

# Goal 8 Assessment

Technical Annex to the Five-Year Assessment Report

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## Goal 8

*Provide support for the development and implementation of strategies to reduce forest emissions.*

### Key messages

- The current amount of green finance for forests captured by this assessment is under USD 22 billion. Since our in-depth assessment of the NYDF finance goals in 2017, overall finance for forests has increased by a minor amount (nine percent).
- The amount of finance forests receive does not reflect their potential to contribute to climate change mitigation. Support to address deforestation and protect forests in tropical countries comprises less than 1.5 percent — only USD 3.2 billion — of the USD 256 billion committed by multilateral institutions and developed country donors since 2010 to climate change mitigation. The renewables sector alone has received over 100 times more commitments of finance than forests in the same time period.
- There is a need for new finance, but equally, or even more necessary, is the shifting of existing funds from traditional to sustainable investments. Green finance comprises a fraction of the grey finance flowing into countries with high levels of deforestation; development finance for agriculture amounts to 15 times more than climate mitigation finance with a forestry objective.
- Companies and governments continue to provide subsidies and support to activities that potentially harm forests. Even where there is interest, financial institutions and lenders largely lack the safeguards necessary to ensure that investments and finance are not supporting deforestation.

### Overview of goal and indicators

Achieving international and national forest goals is not possible without dedicated and reliable financing from domestic, international, public, and private sources to address each of the above drivers of forest loss. Goal 8 focuses on support for strategies to reduce forest emissions. The call to provide finance for protection and sustainable use of forest is anchored in the international agenda for climate and sustainable development. It extends to domestic, international, public, and private finance. In 2017, the New York Declaration on Forests (NYDF) Assessment Partners published an in-depth review of progress toward NYDF [Goals 8](#) and [9](#). From 2018 on, we continue to provide annual updates on progress towards these goals using the revised assessment frameworks. We use two criteria to assess progress on achieving Goal 8 (**Table 1**).

Table 1. Indicators to track Goal 8

Criterion	Indicator
1. Public support for the development and implementation of strategies to reduce forest emissions	1.1 International finance 1.2 Domestic finance
2. Private investment targeted at reducing forest emissions	2.1 Policies for investment in forest-risk commodities 2.2 Investments in sustainable commodity production and conservation

For the purposes of our assessment we use definitions – as explained below – of green finance and grey finance that focus finance with a clear or potential impact on forests.

**Green finance:** finance that is aligned with objectives for the conservation, protection, or sustainable use of forests – or what we refer to as forest and climate goals. This includes finance provided with a clear and stated objective of climate mitigation in the forestry sector, REDD+, conservation, and sustainable forest and land use. Specifically, we cover finance for (1) the development of national forest and REDD+ strategies or action plans, policies and measures, and capacity building; (2) support for the implementation of national policies and measures and national strategies or action plans that could involve investments, capacity building, technology development, and transfer; and (3) results-based actions that are fully measured, reported, and verified (see [Goal 9](#)).

**Grey finance:** finance that has no stated objective to positively impact the forest but has a potential impact on forests. The impact – whether positive or negative – depends on the context, as well as the design and implementation of these activities.

## Findings

### Criterion 1: Public support for the development and implementation of strategies to reduce forest emissions

Public finance plays a key role in reducing forest emissions. It can support research and capacity building, provide direct incentives for the protection of forests, and aid the mobilization of private investment needed to address deforestation.

#### Indicator 1.1: International Finance

International finance for forests continues to be limited

International finance often comes in the form of development aid, which targets the forest sector as a whole, or from finance for REDD+ (**Table 2**).

