

Designing Integrated Financing Strategies for Combating Desertification (DIFS)

Commission on Sustainable Development
CSD Learning Centre
New York



Session Structure

- Response to Land Degradation and Desertification
- International Context for Development Financing
- Integrated Financing Strategy for Combating Desertification (IFS)
- IFS Approach and Structure
 - Analysis of the National Context
 - Mainstreaming SLM into National Frameworks
 - Internal Sources of Financing
 - External Sources of Financing
 - Innovative Sources of Financing
 - IFS Action Plan
- Financing SLM through Trade and Market Access

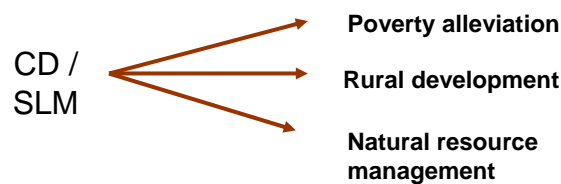
Response to Land Degradation and Desertification

Key Issues:

- Land degradation is a result of both human activities and climatic factors
- Land degradation cuts across sectors
- There are direct links between poverty and land degradation
 - desertification undermines the land's productivity thereby contributing to poverty

Response to Land Degradation and Desertification con.

Combating Desertification (CD) and Sustainable Land Management (SLM) are at the center of development



To mobilize financing, this translates into a need for adopting a systematic approach that integrates SLM into harmonized sector-based policies and strategic development plans at the local & national levels

→ To benefit integrated land management programs

Response to Land Degradation and Desertification con.

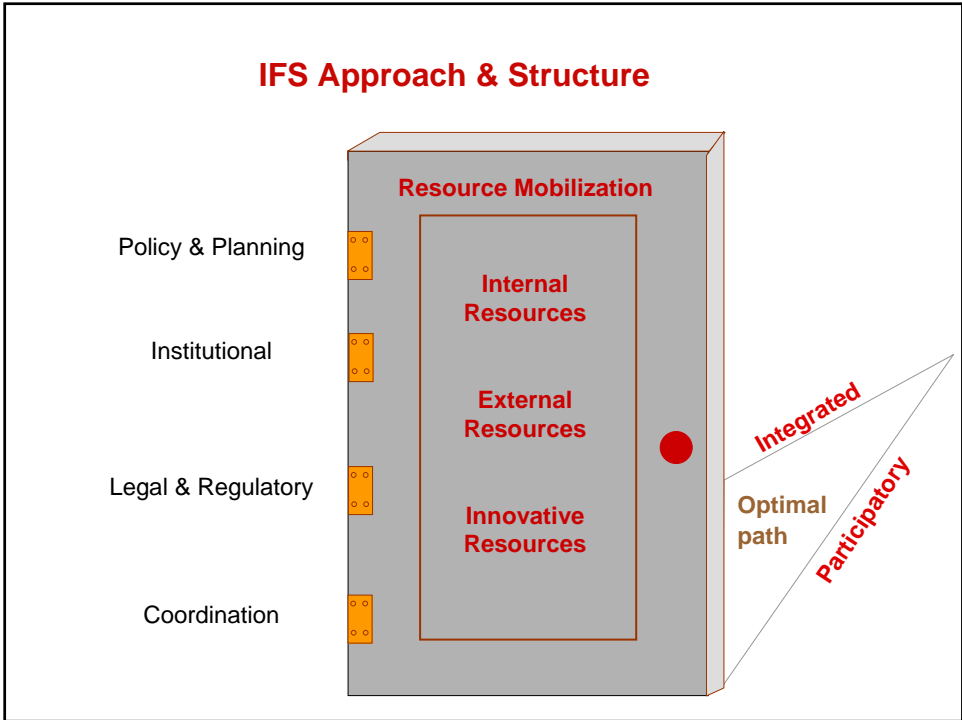
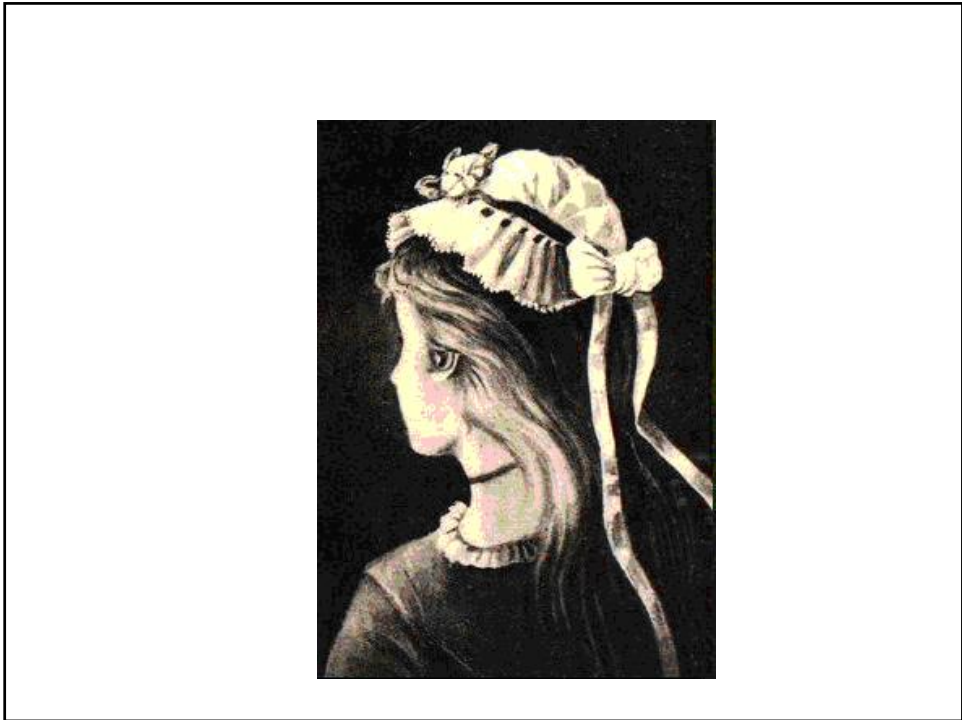
Main challenges in light of past experiences:

