



Green Finance for Sustainable Landscapes Joint Initiative of the CPF (GF4SL)

Part I: Project Information

GEF ID

10633

Project Type

MSP

Type of Trust Fund

GET

CBIT/NGI

☐ CBIT

☐ NGI

Project Title

Green Finance for Sustainable Landscapes Joint Initiative of the CPF (GF4SL)

Countries

Global

Agency(ies)

UNEP

Other Executing Partner(s):

UNEP as leading EA with CIFOR as co-EA

Executing Partner Type

GEF Agency

GEF Focal Area

Land Degradation

Taxonomy

Gender Equality, Forest, Forest and Landscape Restoration, Sustainable Forest, Focal Areas, Sustainable Land Management, Land Degradation, Sustainable Agriculture, Agriculture, Forestry, and Other Land Use, Climate Change Mitigation, Climate Change, Partnership, Type of Engagement, Stakeholders, Innovation, Capacity, Knowledge and Research, Learning, Theory of change, Indicators to measure change, Integrated and Cross-sectoral approach, Sustainable Development Goals, Influencing models, Deploy innovative financial instruments, Transform policy and regulatory environments, Strengthen institutional capacity and decision-making, Communications, Education, Awareness Raising, Civil Society, Non-Governmental Organization, Private Sector, Financial intermediaries and market facilitators, Capital providers, Local Communities, Consultation, Information Dissemination, Gender Mainstreaming, Beneficiaries, Gender results areas, Capacity Development, Knowledge Exchange, Knowledge Generation

Rio Markers**Climate Change Mitigation**

Climate Change Mitigation 0

Climate Change Adaptation

Climate Change Adaptation 0

Submission Date

7/17/2020

Expected Implementation Start

10/1/2020

Expected Completion Date

9/30/2023

Duration

36In Months

Agency Fee(\$)

86,438.00

A. FOCAL/NON-FOCAL AREA ELEMENTS

| Objectives/Programs | Focal Area Outcomes | Trust Fund | GEF Amount(\$) | Co-Fin Amount(\$) |
|------------------------|---|------------|----------------|-------------------|
| LD-1-4 | Reduce pressures on natural resources from competing land uses and increase resilience in the wider landscape | GET | 909,883.00 | 5,838,087.00 |
| Total Project Cost(\$) | | | 909,883.00 | 5,838,087.00 |

B. Project description summary

Project Objective

Boosting investor interest to increase capital flows towards forest restoration and deforestation-free agriculture.

| Project Component | Financing Type | Expected Outcomes | Expected Outputs | Trust Fund | GEF Project Financing(\$) | Confirmed Co-Financing(\$) |
|-------------------|----------------|-------------------|------------------|------------|---------------------------|----------------------------|
|-------------------|----------------|-------------------|------------------|------------|---------------------------|----------------------------|

| Project Component | Financing Type | Expected Outcomes | Expected Outputs | Trust Fund | GEF Project Financing(\$) | Confirmed Co-Financing(\$) |
|--|----------------------|---|--|------------|---------------------------|----------------------------|
| Catalyze sustainable private finance for agribusiness and forestry companies | Technical Assistance | <p>Outcome 1: Private financial institutions increase commitments on deforestation-free financing for agribusiness sector / forestry companies, as part of transition to sustainable commodity production systems</p> <p>Indicators:</p> <p><i>Identify and approach 50 finance institutions with significant exposure/client base in Agri/forestry/food sectors.</i></p> <p><i>At least 15 finance institutions (at CEO of C-suite level) commit to direct a % of Assets Under Management towards deforestation-free, sustainable land use.</i></p> | 1.1 A 'Forest, Food & Finance Alliance' (F3A) has been established, grounded in a public commitment to (re)direct private finance towards deforestation-free, sustainable commodity production or other forms of sustainable land use. | GET | 315,000.00 | 2,600,868.00 |

| Project Component | Financing Type | Expected Outcomes | Expected Outputs | Trust Fund | GEF Project Financing(\$) | Confirmed Co-Financing(\$) |
|---|----------------------|---|--|------------|---------------------------|----------------------------|
| Standardizing the framing, measuring and reporting on 'deforestation-free' sustainable commodity production and other forms of sustainable land use | Technical Assistance | <p>Outcome 2: Standardized framework to frame, measure and monitor financing sustainable and deforestation-free loans/investments to forestry/agribusiness entities adopted by investors, banks, institutional investors and public/private sector initiatives</p> <p>Indicators:</p> <p><i>5 impact investors, banks, institutional investors or public/private sector initiatives adopt a 'standardized' framework to frame, measure and monitor impact related to sustainable agri/forestry finance, established based on lessons learnt and briefings from emerging blended finance models.</i></p> <p><i>One report capturing</i></p> | <p>2.1 Lessons learnt from emerging blended finance models and innovative land-use deals captured (using standardized criteria to compare cases) and briefings disseminated to relevant actors.</p> <p>2.2 Report on enabling critical conditions for stimulating private commitments on finance towards sustainable, deforestation-free commodity production, sustainable forestry, and other forms of sustainable land use developed and disseminated to stakeholders.</p> | GET | 207,000.00 | 240,000.00 |

| Project Component | Financing Type | Expected Outcomes | Expected Outputs | Trust Fund | GEF Project Financing(\$) | Confirmed Co-Financing(\$) |
|--|----------------------|---|--|------------|---------------------------|----------------------------|
| Leveraging the rights of community-based forestry and agribusiness producer groups to secure private investment. | Technical Assistance | <p>Outcome 3: Community-based forestry and agribusiness producer groups and enterprises have the capacity to access business knowledge and private investment for socially and environmentally sustainable projects.</p> <p>Indicators:</p> <p><i>Learning hubs established (target: 1 global hub, with links to regional hubs).</i></p> <p><i>Producer organizations seeking advice and trained (target: 300 organizations and at least 300 women).</i></p> | <p>3.1 A learning hub established, providing information and advice to communities that have secured clear resource rights, and businesses seeking guidance on how to sustainably invest in locally owned and managed forest enterprises.</p> <p>3.2 Knowledge products are disseminated including on lessons learnt and enabling conditions (outputs 2.1 and 2.2), to stimulate commitments on private finance, to national and local public agencies, and to private enterprises.</p> <p>3.3 Training material made accessible on the learning hub and Forest Farm Producer Organizations (FFPOs) trained on</p> | GET | 260,167.00 | 2,377,219.00 |

| Project Component | Financing Type | Expected Outcomes | Expected Outputs | Trust Fund | GEF Project Financing(\$) | Confirmed Co-Financing(\$) |
|-------------------------------|----------------|-------------------|------------------|------------|---------------------------|----------------------------|
| Monitoring and Evaluation | | | | GET | 45,000.00 | 90,000.00 |
| Sub Total (\$) | | | | | 827,167.00 | 5,308,087.00 |
| Project Management Cost (PMC) | | | | | | |
| | | | | GET | 82,716.00 | 530,000.00 |
| Sub Total(\$) | | | | | 82,716.00 | 530,000.00 |
| Total Project Cost(\$) | | | | | 909,883.00 | 5,838,087.00 |

C. Sources of Co-financing for the Project by name and by type

| Sources of Co-financing | Name of Co-financier | Type of Co-financing | Investment Mobilized | Amount(\$) |
|--------------------------------|-----------------------------|-----------------------------|-----------------------------|---------------------|
| Donor Agency | Luxembourg | Grant | Investment mobilized | 3,130,868.00 |
| Donor Agency | Luxembourg | In-kind | Recurrent expenditures | 230,000.00 |
| Civil Society Organization | CIFOR | Grant | Investment mobilized | 2,377,219.00 |
| Civil Society Organization | CIFOR | In-kind | Recurrent expenditures | 100,000.00 |
| Total Co-Financing(\$) | | | | 5,838,087.00 |

Describe how any "Investment Mobilized" was identified

UNEP's co-financing as a grant to the amount of 3.130,868 stems from UNEP's Land Use Finance Programme, provided by the Govt. of Luxembourg to catalyze private finance for sustainable land use. CIFOR's investment into the project comes from various closely-related donor grants (CGIAR, IFAD, TFI) to the amount of 2,377,219. Further details can be found in the co-financing letters.

D. Trust Fund Resources Requested by Agency(ies), Country(ies), Focal Area and the Programming of Funds

| Agency | Trust Fund | Country | Focal Area | Programming of Funds | Amount(\$) | Fee(\$) |
|---------------------------|------------|---------|------------------|------------------------------|------------|-----------|
| UNEP | GET | Global | Land Degradation | LD Global/Regional Set-Aside | 909,883 | 86,438 |
| Total Grant Resources(\$) | | | | | 909,883.00 | 86,438.00 |

E. Non Grant Instrument

NON-GRANT INSTRUMENT at CEO Endorsement

Includes Non grant instruments? **No**

Includes reflow to GEF? **No**

F. Project Preparation Grant (PPG)

PPG Required

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PPG Amount (\$)

3,360

PPG Agency Fee (\$)

319

| Agency | Trust Fund | Country | Focal Area | Programming of Funds | Amount(\$) | Fee(\$) |
|-------------------------|------------|---------|------------------|------------------------------|------------|---------|
| UNEP | GET | Global | Land Degradation | LD Global/Regional Set-Aside | 3,360 | 319 |
| Total Project Costs(\$) | | | | | 3,360.00 | 319.00 |

Core Indicators

Indicator 11 Number of direct beneficiaries disaggregated by gender as co-benefit of GEF investment

| | Number (Expected at PIF) | Number (Expected at CEO Endorsement) | Number (Achieved at MTR) | Number (Achieved at TE) |
|---------------|--------------------------|--------------------------------------|--------------------------|-------------------------|
| Female | | 300 | | |
| Male | | 300 | | |
| Total | 0 | 600 | 0 | 0 |

Provide additional explanation on targets, other methodologies used, and other focal area specifics (i.e., Aichi targets in BD) including justification where core indicator targets are not provided

The project's objective is to increase commitments by banks, investors and other relevant institutions to increase flows for and interest in sustainable land use, forest landscape restoration and deforestation-free commodity production. At this high-aggregate level, it is unfortunately not possible to establish direct links of the project's contribution to the above core indicators or to anticipate related targets in relation to areas under improved practices. However, the project will monitor and report on: • Nr. of finance institutions and other relevant private entities (incl. across forestry/agricultural value chains) publicly committing to direct capital flows into SLM and/or FLR; • Nr. of letters of intent for new capital directed towards sustainable land use and their amounts (in USD); • A systematic framework for monitoring & evaluation (M&E) established with finance partners to report on the area of landscapes under improved practices (in ha), e.g. through analyses of tree cover changes in available tools such as Global Forest Watch (GFW-WRI), Global Land Cover (GLC-USGS), and Forest Resource Assessment (FRA-FAO); • Establishment of specifications, or a 'standard', for sustainable forestry / agribusiness loans or investments; • Nr. of community representatives and business entities advised and trained by the project. In addition, based on feedback from the CBD Secretariat, this project's outputs are directly relevant for Aichi Biodiversity target 3 ("By 2020, at the latest, incentives, including subsidies, harmful to biodiversity are eliminated [...]taking into account national socio-economic conditions") and indirectly it is relevant for Aichi target 2 ("By 2020, at the latest, biodiversity values have been integrated into national and local development and poverty-reduction strategies") and Aichi target 4 ("By 2020, at the latest, Governments, business and stakeholders at all levels have taken steps to achieve or have implemented plans for sustainable production and consumption [...]within safe ecological limits"). In addition, this project indirectly contributes to SDG 13 (climate change; 13.a1 'mobilized climate finance to achieve Paris Climate

Objectives) and SDG 17 (partnership for SDG goals), as well as the objectives under the NY Declaration of Forests that were signed by +200 stakeholders from governments, business, finance and civil society to 'end tropical deforestation by 2030 altogether and half it by 2020'.

Part II. Project Justification

1a. Project Description

1.1) THE GLOBAL ENVIRONMENT PROBLEM, ROOT CAUSES AND BARRIERS THAT NEED TO BE ADDRESSED

Global Environment Problems

1. Commercial agriculture is the most important driver of deforestation worldwide, followed by subsistence agriculture. Agriculture accounts about 80% of deforestation worldwide.[1]¹ In Latin America, commercial agriculture is the main direct driver, responsible for 2/3 of all cut forests, while in Africa and tropical Asia commercial agriculture and subsistence agriculture both account for one third of deforestation.[2]² Food and fiber production from both industrial as well as subsistence agriculture and ranching, and the resulting land conversion, represents the second largest anthropogenic source of Greenhouse Gas (GHG) emissions on the planet, behind fossil fuel combustion.

2. Agriculture, Forestry and Other Land Use (AFOLU) activities accounted for around 13% of CO₂, 44% of methane (CH₄), and 82% of nitrous oxide (N₂O) emissions from human activities globally during 2007-2016, representing 23% (12.0 +/- 3.0 GtCO₂e yr⁻¹) of total net anthropogenic emissions of GHGs. The natural response of land to human-induced environmental change caused a net sink of around 11.2 GtCO₂ yr⁻¹ during 2007-2016 (equivalent to 29% of total CO₂ emissions); the persistence of the sink is uncertain

due to climate change. If emissions associated with pre- and post-production activities in the global food system are included, the emissions are estimated to be 21-37% of total net anthropogenic GHG emissions.[3]

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3. IPBES concluded that the dominant driver of land degradation is the high and growing consumption of land-based resources, e.g. through deforestation, cropland expansion and unsustainable land management, escalated by population growth.[4]⁴ Growing food demand is one of the main drivers of conversion of forests, rangelands, and woodlands into cropland, also because investments into increasing agricultural production to feed the growing world population remain lopsided towards expanding into tropical forests rather than intensifying agricultural production on existing arable land.