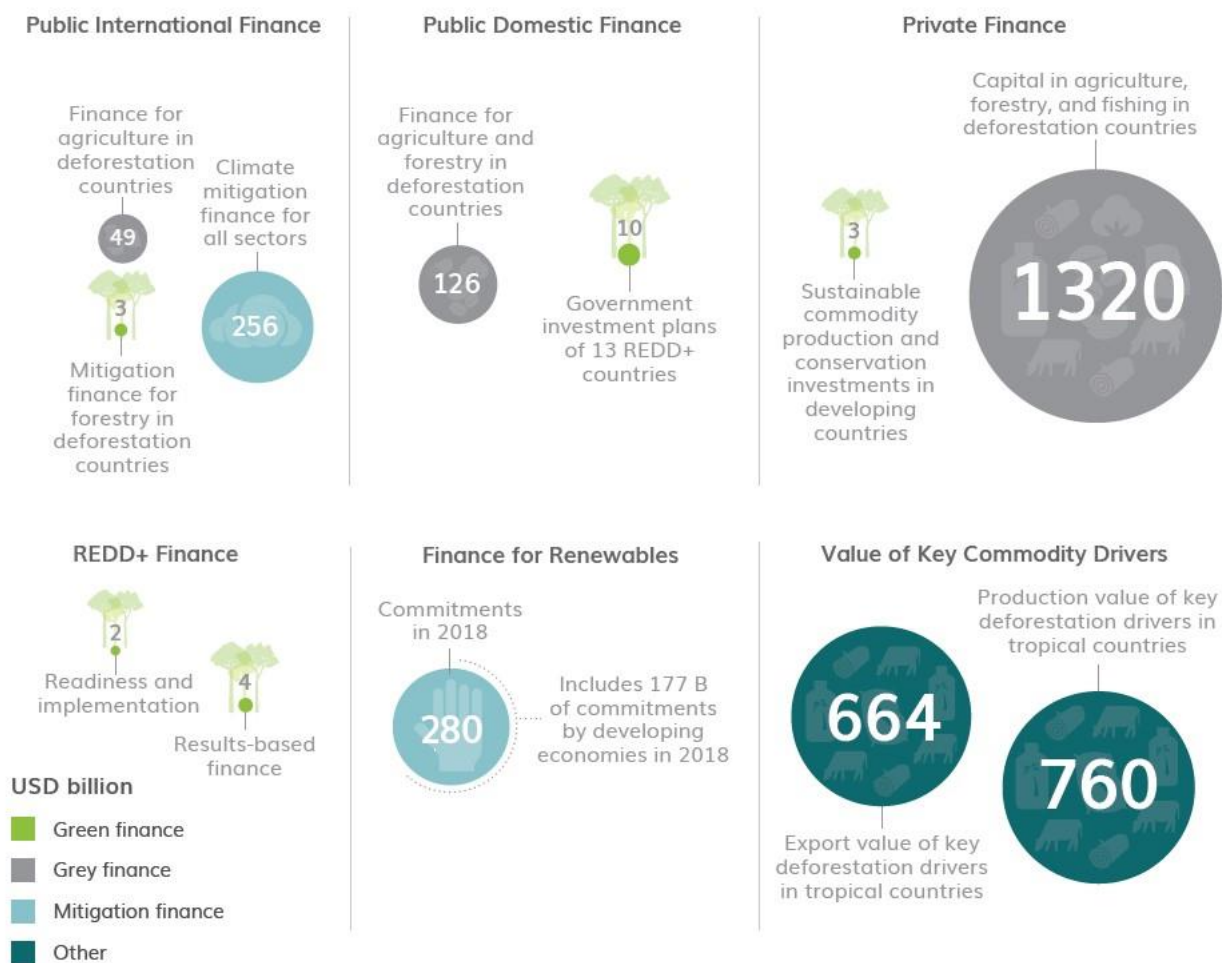
**Table 2. Multilateral sources of REDD+ readiness and implementation finance**

Initiative	Description
UN-REDD	The UN-REDD Program is a collaborative initiative of the UN Food and Agriculture Organization, UN Development Programme, and UN Environment Programme for REDD+ providing technical expertise to developing countries in designing and implementing national REDD+ activities agreed under the UN Framework Convention on Climate Change.
FCPF Readiness Fund	The Readiness Fund supports developing countries building the necessary capacities (e.g., national REDD+ strategies and setting up measurement, reporting, and verification systems) for REDD+ participation.
Forest Investment Program (FIP)	Funded by the Strategic Climate Fund, FIP supports developing countries' efforts toward REDD+ by providing grants and low-interest loans channeled through partner multilateral development banks and helps build experience and share knowledge.
Central African Forest Initiative (CAFI)	The CAFI is a coalition of six Central African countries and several donors aiming to implement country-led, holistic low emissions development investment frameworks, such as national policy reforms and efforts to address deforestation.
Green Climate Fund (GCF)	The Green Climate Fund serves as an operating entity of the financial mechanism of the UNFCCC. The GCF assists developing countries in the mitigation of and adaptation to climate change through technical and financial assistance.