1. Political → CD/SLM is not a political priority & does not feature in bi & multilateral negotiations at country level
2. Policies → inconsistencies and incoherence leading to contradictory messages at the local level
3. Laws & regulations → emphasis on punitive measures rather than provision of positive incentives for SLM
4. Institutional → the institutional framework is full of overlap and duplication, and lacks coherence for tackling a cross-sectoral issue
5. Technical → the capacities of the actors and the know-how are insufficient

International Context for Development Financing

Current orientation of development cooperation financing:

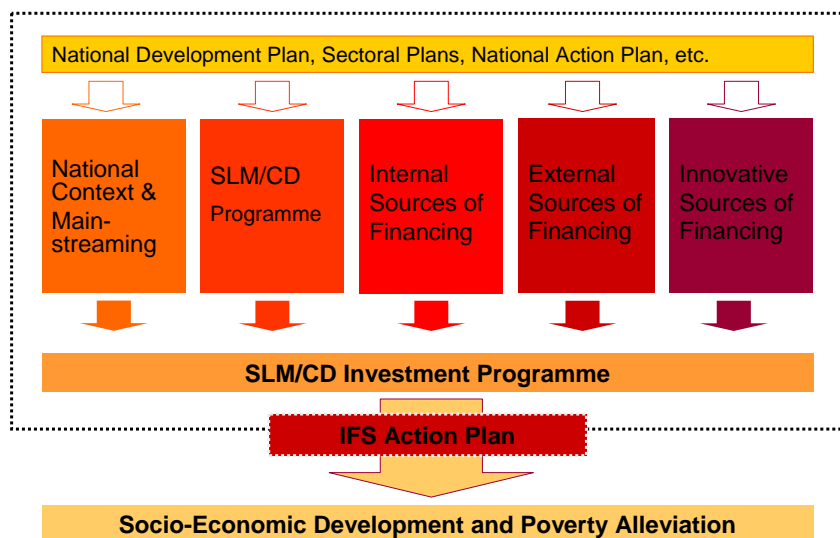
1. Programmatic approach → long-term planning leading to demonstrable impact (results based management)
2. Inter-sectoral → coordinated interventions with a clear delineation of roles, responsibilities & division of finances
3. Donor harmonization & aid alignment → focus on national priorities; simplify & harmonize procedures; & align ODA delivery mechanisms with national systems (i.e. direct budgetary support)
4. Enhance the enabling policy, legislative, institutional and incentive frameworks → remove policy & legislative contradictions; principle of subsidiarity; & shift towards positive incentives vs. punitive measures.