4. Forest degradation can be described as the process whereby natural forests are gradually transformed into degraded forests and then possibly into degraded land, or are replaced by other forms of land use. Ongoing forest degradation often results in long-term deforestation and the loss of biodiversity and biological productivity.[5]⁵ In the tropics,

where soil nutrient levels are usually low, the loss of vegetation cover increases the incidence of soil erosion, which leads to a significant reduction of the soil quality and results in long-term soil degradation. The erosion and soil nutrient loss often makes it difficult or impossible to reforest the area and create a second-growth forest.

5. The loss of forest, and the accompanying loss of ecosystems and the services they provide, also threatens the security and livelihoods of local communities, reduces access to clean water, decreases soil productivity and accounts for 12 percent of global greenhouse gas emissions. For developing countries, agriculture is critical in terms of employment, production and consumption; and increases in agricultural productivity are crucial ingredients of poverty reduction. Therefore, agriculture is important for countries' development strategies.[6]⁶ For example, in two of the world's largest tropical forest countries, agricultural commodity production represents about a quarter of Indonesia's economy[7]⁷ while Brazil's \$83 billion agribusiness accounts for the majority of its trade surplus. Agriculture is particularly critical to new, emerging or unstable economies as well as rural and indigenous peoples in developing countries. This presents a great challenge to continue to find ways to sustainably produce key forest-impacting commodities to balance needed production with needed conservation and the preservation of benefits to local populations.

6. Shifting agricultural production models to be more sustainable and cause less deforestation will require the active engagement of a wide range of stakeholders. Most notably it is crucial to bring on board the private sector actors (farmers, agri-businesses, traders, etc.) that play a defining role in determining what gets produced where and how.

7. Financial institutions can accelerate this transition by making funding available for transitioning to new production models and by gradually reducing funding to the most damaging forms of current agricultural production. In the context of this project the following (sub)sectors will be targeted to include:

- *Institutional investors:* many institutional investors have not started to address climate and nature-related finance and investment opportunities in their mandates. There are only a few institutional investors which have advanced on aligning their portfolios with Paris Climate Agreements. These investors, however, have mainly focused on the energy or transport sectors only.

- *Asset managers:* partly to due lack of demand from their clients – asset owners – and perceived lack of opportunities in the field of agriculture/forestry, this is often not a key priority. For listed equities, there is no real way to ascertain that capital directed listed on stock exchanges leads to lower deforestation or ecosystem degradation. For the bond

market this is starting to change, but looking at the amount of outstanding bonds, so-called ‘green bonds’ only make up 1% of the total outstanding capital, and out of the outstanding green bonds <10% is directed to land use (using data from the Climate Bonds Initiative data).

- *Commercial banks & development finance institutions (MDBs and DFIs):* Most finance institutions – public or private - have no policies to assess or limit the impact their clients (the borrowers) have on forests and other ecosystems, when financing e.g. cattle, soy, palm oil or other forest-risk commodities. Besides limiting negative impact, trying to achieve positive impact by including net-positive environmental and social targets in terms of reduced/removed emissions, forests protected, livelihoods improved (e.g. by household income and disaggregated by gender) is currently at its infancy.

- *Private equity/impact investors:* Based on data from the Global Impact Investor Network (GIIN), out of USD 131 billion in capital managed by impact investors, only USD 13 billion is directed to sustainable agriculture and USD 6.5 billion to sustainable forestry.

- *Governments and foundations:* As noted by the Climate Policy Initiative, less than 8% of public climate finance is currently directed to address emissions related to land use. It is still relatively novel for foundations and government to use capital as a means to crowd-in or leverage private finance by taking sub-ordinate debt or equity positions in deals or provide first loss guarantees to lower the risk or enable to lengthen the tenor of specific debt or equity investments.

· *Blended finance vehicles*: a key missing element to date has been the lack of funds and vehicles that can lower the risk and/or increase credit worthiness of agribusiness companies, forestry businesses, (large) farmers and/or smallholders (united through cooperatives). Vehicles such as the &Green Fund, AGRI3 and others are starting to emerge as a means to increase the likelihood of banks or impact investors increasing their exposure in sustainable land use finance as a result of having access to credit enhancement instruments.

There are other relevant private sector actors that this project may focus on, including family offices/high-net worth individuals, soft commodity traders (especially given that there are relative few larger traders for many key soft commodities that lead to high deforestation), as well as some leading consumer goods companies (given the opportunity to influence suppliers downstream) as well as microfinance institutions and local/national development banks (which often have significant exposure to the rural areas). This could either be directly or through established networks such as the PRI, Consumer Goods Forum, WBCSD or otherwise.

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Root Causes

8. Rising levels of population and affluence have greatly increased global demand for agricultural products, requiring an ever larger land area to fulfil. In addition, unsustainable agricultural practices have led to falling yields and degraded soils in some land areas already under cultivation, requiring further expansion to make up for productivity losses on degraded land. The expansion in cultivation area has largely happened at the expense of forests. With demand for food forecast to continue increasing, it is urgent to move to new agricultural models that conserve the remaining forests and contribute to climate change mitigation.

Barriers

9. The long-term solution sought by the project is to build international consensus and interest to increase capital flows towards restoration and deforestation-free agriculture as well as sustainable forestry. However, the following barriers are preventing this solution.

Barrier 1 Insufficient finance flows to sustainable agricultural commodity production / forestry

Institutional investors, commercial banks, and even many impact investors are ***not yet willing to move into ‘business unusual’*** in the agriculture and forest sector (or other primary sectors) – *meaning a shift toward forests and agricultural production, processing and trade models with positive environmental & social impacts* - without some degree of public finance support, because it is considered too risky. Those actors, mentioned in point 7 above, need support for the collation of best practices and tested investment tools for de-risking their engagement as well as catalytic public ‘kick-start’ funding – through risk-sharing and/or credit enhancement structures - until these types of investments are perceived as less risky and become ‘the new normal’.

Funding for sustainable forest/landscape management is at a similar stage as funding for renewable energy was two decades ago: not well known, considered as out-of-scope and risky, not situated in the ‘comfort zone’ of development banks, let alone commercial banks and institutional investors and hence often receiving a low credit-rating. Banks/investors often cannot ‘find the deals’, or the regulatory frameworks are not adequate/conducive.

Barrier 2 Absence of standards of measuring and reporting ‘deforestation-free’ production

The way agriculture production, processing and trade as well as forestry operations are financed right now is predominately by trying to exclude unwanted negative impacts. The IFC Performance Standards are the most well-known voluntary standards that apply a very stringent approach to financing activities deemed to be socially and/or environmentally sensitive. A growing number of commercial banks is applying the IFC Performance Standards in project finance as well as other products (e.g. wholesale banking). However, while such an approach may try to prevent negative impact, it does not incentivize the creation of positive environmental and social impacts.

Looking at the challenges that humanity faces with regards the planetary boundaries, stopping and reversing deforestation, restoring degraded land and improving conditions of rural communities (through training and income improvements) – as stated in the Sustainable Development Goals, Bonn Challenges, New Declaration on Forests, Aichi Biodiversity Targets etc. – it is not enough to solely look at avoiding harm. We need a fundamental change in the way our everyday food is being produced. “Decoupling” tropical deforestation from soft commodity production is one important avenue, stimulating other forms of production such as moving from full sun to agroforestry systems (e.g. for cocoa) or rehabilitating degraded land is key to meeting the needs of humanity in terms of food & commodity production but also balancing that with environmental and social objectives to stay within planetary boundaries, address the climate and biodiversity crisis. In that light, it is important to frame the financing of agribusinesses and forestry companies both from the perspective of “do-no-harm” (e.g. using the IFC Performance Standards) while also moving towards framing, measuring and monitoring “do good” impact related to environmental and social objectives as mentioned above.

As awareness of, knowledge about and experience in applying such measurement frameworks is currently rather very limited among private investment institutions, the GF4SL will focus on a set of few and simple KPI, so as to demonstrate acceptability and applicability of tracking positive environmental and social impacts.

Barrier 3 Limited capacity of community-based forestry and agribusiness producer groups for active engagement with private finance institutions and companies to secure private investment for shifting their production models

The scarcity of private investment opportunities for deforestation-free commodity production is compounded by another gap, the limited knowledge of smallholders and SMEs on how to engage with financiers. If not addressed in parallel to the above, this will remain an active barrier inhibiting a shift toward sustainable agricultural production, as one

1.2) THE BASELINE SCENARIO AND ANY ASSOCIATED BASELINE PROJECTS

10. Past initiatives, such as UNEP's Inquiry into the Design of a Sustainable Financial System, provided a sound foundation for partnership development and identification of priority financial and regulatory systems for reform.
 11. Business as usual in this baseline reflects the current state of great inconsistency among the private sector in how they publicly report or disclose their commitments, policies and progress. This is in part due to the fragmented and unaligned reporting landscape, as well as the global nature of commodities.
 12. This new Green Finance for Sustainable Landscapes Joint Initiative (GF4SL) of the Collaborative Partnership on Forest (CPF) would coordinate and exchange lessons with existing and emerging initiatives in the area of green and conservation finance such as the Coalition for Private Investment in Conservation (CPIC), the Sustainable Forestry Initiative (SFI), the Forest Stewardship Council (FSC), the Climate Bonds Initiative (CBI), the Sustainable Banking Network (SBN) and the Equator Principles, and the Global Sustainable Investment Alliance (GSIA), UNCCD-related initiatives to upscale finance for LDN implementation, including the LDN Fund, as well as the annual Credit-Suisse Conference on Conservation Finance. It would also build on recent needs assessments such as the State of Private Investment in Conservation by Forest Trends, as well as their two projects on supply change that were funded by the GEF (GEF ID #5776 and #9858).
 13. The growing recognition that the response to environmental challenges cannot be delivered by international agencies and governments alone and requires a strong contribution from the private sector is reflected in developments in the financial sector. For example, the Financial Stability Board's Task Force on Climate-related Financial Disclosure (TCFD) has been developing recommendations for managing the physical, liability, and transition risks of climate change. Rating agencies S&P and Moody's have announced plans to assess the climate risks facing both companies and countries, and Moody's has developed industry-agreed standards for validating the environmental benefits promised in Green Bond offerings. The Climate Bonds Initiative is moving towards criteria on Agriculture, Forestry and Other Land-Use (AFOLU). Investor groups have called for greater disclosure of companies' exposure to climate risks. New security regulations and corporate governance structures have become available. Environmental, Social and Corporate Governance (ESG) criteria, B-corporations (in the United States), corporate scorecards for environmental indicators, and voluntary industry commitments to support the implementation of the Paris Agreement are evident examples.
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14. Other relevant initiatives that have recently emerged include the UNEP FI Principles for Responsible Banking (signed by +150 CEOs of banks around the world), the Net Zero Asset Owner Alliance by UNEP FI/PRI (that bring together a group of large institutional investors to commit to aligning their portfolios to be aligned with the Paris Climate Agreement). In addition, there is a drive towards science-based targets (SBI) for a wide range of companies, e.g. undertaken by WBCSD, UN Global Compact and others. Under the CPF umbrella, FAO is producing its Global Forest Resources Assessment (FRA) every 5 years, with national forest inventories, remote sensing analyses and learning materials, which can be used by the GF4SL for strengthening capacities and knowledge exchange amongst farm forest producer organizations (FFPO).
15. It is against this backdrop that a 'Forest, Food and Finance Alliance' (F3A) needs to assess whether it can become a sub-group of one or several of these initiatives, as it might make more sense to build a narrative and targets around deforestation-free finance through existing initiatives, rather than starting a new one.
16. On the margins of the [CPF International Conference Working across Sectors to Halt Deforestation and Increase Forest Area – from Aspiration to Action](#) that took place in February 2018, a CPF donors meeting concluded that joint CPF work on greening the finance system – building on work undertaken by the TCFD and the UN Environment Inquiry into the Design of a Sustainable Financial System - could address this topic, provided that new and additional funding could be made available.
17. In addition, there are currently few standards or commonly accepted criteria of what constitutes a 'green', sustainable and climate friendly investment in forestry and land-use. Innovative green finance instruments and approaches such as forest bonds, conservation finance, new security regulations and corporate governance structures need to be validated and expanded. This proposed Joint Initiative (JI) project would provide a learning platform for the CPF to contribute to this emerging global debate with a common voice. Learning from forest-related climate processes (in particular REDD+) and deforestation-free commodities production (in particular the GEF's Commodities Integrated Approach Programme) as well as land processes to achieve Land Degradation Neutrality (LDN), including the LDN Fund launched at the 13th session of the UNCCD and UNCCD's initiative to promote LDN transformative projects and programmes (TPP), would be beneficial in this regard; the lessons from REDD+ safeguards and investment plans, and the Commodities Integrated Approach could benefit and enhance the emerging private sector investment interest in sustainable landscapes.
18. However, while there is a lot of opportunity to direct more private capital towards sustainable land use that similarly benefits people, biodiversity and the climate, it is important to take stock of why that is not taking place at present. There are several reasons but some baseline starting points of why private capital flows are not directed - at the moment – to deforestation-free commodity production, sustainable management of forests and other forms of sustainable land use, have to do with the mismatch between risk-reward structures for those type of projects. First of all, there is the real or perceived higher **risk profile** for alternative production methods, such as change from clearing forests for palm oil to replanting on the same land or moving from full sun cocoa to cocoa agroforestry models. A second issue is **tenor**. Many sustainable financing models for sustainable land use require long-term capital that is currently not available in the market, especially not in developing countries. Loan tenors in Brazil for example indicate that for commercial banks, both domestic and international, they provide loans up to a maximum tenor of 7 years with the majority of credit facilities having tenors

from 3 months to 5 years. The combined effect of loan tenors – if available at all – and pricing of risk and **cost of capital** allocation easily leads to a significant increase in interest rates, which smallholder farmers (who are often not included in commodity supply chains) but also Small and Medium-sized Enterprises (SMEs) and larger businesses are not able or willing to service. In addition, the lack of local financial institutions that can function as ‘delivery’ channels for larger banks (without ‘boots-on the-ground’) as well as the financial infrastructure is constraining commercial investments.