International green finance commitments for the development and implementation of strategies to reduce forest emissions remain far below the level needed to halt deforestation. In addition, they are low relative to commitments to support climate-mitigation in other sectors and grey finance. In the period between 2010-17, developed countries and multilateral institutions committed USD 5.1 billion in forest sector finance for mitigation-related development – the majority (62 percent) to countries with high levels of deforestation.<sup>a</sup> This support for forests in tropical deforestation countries amounts to only USD 3.2 billion of the USD 256 billion (1.5 percent) committed by multilateral institutions and developed country donors since 2010 to climate change mitigation.<sup>1</sup> Furthermore, the majority of the financial commitments concentrated on a few countries, including major deforestation hotspots.

In total, just under USD 22 billion in green finance for forests has been committed since 2010 from public and private sector sources (**Figure 1**). The renewables sector received over 14 times more commitments (USD 280 billion) in 2018 alone.<sup>2</sup> While a major source of finance for forests has been from international donors, over half of the commitments in the renewables sector (177 billion in 2018) comes from developing economies (e.g. China and India). Another USD 1.3 billion has been pledged for regional or unspecified support to the forestry sector.

**Figure 1. Estimates of green and grey finance flows captured by this assessment (since 2010)**



<sup>a</sup> Developing countries with high deforestation >30,000 hectare gross forest loss in the period 2010–15, as identified in our 2017 NYDF Progress Assessment report, Finance for Forests.

Note, Figure 1: Estimates of grey finance and non-forest climate mitigation finance are included for illustrative purposes to demonstrate the opportunity for shifting existing finance toward forest conservation outcomes and the need to increase finance for forests to be in line with their potential to contribute to climate change mitigation. Some estimates of finance are for a smaller time period than 2010–present, based on available data. Other amounts are based on annual estimates multiplied by 8 to provide a comparable number to cumulative finance since 2010.

Sources:

#### PUBLIC INTERNATIONAL FINANCE

- Climate mitigation finance for all sectors and mitigation finance for forestry in deforestation countries: Climate Focus compilation based on climate mitigation-related development finance commitments (cumulative 2010-17) – Climate Change: OECD DAC External Development Finance Statistics - OECD. (n.d.).

<http://www.oecd.org/dac/financing-sustainabledevelopment/development-finance-topics/climate-change.htm>

- Finance for agriculture in deforestation countries: Climate Focus compilation based on development finance commitments (cumulative 2010-16) – Creditor Reporting System (CRS). (n.d.).

<https://stats.oecd.org/Index.aspx?DataSetCode=CRS1>

#### PUBLIC DOMESTIC FINANCE

- Government investment plans of 13 REDD+ countries: Climate Focus analysis of Forest Carbon Partnership Facility (FCPF) Emission Reduction Program Documents (the 13 countries are those that budgeted for government expenditures). Investment plans cover different timeframes – Countries | Forest Carbon Partnership Facility. (n.d.).

<https://www.forestcarbonpartnership.org/countries>.

- Finance for agriculture and forestry in deforestation countries: Climate Focus compilation of FAOSTAT data on government expenditure for the agriculture and forestry sectors (cumulative 2010-17) – FAOSTAT. (n.d.).

<http://www.fao.org/faostat/en/#data/>

#### CISP PRIVATE FINANCE

- Sustainable commodity production and conservation investments in developing countries: Climate Focus compilation based on Hamrick, K. (2016). State of private investment in conservation 2016. A landscape assessment

of an emerging market. Washington, DC: Ecosystem Marketplace. Cumulative since 2004, however financing prior to 2009 only makes up a minor share. This estimate includes capital commitments in Africa, Asia, and Latin America.

- Capital in agriculture, forestry, and fishing in deforestation countries: Climate Focus compilation based on FAOSTAT data for gross fixed capital formation in agriculture, forestry and fishing (cumulative 2010-18) – FAOSTAT. (n.d.).

<http://www.fao.org/faostat/en/#data/CISP>. Capital are a proxy for investment in activities in the sectors. REDD+ FINANCE

- Readiness and implementation: Climate Focus compilation of REDD+ readiness and implementation finance commitments (cumulative since 2010) – Climate Funds Update. (n.d.). <https://climatefundsupdate.org/>.

