Mapping finance to achieve forest and climate objectives

Introduction to the **Land-use Finance Tool**

22 February, 2019
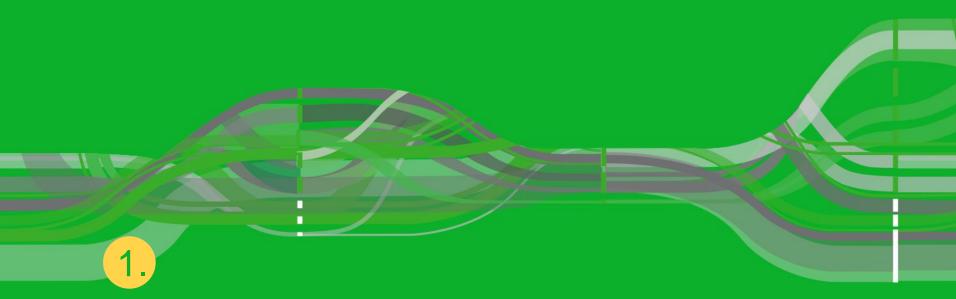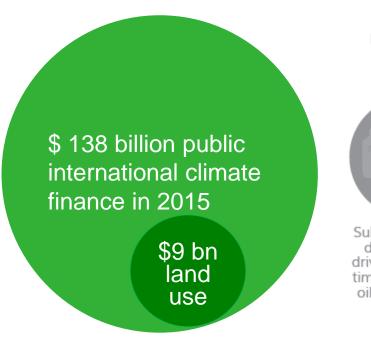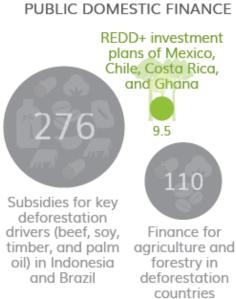
EU**REDD** Facility

EFI

CLIMATE POLICY INITIATIVE

Agenda

1. What is land-use finance mapping and how can it help?

2. Introduction to the Land-use Finance Tool

3. Conclusion and Q & A

1.

What is land-use finance mapping and how can it help?

Land use finance – current status

$ 138 billion public international climate finance in 2015

$9 bn land use

Source: CPI (2017)

PUBLIC DOMESTIC FINANCE

REDD+ investment plans of Mexico, Chile, Costa Rica, and Ghana

276

9.5

Subsidies for key deforestation drivers (beef, soy, timber, and palm oil) in Indonesia and Brazil

110

Finance for agriculture and forestry in deforestation countries

PRIVATE FINANCE

Sustainable commodity production and conservation investments in developing countries

2.7

414

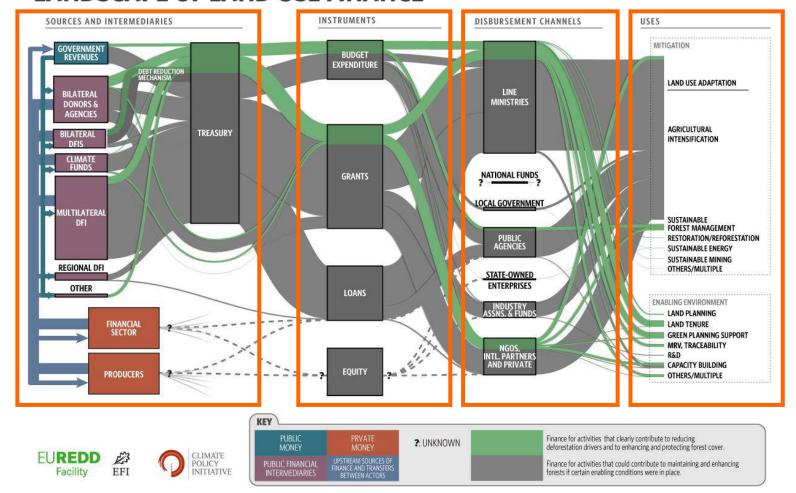Capital stocks in agriculture, forestry, and fisheries in deforestation countries

USD billions, cumulative since 2010
Source: Climate Focus (2017)

What is a land-use mapping exercise?

