

Challenges and opportunities for sustainable financing of forest and landscape restoration in the Mediterranean region

Which financing approaches relevant for the restoration of Mediterranean landscapes?

by Ludwig LIAGRE

Context: need to increase private investments for restoration

According to a study by FAO and the Global Mechanism of the UN Convention to Combat Desertification released in 2015¹, US\$ 300 billion will be needed annually to reach the target of the Land Degradation Neutrality (LDN) 2030 Sustainable Development Goal, as well as others including the Bonn Challenge, the New York Declaration on Forests and CBD Aichi 15. To mobilize this amount, multiple sources will be necessary including domestic public financing, climate finance, development finance and, more importantly, private investment which represent the largest resource provider.

Obtaining the necessary levels of private sector finance will therefore be crucial, and predicated on several factors, including: creating an enabling environment for successful investments; developing investment cases; compiling FLR and LDN investment profitability data; mitigating financial and institutional risks; and promoting market-places for FLR and LDN.

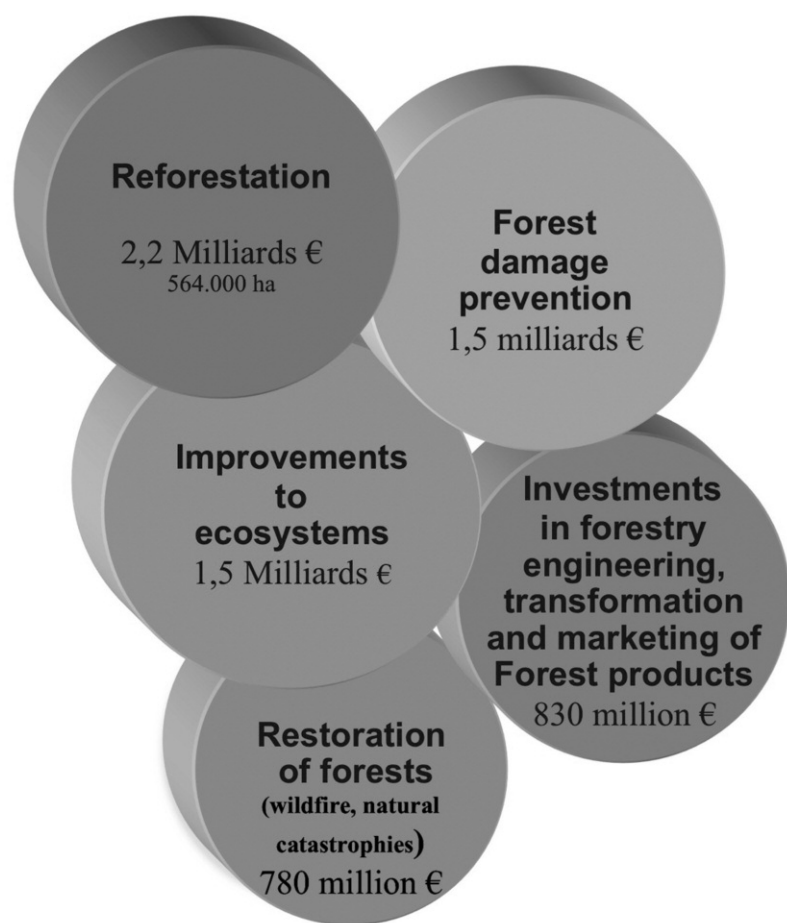
1 - <http://www.fao.org/publications/card/en/c/274a1d5d-868a-4c70-9700-590615875184/>

2 - <http://mirlo.co/>

The success of sustainable FLR and LDN development will therefore be determined in large part by the ability of countries, partners and international agencies to mobilize large-scale private sector finance. It will entail systemic fostering of inclusive FLR and LDN stakeholder dialogues, and sharing of lessons learned and of information on effective financing mechanism practices and gaps and challenges. It will also require seizing opportunities to promote synergies between different financing approaches.

While forest and landscape restoration (FLR) efforts are critical for building an inclusive green economy in the Mediterranean region, more investments and means of implementation are needed. A number of successful initiatives are ongoing and lessons learned must be shared in the region. Besides, new opportunities emerge e.g. on Climate and LDN Finance, and it is thus important to build a relevant strategy to seize fully the potential and to discuss the conditions of an enabling environment for increased investments in FLR.

Figure 1:
Financing of the new European Forest Strategy.