- Results-based finance: Climate Focus compilation of commitments based on personal communications with donors and the BioCarbon Fund (cumulative since 2010). Commitments to the FCPF Carbon Fund were retrieved from publicly available documentation – Countries | Forest Carbon Partnership Facility. (n.d.).

<https://www.forestcarbonpartnership.org/countries>.

#### FINANCE FOR RENEWABLES

- Frankfurt School-UNEP Centre/BNEF. (2018). Global Trends in Renewable Energy Investment Report 2018.

<https://www.greengrowthknowledge.org/resource/global-trends-renewable-energy-investment-report-2018>.

#### VALUE OF KEY DRIVER COMMODITIES

- Climate Focus estimation based on Tropical Forest Alliance 2020. (2017). The role of the financial sector in deforestation-free supply chains. Geneva, Switzerland: World Economic Forum. Annual estimate for 2015 multiplied by 8.

In addition to the aforementioned climate mitigation-related development finance, just over USD 1.8 billion in REDD+ finance has been committed by multilateral sources for the development, capacity building, and implementation of strategies that reduce emissions from deforestation since 2010.<sup>b, 3</sup> Half of this amount (54 percent) has been disbursed. However, assessing progress on overall REDD+ commitments and disbursements remains difficult due to the limited transparency and accessibility of information around donor finance and the lack of a systemized approach to tracking finance flows among countries.

<sup>b</sup> In December 2015, Germany, Norway, and the United Kingdom announced a REDD+ financing pledge of USD 5 billion for the period 2015–20. A part of this amount is captured here as REDD+ finance for readiness and implementation, while the remainder of what has been committed to date is accounted for in the results-based finance section in Goal 9.

## Green Climate Fund projects move forward

The Green Climate Fund (GCF) has approved several projects for reducing deforestation. These include:

- A USD 84 million co-financed grant to develop Ecuador's REDD+ Action Plan, approved in October 2016. The GCF will provide USD 41.2 million of the total funding. As of April 2019, USD 18.6 million had been disbursed. Co-financiers include Ecuador's Ministry of Environment and Ministry of Agriculture, UN Development Programme (UNDP), UN Environment Programme (UNEP), and the Food and Agriculture Organization (FAO). The project's estimated completion date is 2022.<sup>4</sup>
- A commitment to co-finance a USD 69.8 million project to leverage private investment in sustainable landscapes in Madagascar. Also approved in October 2016, the GCF contribution (USD 53.5 million) will be met using different financial instruments – USD 18.5 million in grants and USD 35.0 million in equity investments for public and private activities in reducing deforestation and agriculture. USD 800,000 had been disbursed as of August 2018. Co-financiers include Conservation International, the European Investment Bank, and Althelia Climate Fund. The project's estimated completion date is 2026.<sup>5</sup>
- USD 9.1 million of approved investments in wetland and forest resilience in Peru. The project's estimated completion date is March 2022.<sup>6</sup>
- A USD 158 million project focused on climate-smart agriculture, forestry, and agroforestry with Micro, Small, and Medium Enterprises in both Mexico and Guatemala co-financed with the Inter-American Development Bank.<sup>7</sup>
- A USD 44.3 million grant project in Uganda co-financed by the government and UNDP for wetland restoration and reforestation. The project's estimated completion date is June 2025.<sup>8</sup>
- A USD 25.5 million grant project in the Gambia co-financed by GCF and the government of Gambia focused on agricultural and forest restoration and improved forest management. The project's estimated completion date is August 2023.

The GCF also recently launched a pilot program for results-based REDD+ payments in 2017. More information on this is included in the update on progress towards [NYDF Goal 9](#).

### Indicator 1.2: Domestic Finance

#### Domestic grey finance investments still outweigh green finance

Linking specific subsidies to deforestation drivers is complex task. One issue is that subsidies are usually not designed for particular commodities, but pursue broader objectives such as rural development, smallholder support, and environmental protection. This leads to highly aggregated data that is difficult to analyze.<sup>9</sup>

There are, however, specific examples of effective subsidy reforms and fiscal schemes to address deforestation. In Portugal, the Local Finances Law (LFL) determines the formula for the devolution of funds from the central government to municipalities. The LFL Reform of 2007 made provisions for all 308 municipalities with protected areas, compensating them for foregone opportunity costs and added preservation costs of conservation by including a component of fiscal transfer.