LANDSCAPE OF LAND USE FINANCE

How can the Land-use Finance Tool help?

Planning

What are the main financing gaps, opportunities and priorities?

Aligning

How to align unsustainable investments to forest and climate objectives?

Monitoring

How much money has been spent on reducing deforestation over time?

How can the Land-use Finance Tool help?
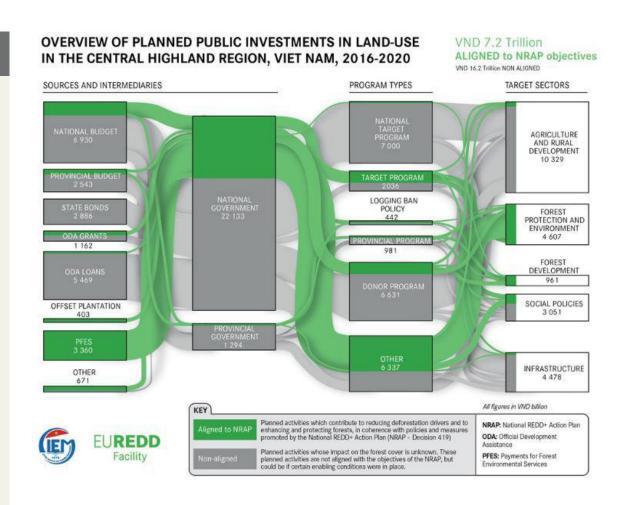
Planning

What are the main financing gaps, opportunities and priorities?

- Understand the nature and volume of finance in land-use, main sources, actors and activities supported

- Identify financial gaps and barriers to investment to prioritise action and mobilize resources

Example: Planning REDD+ at sub-national level in Vietnam

Results

- ✓ Quantified the volume of planned financing for REDD+

- ✓ Identified key financing gaps for the implementation of REDD+ at sub-national level

- ✓ Integrate forest safeguards in new Planning Law

OVERVIEW OF PLANNED PUBLIC INVESTMENTS IN LAND-USE IN THE CENTRAL HIGHLAND REGION, VIET NAM, 2016-2020

VND 7.2 Trillion ALIGNED to NRAP objectives
VND 16.2 Trillion NON ALIGNED

How can the Land-use Finance Tool help?
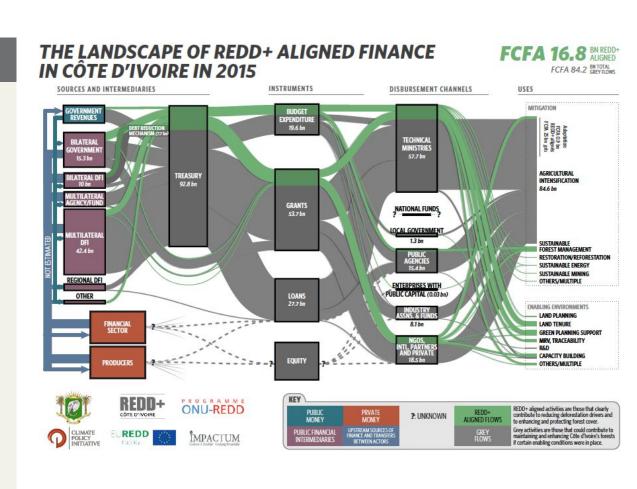
Aligning

How to align unsustainable investments to forest and climate objectives?

- Identify options to redirect investments against forest and climate objectives to sustainable activities

- Inform national/jurisdictional cross-sectoral discussion on coherence and coordination of land-use investments

Example: Redirecting forest-risk investments in Côte d'Ivoire

Results

- ✓ Identified and quantified public investments potentially increasing the pressure on forests

- ✓ Informed cross-sectoral dialogue on the coherence of spending

- ✓ Mainstreaming of forests in the planning process

How can the Land-use Finance Tool help?

