



Food and Agriculture Organization
of the United Nations



Financing FLR

Benjamin Singer
UN Forum on Forests



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**Workshop on Forest Landscape Restoration and the Bonn
Challenge for Eastern and South-East Europe**

16-17 Dec 2019, Belgrade, Serbia



FLR Commitments

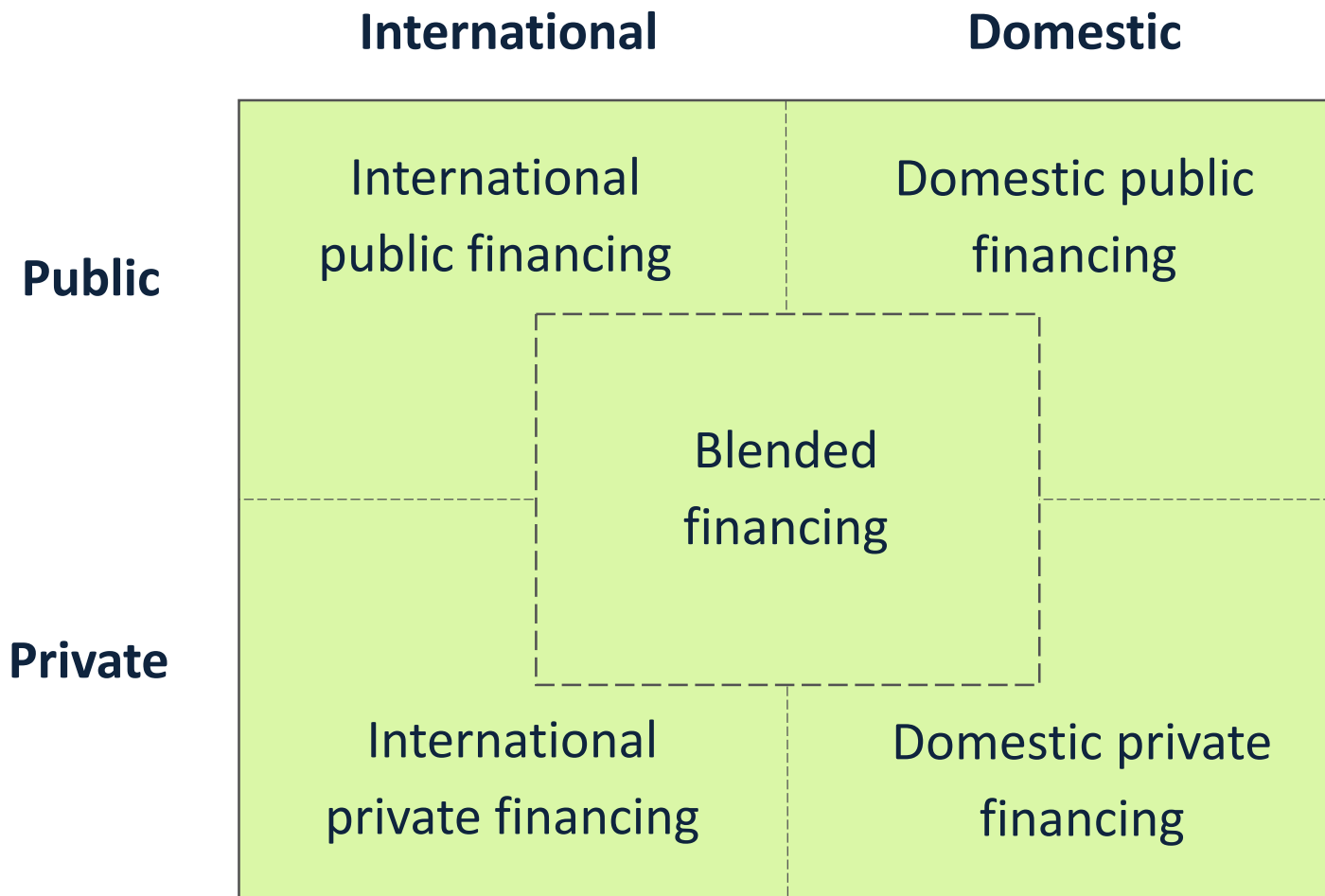
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BONN
CHALLENGE



How do we finance this?



Multilateral Funds

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- Created at **supranational level**
- Require **extensive coordination** among stakeholders and donors
- May entail **complex procedures**



PPCR PILOT PROGRAM
FOR CLIMATE
RESILIENCE



**FOREST
CARBON
PARTNERSHIP
FACILITY**



**GREEN
CLIMATE
FUND**



UN-REDD
PROGRAMME



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Regional Funding Opportunities

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- EU Member States: European Regional Development Fund
 - Funds 4 priorities including low-carbon economy
- Non-EU Member States: European Neighbourhood Instrument
 - €15 billion for 2014-2020
 - Example: PL-BY-UA Cross-Border Cooperation
- Danube Transnational Programme
 - Launched 2015 with a budget of €271 million
 - Funds projects aligned with EU Strategy for Danube Region
- European Investment Bank
 - Covers afforestation, reforestation, forest rehabilitation and protection, wood processing, timberland funds, and REDD+



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Public Domestic Financing

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- Derived from revenue (taxes)
 - Advantage: greater stability and predictability
 - Taxes can encourage/discourage behaviour
- Redistribution of tax revenues for FLR
 - Subsidies
 - Results-based payments
 - Replenishing a national reforestation or adaptation fund, etc.

Private Financing

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- Operational level (e.g., timber companies): motivations
 - Consumer awareness
 - Improved access to the capital market
- Institutional investors: financial intermediaries
 - Pension funds, insurance companies, mutual funds
 - Portfolio diversification
 - Attractive returns over the medium- to long-term
 - Shift in focus from North America to “new” regions
- Aversion to low returns, risk, unclear policies/laws/tenure

Which is the best source?

