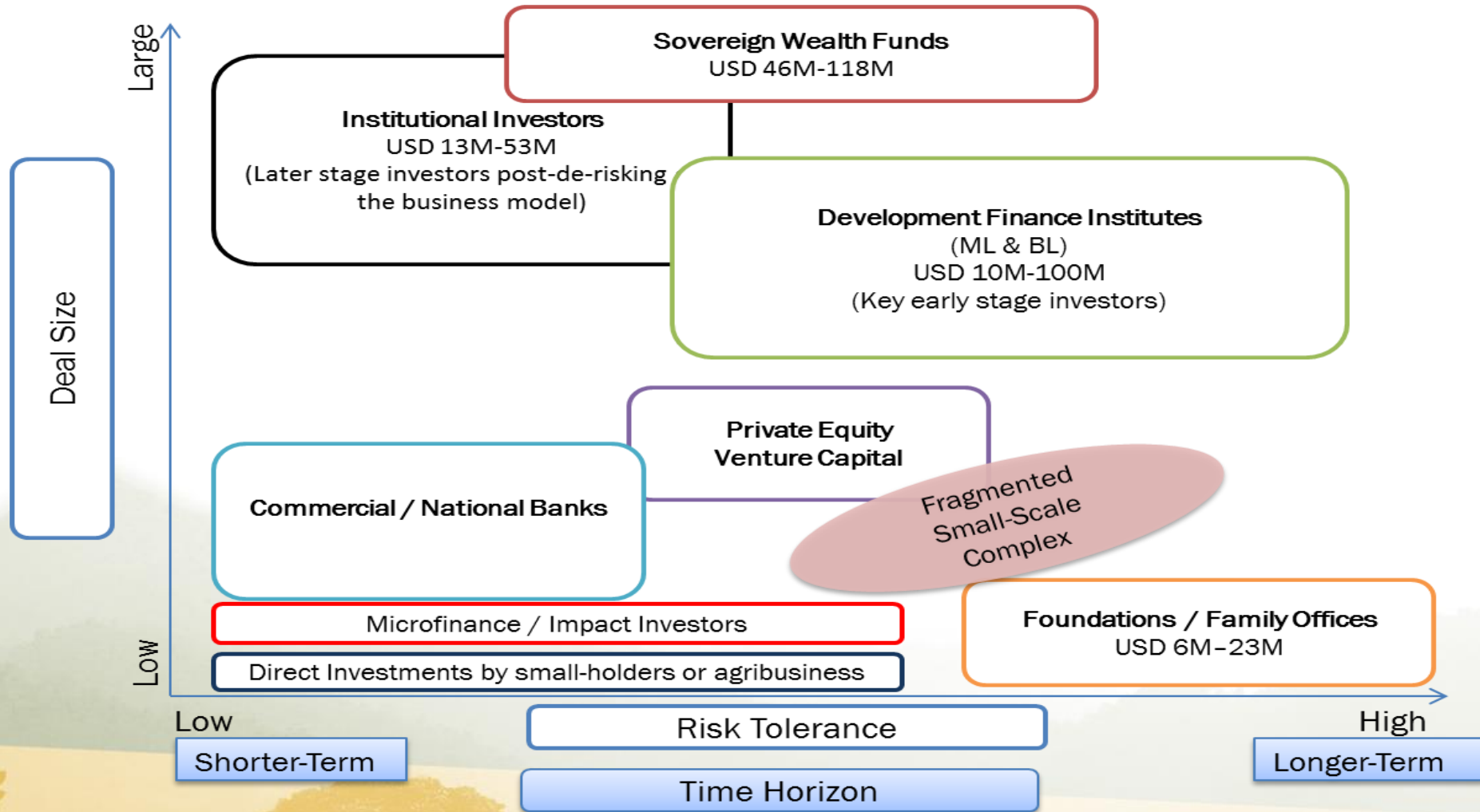
# Who has money to invest?