Monitoring

How much money has been spent on reducing deforestation over time?

- Baseline for implementation of REDD+ strategy or program

- Periodic assessments

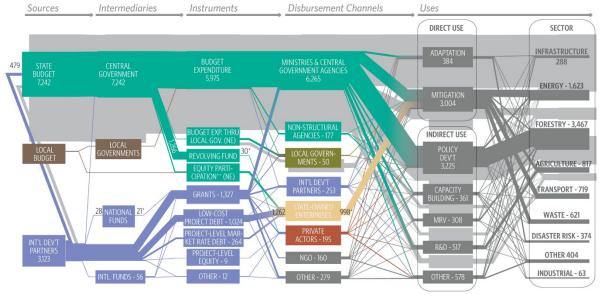- Increase transparency & accountability

Example: Tracking climate finance in Indonesia
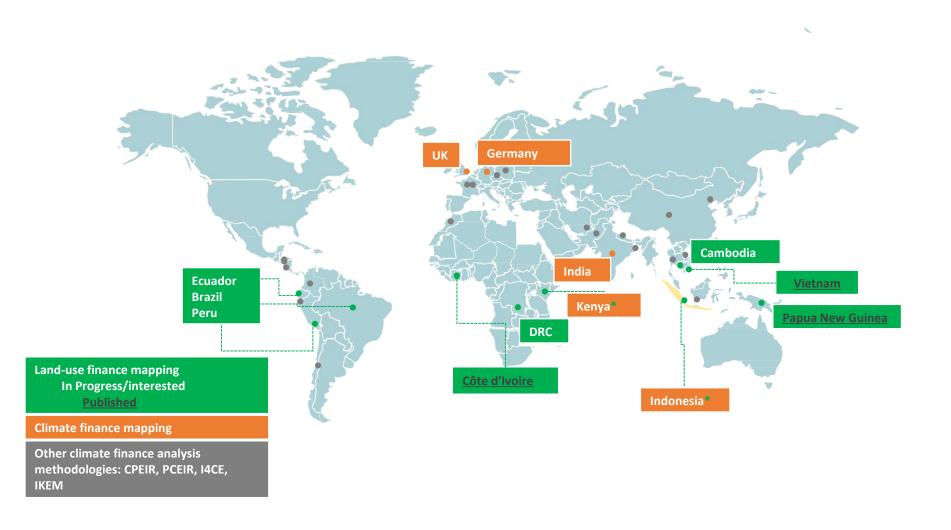
Results

- ✓ Baseline of public spending for climate action to inform investment planning and track ressource mobilisation

- ✓ Led to budget tagging for climate change
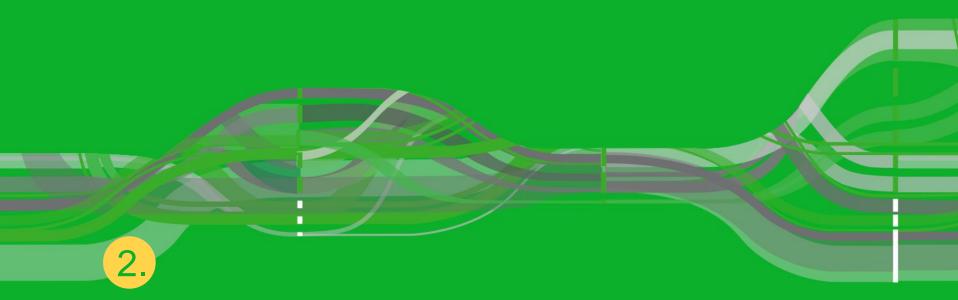
THE LANDSCAPE OF PUBLIC CLIMATE FINANCE IN INDONESIA IN 2011 - IDR 8,377 BN TOTAL

Status of domestic climate finance and land-use mapping

UK

Germany

Cambodia

India

Vietnam

Kenya*

Papua New Guinea

Ecuador
Brazil
Peru

DRC

Côte d'Ivoire

Indonesia*

Land-use finance mapping
  In Progress/interested
  Published

Climate finance mapping

Other climate finance analysis methodologies: CPEIR, PCEIR, I4CE, IKEM

2.