19. With regards to co-funding for this Joint Implementation project, co-funding for UNEP’s activities under this project comes from a closely related project called “*Land Use Finance project: leveraging public finance to decouple private investment from deforestation, climate and ecosystem impacts*” funded by the Government of Luxembourg. This project was set up with the aim to scale up engagement with the private and finance sector and work toward transforming agricultural production that better balances climate action with enhanced yield, farm income and social and environmental objectives. The project’s main activities are: A) setting up and/or supporting the establishment of new finance facilities dedicated to sustainable land use (such as the Tropical Landscape Finance Facility, the AGRI3 Fund with Rabobank, Mirova/Althelia and FMO or the &Green Fund); B) working on identifying, developing, and disseminating successful business cases of sustainable land use such as sustainable cocoa production under agroforestry in Ivory Coast and sustainable coffee production in Vietnam; C) supporting a land use finance conferences in Luxembourg (the Global Landscapes Forum – The Investment Case), with the first conference held in November 2019; D) expand on UNEP’s existing partnerships with private finance institutions to bring additional institutions to make tangible and specific commitments on sustainable commodity production decoupled from deforestation. Over the period 2019-2021, spending under this project is budgeted at USD 2,783,000
20. Also closely related to the objectives of this project, UNEP is planning to set up a Seed Capital Assistance Facility for Forest Landscape Restoration. This finance facility is modeled on an existing one targeting renewable energy and aims to promote increased investment into commercially viable projects in forest landscape restoration. It will do so by providing co-funding to investors for either a) setting up new funds targeting forest landscape restoration activities, b) developing a strong pipeline of forest landscape restoration projects, or c) bringing specific projects to financial closure. This support will help to overcome the significant *pre-investment costs* that investors face in this space and therefore promote the deployment of capital in commercially viable models of production that are compatible with the objective of forest landscape restoration. The facility is targeting an overall budget of EUR 25,000,000 out of which UNEP would cover spending for its set up and implementation.
21. UNEP is also participating in the establishment of the AGRI3 Fund, which is anticipated to be the operating vehicle resulting from its partnership with Rabobank aiming to promote forest protection and sustainable agriculture. The ambition of the AGRI3 Fund is to function as a role model for banks, other financial institutions and agribusinesses by developing business models that include acceleration of forest protection and reforestation and implementation innovative agricultural solutions, whilst improving the living standards of local farmers and smallholders. Its objectives are: A) To contribute to sustainable land use practices at scale, which means balancing enhanced sustainable agricultural output with forest protection, reforestation as well as improving rural livelihoods; B) To provide credit enhancement tools (such as grants, soft loans, guarantees) to catalyse private funding from commercial banks and their eligible partners to qualified initiatives; C) To stimulate initiatives that contribute to existing and innovative best practices in order to lower agriculture’s footprint and restore land use for agriculture and forestry; D) To reach local farmers and smallholders as priority beneficiaries; each investment should improve rural livelihoods and on top of that focus on at least one of the two following objectives: (i) sustainable land use and (ii) forest protection and reforestation; E) To generate substantial, measurable environmental and social (‘E&S’) impact. UNEP’s role, beyond being instrumental in setting

up the fund and developing its environmental and social risk and impact framework will be to support the governance of the fund among others by providing executive representation to the Steering Committee thereof.

22. CIFOR aims to investigate how forest products, trade and investments can minimize negative impacts on the environment, address sustainability, have positive impacts on rural livelihoods, and generate economic benefits to society at large. Co-funding from CIFOR for this project comes from the following projects. The Project titled ‘Sustainable Global Value Chains and Investments for Supporting Forest Conservation and Equitable Development’, which is under the CGIAR’s Research Program on Forests, Trees, and Agroforestry (FTA) programme with a total budget of \$880,001, will be implemented until 2022. This co-finance will contribute to Outcome 3 through its focus on innovative financing (with Tropenbos) and business models for smallholders and SMEs.
23. CIFOR’s co-finance contribution will be also be from ‘Measurable Action for Haze- Free Sustainable Land Management in Southeast Asia (MAHFSA)’ The Project will spend \$1,089,850 until the end of 2024. This Project is also expected to contribute to Outcome 3 through its focus on investment planning for private and public forest protection and management, and knowledge product development and dissemination.
24. CIFOR’s ‘Disaster Preparedness Specific Discipline Integrated Programme in Riau, Indonesia’ with the budget of \$307,685, and ‘A Participatory Action Research to Community-Based Business Model (CBBM) Development in Selected Integrated Forest and Farming System (IFFS/DMPA) Villages’ with the budget of \$99,683 will contribute to Outcome 3 through their focus on smallholder and SME training and sustainable livelihood development in partnership with private sector forestry firms.

1.3) THE PROPOSED ALTERNATIVE SCENARIO, WITH A BRIEF DESCRIPTION OF EXPECTED OUTCOMES AND COMPONENTS OF THE PROJECT

25. First of all, the CPF could consider using its convening power to bring together a broad range of actors across non-governmental, governmental and private sectors to promote the adoption of green and sustainable principles in finance across thematic areas of SFM. Through such an effort, the CPF could also support sharing of green finance ideas between sectors to promote replication and support the development, testing and validation of innovative forest finance products and systems.
26. Successful ideas and initiatives resulting from the proposed Green Finance for Sustainable Landscapes Joint Initiative (GF4SL) aim for scale-up and/or replication by being embedded in the national forest financing strategies that the Global Forest Financing Facilitation Network (GFFFN) would assist in designing. The project would further enable the CPF to participate actively in periodic Global Landscape Forum Investment Case Symposia (for example see the Landscape Finance session organized by CIFOR-

FTA at the Luxembourg GLF in November 2019 (https://events.globallandscapesforum.org/wp-content/uploads/sites/2/2019/11/White-paper-8-Innovating-finance-to-overcome-current-barriers-towards-sustainable-landscapes_web.pdf). UNFF guidance can be mainstreamed in financial sectors at the national and sub-national levels from the outset and ensure that UNSPF objectives are implemented in a catalytic fashion at the systemic level instead of leaving it to the vagaries of the market to consider priorities on an ad-hoc-basis. Priority will be given to presenting and disseminating financial instruments and vehicles that have enabled private capital to be leveraged – and analysis on the underlying and enabling credit policies and financial mechanisms.

27. Given the potential for CPF members to add value to this project and given that this is a CPF joint initiative, a GF4SL Advisory Group will be formed in which CPF member are invited to participate. The advisory group will be consulted on the project's progress and seeks feedback how to be more impactful – including through the above-mentioned initiatives. Such meetings could either take place face-to-face on the back of periodic CPF meetings or alternatively separately (in which case it will be done virtually). To limit requests for time commitment, the Advisory Group will meet 2x a year.
28. With regards to how results under outcome 1 will be achieved, it is important to note that a few finance institutions have started to pioneer lending to or investing in projects or clients with positive climate, forest and rural livelihoods benefits. Examples include impact funds such as EcoEnterprise Fund, Moringa, Athelia, EcoBusiness Fund, development banks such as FMO and IFC and commercial banks such as Rabobank and BNP Paribas. In addition, as mentioned before a number of blended finance vehicles have emerged that can either lower the risk and/or improve the credit quality of the underlying asset. What is missing – though – is a next phase in which a number of actors along the financial value chain (from institutional investors, to large fund managers, private equity/impact investors, DFIs and commercial banks, to potentially microfinance institutions) start to put targets on commercial teams and/or identify opportunities with existing retail or corporate clients how finance can be a key enabler in moving towards sustainable, deforestation-free supply chains. By reaching out either directly to a number of key players in this sector and/or through established initiatives such as the PRB, PRI, AOA – the idea is that additional public commitments will send a signal to the market and to a wider number of market participants willing to adjust their financing models to be more in line with international commitments such as the Paris Climate Agreement, CBD post 2020 framework and the SDGs.
29. By extracting lessons learnt from novel land use finance facilities and the associated deals that will be financed, the project aims to work towards a standardized way in which sustainable, deforestation-free commodities can be perceived by the market (and thus the results associated with outcome 2). By 'standardising' the way environmental & social impact can be identified for private capital flowing to land use sectors (particularly forests and agriculture) by using a standard set of Key Performance Indicators (e.g. ha of forests protected, restored, amount of greenhouse gas emissions reduced, improvement of income or broadening of livelihood opportunities for smallholder farmers, etc.) using information from novel land use deals – the project anticipated that creating common metrics and data. Such an approach can be borrowed from the emerging, but growing market for renewable energy finance. Whereas this used to be niche in the past, it is quickly becoming an established "asset class". One way to get more finance institutions involved to direct capital towards sustainable land use (project outcome 1), is first of all to change the risk-return profile by making it more attractive to finance e.g. palm oil replanting than stimulating the clearing of existing pristine forests to do so. But once a number of novel land use finance deals with positive environmental and social impact are concluded, it is key to capture the essence of the positive impact being created by 'standardizing' the approach, so it can be replicated and reach scale.

30. With regards to the second outcome, by providing support for standardized metrics, E&S impact, additionality measurement to banks and investors and other relevant stakeholders, the project hopes to stimulate those interested institutions to move from one-off sustainable agricultural loans / bonds / equities, to a more standardized approach and to capture lessons learnt for replication. Regional and national regulators and commissions will also be approached with regards the need to create an enabling and regulating environment for facilitating/stimulating investment into deforestation-free commodities production (e.g. the application of a EU-style Taxonomy on Sustainable Finance in other jurisdictions).
31. By collecting, structuring and disseminating information on how sustainable and deforestation-free land use production models can be commercially viable, the project will fill in important information gaps that today act as barriers to the more active engagement of both communities and private finance institutions and companies in shifting their production models (outcome 3). The activities of the project will therefore directly contribute to the acceleration of the necessary shift of land use to make it more sustainable, reduce deforestation, and reduce negative climate impacts.

Expected results/outputs

Outcome 1: : Private financial institutions increase commitments on deforestation-free financing for agribusiness sector / forestry companies, as part of transition to sustainable commodity production systems

Output 1.1: A ‘Forest, Food & Finance Alliance’ (F3A) has been established, grounded in a public commitment to (re)direct private finance towards deforestation-free, sustainable commodity production or other forms of sustainable land use.

At present, very few banks and investors have made a commitment to shift / (re)direct capital towards deforestation-free and nature-positive projects or financing requests from clients in the forestry/agricultural sector. This output relates to setting up a coalition or alliance of institutions that goes beyond the few entities that at present have done so (e.g. Rabobank, BNP Paribas, IFC) and are willing to make a significant commitment to direct a minimum amount of private finance towards this goal, while also applying best-in-class risk management practices to avoid unwanted negative impacts for the entire loan and investment portfolios. Activities include:

1. Develop a **framework agreement** for an alliance of banks, investors and potentially governments/foundations willing to commit to making concessional finance available. This agreement will include a) scope and aim of the alliance; b) the commitments sought; c) the support opportunities by

the alliance for implementing the commitments; d) key performance indicators (KPIs); e) a methodology to track KPI implementation to ensure sound risk management and positive environmental and social impact.

The F3A will be established in consultation with UNEP FI, and could become a sub-group e.g. under the UNEP FI Principles for Sustainable Banking or the Net-zero Asset Owner Alliance.

2. Develop an **outreach and marketing strategy** to reach target audience, including using relevant channels via UNEP FI, Principles for Responsible Investment, World Business Council for Sustainable Development, Banking for Environment Initiative (BEI), World Economic Forum, and others. A minimum of 50 finance institutions will be consulted whether they are willing to commit to finance sustainable, deforestation-free commodity production in line with the above-mentioned framework agreement.
3. **Launch** of the ‘Forest, Food & Finance Alliance’ (F3A) at a relevant venue to generate attention, exposure and to broaden its reach.
4. Publish a **report** on the options and opportunities for the implementation of the commitments.

Outcome 2: Standardized framework to frame, measure and monitor financing sustainable and deforestation-free loans/investments to forestry/agribusiness entities adopted by investors, banks, institutional investors and public/private sector initiatives

Unlike renewable energy, which is by now an established (alternative) asset class, finance and investment flowing to sustainable agriculture and forestry currently lacks a clear framing in terms of what environmental & social impact indicators are important and should be measured across investments, what kind of enabling framework (e.g. around disclosure through the TNFD) can be of help to move towards effectively “boxing in” what sustainable finance and investment flowing to sustainable land use entails. Achieving that, would help to move towards a standardized way in which pension funds, banks, impact investors and identify investment opportunities, measure social & environmental impact, etc. This in turn – is the underlying idea – can help to stimulate more public and especially private capital to flow towards sustainable land use, with a view to develop an ‘asset class’ similar for this area in a similar way as for renewable energy. Through the GF4SL project UNEP aims to contribute to this much-needed standardization by capturing lessons learnt from emerging blended finance facilities in terms of how these deals materialized, what positive impact is measured, etc. In a similar manner, a proposal report on what enabling conditions are necessary for governments to put in place, is expected to outline the conditions necessary for a more standard approach to finance sustainable land use.