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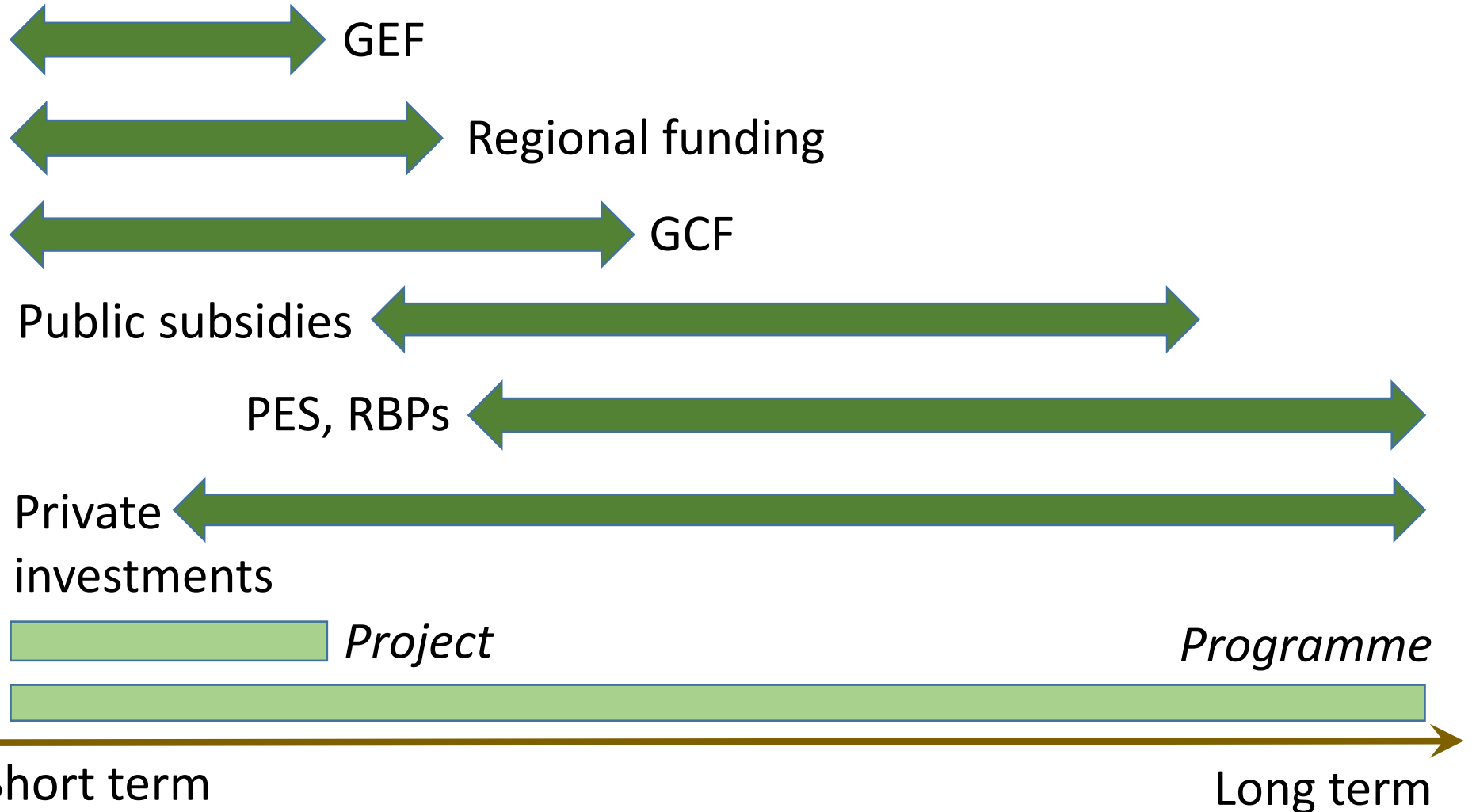


It depends...

Upper income country or EUMS	→	EUDF, private
Middle income country or EU non-MS	→	EUNP, Multilateral
Activities store carbon/increase resilience	→	GCF, Adaptation Fund
Activities are part of government mandate	→	Public domestic finance
Activities are transformational/innovative	→	Bilateral, multilateral
Activities generate income	→	Private finance
Need money short term	→	Public international
Need long-term financing	→	PES, RBPs, private

Short versus long-term finance

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Private

Subsidies

Multilateral

PES

Synergies and Complementarities

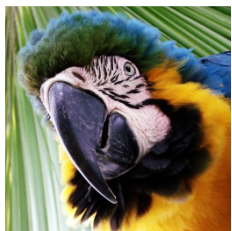
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- Co-financing and blended financing
 - Public finance as a leverage for private finance (guarantees, equity, creating enabling environment)
 - Co-financing as a condition for multilateral finance
- National forest financing strategies: a “basket” approach
 - Tailor-made solutions
 - Maps different sources of financing for FLR
 - Includes roadmap to unlocking and/or designing financing sources

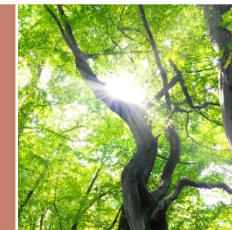
The Global Forest Financing Facilitation Network

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Promote the design of forest financing strategies

Build capacity in project design and formulation



Clearinghouse on existing, new and emerging financing opportunities



Thank you!



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Benjamin Singer
United Nations Forum on Forests (UNFF) Secretariat
New York, NY, USA
singerb@un.org
+1-917-484-1343