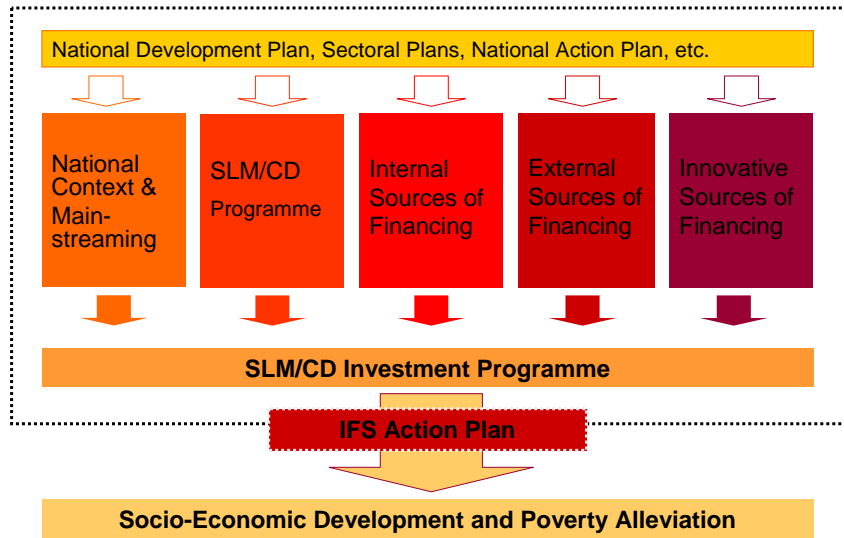
Integrated Financing Strategy for Combating Desertification (IFS)

The strategy is a **guiding framework** for locating and mobilising a **mix of financial resources** to fund programs and projects related to Sustainable Land Management (SLM). While helping to mobilise the appropriate blend of funds – namely internal, external and innovative – the strategy also uncovers **barriers** associated with resource identification, allocation, and disbursement.