Output 2.1 Lessons learnt from emerging blended finance models and innovative land use deals captured (using standardized criteria to compare cases) and briefings disseminated to relevant actors

Based on novel (blended) finance facilities that UNEP is involved in, such as the AGRI3 Fund, the Tropical Landscapes Finance Facility, the &Green Fund and others, the organization aims to capture lessons learnt from novel deals financed to form the basis for a standard way in which impact is framed, measured and monitored. Activities will lead to:

A series of at least 5 information briefs that capture how the barriers have been addressed and what conditions were key to make a certain novel land use finance deal work and be ultimately financed, based on consensus and input from key stakeholders incl. impact investors, governments, agribusinesses.

Output 2.2 Report on enabling critical conditions for stimulating private commitments on finance towards sustainable, deforestation-free commodity production, sustainable forestry and other forms of sustainable land use developed and disseminated to stakeholders

Activities under this output will lead to a report outlining the key enabling factors that need to be put in place in order for governments to stop stimulating the financing of agricultural or forestry practices with unjustifiably high environmental and social externalities, while also analyzing what positive incentives can be provided by governments – both in producer and consumer countries – to stimulate sustainable, deforestation-free and nature-positive commodity production and other forms of sustainable land use. This includes for example engaging with the European Commission's efforts to put in place a taxonomy on sustainable finance across various sectors including forestry and agriculture, but also capture lessons from GEF Good Growth Partnership and other relevant projects in a short and succinct report, and broadly disseminating the lessons learned via the CPF's networks.

Outcome 3: Community-based forestry and agribusiness producer groups and enterprises have the capacity to better access business knowledge products and private investment for socially and environmentally sustainable projects.

Output 3.1 A learning hub established, providing information and advice to communities that have secured clear resource rights, and businesses seeking guidance on how to invest in locally owned and managed forest enterprises.

The hub will be developed to provide three key functions: i) a portal linking community-level users to datasets, tools, guidelines, case studies, outlook studies and business models; ii) facilitate support for more vulnerable actors along value chains through mentoring and capacity development of selected target groups like producer organizations and SMEs, and iii) a collaborative meeting place to link together financial institutions, market data providers and trade associations, with producer organizations and SMEs. CIFOR is exploring the design of a global hub with its programme, Global Landscapes Forum (GLF), based at Bonn, Germany and Bogor, Indonesia. Local hubs will be also be explored. The learning hub concept is partly derived from a FAO-sponsored workshop in April 2019

on catalyzing private finance for inclusive and sustainable value chains. The wide range of workshop participants from public, private and SMEs developed a concept and plan for a forest finance information hub (FFIH).

The activities will specifically aim at:

1. Establish the learning hub aims and overall concept;
2. Develop a marketing and outreach strategy to identify and engage the hub user community of Forest Farm Producer Organizations (FFPOs) and SMEs in Asia and Africa;
3. Establish an electronic hub portal; and
4. Launch the learning hub.

Output 3.2 Knowledge products are disseminated, including on lessons learnt and enabling conditions (outputs 2.1 and 2.2), to stimulate commitment on private finance by the Hub to national and local public agencies, and to private enterprises

These knowledge products will partly result from other project outputs, e.g. on emerging blended finance models and innovative land use deals (Output 2.1), or on the necessary enabling conditions to stimulate private finance (Output 2.2), and they will be broadly disseminated by the Hub and its partners to develop awareness and broaden possibilities for private finance for deforestation-free commodity production.

Other resources to be disseminated by the hub include datasets, tools, guidelines, case studies, outlook studies and business models to be prepared by the project and existing resources from UNEP, CIFOR and other partner organizations. An important resource and partner is the Forest and Farm Facility (FFF) managed by FAO, IIED, IUCN and AgriCORD, which oversees over 400 Forest Farm Producer Organizations (FFPOs) in 10 countries in East Asia and Africa, and plans to increase coverage to 25 countries by 2022. FAO will also provide a link to emerging alliances such as the Forests, Farmers, Agriculture- Sustainable Together – An Alliance for Action (FFAST-AAA).

Activities under Output 3.2 include:

1. Populate the Hub with information on user groups and F3A members to improve networking opportunities;
2. Convert F3A knowledge products for optimal comprehension and use by hub users; and
3. Survey the access and use of the Hub by F3A members and other users.

Output 3.3 Training material made accessible on the learning hub and Forest Farm Producer Organizations (FFPOs) trained on business planning, access to finance and sustainable investment opportunities

These monitoring and capacity building initiatives will be aimed towards men and women in producer organizations, specifically on how to invest in locally owned and sustainably managed forestry and agriculture producer organizations and enterprises.

The hub will track access and use of resources provided to users. CIFOR and GLF have developed advanced tools for such tracking and monitoring. Capacity building and mentoring through exchanges, dialogues, packaging of information, and training will be provided to selected target producer organizations and SMEs, which require specialized support on how to put the tools and information provided by the hub into practice. Locally available support provider organizations such as the FFF will be engaged.

Output activities are:

1. Launch a Hub user training plan;
2. Develop and upload training materials;
3. Train selected FFPOs and publish the training results on the Hub; and
4. Report on the Hub's performance, incl. recommendations for continued use beyond project lifetime.

32. In short, the project's implementation strategy is based on an interplay amongst its three components: Outcome 1 will support transforming the agricultural sector by gradually shifting financing away from environmentally harmful production models and towards more sustainable models that have reduced or positive impacts on deforestation, biodiversity and climate change. Outcome 2 will strengthen this transition by widely disseminating the information about successes and lessons learnt in terms

of commercially viable sustainable land use models. Outcome 3 will ensure that this transition to more sustainable land use models is socially inclusive and results in improved outcomes for local communities.

1.4) ALIGNMENT WITH GEF FOCAL AREA AND/OR IMPACT PROGRAM STRATEGIES

33. The proposed GF4SL project is closely aligned with the major aims of the GEF-7 Sustainable Forest Management Impact Program (SFM IP). It is intended that the GF4SL will produce lessons learnt to be distributed to its stakeholders and project partners, and the SFM IP projects and its constituents partners are core target groups to receive emerging lessons learnt on blended finance models that can be used in the projects' context. As a joint initiative of the CPF and thus equally aligned with the UNFF strategy, the GF4SL will be well-placed to reach these audiences through the respective networks.
34. The proposed GF4SL Joint Initiative project will directly contribute to the land degradation focal area's objective 1.4, i.e. *reduce pressures on natural resources* (here: forests) *from competing land uses and increase resilience in the wider landscape*. The project strategy is closely aligned to goal 3 of the GEF-7 land degradation focal area, i.e. *harnessing private capital and expertise to finance investments in sustainable land management, in particular in co-operation with the LDN fund and other innovative financing mechanisms*.^[9] By facilitating and standardizing modalities for investment in sustainable, deforestation-free commodity production and similar forms of sustainable land use, the proposed GF4SL will employ two core tools emphasized in the GEF-7 programming directions for the land degradation focal area, i.e. *innovative approaches that can be scaled up to maximize global benefits for the environment and also address the issues of biodiversity, climate change, and local livelihoods*; and *providing the technical assistance necessary and facilitate de-risking to make projects bankable*.^[10]¹⁰
35. Scaling-up finance and investment for sustainable land use and forests requires positive incentives (and phasing out negative incentives, including perverse subsidies), improved governance, and public-private partnerships. To attract investments into deforestation-free commodities production, a shift is required from a *demand*-driven perspective, namely sourcing for investments to fund and implement particular conservation activities or programmes, to a *supply* angle, i.e. the perspective of investors and their investment approaches. Innovative financing instruments (SDG 15.b and Global Forest Goal 4), and creating greater readiness for private sector investment in sustainable land use projects (including sustainable forest management) as a 'new asset class', and capturing deforestation-related risks into financial decisions are among the key actions needed to halt deforestation and increase forest area (SDG 15.2 and Global Forest Goal 1.1). Harnessing the financial system contributes directly to advance SDG 15.b and GFG 4 on forest financing and is a pre-requisite to delivering on SDG 15.2 and GFG 1.1. for a transition to a low-carbon, climate-resilient, biodiversity-friendly and

land degradation-neutral economy. UNEP’s Inquiry into the Design of a Sustainable Financial System concluded that transformation requires a more systemic approach to scaling up ambitious national roadmaps, and ways to leverage these initiatives at the international level.

The project will complement the work of the Land Degradation Neutrality Fund, an impact investment fund promoted by the UNCCD that will invest in profit-generating sustainable land management and land restoration projects to reduce or reverse land degradation. The LDN Fund shares many of the objectives of UNEP’s Climate Finance Unit and there is close collaboration between UNEP and Mirova Natural Capital, LDN Fund’s investment manager, who is also the investment advisor for the AGRI3 Fund described in Section 1.2. One of the areas of active collaboration relates to ongoing efforts for sharing expertise and lessons learned on developing environmental and social (E&S) risk and impact frameworks for investment funds targeting the sustainable land use space, and the proposed project will actively contribute in this regard. In addition, the project will target and engage with other relevant impact investors, banks with significant client case and exposure to food, agri & forestry, as well as microfinance institutions.

1.5) INCREMENTAL COST REASONING AND EXPECTED BASELINE CONTRIBUTIONS FROM THE BASELINE, THE GEFTF AND CO-FINANCING

| Current practices | Alternative practices | Expected benefits |
|-------------------|-----------------------|-------------------|
|-------------------|-----------------------|-------------------|

| | | |
|---|---|--|
| <p>There is not yet any program to transform finance and business models in mainstream markets, such that they sustain land-use practices in which the increased production of agro-commodities contributes to the protection of forests and the inclusion of smallholders and forest communities in the economy for a long period of time. Without the GEF investment, actors across the financial value chain will continue to consider loans and bonds to clients in the forestry/agricultural sector that deliver net positive climate and forest impact as well as improvement of rural communities as a risky business. Agricultural and other land users will continue to face many commercial constraints in raising capital, particularly in the longer term, therefore these land-users will not be willing to embed forest conservation into their businesses. Opportunities will be limited to attract increased levels of responsible foreign direct investment to support emission reduction goals acting as an incentive for central and local government to improve enforcement and regulation to facilitate the uptake of such private sector-financed agreements.</p> | <p>Enhanced awareness amongst institutional investors, fund managers, commercial banks, DFIs, impact investors and other relevant actors (see paragraph 7) associated with deforestation and unsustainable practices in commodity production.</p> <p>Enhanced capabilities by financial institutions to identify, manage, and reduce deforestation risks in the financing of commodity production.</p> <p>Coordination and collaboration at the international level, including through North-South and South-South learning and sharing of best practices and approaches, and strengthened coalitions of impact investors and private sector partners to accelerate efforts in specific sectors, as appropriate.</p> <p>Learning facility for both businesses and local communities on how to invest in locally owned and managed sustainable forest enterprises.</p> | <p>Commitment to innovative financial mechanisms and partnerships for broad adoption and scale up in forest landscape restoration and sustainable land management.</p> <p>Increased financial flows directed at commodity production that reduces deforestation and supports sustainable land use.</p> <p>Additional private investment opportunities leveraged for community-based producers (FFPOs) that aim for forest conservation and SLM practices.</p> <p>Foundation for a ‘code of conduct’ for sustainable forestry / agribusiness loans and investments.</p> |
|---|---|--|

1.6. GLOBAL ENVIRONMENTAL BENEFITS

36. The approach of the proposed GF4SL Joint Initiative project is to stimulate commitment for investment into sustainable commodities production that avoids deforestation and reduces pressures on natural resources from competing land uses. As such, the project will catalyze innovative approaches and create an enabling environment for accelerating finance investments into sustainable land management to become the new status quo. While GEB can be expected in relation to various of the GEF Core Indicators, such as # 4, areas under improved practices, # 6 GHG emissions mitigated, and # 11, direct beneficiaries having co-benefits through the GEF investment, it is not possible to establish direct and quantifiable linkages with the proposed Joint Initiative. Rather, it is inherent to the project’s strategic objective, that forthcoming initiatives in FLR and SLM will reap substantively enhanced GEB via a stimulated investment portfolio for SLM.
37. While it is difficult to establish directly attributable links between GF4SL interventions and the GEF Core Indicators at this high-aggregate level, the project will nevertheless contribute to improved monitoring and reporting on GEB to which it will contribute through additional investment opportunities and rising awareness on the need for deforestation-free commodities production. The project will therefore monitor and report on:

- The number of finance institutions and other relevant private entities (incl. across forestry/agricultural value chains) publicly committing to direct capital flows into SLM and/or FLR;
- The number of letters of intent for new capital directed towards sustainable land use;
- Amount of investment capital (re)directed to SLM and/or FLR (USD);
- Establishment of a systematic framework for monitoring & evaluation with finance partners to report on the area of landscapes under improved practices (in ha);
- Establishment of ‘standardized’ specifications for sustainable forestry / agribusiness loans or investments;
- The Project targets 600 direct beneficiaries of which 300 will be women.