The Mexican Forest Fund (Fond Forestal Mexicano, FFM), for example, is the main financial instrument of the National Forest Commission and plays a primary role in the management of forest resources in Mexico. While some finance comes from international donors and multilateral institutions like the World Bank, the FFM obtains a large portion of funding from domestic sources, such as payments by users of commercial water, land, and other environmental services, ensuring the fund's sustainability. The FFM, with financing from the federal and local governments, provided support for the conservation of more than one million hectares of forest containing around 28.5 million tons of CO<sub>2</sub>e over the period 2004-2012. More recent data are

unavailable, as the FFM manages its financial flows in five-year cycles. Close to USD 186 million was disbursed in 2012 out of the total assets of USD 642 million, and 12,200 transactions took place through the FFM in 2011.

Similarly, Brazil's Low-Carbon Agriculture (ABC) Plan is a federal government initiative to provide credit lines to rural producers who want to transition to low-carbon agricultural practices. Farmers who demonstrate compliance with certain environmental and sustainability requirements qualify for access to credit at low interest rates. Due to its impact on pasture productivity, the program is expected to reduce deforestation pressure from extensive beef production, the main driver of deforestation in Brazil. The Bank of Brazil, as a major financial agent of fund disbursement, has provided a total of USD 6 billion in loans (as of 2016). Rural funding for the ABC program reached a total area of 3.7 million hectares between 2013 and 2015. Other funders of the program include the National Bank for Economic and Social Development, private banks, and private-sector finance.

In addition, many countries cite domestic finance contributions in their Emissions Reduction Programme (ERP) Documents. Our analysis of countries advanced in the Forest Carbon Partnership Facility (FCPF) funding pipeline, meaning they have submitted plans for approval, indicates that public domestic contributions from countries range greatly (Table 3). These contributions also support a variety of activities, including sustainable land use planning, costs of monitoring, reporting, and verification, and forest policy and land tenure reforms.

Table 3. REDD+ investments planned or already invested domestically by governments (USD million)

Country	Domestic Investments	Examples
Mexico	7,990	Sustainable forest management, payment for environmental services
Costa Rica	1,413	REDD+ program management, emission reductions quantification and verification, forest governance
Vietnam	185	Enabling conditions, sustainable forest management, adoption of climate-smart agriculture
Nepal	21	Private sector forestry, integrated land use planning, protected area management, biogas stoves and cookstove projects
Dominican Republic	118.9	Forest governance, sustainable land-use planning, sustainable resource management
Indonesia	69.6	Management of ERP, forest and land governance, strengthening government capacity, reducing deforestation and degradation within licensed areas, sustainable alternatives for communities
Ghana	54	Forest law enforcement, forest policy reforms, forest data management
Mozambique	51	Regularizing land tenure, forest governance, promotion of conservation agriculture and agroforestry systems
Chile	37	Forest law development and enforcement, sustainable forest management and planning
Nicaragua	14.2	Forest governance, intensifying and decarbonizing production systems, supporting sustainable alternatives for communities, enabling conditions
Madagascar	12.03	Support sustainable agriculture and forestry sectors, promote improved fuel wood and biogas projects, promote private and community reforestation
Lao PDR	8.1	Enabling conditions, forest law enforcement, forest policy reforms, land-use planning, tenure security, sustainable forest management, land governance, social safeguards
Cote d'Ivoire	0.5	Communication and stakeholder engagement, MRV and registry, social and environmental safeguards, monitoring of the ERP, management of the ERP

## Criterion 2: Private investment targeted at reducing forest emissions

### Indicator 2.1: Policies for investment in forest-risk commodities

#### Investment safeguards remain rare

Finance has yet to shift from baseline, business-as-usual investments in forest-risk activities to investments with clear conservation goals — or at least those which apply strong safeguards for forest protection. Several financial institutions are adopting policies in order to ensure their lending and investment portfolios are not contributing to increased deforestation (**Box 1**). Few of these policies, however, place mandatory restrictions on companies with operations in forest-risk commodities and there is a lack of transparency in the implementation of these policies. Some financial institutions require companies active in palm oil to demonstrate certification from the Roundtable for Sustainable Palm Oil (see [Goal 2](#)), but this type of mandate is uncommon in other commodities.