- Farmers, community organizations (\$, labor)
- Agribusinesses
- Philanthropic foundations, family funds
- Microfinance, revolving funds, cooperative banks
- Government agencies (local, state, national)
- Impact investors
- Commercial national/state banks
- Private equity/venture capital
- Development finance institutions
- Institutional investors, sovereign wealth funds

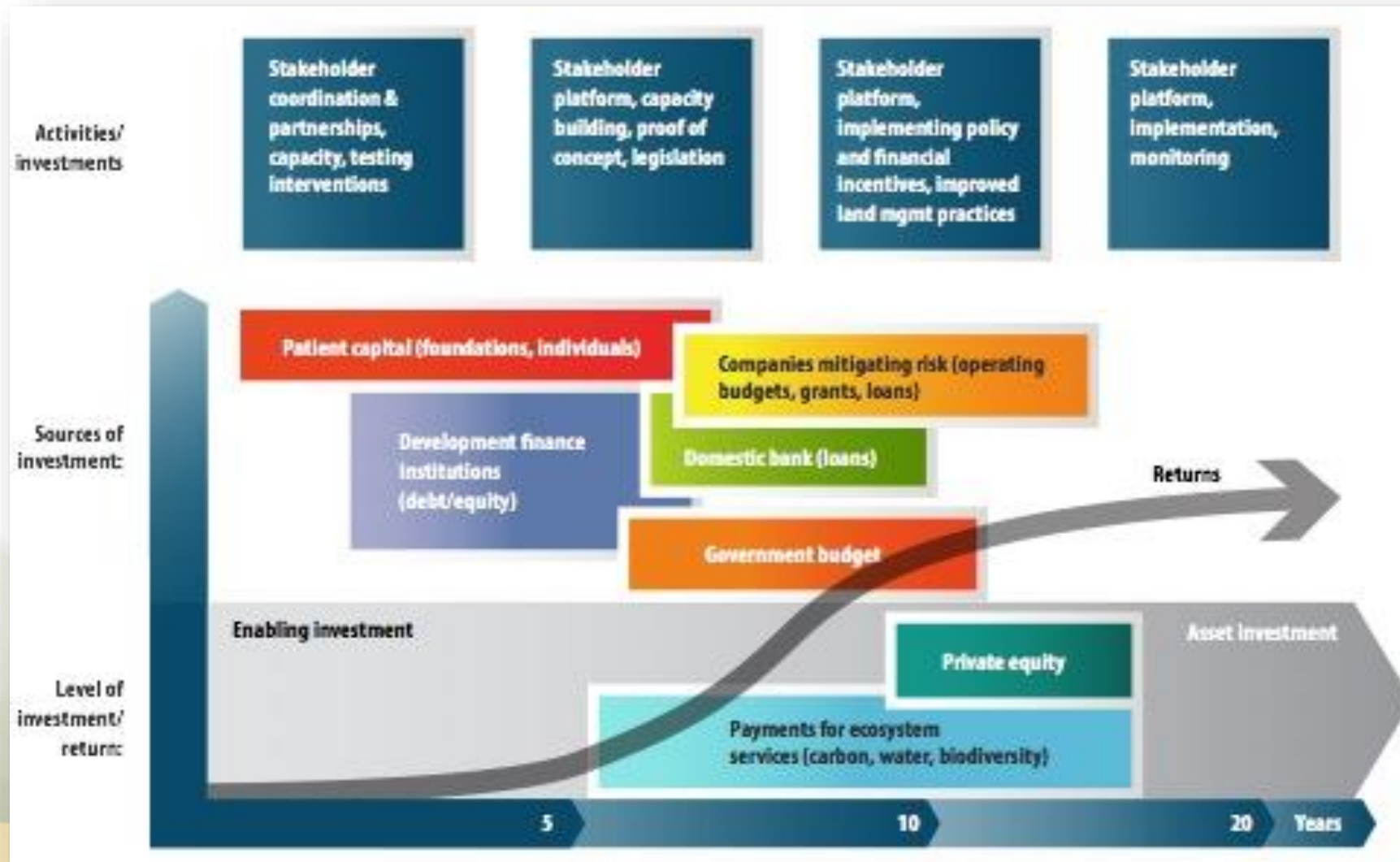


# Interest of different investors

## Time horizon, investment size, risk appetite



# Investment pathway over time





# Coordinating Investment

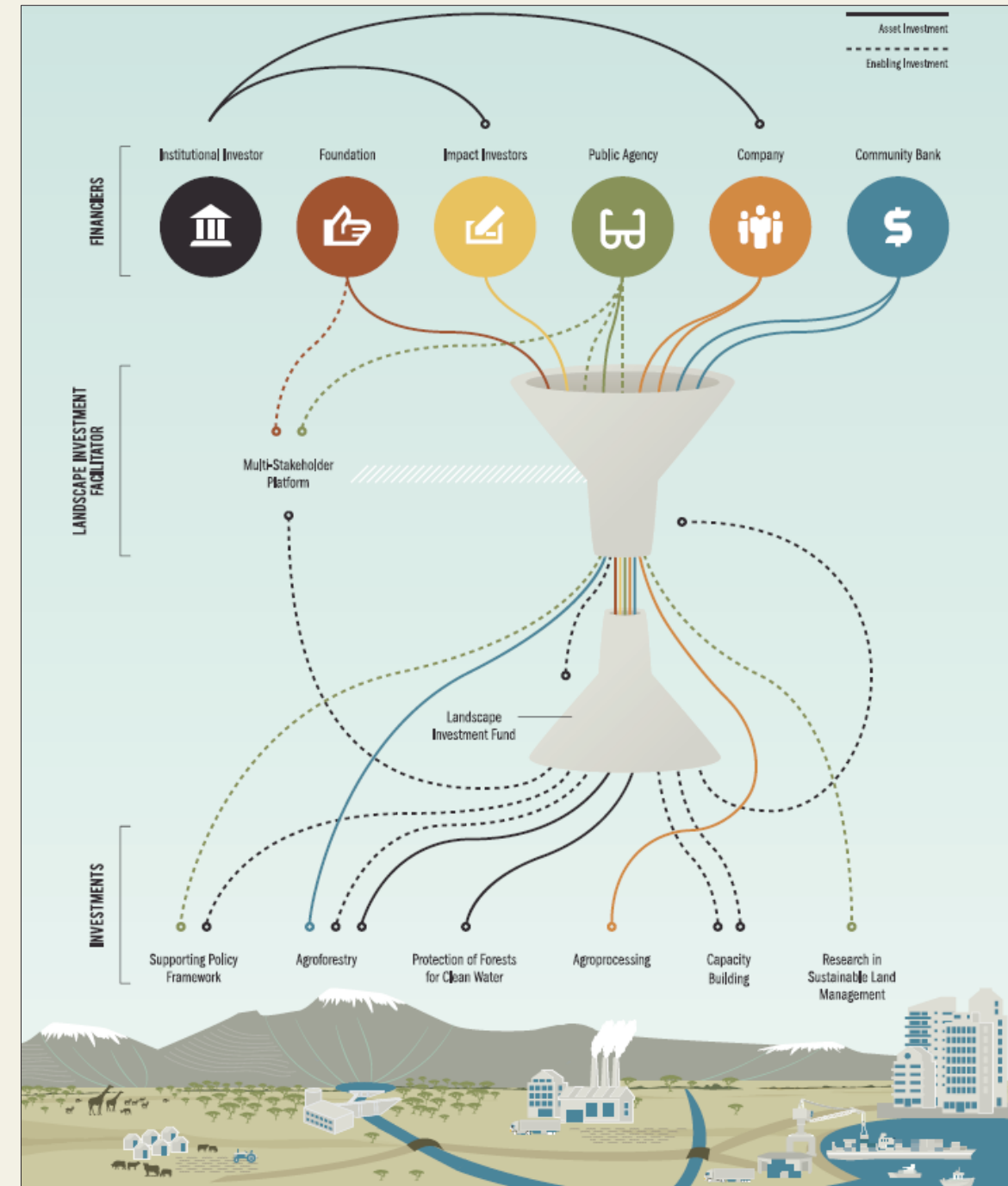
## SCALING UP INVESTMENT & FINANCE FOR INTEGRATED LANDSCAPE MANAGEMENT: CHALLENGES & INNOVATIONS

