FINANCE OPTIONS FOR RESTORATION

WEBINAR SUMMARY REPORT

October 11, 2022

WEBINAR PARTNERS

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1.0 Background

The lack of access to finance remains a major impediment to landscape restoration. This is especially true for community-led restoration efforts by grassroots actors such as youth, women, and faith actors. At the same time, the restoration movement would greatly benefit from their inclusion. The youth, for example, make up the largest demographic in Kenya’s population (75%), and women especially in rural areas play critical roles in the management of natural resources. Faith leaders have significant influence over their congregants, an opportunity that can be harnessed to propel the restoration movement. Access to finances for restoration will therefore incentivize their participation.

The Finance Options for Restoration webinar, therefore, focused on showcasing and exploring various finance options (local, regional, and international) that youth, women, and faith actors can access to support their restoration initiatives. These options include sustainable business models e.g., viable green value chains, grants, crowdfunding and loans, sustainable finance options: climate/carbon finance (carbon markets), etc.

The webinar had 236 participants and was held on **October 11, 2022, from 10:30 a.m. to 1:00 p.m.** The webinar targeted youth, women, faith actors, and private sector actors involved in restoration and was organized by the Youth and Women Action Group with the support of the Regreening Africa Team.

Objectives:
The webinar was held with the following objectives:

- To showcase the various finance options available for community-led restoration efforts.
- To promote the understanding of emerging finance options such as carbon and climate finance.

The webinar was divided into three sessions:

- Session 1: Grants: Several grants available to local actors and groups were showcased in this session. This includes opportunities for crowdfunding and accelerators.
- Session 2: Ecopreneurship: This session introduced models for creating sustainable business models around restoration initiatives. Several examples of value chains were also showcased.
- Session 3: Sustainable finance: An introduction to emerging trends for financing restoration specifically carbon and climate finance were provided. A case study of carbon finance was also showcased.

2.0 Regreening Africa

Regreening Africa is leading a restoration movement across eight African countries, including Kenya. The project aims to restore 150,000 hectares of land to benefit 50,000 households in Kenya. The programme looks at restoration practices such as tree integration through farmer-managed natural regeneration, tree planting, value chains, soil and water conservation, and policy environments. One of the things that have come up many times through the various discussions in the field is the need for more finance options for restoration, particularly for those working at the grassroots.

3.0 Session 1: Grants

3.1 Resource Mobilization: Tips for Grants

In fundraising, there are different kinds of donors. For each type of donor, there are various ways of approaching them and identifying entry points and opportunities. Major donors include foundations like the African Development Foundation, the African Wildlife Foundation, the Bill and Melinda Gates Foundation, and the Climate Works Foundation. Banks such as the World Bank, African Development Bank, and European Investment Bank Multilaterals and bilaterals like USAID, the Green Climate Fund, and UN Agencies. In addition, government bodies such as ministries often set up funds within government departments that lend a hand to small NGOs and civil society organizations—the usual private sector companies. Philanthropists are usually high-net-worth individuals, like the Rockefellers. There are different ways of approaching donors, as they have different priorities and requirements regarding negotiations and the development of proposals.

The four things to remember when identifying donors are: (1) Keeping an open mind about why knowing your donor is essential. (2) Collect basic data about them at the start of your research. (3) Look at their different countries' strategies, including their budgets, policies, and governing structures, because it informs how you would approach them and the kind of discussions you would have with them. (4) The sources of this data.

Knowing your donor is essential and helps in the following ways: Understanding the donor's priorities and whether they align with your institution's. Building a fruitful relationship that comes from having similarities and various synergies. Understanding how your organization's activities and mandate align with the donor's interests. This is usually the entry point with any donor. Understanding how you can predict where the donor will allocate their money. Once the donor starts making commitments, it is good to have established relationships and connections so that they recall your institution when making decisions. In addition, knowing your donor increases your organization's chances of receiving funding; this is where relationship-building comes in.

In order to understand or search for information about a donor, the type of data collected includes their headquarters (where they are based), their offices in the country, and their implementation levels. The contact person for the specific donor, so you know whom to email and call. It is important to understand the geographic focus of the donor, whether it is within the country, region, or globally.

Detailed data one may consider collecting after the basic data includes the thematic area and focus of the donor. This information is usually found in the country's strategic documents. Donor's budget. Sometimes the budgets are not visible on the donor's website, but in many cases, donors are quite transparent with the kind of information that they share. Understanding their budget allocation per year or within five years is reasonable. It is also important to know the donor's policies. The policies donors have they also expect you as an institution to have so that when it comes to negotiation and implementation later on, these policies are aligned, especially with safeguarding, which is a big issue for donors nowadays. It is also essential to understand the organizational structure of the donor. Similar to budgets, it is good to understand the donors' financial structures. Donors have different financing windows that are geared toward various institutions. Understanding if your organization is eligible for a specific financial window helps determine the kind of information to give the donor. A lot of this information is accessible on their website.

Networking is key when it comes to resource mobilization. Some important networking aspects are meeting representatives and gathering contacts who can share information on what the donor is up to. One may not be meeting with the donor directly but with a potential partner who works with that donor and can make that introduction. Networking gives you a chance to understand what donors want. It gives you an opportunity to share your story. It allows you to ensure the donor understands the kind of support that you need, rather than putting it in an email or presentation. In-person conversations go a long way toward making the donor care and establishing a network relationship with you. It gives you an opportunity to argue your case. Influence donor priorities, as often, the priorities developed by the donors are done by individuals who are not sitting in the country, so they miss out on the realities on the ground, and that comes from you telling your story. Furthermore, networking gives you a competitive advantage. Often, donors have procurement policies and procedures, so you have a competitive edge when you build relationships. In meetings or conferences, always strive to get the list of participants.