Diversity of existing Public-Private Partnerships for FLR Financing in the Mediterranean Region

The Mediterranean region already highlights a diversity of public-private partnerships solutions to leverage financing for sustainable forest management and forest restoration. For example the *Floresta Atlântica Fund* in Portugal is an impactful instrument supporting a tight partnership between Forestry and Agriculture for Sustainable Landscape Finance (see more information on p. 403). Further more, the project to establish a National Forest Fund in the framework of the 40 Million Trees Programme in Lebanon is promising as it could blend different types of funding sources to be invested in reforestation and support to forest value chains and sustainable provisioning of ecosystem services.

The Partnership for Moroccan Forests in Morocco, with the critical role of the *Crédit Agricole du Maroc* the foremost national rural development bank, is also a model where public and private organizations cooperate to find solutions for enhancing resource mobilization for the forest sector (see more information on p. 400).

Other instruments build on crowdfunding as a solution for citizens and responsible companies to engage in sustainable forest management and forest restoration. The initiative Mirlo² - Positive Nature in Spain is one of the best example in the Mediterranean on how to mobilize funds through donations and how to engage citizens in restoration efforts. In this case private companies are invited to join a "Business club".

Climate Finance Opportunities for Forest and Landscape Restoration: seizing adaptation and mitigation potential of Mediterranean landscapes

With the emergence of climate risks and observations of climate vulnerabilities from which the Mediterranean region has suf-

ferred, and continues to suffer, climate finance represents a very important driver for increased financing and leverage potential to mobilize more private resources.

For example EU financing for the European Forest Strategy includes a strong window on climate change adaptation and mitigation through planned investments in forest fire prevention and control, reforestation, forest restoration, etc. This represents ab. 8.2 billion USD for the period 2014-2020, 90% of this sum planned from the European Agricultural Fund for Rural Development.

In developing countries the REDD+ financing can serve as preparation funds to increase readiness of projects and forest value chains to meet bankability criteria of private investors. The FFEM/AFD financed project in the framework of the Collaborative Partnership on Mediterranean Forests highlighted the challenges and possibilities to operationalize REDD+ in MENA countries. Morocco and Tunisia are already member countries of the UN-REDD programme³, and Tunisia has started to mobilize REDD+ financing from the World Bank Forest Carbon Partnership Facility (FCPF)⁴ towards REDD+ preparation and implementation.

In Morocco one of the first projects of the Green Climate Fund (GCF) has been approved for the development of

Optimising the production of goods and services by Mediterranean forest and woodland ecosystems in the context of global change

The project cofinanced by the French Fund for Worldwide Environment (FFEM) entitled "Optimising the production of goods and services by Mediterranean forest and woodland ecosystems in the context of global change" facilitated the consolidation of exchanges between Algeria, Lebanon, Morocco, Turkey and Tunisia, permitted an audit of the situation in each of these countries and identified the pilot projects under way within the framework of REDD. Though potential income from carbon remains uncertain, especially around the Mediterranean Rim, the countries cited agree on the importance of the numerous services provided by the forest and woodland ecosystems and on the necessity of implementing new mechanisms to enable the forests to be better managed, notably by reinforcing the links to the local populations.

Jean-Guénolé Cornet

Organiculture and the rehabilitation and valorization of the Argan tree ecosystem⁵. GCF funding will occur through the Agricultural Development Agency (ADA), GCF national accredited entity and the National Agency for Oasis and Argane Areas Development (ANDZOA) (see more information on the Argan region development in the box below).

3 - <http://www.un-redd.org/>
4 - <https://www.forestcarbonpartnership.org/>
5 - <http://www.greencclimate.fund/-/development-of-argan-orchards-in-degraded-environment-dared?inheritRedirect=true&redirect=%2Fwhat-we-do%2Fprojects-programmes>

Development of argan-growing in vulnerable areas in Morocco

The argan stands in South-West Morocco play a critical role in the socio-economic development of this area which, as a hotbed of rich biodiversity, has been accorded status as a Reserve of the Biosphere. It is an area fashioned by man, particularly as regards the management of its natural resources, methods of farming and gardening, soil conservation, the preservation, sharing and effective use of water... The obvious, visible deterioration of this area is widely recognised. The increasingly sparse plant cover amplifies the vulnerability of the soil to erosion which has worsened due to climate change and the abandonment of terrace-based methods of agri-forestry. In view of the boom in the market for argan oil, the challenge now is to envisage alternative types of management and implement measures that will reinforce resilience and favour the adaptation to climate change by ecosystems and communities. It is with such an outlook that the "Development of Argan-growing in Vulnerable Areas" project has been designed by the ANDZOA and the ADA and submitted for funding to the Green Fund for Climate. Its aim is to help alleviate the human pressures on natural forests while improving the means of subsistence of its intended beneficiaries; this will involve: i) planting 10,000 ha. of argan orchards, with integrated action for soil conservation and the collection of run-off water; ii) back-up for the producers' professional organisations; iii) bolstering the capabilities of the beneficiaries and sharing know-how. An increase is foreseen in the production of fruit per household, with the additional role of carbon sink attaining the level of more than 600,000 tonne-equivalent of CO₂.