A White Paper from the Landscapes for  
People, Food and Nature Initiative

Seth Shames and Sara J. Scherr



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# Lake Naivasha, Kenya

**3** national parks



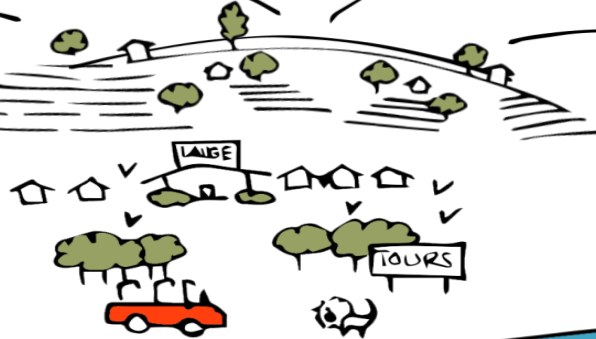
**20%** national geothermal energy



**8** wildlife reserves



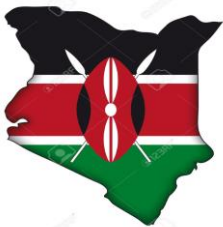
**5%** national tourism



**20%** national vegetable exports



**70%** national flower exports



# Investment needs in Imarisha Naivasha

## Enabling investments

- Imarisha-Naivasha stakeholder platform
- Imarisha Sustainable Development Plan, County coordination
- Set-up of payments for ecosystem services
- Set-up of Sustainable Development Fund
- Technical assistance to farmers and other land managers
- Monitoring of watershed health, wildlife, production, livelihoods

## Asset investments

- Naivasha town water infrastructure improvements
- Water use efficiency investment by flower companies, other irrigation users
- Restoration of vegetative cover in upper watershed
- Climate-smart agricultural value chains
- Water infrastructure for pastoralists
- Maintenance and improvement of wildlife reserves
- Greening tourism infrastructure



# Private investments in Imarisha Naivasha

## Enabling investments

- UK retailers—ASDA, Tesco, Marks and Spencer and Sainsbury's, LNGG: Funded Sustainable Development Action Plan and Watershed Resource Management Plans, Imarisha operating funds
- Finlays: financial contributions to multi-stakeholder platform
- German-Austrian supermarket REWE and Swiss-Coop: Funded research

## Asset investments

- Equity Bank: low interest loans to smallholders for best practices
- Flower companies: invest in own water use efficiency
- Water user fees: local water user associations collect fees and monitor water use (possible surcharge to support basin sustainability)
- Payments for Ecosystem Services for good practices by farmers in upper catchment.
- Diverse companies: contribute to Sustainable Development Fund, through a price premium from flowers sold in the EU, water user fees, and other revenues; exploring equity investors



# Challenges for finance institutions of integrated landscape investments

- Incorporating landscape criteria into financial decisions
- Mitigating investment risks
- Effective engagement in landscape partnerships
- Linking/ coordinating with other financial flows within the landscape
- Monitoring multiple outcomes