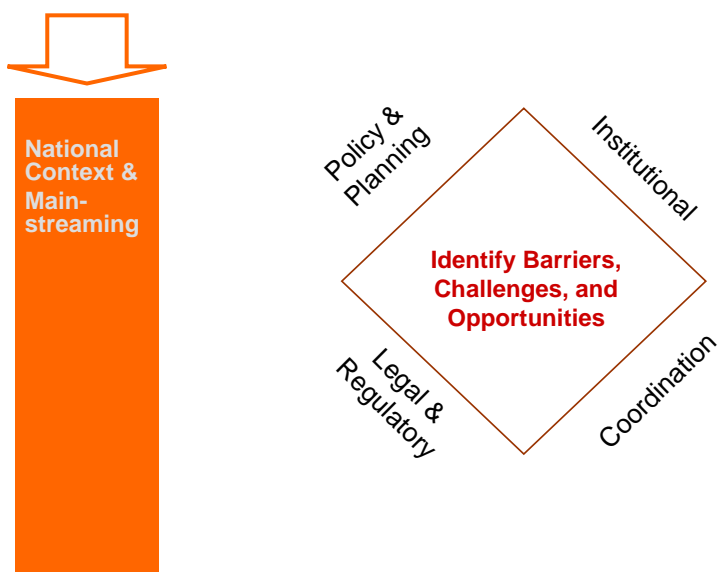
IFS Approach



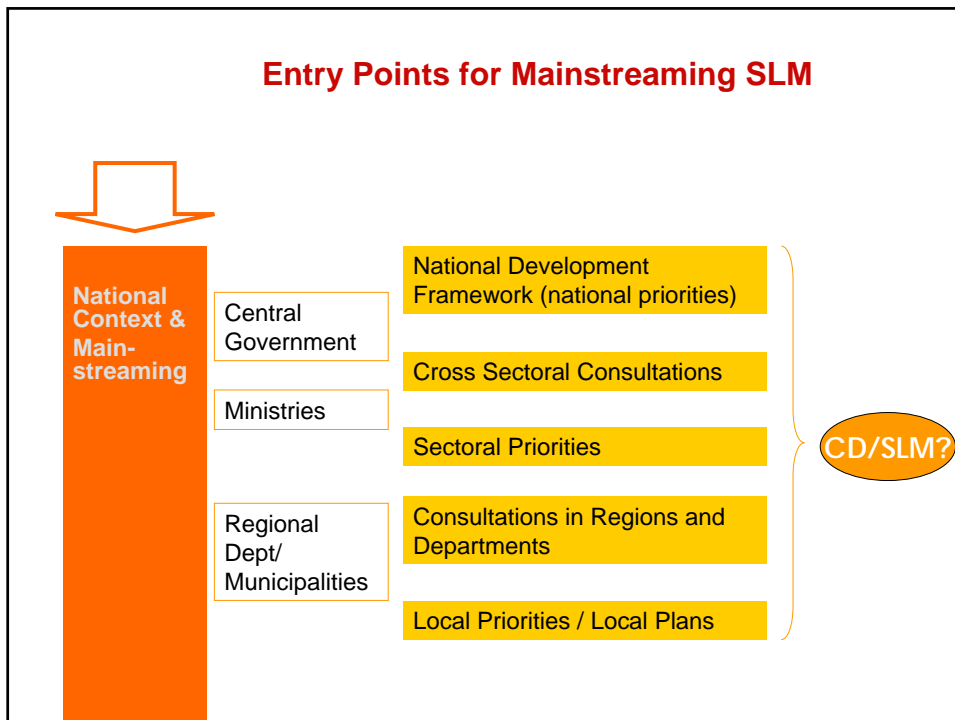
IFS Approach



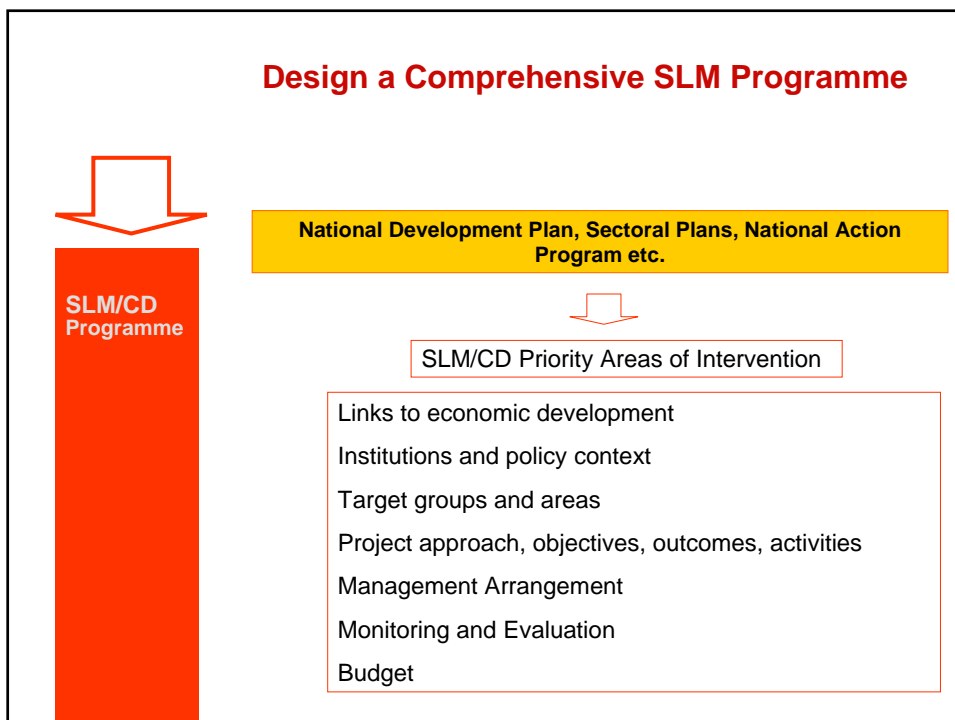
Analysis of the National Context



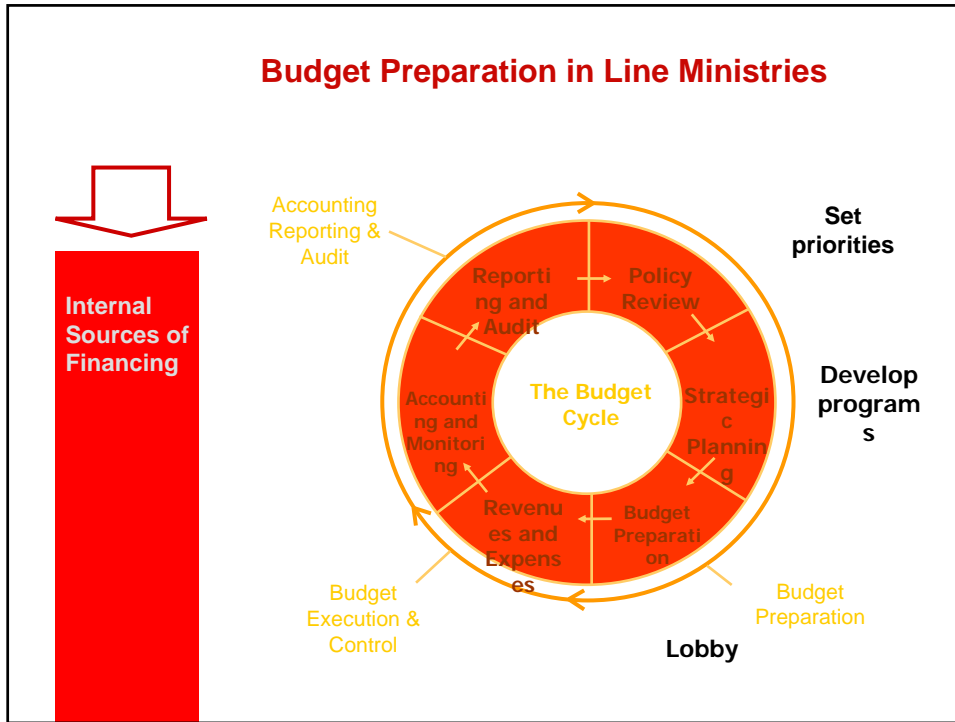
Entry Points for Mainstreaming SLM



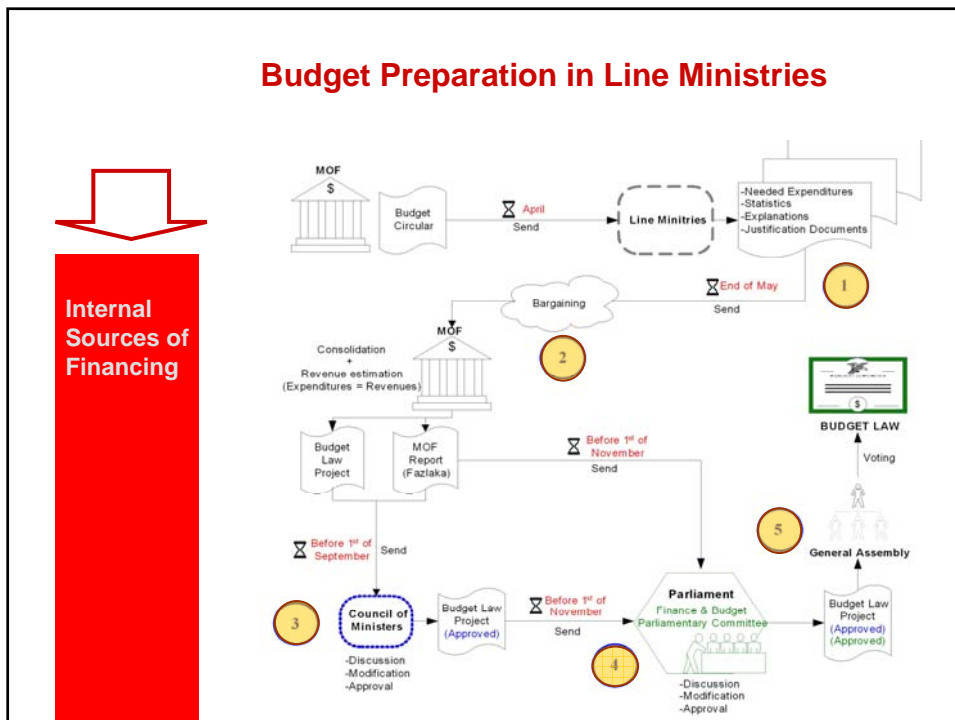
Design a Comprehensive SLM Programme



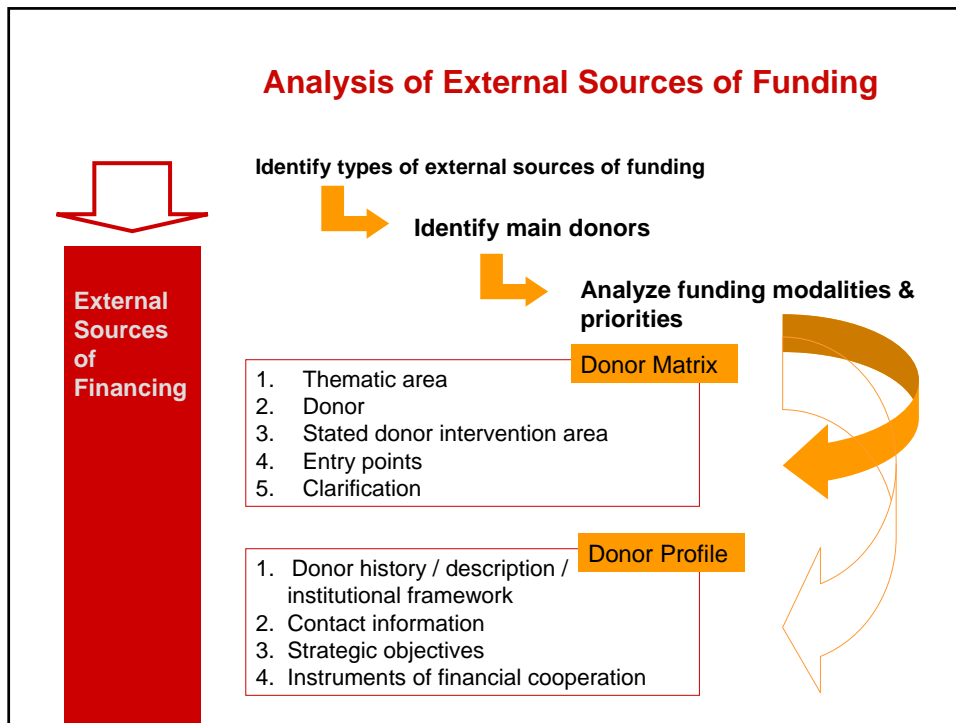
Budget Preparation in Line Ministries



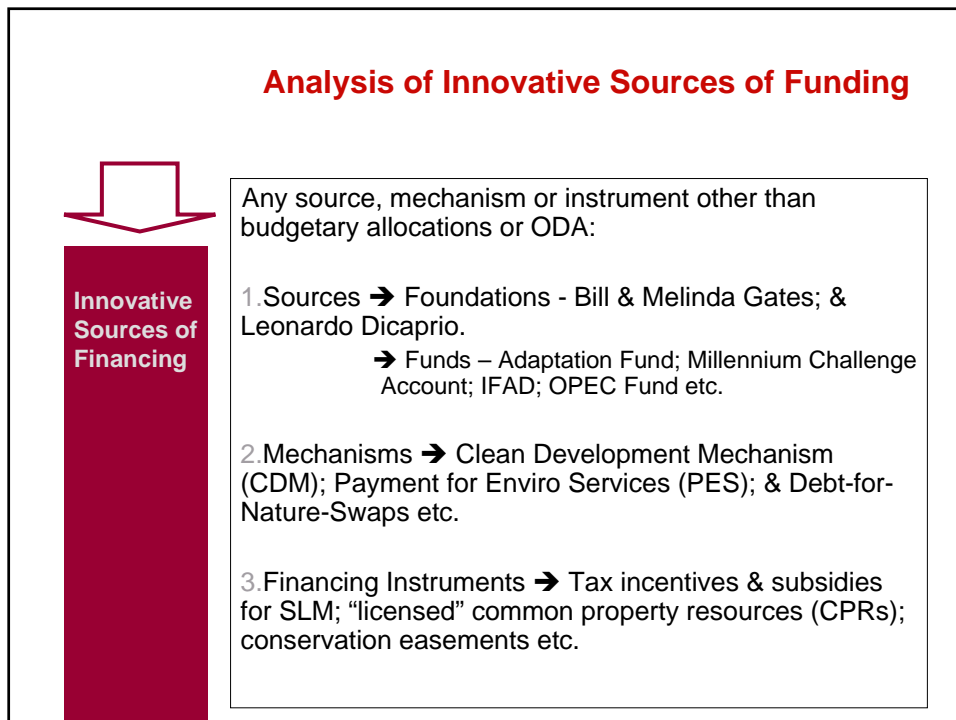
Budget Preparation in Line Ministries



Analysis of External Sources of Funding



Analysis of Innovative Sources of Funding



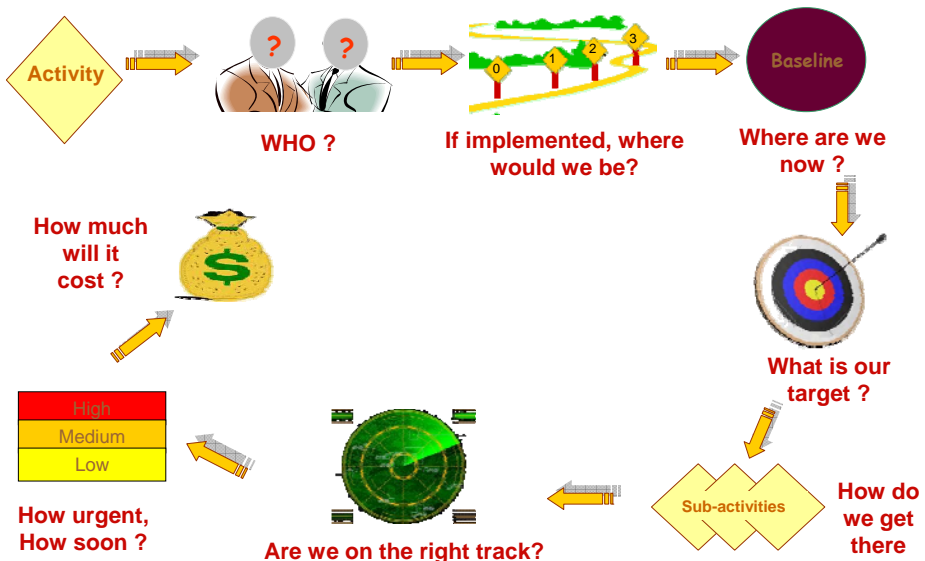
Structure of the Action Plan



IFS Action Plan

Outcome										
1	2	3	4	5	6	7	8	9	10	11
Output	Activity	Responsibility	Indicator	Baseline Situation	Target	Sub-activities	Sources of Verification	Priority	Budget	Risks & Assumptions

IFS Action Plan



Lebanon Example										
Strategic Objective IV: Mobilize Innovative Sources of Funding										
Objective	Action	Responsibilities	Outcome indicators (scorecard)	Baseline situation	Target	Activities	Sources of verification	Priority	Budget	Risks and assumptions