Introduction to the
Land-use Finance Tool

About the Land-use Finance Tool

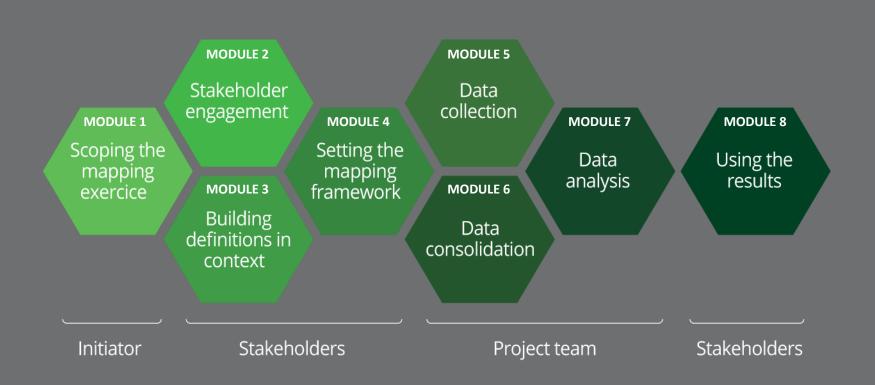Countries, regions, jurisdictions can conduct land-use finance analysis

MODULE 1
Scoping the mapping exercice

MODULE 2
Stakeholder engagement

MODULE 3
Building definitions in context

MODULE 4
Setting the mapping framework

MODULE 5
Data collection

MODULE 6
Data consolidation

MODULE 7
Data analysis

MODULE 8
Using the results

Initiator

Stakeholders

Project team

Stakeholders

Scoping the mapping exercise

Objective	Questions
Develop a 'vision' for the project and set a clear purpose	• What is the purpose for the analysis? • What scoping questions need to be raised with stakeholders: context, scale, period, sectors, sources…? • What data is available? • What resources are needed?

Developing a stakeholder engagement strategy

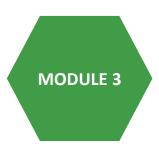| Objective	Questions
Develop an idea about who to involve and consult, why and how often	• Who should be involved & what will their role be? • What challenges are foreseen in engaging stakeholders? • What are the benefits/ incentives for each stakeholder to engage and share information/data? • How and when should stakeholders be engaged?

Developing a land-use finance definition

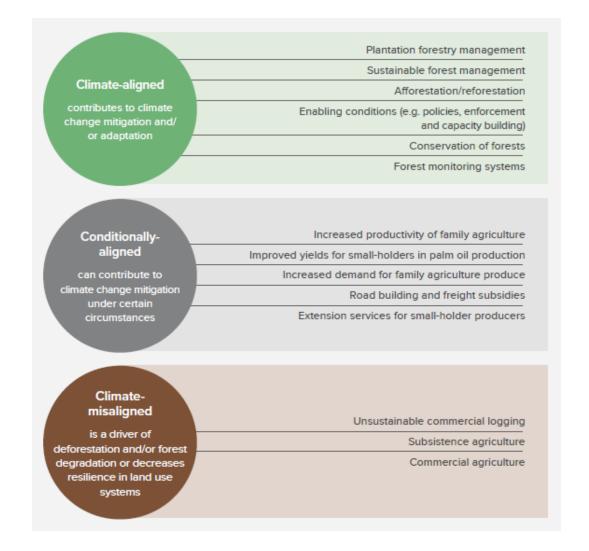| Objective	Questions
Assess options for building a land use finance definition and typology	• What steps should be followed to develop a detailed national/jurisdictional level definition of climate-relevant land use? • How do you classify land-use finance according to national definitions & potential impact on forests? • Which sectors and activities might be considered misaligned / aligned / conditionally-aligned?