38. Furthermore, the proposed Joint Initiative will also link to the UN Decade on Ecosystem Restoration, as many FLR projects have solid environmental frameworks and indicators as well as socio-economic (co)-benefits, but are often weak on their financial indicators – frequently with unclear cash flows and/or unstable and unpredictable income or longer-term investment opportunities.
39. The proposed GF4SL Joint Initiative of the CPF will build on existing collaborations to foster and strengthen national-level support. The CPF could also support complementary activities for global support and innovating forest finance and respond to country driven priorities, working in close collaboration and enhancing the work of the GFFFN (Global Forest Financial Facilitation Network), particularly in designing national forest/landscapes financing strategies – for example now that the [European Commission has developed a ‘taxonomy’ for sustainable finance](#) (i.e. effectively determining what are sustainable economic activities vis-a-vis conventional or non-sustainable activities across a variety of sectors). The CPF could work jointly to identify and tackle obstacles for increased investments into sustainable forest management, such as counter-productive subsidies and other perverse incentives. Such an approach would have the potential to create added value in scaling up finance for forests and to leverage additional donor funding and private investment in sustainable forest-based enterprises.
40. The project will promote coordination and collaboration at the international level, including through North-South and South-South learning and sharing of best/good practices and approaches, and build or strengthen coalitions of impact investors and private sector partners to accelerate efforts in specific sectors, such as agriculture, forestry and/or food production, as appropriate. One output of the GF4SL, a ‘Deforestation-free finance alliance (working title ‘*Forest, Food & Finance Alliance*’, or *F3A*), drawing ‘first movers’ from the ranks of the 225 banks/finance institutions who are members of the UNEP Finance Initiative (UNEP FI); and also getting commitments from institutional investors and fund managers that are members of the Principles for Responsible Investment (PRI) to phase out investments in companies and projects with significant deforestation risks on the one hand, e.g. projects such as E-RISC (Environmental Risk Integration in Sovereign Credit Analysis), which allow banks and other financial institutions to evaluate the ecological risk they are taking through their investments, and on the other hand direct more capital to projects and companies that reduce

deforestation, restoration and/or which apply a landscape approach (e.g. the recently announced USD 95 million ‘landscape bond’ that was offered to capital markets by BNP Paribas).

41. Based on the availability of new and additional funding, the project, supported by the CPF, can reinforce initiatives and approaches and promote joint learning to connect *financial system reform* with the *forest/landscapes-related environmental agenda*, notably on climate, biodiversity, and land degradation, and thus directly contribute to SDG 15b.
42. Initiatives, such as UNEP’s Inquiry into the Design of a Sustainable Financial System, provide a sound foundation for partnership development and identification of priority financial and regulatory systems for reform. The CPF GF4SL Joint Initiative (JI) proposed here will analyze innovative approaches in several countries – including but not limited to the recent adoption of the ‘taxonomy’ on sustainable finance by the European Commission – that have already started to transition towards green finance.
43. The close alignment of the GF4SL with CPF will also foster a broad adoption of national green finance instruments and support enhanced alignment of national financial regulations with environmental sustainability considerations. This way, UNFF guidance can be mainstreamed into financial sectors at the national and sub-national levels from the outset and ensure that UNSPF objectives are implemented in a catalytic fashion at the systemic level instead of leaving it to the vagaries of the market to consider priorities on an ad hoc basis, an aim that is directly linked with SDG 15.9.

1.7. Innovativeness, Sustainability And Potential For Scaling Up

44. Scaling Up: The project’s activities are all scalable by design. Outcomes 1, 2, and 3 aim at leading to virtuous cycles whereby early successes generate further growth. Promoting proven financing tools as part of the GF4SL project and seeking to a) convince more actors across especially the financial value chain to commit to direct more capital towards sustainable, deforestation-free land use; and b) standardize how ‘sustainable land use finance’ can be regarded by the markets based on metrics, E&S impact indicators, will contribute to stimulating more capital being allocated to sustainable land use models, which will lead to greater scale and visibility of sustainable land use practices and, along with the identification and dissemination of successful business models in this space, will contribute to further growth until more sustainable land use models become the new norm – especially if those models are stimulated or made progressively compulsory by (financial) regulators. Similarly, incorporating community-based forestry and agriculture producer organizations and small enterprises participation in the design of these new business models from the start will lead to important standard setting and demonstration effects that will set in motion their scaling up. Moreover, the project coincides with the start of the UN Decade on Ecosystem Restoration which will bring sustainable land use issues to the forefront of international attention and contribute to the scaling up of activities in forest restoration and sustainable land management.

45. Sustainability: The project's outcomes are designed as part of a much wider movement towards the shifting of financial flows to more sustainable land use models, which will provide for their sustainability beyond the implementation of the project itself. The UN Decade on Ecosystem Restoration will be one of the manifestations of this wider movement and its start coincides with the project itself. Additionally, the project's activities are designed to kick-start the mobilization of the finance industry at the start of the decade and demonstrate the commercial viability of more sustainable land use models. Once such models are better established and more financial institutions start shifting their land-use related funding to more sustainable practices, the outcomes of the project will naturally become self-sustaining.
46. Innovativeness: The project is tackling what is currently a nascent, though fast growing, topic: sustainable land use business models and their private financing. For the past decades, most conservation efforts have been publicly funded and the bulk of private finance for land use activities, which is many times larger, has been directed at activities that have often contributed to soil degradation, biodiversity loss, and deforestation.
47. While a focus on SLM and SFM practices is certainly not a novelty for agri-businesses, GF4SL will target innovative alliances and tools to accelerate commitment to invest in SLM and SFM. This includes establishing a coalition of institutions beyond the few entities that at present have done so (e.g. Rabobank, BNP Paribas, IFC) and are willing to make a significant commitment to direct a minimum amount of private finance towards this goal. An innovative tool is the forging of a standardized framework to form and monitor the investments, while also applying best-in-class risk management practices to avoid unwanted negative impacts for the entire loan and investment portfolios.
48. This project innovates by trying to instill a *new paradigm* whereby sustainable land use becomes the new *business-as-usual* and the considerable resources of private finance support this transition – preferably stimulated as well through regulatory action by governments. The project will bring together those private finance institutions that are ready to commit to this new future and together seek to identify the commercially viable sustainable land use models that are still poorly understood today and establish these as the standard of tomorrow

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[7] World Bank 2009; Badan Pusat Statistik, Trends of Selected Socio-Economic Indicators of Indonesia, May 2012 (UNEP Natural Capital sectors Food-agriculture and livestock; forestry and fisheries)

[8] Kissinger, G., M. Herold, V. De Sy. Drivers of Deforestation and Forest Degradation: A Synthesis Report for REDD+ Policymakers. Lexeme Consulting, Vancouver Canada, August 2012

[9] GEF/R.7/19, p. 47.

[10] Ibid.

1b. Project Map and Coordinates

Please provide geo-referenced information and map where the project interventions will take place.

Not applicable, the project targets the global level.

1c. Child Project?

If this is a child project under a program, describe how the components contribute to the overall program impact.

N/A

2. Stakeholders

Please provide the Stakeholder Engagement Plan or equivalent assessment.

In addition, provide a summary on how stakeholders will be consulted in project execution, the means and timing of engagement, how information will be disseminated, and an explanation of any resource requirements throughout the project/program cycle to ensure proper and meaningful stakeholder engagement.

In the below table outlining the stakeholder engagement plan, a demarcation is made between CPF members on the one hand, being close institutional partners, and other stakeholders.

| Stakeholder | Current Mandate / Responsibilities | Expected Role in Project | Engagement Modalities |
|--|--|--|---|
| UN Environment Programme Climate Finance Unit | <p>The United Nations Environment Programme (UNEP) is the leading global environmental authority that sets the global environmental agenda, promotes the coherent implementation of the environmental dimension of sustainable development within the United Nations system, and serves as an authoritative advocate for the global environment.</p> <p>UNEP's Climate Finance Unit coordinates projects and finance facilities all focused on scaling up public and private finance directed to deforestation-free, sustainable land use.</p> | Lead in project preparation and in the relationship with GEF during the project preparation phase. Lead on the scoping and development of activities under outcomes 1 and 2. | Executing agency for outcomes 1 and 2 – fully engaged throughout the project cycle and in charge of engaging with other partners for the implementation of outcomes 1 and 2 |
| CIFOR | CIFOR's mission is to bring scientific knowledge on how to manage and conserve tropical forests to bear on major decisions affecting the world's tropical forests. | Co-executing agency Lead on development of activities under outcome 3 and collaborate with UNEP on development of all other activities. | Co-executing agency, fully informed and engaged throughout the project cycle and responsible for outcome 3, including involvement of partners and stakeholders for the implementation of activities under outcome 3 |
| FAO | FAO's goal is to achieve food security for all and make sure that people have regular access to enough high-quality food to lead active, healthy lives. | Invited to review and comment; provide expertise and experience with GF4SL-relevant projects and investment methodologies; Act as networking catalyst through its Farm Finance Facility (FFF) and the Forest and Farm Producer Organizations (FFPO); etc. | Engaged in project design; as CPF member invited to be PSC member and thus constantly informed about progress and results of implementation. Networking facilitator |
| UNFF Secretariat | The UNFF's objective is the management, conservation and sustainable development of all types of forests and to strengthen long-term political commitment to this end, providing a global framework for actions at all levels to sustainably manage all types of forests and trees outside forests and halt deforestation and forest degradation. | Invited to review and comment; provide expertise and experience with GF4SL-relevant projects and investment methodologies; Act as networking catalyst; etc. | Engaged in project design; as CPF member invited to be PSC member and thus constantly informed about progress and results of implementation. Networking facilitator |

| | | | |
|-------------------|---|--|---|
| World Bank | The World Bank Group's mission is working for sustainable solutions that reduce poverty and build shared prosperity in developing countries. | Invited to review and comment; provide expertise and experience with GF4SL-relevant projects and investment methodologies; Act as networking catalyst; etc. | Engaged in project design. As CPF member invited to become PSC member and thus constantly informed about progress and results of implementation. Networking facilitator |
| ITTO | ITTO is an intergovernmental organization promoting the sustainable management and conservation of tropical forests and the expansion and diversification of international trade in tropical timber from sustainably managed and legally harvested forests. | Invited to review and comment; provide expertise and experience with GF4SL-relevant projects and investment methodologies; Act as networking catalyst; etc. | Engaged in project design. As CPF member invited to become PSC member and thus constantly informed about progress and results of implementation. Networking facilitator |
| UNDP | UNDP advocates for change and connects countries to knowledge, experience and resources to help people build a better life for themselves. | Invited to review and comment; provide expertise and experience with GF4SL-relevant projects and investment methodologies; Act as networking catalyst; etc. | Engaged in project design. As CPF member invited to become PSC member and thus constantly informed about progress and results of implementation. Networking facilitator |
| UNCCD Secretariat | The objective of the UNCCD is to combat desertification and mitigate the effects of drought through National Action Programmes, which are long-term policy guidelines in this regard formulated by affected countries. By combating desertification, the Convention also aims to tackle poverty in and prevent forced migration from dryland rural areas. | Invited to review and comment; provide expertise and experience with GF4SL-relevant projects and investment methodologies; Act as networking catalyst; etc. | Engaged in project design. As CPF member invited to become PSC member and thus constantly informed about progress and results of implementation. Networking facilitator |

Other stakeholders include (please note that this list is not exhaustive and the actual engagement will be much broader than the stakeholders mentioned below).

Detailed conversation have been held with several relevant UNEP FI initiatives, in particular: Principles for Responsible Banking, the Net Zero Asset Owner Alliance and the Natural Capital Finance Alliance to see how a F3A alliance could be a new initiative or part of some of these existing ones.

Other stakeholders that have been consulted include a group of predominately French investors – Mirova, BNP Paribas, AXA, Sycomore – as well as the Canadian asset owner – Fondation – to what they thought about launching a new initiative around shifting redirection to finance clients and assets with net positive impacts on nature and climate.

| Stakeholder | Current Mandate / Responsibility | Expected Role in Project | Engagement Modalities |
|-------------|----------------------------------|--------------------------|-----------------------|
|-------------|----------------------------------|--------------------------|-----------------------|

| | | | |
|--|--|---|---|
| AGRI3 Fund | Private sector partner. The fund is managed by Mirova/Althelia, with key involvement of Rabobank, FMO, IDH and UNEP. Example of a so-called blended finance structure to scale up capital towards sustainable landscape management. | Could become involved as part of the implementation, providing substantive inputs to the project. | Involvement in the implementation of components 1 and 2, thus constantly informed on progress and achievements (online and at a no-cost basis) and needs for addtl. inputs. |
| Land Degradation Neutrality (LDN) Fund | Possible partner organization to leverage private sector contributions. Given the lessons learnt from this fund, it would be good to involve the LDN Fund to see how to scale up engagement from other finance institutions. | Could become involved as part of the implementation of this project, increasing the partner base and a learning partner for scale up in component 3. | As a partner for scaling up and bridging the gap between investors and CBOs, the LDN Fund will be intermittently informed on progress of components 1 and 2 (online, at a no-cost basis) and be fully engaged in the implementation of component 3. |
| Task Force on Climate-related Financial Disclosures (TCFD) | The TCFD recommendations have so far mostly focused on climate finance and risk in relation to energy & transport. It would be good to use it in the context of ecosystem degradation and how regulatory action – including in relation to financial sector – is needed to direct capital flows to finance for sustainable land management. | Could become involved as part of the implementation of this project, supporting development of regulatory frameworks at national level. | Implementation partner for component 2 activities, as such regularly informed and involved through information exchange (online and at a no-cost basis). |
| European Commission | The European Commission has issued communication to step up action to tackle deforestation, including through blended finance, sustainable trade agreements with countries and regulatory action. The EU Taxonomy on Sustainable Finance is a good starting point to see how this can be used by the EU but also countries in other regions to stimulate a direction of capital to sustainable landscape management. | Could become involved as part of the implementation of this project, particularly through strengthening sustainable financing frameworks and the involvement of public sector partners and governments. | Potential implementation partner for components 1 and 2. As such the EC will be constantly informed about project progress and achievements, online and at a no-cost basis. |
| &Green Fund | The &Green Fund aims to invest in scalable businesses and funds that direct positive impacts on tropical forests. Funded by the Norwegian Government, Unilever and the GEF (non-grant instrument) – through UNEP – the funds act as a vehicle to crowd-in private finance directed to agricultural and forestry assets with significant positive environmental & social impacts. | Could become involved as part of the implementation of this project, leveraging potential private sector investment partnerships. | Potential partnership facilitator for components 1 and 2. As such &Green will be constantly informed about project progress and achievements, online and at a no-cost basis. |
| Principles for Responsible Banking (PRB) | +150 finance institutions have signed up at CEO level. | Around 20 finance institutions have an interest to address clients in the agricultural/forestry sector and hence could be a target for this F3A alliance | UNEP FI is likely going to be involved in this project |

