



Financing strategies that can unleash forest-based industries engagement to support ecosystem restoration

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Agenda

- Context & background
- Methodology
- Results
- Discussion



What is Ecosystem Restoration?

- Ecosystem restoration means assisting in the **recovery of ecosystems that have been degraded or destroyed**, as well as **conserving** the ecosystems that are still intact.
- Restoration can happen in **many ways** – for example through actively planting or by removing pressures so that nature can recover on its own.
- Diversity of **natural ecosystems** addressed : Forests, freshwater, mountains, peatlands, oceans and coasts, etc
- Interconnection with **bioeconomy**



UNITED NATIONS DECADE ON
**ECOSYSTEM
RESTORATION**
2021-2030

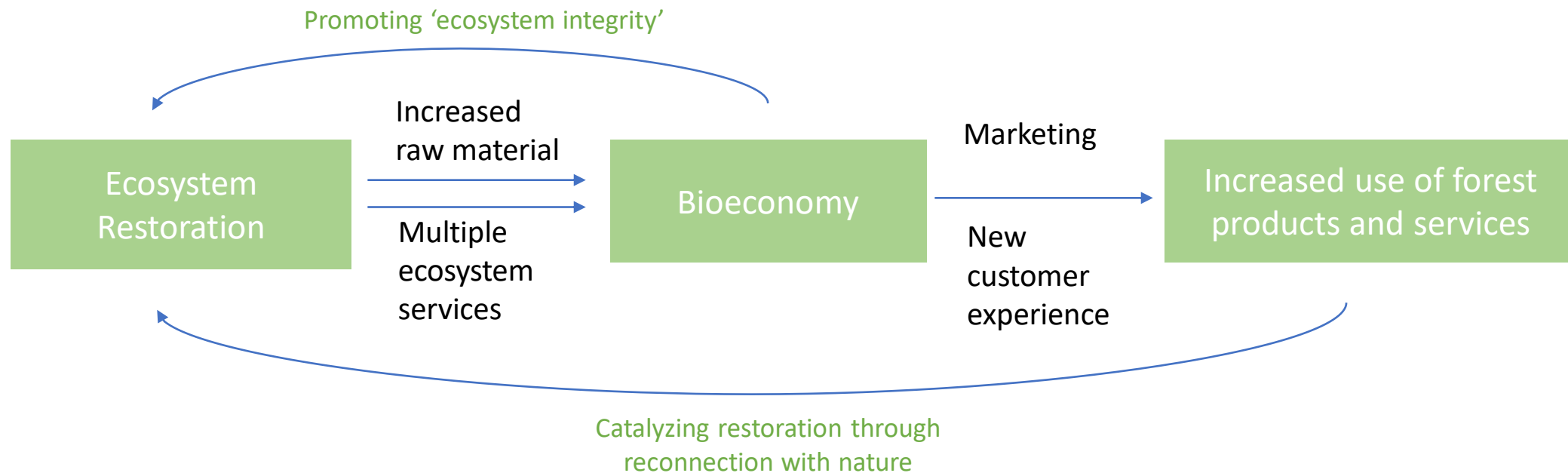
- **A Decade of Action**
- **Build political momentum for restoration**
- **Catalyze thousands of initiatives on the ground**

“The economic benefits of ecosystem restoration exceed 9 times the cost of investment, whereas inaction is at least 3 times more costly than ecosystem restoration (UN Decade on Ecosystem Restoration’s website <https://www.decadeonrestoration.org/>)”



Ecosystem Restoration and Bioeconomy

- Forest-based sustainable circular bioeconomy : fostering long-term provision of forest ecosystem services and sustainably sourced forest products, paying attention that bioeconomy effectively leads to 'ecosystem integrity'.
- Key for climate change mitigation : Deforestation-free low carbon forest products.



Importance of the private forest sector

- Forest-based Industries create an estimated 13 Million formal and 41 Million informal jobs globally
- Production forests represent **1.15 billion Ha** globally (>25% of global forest area).
- Business entities holding management rights on public forest areas + Private ownership of forest areas = **423 M Ha** (10.5 % of forest areas).



Despite this, almost no forest-based industry company has formally joined any ecosystem restoration declaration or commitment (surprisingly!)



We seek to uncover the possible roles that forest-based industries could play for ecosystem restoration, including in terms of unleashing financing approaches that support conservation and restoration activities

Methodology

Nota Bene. The present work has been conducted in the context of the Advisory Committee on Forest-based Industries <http://www.fao.org/forestry/industries/en/>

ADVISORY COMMITTEE
ON SUSTAINABLE
FOREST-BASED
INDUSTRIES (ACSF)