Operationalise channels of main innovative sources	•Study swappable portion of national debt	•Lead: MoE •Support: MoF	0 - DNS not explored 1 - Studies carried out on DNS. Swappable portion of debt identified 2 - Mechanism developed and implemented for swapping a portion of public debt with a conservation project or programme	•DNS have not been explored in depth and the portion of the national debt that may be alleviated through this mechanism is not known •Score = 0	2	•MoE, in coordination with MoF, to investigate this type of financing mechanism to determine portion of national debt that may be eased in the form of a conservation project	•Terms of reference for the study •Text of assessment of swappable debt	High		•Access to fiscal information is provided
	•Develop action plan for integration of green taxes	•Lead: MoF •Lobby: MoE	0 - Methods for greening the taxation system are known, but implementation is not pursued 1 - Studies carried out to determine mechanism for incorporating green taxes into the system. Action plan developed 2 - Action plan implemented. Government restructuring tax bases to earmark a portion of some taxes for an environmental fund, such as the NEF	•Government uses certain taxes, such as on vehicles and fuel, to raise revenues, but these are not earmarked for environmental activities •Score = 0	1	•MoE to lobby MoF to investigate means and develop an action plan for integrating green taxing schemes into the Lebanese taxation system •MoE to lobby for implementation of green taxes	•Terms of reference for the study •Legal texts for restructuring tax basis and incorporating green taxes	Medium		•Political willingness to establish a green tax exists



Financing SLM through Market Access & Trade

Prerequisites

- ❑ Increase awareness of opportunities for export diversification to make countries less dependent on a few products (i.e. coffee, tea, grain etc.)
- ❑ Build on private sector interest
- ❑ Make the business case for dryland investments building on the comparative advantage of selected products demanded by the market (domestic/intl)

Financing Opportunities

