Accelerating investment in low emission land management in Asia

11-12 February, 2016, Bangkok

Background

The Agriculture, Forestry and Other Land Use (AFOLU) sector is responsible for 24% of global greenhouse gas (GHG) emissions and in ASEAN Member States this figure rises to 58%. Across Asia, the AFOLU sector is also an important contributor to national economies and rural livelihoods. Many countries in the region have committed to reducing national GHG emissions including from AFOLU, yet sustainable land management in the broader sense is elusive, and simply reducing emissions from managed lands is challenging.

Many initiatives and institutions are working toward improving land management and a goal of "sustainable landscapes." One theory of change focuses on the lack of investments in sustainable land management in general and in low emission development strategies (LEDS) for the AFOLU sector in particular. A key assumption of this approach is that the billions of dollars of private sector capital available for investment can be directed toward more sustainable land management efforts, including AFOLU LEDS, and ultimately the realization of sustainable landscapes. A related assumption is that sustainable land use and management can generate favorable profits for private investors. However, mobilizing private sector investment to reduce emissions from deforestation and degradation, which are some of the highest in the AFOLU sector, is particularly challenging as most forests in the region are under state control. In this context, there may also be opportunities to focus on emissions efficiency in existing commodity chains, changing crops or private involvement in reforestation and conservation.

There are a number of promising mechanisms that may accelerate the necessary investment to achieve sustainable landscapes. This concept note details plans for a two-day workshop in Bangkok to focus on a targeted analysis of several mechanisms with the potential to more effectively access private sector finance, and to examine where these mechanisms might be most successful.

Objectives

The objectives of the workshop are to:

1. Examine potential mechanisms for stimulating and aligning public and private sector investments in low emission land management in Asia

2. Explore potential commodities, landscapes, and / or companies for which these mechanisms can work

3. Articulate strategies for how public sector finance can leverage private investment

Guiding questions for consideration

- Approximately $2 billion of private capital for conservation was deployed globally in 2014. Why was less than 1% (~$16 million) invested in AFOLU in Asia?
- Which opportunities in the region could serve as 'tipping points' for accelerating financing for sustainable landscapes? Which engagement concepts can provide 'quick wins' that leverage large private sector investments with targeted and smart allocation of relatively small resources of public money (e.g., from donors, domestic public financing, or other sources)?
- Which low emission/green growth AFOLU business models in the region are likely to be most successful and 'bankable'? Can these models be scaled and replicated? What other criteria (e.g., quantity of emission reductions, sustainable impacts, financial returns, leverage, and co-benefits) should be considered when designing programs to catalyze impact investments?
- How can we ensure that transaction-based interventions capitalize on policy initiatives (e.g., the New York Declaration, Tropical Forest Alliance (TFA 2020) and Consumer Goods Forum) and regional mechanisms like Roundtable on Sustainable Palm Oil (RSPO) and GrowAsia?
- Are there examples from the region where ESG standards are being successfully adopted and implemented?

Participants

Approximately 30 leading experts in the topic from:

- Private sector companies, financial institutions, and investors (e.g., TFA 2020 / World Economic Forum, Asia Pulp & Paper, HSBC, World Bank, International Finance Corporation, and Asian Development Bank)
- Private sector analysts, strategists, and facilitators (e.g. PWC, KPMG, Dalberg, Credit Suisse, JP Morgan, CIFOR, Fauna and Flora International (Oryx Impact Investment), Winrock, SNV, TNC/NatureVest, WWF/Clarmondial, Asian Venture Philanthropy Network (AVPN), GrowAsia, EcoEnterprises Fund, Terra Global Capital, and others)
- USAID and its partners (LEAF, LEAD, SilvaCarbon, USFS) and AFOLU Working Group
- Other donors (e.g. GIZ, UNESCAP, UNEP, UNDP, and others)

Outputs

1. Confirmation/validation of investment mechanisms that can best 'bridge the gap' between available finance, which has been largely untapped in the AFOLU sector, and AFOLU initiatives in the region
2. A list of potential countries/landscapes, companies, and commodities for which these mechanisms seem most appropriate based on potential/existing investments and low-emission land use model/practices.
3. Key recommendations of strategic entry points for additional private sector investment, and how this investment can be leveraged by public sector investment

Reference Material (to be provided prior to the workshop)

- Summary of Dalberg report on Investor Mapping in Asia
- Report of July 2015 USAID LEAF/USFS Regional Forum on Developing and Financing Low Emissions Development Strategies for the Agriculture, Forestry and Other Land Use Sector: Moving from Promise to Practice

Agenda

Day 1		
8:30 am	Registration	
9:00 am	Opening remarks, scene setting and objectives for meeting *(USAID Support post Paris COP21 and Asian priorities)*	USAID RDMA
9:15 am	Work to date to frame the context of this meeting *(including rough Theory of Change framework)*	USAID LEAF/AFOLU WG
9:35 am	Where is the region focusing after Paris? ● Country contexts: summary of national strategies, INDCs and low emission land and forest management	USAID LEAF
10:00 am	**Morning break**	
10:30 am	Potential "engagement opportunities" for accelerating private sector investments in low emission forest and land management	Dalberg
11:15 am	Question and Answer session on analysis	All
12 noon	**Lunch**	

1:00 pm	Validation of presented private sector engagement models.
	● SWOT on priority engagement models
	   1. Accelerator (for fund managers) and incubator (for enterprises)
	   2. Incentivizing ESG compliance in banks
	   3. Green bonds
	● What is missing? Other mechanisms to accelerate investment
		Working groups x 3 (Each group supported by a technical expert)

3:00 pm	**Afternoon break**	
3:30 pm	Working group report back	Facilitated plenary session
4:30 pm	Daily summary ● Which models best serve as 'tipping points' for accelerating financing for sustainable landscapes? ● Which models provide 'quick wins' that leverage (smart/strategic) public money to accelerate (broad) private sector investments? ● What additional information is needed to help answer these questions? What key questions are we not asking, that we should?	Facilitator
5:00 pm	**Close of day**	

Day 2		
9:00 am	Day 1 Recap and Day 2 process	Facilitator
9:10 am	Day 2 expected outcomes	USAID RDMA
9:15 am	What will it take to make each model work? ● How can limited public finance leverage transformational private sector investment? ● What are expected outcomes and metrics to measure?	Working groups x 3 (Each group supported by a technical expert)
10:15 am	**Morning break**	
11:30 am	Working group reporting	Facilitated plenary session
12:30 pm	**Lunch**	
1:30 pm	Where will each model work? ● Commodities? Landscapes/countries? ● Companies/Institutions? ● Can they be scaled and/or replicated? ● Regulatory and policy frameworks?	Working groups x 3
3:00 pm	**Afternoon break**	
3:30 pm	Working group reporting	Facilitated plenary session
4:00 pm	Daily Summary ● Which models are likely to be most successful and 'bankable'? ● Can these models be scaled and replicated? ● What other criteria (e.g., emission reductions, social impacts, financial returns, leverage, and co-benefits) must be considered?	Facilitator
4:40 pm	Next steps	USAID RDMA
5:00 pm	**Close of day**	