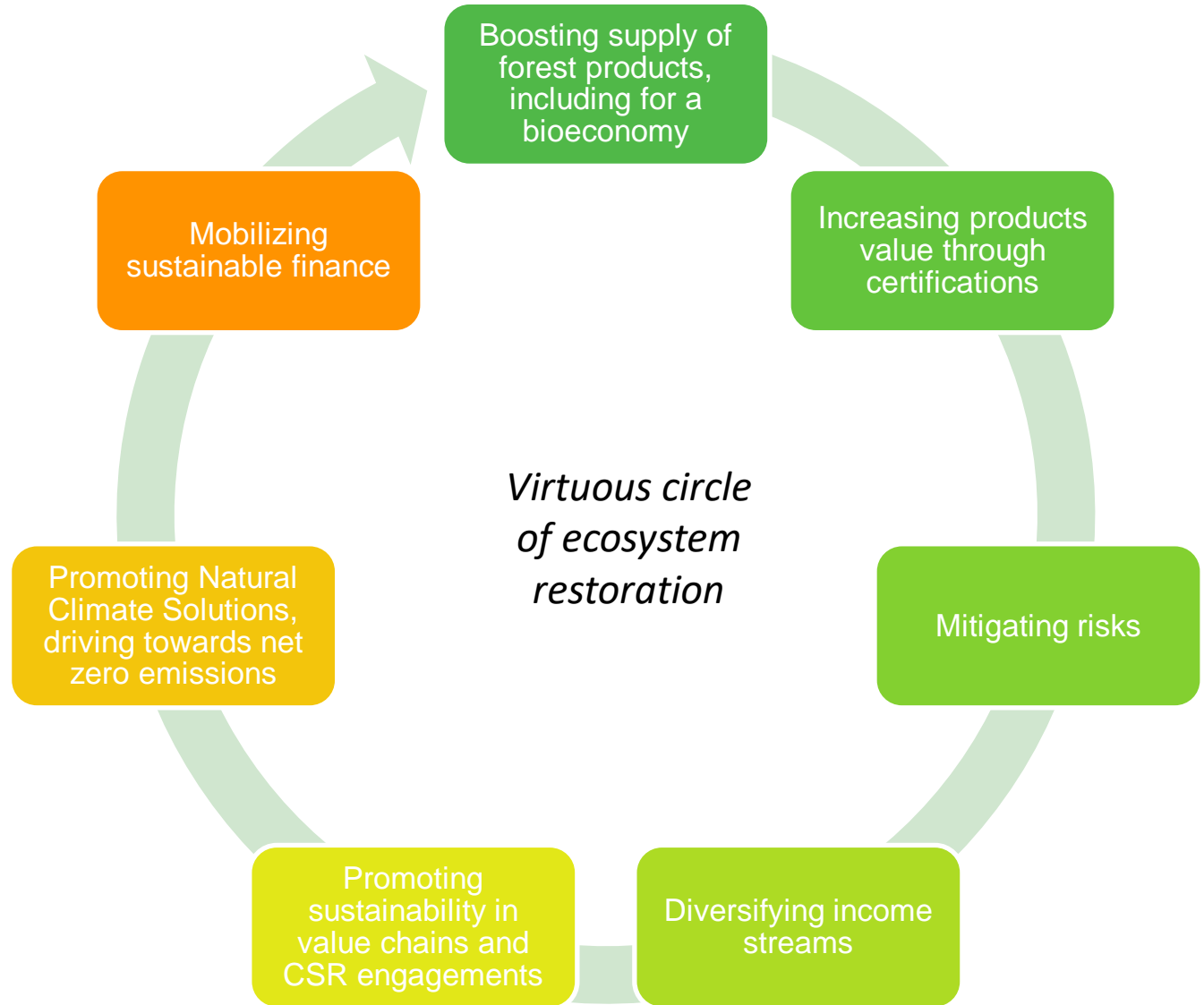
- Methodology based on case studies and interviews with a wide range of experts.
- 16 **case studies** were selected based on multiple criteria such as: i) the potential of the case to provide key messages relevant for the whole private forest sector, ii) sustainability track-record of the lead organization, iii) geographical distribution, iv) innovative approach.
- **Interviews** with representatives of the private forest sector, including meetings with case studies' lead organizations, and technical and financial partners.
- A **dialogue on the first results** of the analysis took place at a webinar organized on March 24, 2021
<http://www.fao.org/forestry/industries/98446/en/>



Rationale for forest-based industries' engagement in ecosystem restoration

Case studies	Limiting risks for plantations (water stress, fires, pests & diseases, etc)	Enhancing sustainable timber production	Valorising non-wood forest products	Seizing opportunities from multiple forest ecosystem services	Promoting cooperation models with small farmers / smallholders	Fulfilling sustainability commitments	Generating alternative revenue sources (carbon finance)	Sustainable finance (Payments for ecosystem services)	Sustainable finance mobilization (green bonds)	Sustainable finance mobilization (carbon finance)	Sustainable finance mobilization (impact investment)	Blended finance model
1	X	X			X	X			X			
2	X	X				X				X		
3	X	X				X						
4	X	X					X					
5	X	X				X			X	X	X	X
6		X			X							
7		X		X		X						
8	X	X		X		X					X	
9	X	X				X			X			
10	X	X				X						
11											X	X
12		X			X							
13			X	X								X
14		X			X						X	X
15		X			X						X	
16			X		X							

Rationale for forest-based industries' engagement in ecosystem restoration: a virtuous circle



More specifically, Risks & Returns rationale

Climate risks (*landscape-scale*)

Resilience, Limiting soil erosion, flood risks, promoting ecosystem-based adaptation

Climate risks (*forest-scale*)

Reduced pests and diseases outbreaks (tree species diversity), limiting fire risks (biological corridors)

Social risks

Social license to operate, smallholder inclusion

Market risks

Promoting sustainable certification, increased added value



Avoided risks & costs

Returns & benefits



Water PES

Landscape beauty & real estate value

Recreation and ecotourism potential

Carbon revenues

Biodiversity

Non-wood forest products

Timber

Diversity of financing solutions



Discussion

- Forest-based industries are already **engaged in** activities that contribute to ecosystem restoration, including through innovative financing.
- Multiple **financing options** : green bonds, impact funds/blended finance, PES/carbon finance.
- **Mainstreaming good practices** within industry stakeholders to foster adoption of relevant operational and financial restoration options is critical.
- Building on the **investor rationale** around risks and returns to get forest-based industries interested in ecosystem restoration, and reinforcing the direct link between restoration and bioeconomy
- It may be relevant for forest-based companies to pledge in / join **restoration alliances and initiatives, while boosting their efforts for ecosystem restoration** and seizing bioeconomy opportunities.
- More research is needed to capture the full potential of ecosystem restoration for a sustainable bioeconomy and to unleash sustainable finance opportunities.





Many thanks for your attention

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