- ✓ Donor harmonization processes under Aid for Trade
- ✓ Private sector (i.e. demand in export markets)
- ✓ Synergies with other financing mechanisms (i.e. Climate Change)

Sector-Based Approach

Focus: sectors (agri, forests, ecotourism etc.) with comparative advantage for drylands and degraded areas

Environmental

- ✓ Distinct to dry ecosystems (wild varieties)
- ✓ Provide environmental services (biodiversity conservation)
- ✓ Provide substitutes for chemical components/processes (i.e. pharmaceutical, cosmetics, food)

Social

- ✓ Play crucial role in livelihood of local communities (i.e. nutrition, income generation)
- ✓ Vulnerable groups (e.g. women and youth) are major stakeholders in the collection and processing of these products

Market

- ✓ Growing market demand (e.g. EU, US, Japan)
- ✓ Increasing interest of the private sector

Political

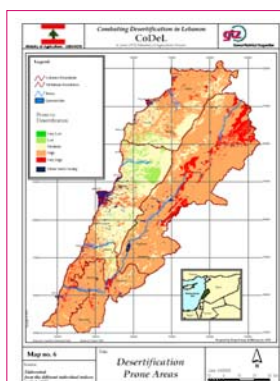
- ✓ Large scope to influence policy making processes in setting institutional and regulatory frameworks for development of related industries given the novelty of the product.