| | | | |
|--|---|---|--|
| Net Zero Asset Owner Alliance (AOA) | Group of larger institutional investors that have made commitments to align their portfolios to the Paris Climate Agreement and science-based targets | Relatively few institutional investors currently focus on land use as a means to reduce the carbon intensity of their portfolios. However, there is a potential to engage with the AOA on this project. | UNEP FI is likely going to be involved in this project |
| Natural Capital Finance Alliance (NCFA) | +40 CEOs have signed this initiative, which has developed a number of products that enable finance institutions to assess the financial risk resulting from specific impacts such as droughts, deforestation, water scarcity and ecosystem destruction. The most well-known product is called ENCORE. | Most finance institutions are still in an early stage in terms of setting a target with regards to biodiversity-related metrics. However, this initiative could be relevant in engaging with. | UNEP FI is likely going to be involved in this project |
| Principles for Responsible Investment | More than a 1000 asset managers and asset owners are members of the PRI, which is now the leading sustainable finance network in the world. | There is potential to work with PRI on this project | To be discussed with the PRI. |
| French Asset Managers (Sycomore, BNP Paribas AM, AXA AM, Mirova) | These four asset managers have taken the lead in issuing an investor statement on biodiversity. Some initiative engagement has been made with Mirova and BNP Paribas AM on how this initiative can be used to build on an emerging F3A alliance | To be consulted to see if signatories are willing to make a more specific commitment related to this project | To be discussed |
| Civil Society organizations representing community-based forestry and agribusiness producers including "organizations that represent (female) farmers and producers" | Representing the collective voices of farmers and forest-dependent people, indigenous groups and rural communities, they provide essential services to their members, such as assisting communities in identifying and agreeing in managing their natural resources. | These civil society organizations will support the execution of the third component. | These organizations will facilitate collecting the needs of the communities on resource rights and will disseminate the project findings to their members. |

Select what role civil society will play in the project:

Consulted only; Yes

Member of Advisory Body; Contractor;

Co-financier;

Member of project steering committee or equivalent decision-making body;

Executor or co-executor;

Other (Please explain) Yes

Civil society and community-based organizations will be active stakeholders in the implementation of component 3, i.e. beneficiaries of the capacity development activities of the learning hub, for business planning, access to finance and sustainable investment opportunities.

3. Gender Equality and Women's Empowerment

Provide the gender analysis or equivalent socio-economic assesment.

Gender and Green Finance

1. A project aiming at changing finance and investment paradigms to increase forest protection and sustainable land management will probably attract technical skill sets from business and financial backgrounds, as well as from natural sciences. While gender awareness cannot be presumed particularly within related professions, there is a risk that gender dynamics will be dismissed or under-rated in relation to investment decision making.

2. Benefits derived from ecosystems might be gender-neutral, but the use of ecosystem services, particularly in agriculture, definitively is not. The appreciation of women's roles in agriculture and their particular vulnerability to the impacts of forest or land degradation is often disproportional to the appreciation of the importance of men's roles and decisions. Natural resource degradation affects men and women differently, given their differing productive roles. Diminished soil fertility cuts into agricultural production and the benefits that can be derived; for additional sources of income young people, especially men, embark on seasonal or permanent migration. This puts a significant burden on women – as labor increases, but results in less output because of the declining carrying capacity of the soil; women then often take over roles traditionally handled by men. With rural migration continuing, a shift to sustainable land management practices puts additional burden on women, as SLM practices are normally more labor-intense than traditional agriculture. Lower availability of rural labor then can increase the cost of a shift to SLM practices for women smallholders beyond the affordable, providing for a vicious circle of continued over-use of natural resources causing further degradation and migration.

3. Land degradation can affect men and women differently, in part due to the predominance of men in local and national governing bodies involved in natural resource management. Thus, women can be excluded from land and resource decisions and use and are vulnerable to the impacts of commodity land conversion and deforestation.
4. The design of green financial products and services can be enhanced through considering gender differences in land degradation. Newly established funds have begun to adopt approaches that account for gender in their business models, for instance the GEF supported And.Green fund has requirement that all its boards and committees should have gender balance. Furthermore, the Fund's contribution agreement requires that the Fund shall report on lessons learned on how gender matters are handled.
5. Women and men face different constraints in their access and use of green finance. Collateral requirements can adversely impact women's access to credit in a context in which women are not able to inherit or own land in the same way as men. The existing financial services intended for rural communities rarely benefit rural women (Taylor and Boubakri, 2013). Women's access to these services is constrained by (i) Demand side: sociocultural, economic/legal and in some cases educational barriers; (ii) supply side: lack of capacity to design gender-tailored services and products, inadequate services and products, unsuitable delivery mechanisms.
6. Therefore, it is important for all project partners engaged in decision making, activity implementation or in the design of knowledge management materials, analyses or the standardization of criteria for sustainable investment to engage women as well as men in their discussions. Changing from forest conversion to production-intensification on available land may have profound gender implications, depending on who is doing the work of intensification, how salaries are paid to men and women doing the same job, how working hours will shift or not, and how family life and obligations would be impacted.

Gender Mainstreaming Intervention through the Project

7. Financial institutions – either banks lending to wholesale clients or directly to farmers as well as investors investing in a variety of companies - have historically not looked at gender issues. However, with the creation of some blended finance funds, like AGRI3 Fund, &Green, Land Degradation Neutrality (LDN) and others this is slowly starting to change. The AGRI3 Fund for example has a specific gender Key Performance Indicator related to 'farmers included in supply chains of funded companies', with

the indicator being the % of female farmers and/or employees directly reached.

8. This Green Finance for Sustainable Landscapes Project will take gender into consideration in Outcome 2, both by addressing it in lessons learned from emerging blended finance models (output 2.1) as well as in assessing enabling conditions (output 2.2) – including by stimulating banks, investors and other relevant institutions to consider gender considerations when lending to clients in the agricultural and forestry sectors.
9. Outcome 3 includes developing the capacity of both men and women in community-based forestry and agribusiness producer groups to better access business knowledge products and private investment. Specifically, capacity building elements will be designed to address sociocultural, economic/legal, and educational constraints and barriers often faced by women. A balanced engagement with both male and female group members will be targeted. Producer group engagement can imply engaging the mostly male landowner at the expense of women who are often involved in the planning and operations. Equal engagement with and consideration of the different roles of men and women is critical for the project to avoid a further entrenching of already existing gender inequalities. In project implementation, impacts on gender equality will be considered and both men and women will be targeted for support, taking into account the social context on the ground. This may involve designing gender-tailored services and products, and suitable delivery mechanisms. Collaborative management methods will be used as an approach to engage stakeholders as collaborators in the implementation of project activities that take into account gender issues
10. The analyses of economic benefits, key success factors, and enabling conditions and related recommendations will take account of gender dimensions and highlight the importance of attention to gender to the achievement of desired project outcomes. The project will also ensure that women are included fairly in the make-up of technical working groups, training, knowledge exchanges and workshops. The project will also take into consideration the need for women-specific training and workshops.
11. To ensure that gender is accommodated and mainstreamed into this project, the budget provides for a gender consultant who can provide guidance on any additional steps needed to ensure any relevant gender issues are dealt with.

12. In addition and more specifically this project will target 300 women in producer organisations and enterprises seeking advice and/or training (outcome 3). Also, gender is an aspect of the Environmental & Social frameworks that UNEP aims to standardize as part of outcome 2.

Does the project expect to include any gender-responsive measures to address gender gaps or promote gender equality and women empowerment?

Yes

Closing gender gaps in access to and control over natural resources;

Improving women's participation and decision making Yes

Generating socio-economic benefits or services or women Yes

Will the project's results framework or logical framework include gender-sensitive indicators?

Yes

4. Private sector engagement

Elaborate on private sector engagement in the project, if any

1. Private sector engagement is at the heart of the project. Indeed, the project's success hinges on the active engagement of private finance institutions in order to increase their level of commitment to sustainable land use (outcome 1), share experiences on successful business models for sustainable land use (outcome 2), integrate the perspectives and respect the rights of local communities (outcome 3), and link all of these efforts to the wider movement towards more sustainable land use practices, notably in the context of the UN Decade on Ecosystem Restoration.
2. For private investment proposals to be successful, they must make sense to banks, fund managers and investors despite their comparative lack of technical expertise and knowledge of green investment models. It has been shown in other sectors where innovation is key to challenging business as usual investment assumptions that expert client advisors (CAs) can build confidence in the technical feasibility of new models. Then, client advisors and entrepreneurs act in concert to mold innovative ideas into plausible

business plans that make sense to venture fund investors. The project will foster a network of skilled client advisors capable of connecting entrepreneurs with fund managers. The key private sector representatives that will be engaged during the Project execution are provided in Section 2 Stakeholders.

3.

4. Engagement with key private sector actors that are relevant for this project (see paragraph 7) will be conducted in the following way. First of all, a list of relevant existing initiatives will be drawn up that have galvanized commitments or interest from the public and private finance institutions already. These include at least: a) [Principles for Responsible Banking](#); B) [Principles for Responsible Investment](#); C) [Net Zero Asset Owner Alliance](#); D) [An effort by French asset managers](#) to address biodiversity risk. But it may include others as well (e.g. the Global Commission on Adaptation has issued an action track that includes a focus on finance as one of the 3 key targets and WBCSD is working on setting science-based targets with its members – including in trading / agriculture / forestry and consumer goods [noting though that the key private actors sit in the financial value chain]. Whether or not it makes sense to develop a separate F3A initiative or embed the objectives and targets in existing ones will have to be scoped out during the start of this project. However, the ultimate objective is to get more time-bound and ambitious commitments that are specifically addressing the urgent issue of continuous deforestation / ecosystem degradation / and related emissions and biodiversity loss.

5. Risks to Achieving Project Objectives

Elaborate on indicated risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved, and, if possible, the proposed measures that address these risks at the time of project implementation.(table format acceptable):

| Risk | Level of Impact | Mitigation Measures |
|--|-----------------|--|
| Limited interest by private financial institutions: lack of interest in sustainable land use may hamper participation of financial institutions in the project | L | UNEP's extensive experience and network of contacts in the finance industry, as well as initial scoping for this project, all suggest that this risk is low. There is significant and growing interest by private financial institutions in this space and this project is timely in its efforts to bring this diffuse movement together and amplify its impact. The risk will principally be mitigated by ongoing extensive engagement with financial institutions and building on existing partnerships, as well as by leveraging the current rise of the topic of sustainable land use on the international agenda as exemplified by the recent IPCC report on Climate Change and Land, and the UN Decade on Ecosystem Restoration. |
| Lack of successful sustainable land use business models suitable for private investment | M | This project aims for the establishment of business models of reference and for an active exchange of experiences, thus mitigating the risk. Other related projects such as the Seed Capital Assistance Facility for Forest Landscape Restoration (SCAF-FLR), will broaden the base of examples and help to disseminate successful examples and lessons learned. |

| | | |
|--|----------|---|
| Internal administrative barriers throughout project implementation | M | Early planning, internal coordination, contingency planning, excellent communication to mitigate and/or avoid this risk. |
| Inadequate financial resources resulting from unsuccessful raising of co-funding. | M | Careful contingency planning and limited reliance on future anticipated funding sources (as opposed to already secured ones). |
| Disruption of or impediments for project activities due to the ongoing COVID 19-pandemic | M | As a global project influencing the enabling environment for SLM and SFM, the main project aims can be achieved without actual implementation on-the-ground. Most meetings with project partners will be conducted virtually as a precautionary measure and also for cost-saving reasons. Whenever face-to-face meetings are unavoidable, the project will adhere to the standardized measures to reduce infection risks (social distancing, masks, disinfectant lotion). Analytical work, capacity development and production of knowledge management materials will be conducted as desk-work, in virtually connected teams or in small groups to reduce COVID 19 infection risks |
| Climate change and associated extreme weather events adversely affect sustainable land use projects and reducing support by private financial institutions | M | Need to require any financial institutions that this project partners with ensures that climate adaptation aspects are incorporated in environmental & social (E&S) impact frameworks |

6. Institutional Arrangement and Coordination

Describe the institutional arrangement for project implementation. Elaborate on the planned coordination with other relevant GEF-financed projects and other initiatives.