### Box 1. Examples of tools to mitigate forest risks in finance

A number of tools and guidelines for assessing climate- and deforestation-risk in finance exist, which include recommendations for financial institutions to disclose their risk management strategies to increase transparency in the market. These include:

The **Task Force on Climate-related Financial Disclosures**, an initiative of the Financial Stability Board, released recommendations for banks to assess and disclose the “actual and potential impacts” of climate-related risks and opportunities on their business, as well as how they manage them. Following this release, in 2018, a coalition of 16 banks convened by the UN Environment Finance Initiative produced the first guidance to help the banking industry implement these forward-looking and transparent climate-related risk and opportunity assessments.

Similarly, the **Natural Capital Finance Alliance** recently launched the Soft Commodity Risk Platform (SCRIPT), a freely-available platform based on innovative company datasets to help financial institutions assess and mitigate the deforestation risks in soft (food and fiber) commodity supply chains. The platform provides tools and guidance for financial institutions to establish a robust sustainable financing policy and portfolio screening procedures. SCRIPT currently hosts two tools, a Policy Benchmarking Tool and a Portfolio Risk Tool.<sup>10</sup>

Based on an assessment of 150 financial institutions at risk of contributing to deforestation through investing directly in or lending to companies engaged in forest-risk commodity supply chains,<sup>c</sup> the overall proportion of financial institutions that have adopted policies to discourage deforestation remain low. Across commodities, an average of 20 percent of financial institutions have policies in place to protect priority forest areas. Even fewer have traceability requirements, though in some sectors, such as mining, this is changing (see [Goal 3](#)). 22 percent (34/150) have policies to protect priority areas in place for palm oil, 26 percent (39/150) for timber, 16 percent (24/150) for cattle, and 19 percent (28/150) for soy. The proportion of financial institutions with mandatory policies for traceability mechanisms in place in order to receive investments or loans is even smaller: 13 percent (20/150) for palm oil, 11 percent (16/150) for timber, 0.6 percent (1/150) for cattle, and 3 percent (5/150) for soy, with the rest only encouraging such a mechanism. Given these current trends, it appears as though these influential financial institutions will fail to adopt or implement adequate policies for addressing deforestation by 2020.<sup>11</sup> On a positive note, over half of financial institutions who have set commodity-specific policies have developed processes to identify and address non-compliant companies in their portfolios.

### Indicator 2.2: Investments in sustainable commodity production and conservation

#### Traditional investments dominate sustainable investments in the private sector

The increase in sustainable commodity sourcing and deforestation-free supply-chain commitments (see [Goal 2](#)) indicates a growing acknowledgment of the need to move toward more sustainable land use. The private sector is presented with the opportunity to not only scale up investments but to work with governments to develop appropriate policy and legislation that will ensure a shift of finance flows toward investments with environmental benefits.

Findings from our [2017 in-depth assessment](#) indicate that, while the share of projects in forest-relevant subsectors in the impact investment market has grown rapidly in recent years, the amount of capital committed remains miniscule compared to traditional investments. Data has not been updated and as a result we have been unable to include new forest-relevant developments in the impact investment market since 2017.

In addition to impact investment funds, a number of public-private partnerships seek to support projects with a positive impact on the environment ([Table 4](#)).

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<sup>c</sup> Forest 500 identifies and ranks the 150 financial institutions that have the power to incentivize a market-wide shift toward sustainable supply chains due to their financial links to 350 companies that play a major role in forest-risk commodity supply chains.