Trade and Market Access Opportunities for SLM Financing

Innovative
Sources of
Financing

Combating Desertification through
Improving Grapevine Production in
Lebanon

Desertification and Land Degradation



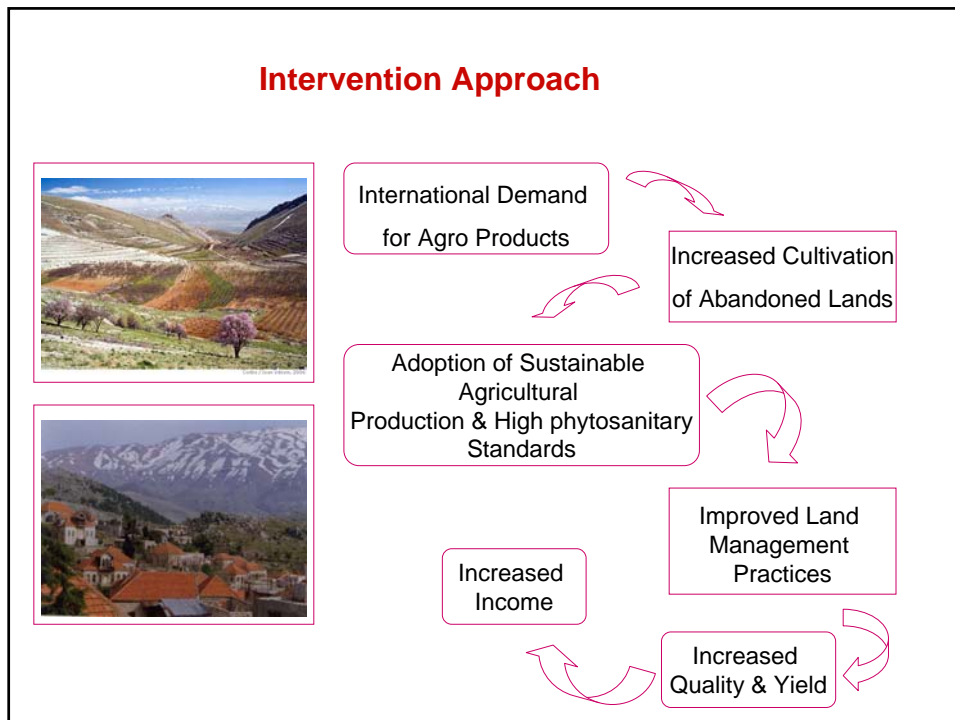
Main factor leading to land degradation and desertification is land abandonment.

Abandoned or unused land is relatively higher among small farmers. Interest for re-cultivating these areas is low, due to:

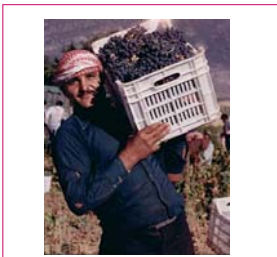
- Low productivity
- Lack of irrigation water
- Lack of labour
- Relatively high production costs
- Inefficiencies in domestic markets
- Difficulties accessing international markets

Rural poverty in remote areas is correlated with a low income potential from agriculture.

Intervention Approach



Intervention Activities



- Identification of products with comparative advantage for drylands and degraded areas (Environmental, Social, Market, Political Potential)

Viticulture (Grape & Wine Production)

- Value Chain analysis of the wine sector
- Stakeholders mapping and analysis
- Market access study
- Policy analysis
- Quality assurance mechanism
- Identification of opportunities and potential partners for promoting trade and investment

Financing

Internal Sources	Ministry of Agriculture Lebanese Agriculture Research Institute Green Plan Farmer Associations Etc.
External Sources	Global Mechanism UNDP IFAD Bilateral cooperation programmes
Innovative Sources	Industrial Sector Trade networks and associations Bio and Fair Trade financing opportunities Links to Climate Change and Ecosystem Services financing mechanisms

Intervention Outputs



- Incentives to foster participation and investment of local communities and benefit sharing mechanisms to improve the livelihood of low income populations in degraded areas identified
- Farmers cooperatives established
- National Institute for Grapevine and Wine with relevant stakeholders at national level established (including government, private operators and civil society)
- Solutions to technical problems facing cultivation of grape vines identified

Intervention Outcomes



- Enabling policy conditions for the development of the Vine and Wine sector enhanced
- Market access for wine and grape products established
- Investment opportunities for the development of a dynamic export oriented Grapevine and Wine sector identified

Thank You!

<http://www.global-mechanism.org/products-services/global-initiatives/difs>

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