1. UNEP will be the Implementing Agency through its GEF Biodiversity and Land Degradation Unit of the Ecosystems Division, responsible for the entire project oversight and on progress monitoring and reporting. UNEP's Climate Finance Unit will be the Executing Agency of the project for outcomes 1 and 2. This project will be linked to UNEP CFU's Land Use Finance Programme, which aims to proactively unlock public and especially private capital for deforestation-free commodity production, restoration of degraded land and improvement of smallholder farmer livelihoods. This will be done through several finance facilities that blend public and private capital. The programme will work with member states directly to create enabling environments for sustainable land use, including providing analyses and options for reform of fiscal and trade policies. UNEP's Land Use Finance Programme acts as an umbrella for several complementary finance facilities and projects that scale up and direct private finance to sustainable land use that creates positive environmental and social impacts. UNEP's execution role in this project will enable that this Project activities are also strongly linked with several complementary finance facilities and projects. Through the UNEP-internal split between implementing responsibilities on the one hand (UNEP GEF BD/LD Unit) and executing responsibilities on the other (UNEP CFU), institutional arrangements are made in accordance with GEF policy guidelines. There is an additional clear distinction between the different responsibilities for reporting, monitoring and evaluation and accountability measures, as can be evidenced in the Annex I on implementation arrangements. As is standard practice, an Internal Cooperation Agreement (ICA) will be agreed upon by the two units upon GEF CEO endorsement and before project implementation starts.

2. CIFOR will be the Co-Executing Agency for activities under outcome 3 of the project and collaborate closely with UNEP on all other activities. Other CPF members will be invited to collaborate and provide input to all activities and will in any case be kept informed of progress in the project's implementation and any resulting outcomes. More detail is provided in Annex I: Implementation Arrangement and the Organizational Chart.
3. As a CPF Joint Initiative, the GF4SL will be closely coordinated with and supported by the CPF member organisations. To that extent an GF4SL Advisory Group will be formed where by CPF members are invited to participate. In this way the project will enable the CPF and its members to provide feedback and guidance on the one hand, while increasing their understanding and knowledge about the challenges and opportunities related to stimulating financial institutions and community-based forestry and agribusiness groups to shift practices towards more sustainable models.
4. This new GF4SL Joint Initiative within the framework of the CPF will coordinate and exchange lessons with existing and emerging initiatives in the area of green and conservation finance such as the Coalition for Private Investment in Conservation (CPIC), the Sustainable Forestry Initiative (SFI), the Forest Stewardship Council (FSC), the Climate Bonds Initiative (CBI), the Sustainable Banking Network (SBN) and the Equator Principles, and the Global Sustainable Investment Alliance (GSIA), as well as the projects under the GEF-7 SFM IP umbrella. Further with UNCCD-related initiatives to upscale finance for LDN implementation, including the LDN Fund, as well as the annual Credit-Suisse Conference on Conservation Finance. It will also build on recent needs assessments such as the State of Private Investment in Conservation by Forest Trends. The CPF can use its convening power to bring together a broad range of actors across non-governmental, governmental and private sectors to promote the adoption of green and sustainable principles in finance across thematic areas of SFM and SLM. Through coalitions, the CPF could also support sharing of green finance ideas between sectors to promote replication and support the development, testing and validation of innovative forest finance products and systems. Successful ideas and initiatives resulting from the JI could be scaled up and/or replicated by being embedded in the national forest financing strategies that the GFFFN would assist in designing. The project would enable the CPF to participate actively in periodic Global Landscape Forum Investment Case Symposia.
5. While obviously there are various organisations, platforms, initiatives and projects engaged in promoting SLM and SFM, the proposed GF4SL will depend on close collaboration with this plethora of partners to distill and broadly distribute applicable lessons learnt for emerging blended finance models. At the same time, overlap with already ongoing activities needs to be prevented. Therefore, the core focus of GF4SL will be on two innovative aspects for catalysing commitment for investment flows toward SLM:
 - a) the establishment of a 'Forest, Food & Finance Alliance' (F3A) based on a public commitment to (re)direct private finance towards deforestation-free, sustainable commodity production or other forms of sustainable land use; and

- b) the development and adoption of a standardized framework to frame, measure and monitor financing sustainable and deforestation-free loans/investments to forestry/agribusiness entities.

The project will build on and coordinate with the following on-going projects:

6. The project builds on the outcomes of the “Fostering Partnerships to Build Coherence and Support for Forest Landscape Restoration”, another Joint Initiative of the CPF to play a catalytic role in strengthening national and international support and engagement on forest landscape restoration. This project that runs from 2018 to 2020 strengthened the expertise of CPF members on FLR and identified the need for a deeper engagement with private finance - leading to this proposal. The outcomes of this Joint Initiative will therefore naturally be fully taken on board and leveraged in the implementation of the project.
7. The project is closely aligned with the GEF Good Growth Partnership (GEF GGP) on “taking deforestation out of commodity supply chains” (2018-2022), which seeks to link existing efforts to reduce the impact of commodity production on deforestation with the work of governments and others along the entire global supply chain for soy, beef, and oil palm, and strengthening engagement by a wide range of stakeholders from smallholder farmers to global corporations. In particular, the GEF GF4SL will capture lessons learnt under outcome 2 of this project from a variety of sources such as the above-mentioned blended finance vehicles (e.g. LDN, AGR13, TLFF, &Green, etc.) but also from the GEF GGP on enhancing investment in sustainable commodities, and the efforts to establish new financial products for supporting the production of reduced deforestation commodities and supporting the transition to zero-deforestation commodities, but also on the fiscal and other policies as enabling conditions for sustainable commodity production. The main way through which these blended finance funds will be engaged in this project is to a) by connecting committed finance institutions to the few blended finance funds that have emerged as a way to implement the commitments, i.e. by having access to subordinate debt/equity or partial credit guarantees; b) by trying to extract lessons from novel deals from these initiatives for activities and outputs related to working towards a standardised set of metrics and E&S KPI indicators. In other words, the above-mentioned initiative either serve as a carrot or input into this project.
8. The project will also collaborate closely with the GEF “The Restoration Initiative” (GEF TRI) project (2019-2023), which aims to contribute to the restoration and maintenance of critical landscapes to provide global environmental benefits and enhanced resilient economic development and livelihoods, in support of the Bonn Challenge. In particular, the project will benefit from and align with GEF TRI’s project work on identifying bankable business models for forest landscape restoration as well as its mapping of financial flows to forest landscape restoration activities globally.

9. Piloting Innovative Investments for sustainable Landscapes project (NGI - &Green, GEF ID 9719). This innovative ‘non-grant instrument’ (NGI) was put together by UNEP with the &Green Fund acting as Executing Agency to de-risk private finance on a deal-by-deal basis to effectively create both protection and restoration of forests as well as sustainable agricultural production. It is one of a few emerging funds whose initial deals and the impact that these create can feed into the GEF GF4SL, particularly in the context of outcome 2.
10. The Supply Change project of Forest Trends (GEF ID 5776 and 9858) have helped to stimulate and track commitments by individual companies active in a variety of sectors – such as palm oil, soy, rubber and others. Of particular relevance for the GEF GF4SL are the trends of agribusiness companies and consumer goods companies over time, the degree to which those commitments are implemented and the barriers that prevent this from happening (especially if these are related to a lack of market signals, or risk/return profiles of sustainable agricultural commodity projects).
11. Aligning the financial system and infrastructure investments with sustainable development - a transformational approach” (GEF ID 9775). The objective of this project is to build international consensus to align financial systems with the Sustainable Development Goals and catalyse national regulatory actions and regional sustainable infrastructure investments. In particular, the GF4SL project will benefit from the dialogues and best practices for green financial system.
12. "AGRI3 A Forest Conservation and Sustainable Agriculture Fund for Developing Countries" (GEFID 10497). The objective of the project is that AGRI3 will de-risk USD 1 billion of private sector financing and provide USD 15 million in technical assistance for forest conservation and sustainable agriculture in developing countries and emerging markets to address climate change and land degradation. This GF4SL Project operates in a way at a ‘meta level’ whereby e.g. the lessons learnt from AGRI3 Fund but also other funds or facilities (e.g. &Green and others) will be captured in terms key underlying reasons why a certain deal materialized, whether there are ‘standardized’ conditions to compare deals (e.g. on development additionality, environmental and social impact, etc). The AGRI3 Fund’s capital on the other hand will be used directly to issue a variety of concessional finance products (e.g. pari passu guarantees, tenor extensions) as well as for grants (which will only be issued if connected to specific deals). Hence, the funding for the GF4SL Project will complement the AGRI3 Fund Project.

7. Consistency with National Priorities

Describe the consistency of the project with national strategies and plans or reports and assessments under relevant conventions from below:

NAPAs, NAPs, ASGM NAPs, MIAs, NBSAPs, NCs, TNAs, NCSAs, NIPs, PRSPs, NPFE, BURs, INDCs, etc.

1. This is a Global Project and therefore national strategies' goals are not particularly relevant at first stage. However, the GEF GF4SL aims to disseminate its findings and recommendations to relevant global initiatives and conventions such as the UN Forum on Forests (UNFF), UNCCD's LDN or the UN Decade on Ecosystem Restoration to accelerate and broaden the take up of its lessons, and to communicate these to member states and private sector entities. Therefore, it is anticipated that relevant national strategies will take the projects' recommendations and results into consideration in relation to targeting national regulations for sustainable investment opportunities.
2. Specifically, the Project contributes to the third thematic priority of UNFF16 and UNFF17: (iii) mobilizing financial resources and strengthening scientific and technical cooperation; promoting governance frameworks to advance implementation; and enhancing cooperation, coordination and coherence, for sustainable forest management. The Project supports the UN's Strategic Plan for Forests 2030, Target 4 "Mobilize significantly increased, new and additional financial resources from all sources for the implementation of sustainable forest management and strengthen scientific and technical cooperation and partnerships."

8. Knowledge Management

Elaborate the "Knowledge Management Approach" for the project, including a budget, key deliverables and a timeline, and explain how it will contribute to the project's overall impact.

1. Knowledge management is a key priority of the project and therefore an integral part of each activity. Indeed, the very purpose of the project is to bring together what are currently uncoordinated efforts at redirecting finance towards more sustainable land use models and, by sharing information and experiences, catalyze these efforts into a transformational shift away from environmentally damaging land use practices.
2. Knowledge management will be the core focus of activities related to outcome 2. As its deliverables are all products for knowledge management, i.e. the lessons learnt from blended finance facilities as well as the engagement with actors across the financial value chain – via a framework for measuring and monitoring impacts and a report on stimulating the enabling environment, the entire budget of component 2 can be subsumed under knowledge management (USD 447,000). Compiling lessons learnt and analyses for the establishment of the measuring framework will commence right after project inception and are expected to be finalised in project year two for consensus-reaching and broad distribution among partners in project year 3 (for more detail please refer to Annex K).

3. For Outcome 3, capacity development activities target community-based organizations and enterprises, strongly building on knowledge materials produced under component 2. They consist of i) enlisting at least 300 relevant forestry and agribusiness producer groups and enterprises, ii) operating an electronic hub portal populated with business and finance information (largely from Components 1 and 2), iii) preparing and delivering advice and training with project materials and knowledge products.

9. Monitoring and Evaluation

Describe the budgeted M and E plan

The project will follow UNEP's standard monitoring, reporting and evaluation processes and procedures. Reporting requirements and templates are an integral part of the UNEP's legal instrument to be signed between implementing and executing agency, so as to follow UNEP and GEF guidelines. In-line with UNEP Evaluation Policy and the GEF's Monitoring and Evaluation Policy the project will be subject to a Terminal Evaluation and, additionally, a Mid-Term Review will be commissioned and launched by the Task Manager before the project reaches its mid-point. The Evaluation Office will be responsible for the Terminal Evaluation (TE). More details on M&E and the related budget is provided in Annex L: Costed M&E Plan.

The indicative Monitoring and Evaluation Work Plan is provided in the table below. The estimated cost of M&E activities is USD 135,000 (GEF and co-finance), fully integrated into the project budget, as shown below:

| Type of M&E activity | Responsible Parties | Budget from GEF | Co-finance | Time Frame |
|----------------------------------|--|--------------------|------------|--|
| Mid Term Review/ Evaluation | <ul style="list-style-type: none"> · Project Manager · PMU · External consultant(s) · UNEP | 15,000 | 40,000 | At mid-point of project implementation (*Note: If a Mid-Term review is not required for this MSP, these resources will be applied to the Terminal Evaluation) |
| Terminal Evaluation | UNEP EO | 30,000 | 50,000 | Within 6 months of end of project implementation |
| Total M&E Plan Budget | | 45,000 | 90,000 | |

10. Benefits

Describe the socioeconomic benefits to be delivered by the project at the national and local levels, as appropriate. How do these benefits translate in supporting the achievement of global environment benefits (GEF Trust Fund) or adaptation benefits (LDCF/SCCF)?

1. The benefits of this projects can be framed as follows:
 - First of all, through this project, a number of finance institutions are expected to make commitments to shift the way they finance clients in the forestry / agricultural sectors by not only focusing on ‘avoiding harm’ but by building in conditions that lead to positive social and environmental impacts by committing to finance deforestation-free and nature-positive soft commodity production and other forms of sustainable land use.
 - Secondly, the project strives to converge on a way to frame, measure and monitor impact related to the above by standardizing Key Performance Indicators, and by monitoring frameworks that are applied by impact investors, banks and institutional investors committed to shift capital towards sustainable land use.
2. By de-risking and availing more investment opportunities for SFM, SLM and sustainable agriculture, the GF4SL also aims at influencing national regulatory frameworks to facilitate a paradigm shift to internalizing environmental risks into longer-term agricultural and/or forestry strategies. The project will also impact local smallholders, as additional investment prospects also mean more chances to graduate from subsistence farming to more commercially oriented practices. By priming necessary loans to require SLM and sustainable agriculture methodologies, a ‘top-down’ paradigm shift can be accompanied by a ‘bottom-up’ approach. This will provide for additional livelihood and socio-economic opportunities and in turn positively influence the rural labor-market and reduce urban migration.
3. Additionally, nature-dependent households located near forest areas will benefit as they are usually relying on the collection of non-timber forest products to meet daily needs. As forests are degraded and these ecosystem services are negatively affected, household livelihoods are further reduced. Thus, the preservation and regeneration of sustainable landscapes has significant potential to also protect the most vulnerable and especially indigenous peoples who are even more dependent on natural resources on an everyday basis.