**Table 4. Examples of public-private or private impact investment funds**

Name	Description or Objective	Commitments and Achievements
Andgreen.fund <sup>12</sup> (IDH and NICFI)	Aims to protect over five million hectares of tropical forest and peatlands by 2020 by triggering USD 1.6 million in private capital investment with a USD 400 million fund capitalization target.	Initial commitment of up to USD 100 million by NICFI, to fund more than 20 forest protection projects globally, while catalysing private investments up to four times more the Fund's investment. No projects have been approved for investment as of August 2018 on the andgreen.fund site.
Ecobusiness Fund <sup>13</sup> (KfW and Conservation International)	Public-private partnership that provides loans to qualified local financial institutions that lend the money to eligible borrowers (e.g. holders of recognized certifications or those making improvements in line with conservation and biodiversity goals).	Initial commitment of EUR 17 million, by the German Federal Ministry for Economic Development and Cooperation to enable Latin American businesses to invest in the protection of biodiversity and sustainable use of natural resources (e.g. through forestry, fishing, and agriculture).
Althelia Climate Fund <sup>14</sup> (Althelia Ecosphere)	Public-private partnership that focuses on beef and palm oil and invests in projects to reduce deforestation, safeguard biodiversity, mitigate climate change effects, and provide fair and sustainable lives to local communities, while granting investors a fair return on capital.	Initial commitment of EUR 60 million to deliver investments for competitive projects addressing GHG reductions, focusing on sustainable land use and funds for ecosystem services (e.g. REDD+ projects). As of 2018, it has already reached or is close to reaching many of its targets for 2021. <sup>15</sup>
EcoEnterprises Fund <sup>16</sup> (TNC)	Partnership of financial institutions that offer guidance to small and growing businesses to improve their financial, social, and environmental performance. To date, more than 10.5 million acres were preserved thanks to the Fund's impact.	Total asset under management USD 26 to 50 million. <sup>17</sup> The focus of impact investment is on conservation of natural resources, sustainable land use, and development of small and medium businesses in Latin America. EcoEnterprises Fund has conserved more than 10.5 million acres through projects it has financed. <sup>18</sup> EcoEnterprise Fund has financed Del Llano Alto Oleico, a certified sustainable palm oil company in Columbia. <sup>19</sup>
Moringa <sup>20</sup> (Edmond de Rothschild Private Equity, ONF International)	Public-private partnerships that aims to provide financial returns for both investors and communities in the area, while developing land-use resilience.	Initial commitment of EUR 51.4 million. <sup>21</sup> Aim to invest EUR 4-10 million per project, creating stable and profitable agroforestry projects that can access both the national and international market. Since 2017, the fund has grown by USD 32.6 million to an investment potential of USD 84 million – bringing it closer to its target of USD 100 million – in sustainable agroforestry projects, and has thus far restored 25,000 hectares of land. <sup>22</sup> In May 2018 Moringa closed the sixth investment of its portfolio, providing technical assistance and investing in Jus Délice, an organic juice company in Togo. <sup>23</sup>
BioCarbon Fund Initiative for Sustainable Land Use (ISFL) <sup>24</sup> (World Bank CFU)	Multilateral fund that promotes and rewards reductions in GHG emissions in the land-use sector through REDD+, sustainable agriculture, and smarter land-use planning, policies, and practices. It is supported by donor governments and managed by the World Bank.	Fund capital of USD 340 million to support programs in Zambia, Colombia, and Ethiopia. The ISFL delivers results-based finance over 10-15 years by purchasing Verified Emission Reductions to incentivize governments.
Partnerships for Forests <sup>25</sup> (UK Department for International Development)	Provides grants and technical assistance to incubate market-ready 'Forest Partnerships' between companies, public-sector actors, and civil society that catalyze investment in forests and sustainable land use. Currently, partnerships are being supported in East Africa, West/Central Africa, and South East Asia.	Partnerships for Forests has a commitment to leverage 3x of private investment in forests and sustainable land use by 2020, equating to £150 million. Partnerships for Forests plans to introduce a new auditing process between 2018 and 2020 to verify grant expenditures and ensure agreements are upheld. <sup>26</sup>

## Public and private sectors are taking first steps to shift grey finance

Recognizing the need for collaboration, key stakeholders are pooling resources and efforts to drive greater ambition and impact. Similar to the co-financing taking place through mechanisms such as the GCF and FCPF, large multidonor financing facilities are a way to leverage finance from different sources. The World Bank's Climate-Smart Mining Facility, for example, was established in May 2019 with funds from the German government and two major multinational mining companies, Rio Tinto and Anglo American. With a total investment goal of USD 50 million over five years, the Facility will work to help countries limit the negative environmental and social impacts of new and expanded mining operations.