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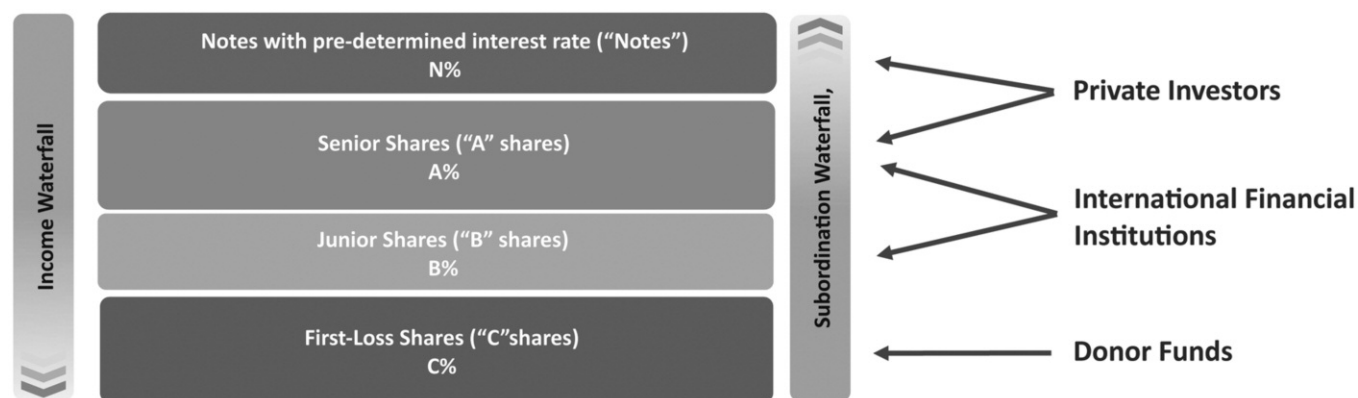


Figure 2:
Layered-Fund structure.

Land Degradation Neutrality (LDN) Finance and perspectives from the LDN Fund

The LDN Fund has been promoted by the UN Convention to Combat Desertification (UNCCD) and Mirova, the impact branch of the Natixis Group. The Land Degradation Neutrality (LDN) Fund will invest in profit-generating sustainable land management and land restoration projects worldwide, to contribute to a land degradation neutral world, which is UN Sustainable Development Goal target 15.3. The LDN Fund focuses on direct investment into large-scale land restoration and land degradation avoidance programmes, that will integrate smallholders and local communities, and a dedicated window for small scale projects and SMEs. It will provide long-term financing (debt/equity) to projects that meet strict environmental and social standards, and will pool resources from both public and private investors committed to the goal of stopping land degradation. The European Investment Bank (EIB) has been supporting the LDN Fund project in structuring the Fund as a layered-fund (See Fig. 2). Additionally, the LDN Fund is putting in place a Technical Assistance Facility which will support project origination and design.

In the MENA region a number of value chains could be relevant for LDN Fund investments, e.g. cork oak, cedar, argan, aromatic and medicinal plants value chains, etc but more efforts have to be engaged in

preparing projects ready for investments, including projects where investors trust the profitability model and the compliance with environmental and social safeguards. To this end public administrations and organizations have a key role to play in creating the enabling environment.

The way forward

Beyond thinking of a regional financing strategy for FLR and LDN, it is critical to share good practices and lessons learned between countries. To this end the *Silva Mediterranea* working group on financing can be a driving force, and the results of the State of Mediterranean Forests, including a chapter on financing issues, will be able to provide a state of the art and possibilities for increased cooperation among Mediterranean countries.

Facing a shortage of public resources and confronted with more and more challenges to protect and valorize forest resources, the Mediterranean forest administrations have called for more efforts to catalyse financing from multiple sources, in particular to create the conditions for private investments to flow in forestry projects.

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La Carte verte : fruit d'un partenariat entre le Crédit Agricole du Maroc et le Haut-Commissariat aux Eaux et Forêts et à la Lutte contre la désertification

Le Crédit Agricole du Maroc (CAM) et le Haut-Commissariat aux Eaux et Forêts et à la Lutte contre la Désertification (HCEFLCD) ont signé, le 26 novembre 2015, un Mémorandum d'Entente portant sur le Partenariat pour les forêts marocaines (PFM), ainsi qu'une convention de partenariat pour le financement de projets visant la préservation et le développement des écosystèmes forestiers marocains.