4. In addition to the above global strategies to yield substantive investment opportunities for deforestation-free commodities production under components 1 and 2 of the GF4SL, the project also will engage directly with producer associations, initiatives and smallholders at the local level through the global and regional learning hubs in component 3. Community-based forestry and agribusiness producer groups and enterprises are engaged/trained/empowered to better leverage their rights to forest resources and other natural resources to secure private investment in socially and environmentally sustainable projects. The project will thus increase the awareness of smallholders on the impacts of forest conversion and the often ensuing land degradation on the health of the communities living around the forest, e.g. through smoke and haze from clearing forest lands. This is aimed at supporting lasting change of behavior and decisions through improved risk assessment opportunities at local level when engaging in agricultural activities at the expense of the environment.

11. Environmental and Social Safeguard (ESS) Risks

Provide information on the identified environmental and social risks and potential impacts associated with the project/program based on your organization's ESS systems and procedures

Overall Project/Program Risk Classification*

| PIF | CEO Endorsement/Approval | MTR | TE |
|---|--------------------------|-----|-----------|
| Low | | | |
| Measures to address identified risks and impacts | | | |
| Elaborate on the types and risk classifications/ratings of any identified environmental and social risks and impacts (considering the GEF ESS Minimum Standards) and any measures undertaken as well as planned management measures to address these risks during implementation. | | | |
| Please refer to Annex M attached for reference. | | | |
| Supporting Documents | | | |
| Upload available ESS supporting documents. | | | |
| Title | Module | | Submitted |
| Annex M Environmental Social and Economic Review Note - Oct 12 | CEO Endorsement ESS | | |

ANNEX A: PROJECT RESULTS FRAMEWORK (either copy and paste here the framework from the Agency document, or provide reference to the page in the project document where the framework could be found).

Annex A: Project Results Framework and Theory of Change

| Outcome Level Indicators | Baseline | Targets and Monitoring Milestones | Means of Verification | Assumptions & Risks |
|---|--|---|-----------------------|--|
| Project Objective: Boosting investor interest to increase capital flows towards forest restoration and deforestation-free agriculture | | | | |
| Outcome 1: Private financial institutions increase commitment on deforestation-free financing for agribusiness sector / forestry companies as part of transition to sustainable commodity production systems | | | | |
| Identify and approach 50 finance institutions with significant exposure/client base in agri/forestry/food sectors. | 0 finance institutions approached and/or committed | <p><i>Midterm</i></p> <p>50 finance institutions and other relevant private entities are identified, at least 20 are approached to make a commitment to finance sustainable land use.</p> <p><i>Project End</i></p> <p>50 finance institutions and other relevant private entities are approached to make a commitment to finance sustainable land use.</p> | Project records | Limited willingness to sign a commitment |

| Outcome Level Indicators | Baseline | Targets and Monitoring Milestones | Means of Verification | Assumptions & Risks |
|---|--|---|--|---|
| At least 15 finance institutions (at CEO of C-suite level) commit to direct a % of Assets Under Management towards deforestation-free, sustainable land use | 0 finance institutions have at present set targets on financing sustainable land use | <p><i>Midterm</i></p> <p>Framework agreement for a coalition or alliance – including Key Performance Indicators – finalized</p> <p><i>Project End</i></p> <p>15 finance institutions and other relevant private entities committed at C-suite level to finance sustainable land use.</p> <p>Options to implement commitments provided</p> | Signed commitment (e.g. framework agreement of the coalition) at C-suite level | Voluntary commitments may not translate into implementation |
| <p><u>Outputs</u></p> <p>1.1 A ‘Forest, Food & Finance Alliance’ (F3A) has been established, grounded in a public commitment to (re)direct private finance towards deforestation-free, sustainable commodity production or other forms of sustainable land use.</p> | | | | |
| <p>Outcome 2: Standardized framework to frame, measure and monitor financing sustainable and deforestation-free loans/investments to forestry/agribusiness entities adopted by investors, banks, institutional investors and public/private sector initiatives</p> | | | | |

| Outcome Level Indicators | Baseline | Targets and Monitoring Milestones | Means of Verification | Assumptions & Risks |
|---|--|---|---|---|
| <p>Impact investors, banks, institutional investors or public/private sector initiatives adopt a ‘standardized’ framework to frame, measure and monitor impact related to sustainable agri/forestry finance, established based on lessons learnt and briefings from emerging blended finance models</p> | <p>No baseline available to track to what extent impact investors, banks or other finance institutions/relevant private entities finance sustainable land use.</p> | <p><i>Midterm</i></p> <p>5 investors/banks or public/private initiatives work with the Project to adopt a standardized framework to measure and monitor sustainable agri/forestry finance.</p> <p>2 briefing notes completed (min 10 pages) that detail findings from novel blended finance facilities and how impact frameworks have been applied in practice</p> <p><i>Project End</i></p> <p>5 investors/banks or public/private initiatives adopted a standardized framework to measure and monitor sustainable agri/forestry finance.</p> <p>At least 5 briefings drafted capturing lessons learnt from novel land use finance transactions</p> <p>1 report drafted and released, outlining key enabling factors to be put in place by governments to create positive incentives for sustainable land use finance, and what unsustainable practices should be dis-incentivized</p> | <p>Reports/briefings drafted and publicly released</p> <p>Project records on standardized framework</p> | <p>Impact investors, banks and other private entities wanting different impact frameworks to base their decisions on, facilitating work towards a ‘standardized’ way in which to frame, measure and report on impact.</p> |

| Outcome Level Indicators | Baseline | Targets and Monitoring Milestones | Means of Verification | Assumptions & Risks |
|---|----------|-----------------------------------|-----------------------|---------------------|
| <u>Outputs</u> 2.1 Lessons learnt from emerging blended finance models and innovative land use deals captured (using standardized criteria to compare cases) and briefings disseminated to relevant actors 2.2 Report on enabling critical conditions for stimulating private finance commitments towards sustainable, deforestation-free commodity production, sustainable forestry and other forms of sustainable land use developed and disseminated to stakeholders | | | | |
| Outcome 3: Community-based forestry and agribusiness producer groups and enterprises have the capacity to access business knowledge and private investment for socially and environmentally sustainable projects | | | | |

| Outcome Level Indicators | Baseline | Targets and Monitoring Milestones | Means of Verification | Assumptions & Risks |
|--|---|--|---|---|
| <p><i>Learning hubs established (target: 1 global hub, with links to regional hubs)</i></p> <p><i>Producer organizations seeking advice and trained (target: 300 organizations and at least 300 women)</i></p> | <p>No learning hub for community-based producer organizations and businesses on investing in locally managed forests</p> <p>0 producer organizations trained</p> <p>0 women trained</p> | <p><i>Midterm</i></p> <p>Consensus on the blueprint of the knowledge hub</p> <p>Knowledge products that will be shared on the hub available</p> <p>100 producer organizations received advice/training</p> <p>100 women received advice/training</p> <p><i>Project End</i></p> <p>1 Global Learning hub established</p> <p>300 producer organizations received advice/training</p> <p>300 women received advice/training</p> | <p>Reports/briefings drafted and publicly released</p> <p>Records for traffic on the hubs</p> | <p>Interest and willingness of producer organizations and women are high for the Project activities</p> |

| Outcome Level Indicators | Baseline | Targets and Monitoring Milestones | Means of Verification | Assumptions & Risks |
|--|----------|-----------------------------------|-----------------------|---------------------|
| <u>Outputs</u> 3.1 A learning hub established, providing information and advice to communities and businesses seeking guidance on how to sustainably invest in locally owned and managed forest enterprises 3.2 Knowledge products are disseminated, including on lessons learnt and enabling conditions (outputs 2.1 and 2.2), to stimulate private finance commitments by the Hub to national and local public agencies, and to private enterprises 3.3 Training material made accessible on the learning hub and Forest Farm Producer Organizations (FFPOs) trained on business planning, access to finance and sustainable investment opportunities | | | | |

ANNEX B: RESPONSES TO PROJECT REVIEWS (from GEF Secretariat and GEF Agencies, and Responses to Comments from Council at work program inclusion and the Convention Secretariat and STAP at PIF).

Not applicable

ANNEX C: Status of Utilization of Project Preparation Grant (PPG). (Provide detailed funding amount of the PPG activities financing status in the table below:

| <i>Project Preparation Activities Implemented</i> | <i>GETF/LDCF/SCCF Amount (\$)</i> | | |
|--|-----------------------------------|-----------------------------|-------------------------|
| | <i>Budgeted Amount</i> | <i>Amount Spent To date</i> | <i>Amount Committed</i> |
| Consultancy for development of CEO Endorsement Request | 3,360 | 0 | 3,360 |
| Total | 3,360 | 0 | 3,360 |

ANNEX D: CALENDAR OF EXPECTED REFLOWS (if non-grant instrument is used)

Provide a calendar of expected reflows to the GEF/LDCF/SCCF/CBIT Trust Funds or to your Agency (and/or revolving fund that will be set up)

Not applicable

ANNEX E: Project Map(s) and Coordinates

Please attach the geographical location of the project area, if possible.

Not applicable, global project

ANNEX F: Project Budget Table

Please attach a project budget table.

Annex F: Green Finance for Sustainable Landscapes (GF4SL) Budget in GEF Template

| Expenditure Category | Detailed Description | Component (USDeq.) | | | | | | Total (USD eq.) | Total (USD eq.) |
|---|--|--------------------|-------------|-------------|-----------|-----|-------|-----------------|---------------------------|
| | | Component 1 | Component 2 | Component 3 | Sub-Total | M&E | PMC | | |
| | | Outcome 1 | Outcome 2 | Outcome 3 | | | | | |
| Works | | | | | | | | | |
| Goods | | | | | | | | | |
| Vehicles | | | | | | | | | |
| Grants/ Sub-grants | | | | | | | | | |
| Revolving funds/ Seed funds / Equity | | | | | | | | | |
| Sub-contract to executing partner/ entity | | | 47,000 | | 47,000 | | | 47,000 | |
| Contractual Services – Individual | Envir. And Social Impact Expertise (UNEP-WCMC) | | 47,000 | | 47,000 | | | 47,000 | UNEP Climate Finance Unit |
| Contractual Services – Company | | 30,000 | | 34,000 | 64,000 | | 9,000 | 73,000 | |

| | | | | | | | | | |
|--|--|----------------|----------------|----------------|----------------|---------------|---------------|----------------|---------------------------|
| | Data Processing Services | | | 20,000 | 20,000 | | | 20,000 | CIFOR |
| | Printing & Design Services | | | 9,000 | 9,000 | | | 9,000 | CIFOR |
| | Audit | | | | | | 9,000 | 9,000 | CIFOR |
| | Costs related to events, incl. venue, catering, etc (incl. for launch event) | 30,000 | | | 30,000 | | | 30,000 | UNEP Climate Finance Unit |
| | Launch event | | | 5,000 | 5,000 | | | 5,000 | CIFOR |
| International Consultants | | 230,000 | 160,000 | 60,000 | 450,000 | 45,000 | | 495,000 | |
| | Expert on Banking and Investment | 90,000 | | | 90,000 | | | 90,000 | UNEP Climate Finance Unit |
| | Expert on Gender Mainstreaming | 10,000 | | | 10,000 | | | 10,000 | UNEP Climate Finance Unit |
| | Expert on Public Finance Policy | | 80,000 | | 80,000 | | | 80,000 | UNEP Climate Finance Unit |
| | Expert on Sustainable Finance | 130,000 | 80,000 | | 210,000 | | | 210,000 | UNEP Climate Finance Unit |
| | Expert on Sustainable Finance and Small Business Organizations | | | 60,000 | 60,000 | | | 60,000 | CIFOR |
| | Mid term review | | | | | 15,000 | | 15,000 | UNEP Implementing Agency |
| | Final Evaluation | | | | | 30,000 | | 30,000 | UNEP Evaluation Office |
| Local Consultants | | | | | | | | | |
| Salary and benefits / Staff costs | | 35,000 | | 140,000 | 175,000 | | 73,716 | 248,716 | |
| | Expert on Gender Mainstreaming | | | 15,000 | 15,000 | | | 15,000 | CIFOR |

| | | | | | | | | | |
|---|---|----------------|----------------|----------------|----------------|---------------|---------------|----------------|--------------------------------------|
| Trainings, Workshops, Meetings | Project Manager (Head, Climate Finance Unit) | 35,000 | | | 35,000 | | 73,716 | 108,716 | UNEP Climate Finance Unit |
| | Specialist, Communications, Outreach, and Engagement | | | 50,000 | 50,000 | | | 50,000 | CIFOR |
| | Specialist, Value Chains, Finance and Investment | | | 75,000 | 75,000 | | | 75,000 | CIFOR |
| Travel | | 20,000 | | 26,167 | 46,167 | | | 46,167 | |
| Office Supplies | Official Staff Travel | 12,000 | | 18,000 | 30,000 | | | 30,000 | UNEP Climate Finance Unit + CIFOR |
| | Travel of Consultants / Experts | 8,000 | | 8,167 | 16,167 | | | 16,167 | UNEP Climate Finance Unit + CIFOR |
| Other Operating Costs | | | | | | | | | |
| Grand Total | | 315,000 | 207,000 | 260,167 | 782,167 | 45,000 | 82,716 | 909,883 | |