Additionally, the public sector has a range of tools at its disposal to reduce risks and make deforestation-free investments more attractive. These include:

- Forming strategic partnerships with private investors to demonstrate proof of concept
- Risk mitigation instruments such as guarantees, insurances, public co-investment, etc.
- Providing subsidized or free technical assistance to producers and companies
- Providing fiscal incentives for deforestation-free investment
- Taxing environmentally degrading activities
- Enhancing financial-sector transparency
- Investing in law enforcement and eliminate illegality
- Providing clear land use rights and tenure
- Promoting jurisdictional<sup>d</sup> or landscape initiatives ([NYDF Goal 9](#)) that take a multi-stakeholder approach to land use planning while considering social, economic, and environmental objectives

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<sup>d</sup> At the level of a state or biome or otherwise defined area.

## Endnotes

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- <sup>1</sup> Climate Focus compilation of mitigation finance for all sectors and for forestry in deforestation countries based on climate mitigation-related development finance commitments (2010-17, current prices) – Climate Change: OECD DAC External Development Finance Statistics - OECD. (n.d.). <http://www.oecd.org/dac/financing-sustainabledevelopment/development-finance-topics/climate-change.htm>; Climate Focus compilation based on development finance commitments (2010-16) – Creditor Reporting System (CRS). (n.d.). <https://stats.oecd.org/Index.aspx?DataSetCode=CRS1>
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- <sup>4</sup> Green Climate Fund. (2019). FP019 Priming Financial and Land-Use Planning Instruments to Reduce Emissions from Deforestation in Ecuador. *Green Climate Fund*. <https://www.greenclimate.fund/projects/fp019>
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- <sup>6</sup> Green Climate Fund. (2018a). FP001 Building the Resilience of Wetlands in the Province of Datem del Marañón, Peru. *Green Climate Fund*. <https://www.greenclimate.fund/projects/fp001>
- <sup>7</sup> Green Climate Fund. (2018d). FP048 Low-Emission Climate Resilient Agriculture Risk Sharing Facility for MSMEs in Mexico and Guatemala. *Green Climate Fund*. <https://www.greenclimate.fund/projects/fp048>
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- <sup>9</sup> McFarland, Will, Shelagh Whitley, and Gabrielle Kissinger. 2015. “Subsidies to Key Commodities Driving Forest Loss.” London, UK: Overseas Development Institute.
- <sup>10</sup> SCRIPT (2018) Policy Benchmarking Tool: Methodology, Global Canopy, Oxford, UK. <https://www.script.finance/resources/policy-benchmarking-tool-assessment-methodology/>; SCRIPT (2018) Portfolio risk Tool: Methodology, Global Canopy, Oxford, UK. <https://www.script.finance/resources/portfolio-risk-tool-assessment-methodology/>
- <sup>11</sup> Rogerson, S. (2019). *Forest 500 annual report 2018 - the countdown to 2020*. [https://forest500.org/sites/default/files/related-documents/forest500\\_annualreport2018\\_0.pdf](https://forest500.org/sites/default/files/related-documents/forest500_annualreport2018_0.pdf).
- <sup>12</sup> IDH, the Sustainable Trade Initiative. (n.d.). *Tropical forest and agriculture focus fund*. [www.idhsustainabletrade.com/uploaded/2017/01/A-Tropical-Forest-and-Agriculture-focused-fund.pdf](http://www.idhsustainabletrade.com/uploaded/2017/01/A-Tropical-Forest-and-Agriculture-focused-fund.pdf)
- <sup>13</sup> eco.business Fund. (n.d.) *About the eco.business Fund*. [www.ecobusiness.fund/about-the-fund](http://www.ecobusiness.fund/about-the-fund)
- <sup>14</sup> Althelia Ecosphere. (n.d.) *Althelia Climate Fund*. <https://althelia.com/althelia-climate-fund>
- <sup>15</sup> Althelia (2018). The Role of Private Capital in Conservation. White Paper. <https://althelia.com/wp-content/uploads/2018/04/Althelia-WhitePaper-RoleOfPrivateCapital-62.pdf>
- <sup>16</sup> EcoEnterprises Fund. (n.d.). *History*. [www.ecoenterprisesfund.com/index.php/about](http://www.ecoenterprisesfund.com/index.php/about)
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