Créé à l'initiative du HCEFLCD, le PFM vise à encourager la participation volontaire des entreprises à l'effort national de restauration et de préservation des écosystèmes forestiers. Le Mémorandum d'Entente permet au Crédit Agricole du Maroc d'exprimer son adhésion aux principes du PFM et sa volonté à participer à la mise en place d'actions concrètes qui contribuent à la préservation de l'environnement, à la gestion rationnelle des ressources naturelles et à l'amélioration des conditions de vie des populations locales. A noter que la forêt joue un rôle essentiel dans la régulation du système climatique du fait de sa capacité de séquestration de carbone, ainsi que dans la lutte contre la désertification et la restauration des écosystèmes forestiers.

Quant à la convention, elle a pour objectif d'instaurer un cadre de partenariat entre le CAM et le HCEFLCD pour la mise en place de mécanismes de paiements pour services éco-systémiques et le développement de sources de financement pour des projets relatifs à la préservation et au développement des écosystèmes forestiers.

Dans ce contexte, le CAM a mis en place le concept innovant de « Carte verte » qui permet de collecter une partie des commissions générées par l'utilisation des cartes monétiques, sans frais additionnels pour le client. Ainsi, le client peut contribuer au financement des projets forestiers durables, sans aucun coût, uniquement en utilisant sa carte CAM pour payer ses achats.

Par ailleurs, ce partenariat accorde une importance primordiale à la composante socio-économique par le financement de projets visant la création de valeur ajoutée et l'amélioration des conditions de vie de la population locale des zones forestières. Il s'inscrit dans le cadre des engagements du CAM en matière de développement durable.

En marge de la COP22 en 2016, une opération de grande envergure a été lancée par le HCEFLCD pour planter 1 000 000 d'arbres en une journée et le CAM y a participé grâce aux Fonds générés par les Cartes vertes. Cette opération a permis de placer la durabilité de la forêt au cœur des préoccupations nationales.



La coopération entre le CAM et le HCEFLCD peut également jouer un rôle de catalyseur pour attirer de nouveaux partenaires en suscitant une prise de conscience environnementale, développer des interfaces intersectorielles et aussi diversifier les ressources financières dédiées à la préservation de la forêt marocaine.

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Photos :

Le stand du Crédit agricole du Maroc lors de la 5^e Semaine forestière méditerranéenne à Agadir (Maroc).

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“Green Card” in Morocco : A partnership between the *Crédit Agricole* bank in Morocco and the High Commissariat for Water, Forests and the Fight against Desertification

Pictures:

The *Crédit Agricole du Maroc* booth during the 5th Mediterranean Forest Week in Agadir (Morocco).

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On November 26, 2015, the *Crédit Agricole du Maroc* (CAM) and the High Commissariat for Water, Forests and the Fight against Desertification (HCWFFAD) signed a Memorandum of Intent concerning Partnerships for Moroccan Forests (PMF), along with a convention for partnership in the funding of projects aimed at the conservation and development of forest ecosystems in Morocco.

Set up at the initiative of the HCWFFAD, the aim of the PMF is to foster the voluntary participation of businesses in the national effort to restore and preserve forest ecosystems. The Memorandum of Intent enabled the *Crédit Agricole du Maroc* to express its commitment to the principles of the PMF and its desire to participate in the effective implementation of concrete action towards environmental conservation, the rational management of natural resources and the improvement of the living conditions of the local populations. It should be noted that forests play an essential role in regulating climate systems thanks to their capacity to act as a carbon sink and they also help combat desertification and restore forest ecosystems.

As to the convention, its purpose was to provide a framework for partnership between the CAM and the HCWFFAD to establish the mechanisms for payment for ecosystemic services and the development of sources of funding for projects related to the conservation and development of forest ecosystems.

In this context, the CAM set up the innovative device of the “Green Card” which enables a part of the commissions/fees due to be paid using bank cards that generate no extra costs for the client. In this way clients can contribute to the financing of sustainable forestry projects merely by using the CAM card, incurring no extra cost.

Additionally, the partnership gives prime importance to the socio-economic dimension by financing projects aimed at creating added value and improving the living conditions of the local inhabitants in forested and woodland areas. The partnership was formed within the framework of the CAM’s commitments in the field of sustainable development.

Parallel to the COP22 in 2016, the HCWFFAD launched a massive operation to plant 1,000,000 trees in a single day in which the CAM took part thanks to the funds accumulated by the Green Cards. This operation made it possible to position sustainable forests at the very core of national preoccupations.

Cooperation between the CAM and the HCWFFAD can also play the role of catalyst in attracting new partners by kindling an enhanced awareness, developing interfaces across economic sectors and, also, by diversifying the financial resources dedicated to the conservation of Morocco’s forests.



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