Shames, et al. 2015

# Coordinating Investment

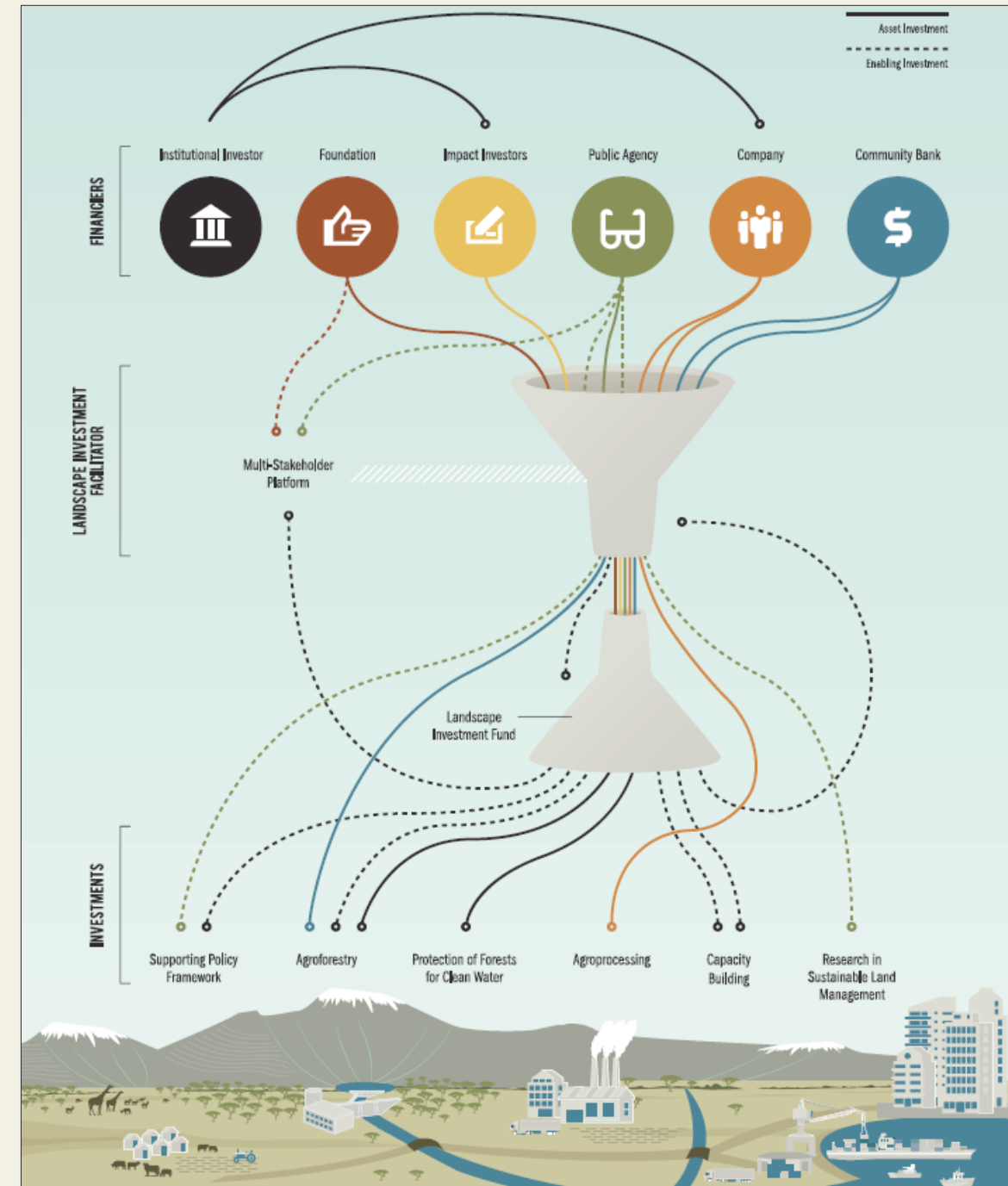
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# Securing finance for ILM enabling & asset investments

- Scope existing sources of finance and financial flows
- Develop a Financing Plan for the agreed Landscape Action Plan that identifies priority investments and roles appropriate for different types of investors
- Foster new partnerships between finance institutions and landscape stakeholders
- Design enabling investments to leverage, shape and complement private investment
- Assist stakeholders to develop bankable investment proposals that contribute to landscape goals and demonstrate a clear 'investment case'
- Develop institutions to aggregate funding from multiple sources, and disburse large-scale funds to diverse land managers

# Thank you

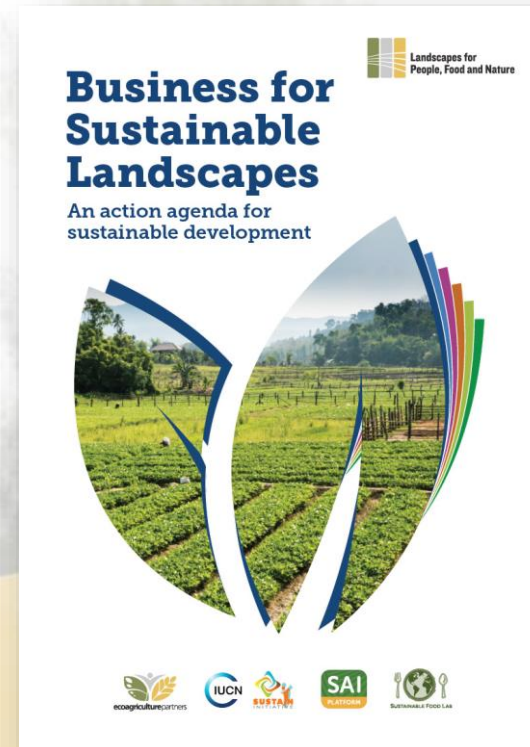
## New report and action agenda: **Business for Sustainable Landscapes**

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