CPF Organization Led Initiative
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Mobilizing Finance for forests and trees at the National level

Donor finance

Public finance

Public budget
Retained revenues

Private finance

Bilateral finance
Multilateral finance
Loans/credits/grants

Hard investors looking for a return
Soft investors with other objectives
Who are these private investors?

- Smallholders and local communities;
- Local entrepreneurs looking to develop new supplies of tree products;
- Processing enterprises (SMFEs, sawmills, food processors, etc.);
- Larger scale private sector forest companies looking for local partnerships;
- Agribusiness companies interested in local partnerships;
- Financial intermediaries (investment funds, pension funds, etc.);
- Conservation and other NGO's;
Why are they interested in investing?

- New technologies and management practices, productive and profitable, can generate high co-benefits for local partners;
- Policy and governance environments are more enabling;
- There are new markets for forest and tree products;
- New sources of private finance;
- New tools help to identify where the potential for investment in landscape restoration is greatest;
- New experience has been gained with participatory approaches for negotiating deals with local rights holders.
Which policies can help mobilize investments in trees and forests?
1. Devolution of rights over forests and trees matters
Collective action in community forests works ...
Devolution is not a panacea

Institutions really matter

- Strong legal and regulatory framework
- Conflicting or unclear rights need to be resolved
- Patterns of rights and use may overlap

Institutions really matter
2. Payments for environmental services can help
...but there are enough uncertainties to limit their immediate potential.

- Price volatility
- Thin markets
3. Markets for tree and forest products can be enhanced...
Enhancing policies for markets by:

- removing restrictive legislation; regulatory simplification
- strengthening local producers and forest enterprises; increasing formality
- supporting sustainable production systems for future markets
- supporting business development services
4. Policies to improve Governance – forest and otherwise
Good governance matters

- Farmer and the private sector respond to markets when rights are secure …

… and when governance is robust
5. Large scale land acquisition is a reality – policy can improve the process

- Technical innovation
  - Incorporating trees into large scale farming systems
- Benefit sharing
- Safeguards
Principles of Responsible Agricultural Investment

RESPECTING LAND AND RESOURCE RIGHTS
Principle 1: Existing rights to land and associated natural resources are recognized and respected.

ENSURING FOOD SECURITY
Principle 2: Investments do not jeopardize food security but rather strengthen it.

ENSURING TRANSPARENCY, GOOD GOVERNANCE, AND A PROPER ENABLING ENVIRONMENT
Principle 3: Processes for accessing land and other resources and then making associated investments are transparent, monitored, and ensure accountability by all stakeholders, within a proper business, legal, and regulatory environment.

CONSULTATION AND PARTICIPATION
Principle 4: All those materially affected are consulted, and agreements from consultations are recorded and enforced.

RESPONSIBLE AGRO-ENTERPRISE INVESTING
Principle 5: Investors ensure that projects respect the rule of law, reflect industry best practice, are viable economically, and result in durable shared value.

SOCIAL SUSTAINABILITY
Principle 6: Investments generate desirable social and distributional impacts and do not increase vulnerability.

ENVIRONMENTAL SUSTAINABILITY
Principle 7: Environmental impacts due to a project are quantified and measures taken to encourage sustainable resource use while minimizing the risk/magnitude of negative impacts and mitigating them.
6. Revitalizing Institutions
Challenges for public institutions?

Moving from Command and Control

To Service Delivery
Strengthening service delivery through strengthened relationships of accountability
Thanks!

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