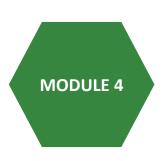# Developing a land-use finance definition

Examples of Activities

Climate-aligned
contributes to climate change mitigation and/ or adaptation

- Plantation forestry management
- Sustainable forest management
- Afforestation/reforestation
- Enabling conditions (e.g. policies, enforcement and capacity building)
- Conservation of forests
- Forest monitoring systems

Conditionally-aligned
can contribute to climate change mitigation under certain circumstances

- Increased productivity of family agriculture
- Improved yields for small-holders in palm oil production
- Increased demand for family agriculture produce
- Road building and freight subsidies
- Extension services for small-holder producers

Climate-misaligned
is a driver of deforestation and/or forest degradation or decreases resilience in land use systems

- Unsustainable commercial logging
- Subsistence agriculture
- Commercial agriculture

Setting the mapping framework

Objective	Questions
Identify elements of the land-use finance mapping framework	• Which dimensions of flows are to be mapped? • How do flows relate to each other? • What format should the output have?

Setting the mapping framework

Example of a typical life cycle of finance

SOURCES/ INTERMEDIARIES	INSTRUMENTS	DISBURSEMENT CHANNELS	USES
Central Government	Budget Transfer Mechanisms	Central Government	Mitigation & Adaptation
Local Government	Grants	Local Government	Direct & Indirect
International Development Partners	Loans	International Development Partners	
Funds	Equity	State-owned Enterprises	
		Private & NGO	

Data consolidation and categorisation

MODULE 6

Objective	Questions
Clean, consolidate, and classify data in a database	• How to construct a consolidated database? • How to check quality of consolidated data? • How to categorise data to support objectives of mapping? • How to develop and meet strict documentation requirements?

Data analysis and presentation

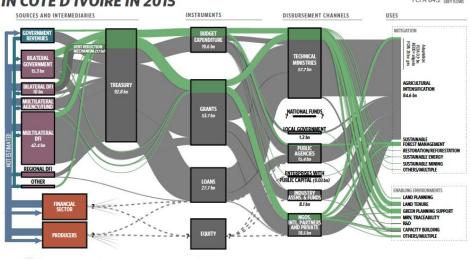| Objective	Questions
Understand options for analysing and presenting data	• What are the key quantitative and qualitative analytical questions to consider? • What visualisations can be helpful/ constructive? • What to do if results are inconsistent with other sources, controversial or limited?

Data analysis and presentation
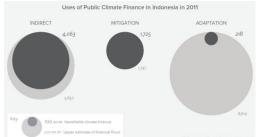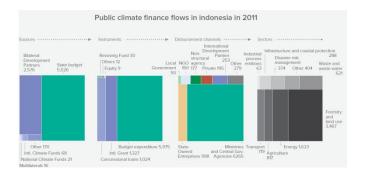
Examples of data presentation

Using the results

Objective	Questions
Identify elements of the land-use finance mapping framework	• How can results be used for monitoring and reporting? • How can results be used to align finance to climate objectives? • How can results be used for resource mobilisation?

A decision-support tool:

- Flexible, to be adapted to your objectives

- Based on an iterative approach

- Freely accessible (EN,FR,ES)

www.landusefinance.org

LAND-USE
FINANCE TOOLBOX

Do you want to learn how to unlock finance for sustainable land-use?

The EU REDD Facility and Climate Policy Initiative have developed a toolbox to help countries/jurisdictions and their partners better understand investments affecting forests at national and sub-national levels.

TELL ME MORE   ACCESS TOOLBOX

- With a growing community of practice

More questions?
Please contact

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