3.2 Restoration Challenge Grant Platform for Smallholders and Communities, with Blockchain-Enabled Crowdfunding

The Global Environment Facility contributed two million dollars to the project. The project focuses on smallholder farmers and rural communities living in different parts of the world, particularly in Kenya and Cameroon. The implementing agency for this particular grant is the International Union for Conservation of Nature (IUCN). Alliance Biodiversity International and CIAT are executing the project. In addition, the project is for three years, and it began in May 2022 and ends around 2024. Three sites in Kenya have already been marked (Siaya County, Turkana County, and Mukogodo Forest- Laikipia), and three sites are implementing this project in Cameroon.

The project aims to facilitate, support, and mobilize investment in smallholder and community-led restoration of critical landscapes to provide global environmental benefits and enhance resilient economic development and livelihoods. This supports the Bonn Challenge, AFR100, the Trillion Tree Campaign, and other international and national restoration initiatives. The project will develop a platform that utilizes mobile cellular technology and payment transfer services to provide small grants for smallholder-, community-, and school-led restoration work – principally tree planting—matched by co-investment.

The project has four main components. The first is smallholder and community-led restoration, where the project involves co-designing a mobile platform with smallholder farmers that can support restoration work by smallholders. This platform consists of developing a mobile-based app that combines different technologies. Overall, the project aims to plant 400,000 trees that will be maintained, documented, and monitored using the platform. This is for both Kenya and Cameroon. In Kenya, the aim is to plant 200,000 trees by the end of three years. At least 4000 direct beneficiaries, both men and women, and youth should be registered on the platform. Five thousand hectares of land should be put under restoration. How will the platform work? The first step is to identify smallholder farmers on the ground, followed by training and registration in the mobile application. The registered farmers will be provided low-cost mobile phones capable of taking photographs of the restoration work they are doing, automatically geotagged, which can then be uploaded on the platform. Next is the back-end review and verification of the uploaded photos by PMU. The Platform mobile application will enable registered users to request payment via M-Pesa for each verified photo. Moreover, the mobile platform application will harness blockchain to mitigate the risk of double counting.

The second component is raising awareness and building capacity for smallholders, communities, and entrepreneurs. The aim is to have at least 1000 restoration partners and 25 community entrepreneurs registered on the platform and train them on how to use the platform's mobile app for restoration work. The project also aims to establish and strengthen at least one tree nursery in each targeted landscape to provide genetically diverse seedlings of suitable species.

The project's third component is knowledge capture and dissemination, meaning every project detail will be monitored. Every activity will be documented and used to develop case studies and a consolidated report of platform experience and dissemination—a high-level roundtable with public and private sector partners. Using the platform to implement adequate monitoring and evaluation plans for project outcomes.

The first three project components form the first phase of the project, and component four is Phase II scale-up and financial sustainability. This phase involves creating a public web platform for showcasing the lessons learnt and uploading small videos of how restoration work was done, which can be used to attract, enable, and verify crowd-funding investment. A one-stop hub for tracking restoration work in real-time. Awareness-raising campaign on crowd-funding opportunities and potential partnership with aligned platforms.

Why the platform? The platform has three main innovations. First, it uses mobile cellular technology to incentivize farmers. It is using a platform that has already been developed and combining it with blockchain technology to incentivize farmers and encourage them to continue doing restoration work. Another innovation this platform uses to fund farmers is connecting them with crowd-funding opportunities on the web platform.

Regarding the implementation progress, the platforms have already been developed and are now at an advanced stage. Recently, project inception workshops were held in Kenya and Cameroon, followed by some project field and site visits. The development of work plans for year one is currently ongoing.

3.3 Land Accelerator Challenge

The Land Accelerator is part of the World Resource Institute from an investment perspective. It is a highly selective training programme and comprises of a curated network for entrepreneurs who restore degraded forests and farmlands. The land accelerator started in 2018 and has supported more than 300 entrepreneurs. The intention is to support these entrepreneurs to scale even more. The entrepreneurs are supported by being a part of a network of innovative restoration entrepreneurs across Africa, being assisted in unlocking their potential in terms of business growth, reengineering their business models if necessary, strategy development, being linked with mentors around the world, and being unlocked to unlock other investments through an investment readiness program. The Land Accelerator has profiled a number of investors across the globe with whom entrepreneurs are linked. This has been challenging because some of the challenges that entrepreneurs face stem from the fact that people do not want to take a risk on them or believe in them at the start. So the Land Accelerator provides a $5,000 innovation grant for the top 15 from each annual cohort to convince other investors that these businesses can be investable. The Land Accelerator has three phases. First, an entrepreneur joins the program and receives TA support for three months before moving on to the next stage, which includes one-on-one mentoring and more business designing and reengineering, followed by a grant. Nevertheless, Land Accelerator has been able to develop a fund within WRI called the Terra Fund, which funds restoration entrepreneurs and locally-led initiatives. Once entrepreneurs graduate from the Land Accelerator, they can access the fund, which is currently worth between $50,000 and $500,000 and will rise to around $100,000 in the coming years.

Photo: Courtesy of Madagascar Bio Food, Land Accelerator Africa 2021 Graduate

Land Accelerator supports businesses whose primary business model is to be able to restore degraded lands. The different business models include agroforestry, tree nurseries, the government, the private sector, and timber forest products, for example, honey. However, clean cooking solutions are even more important.

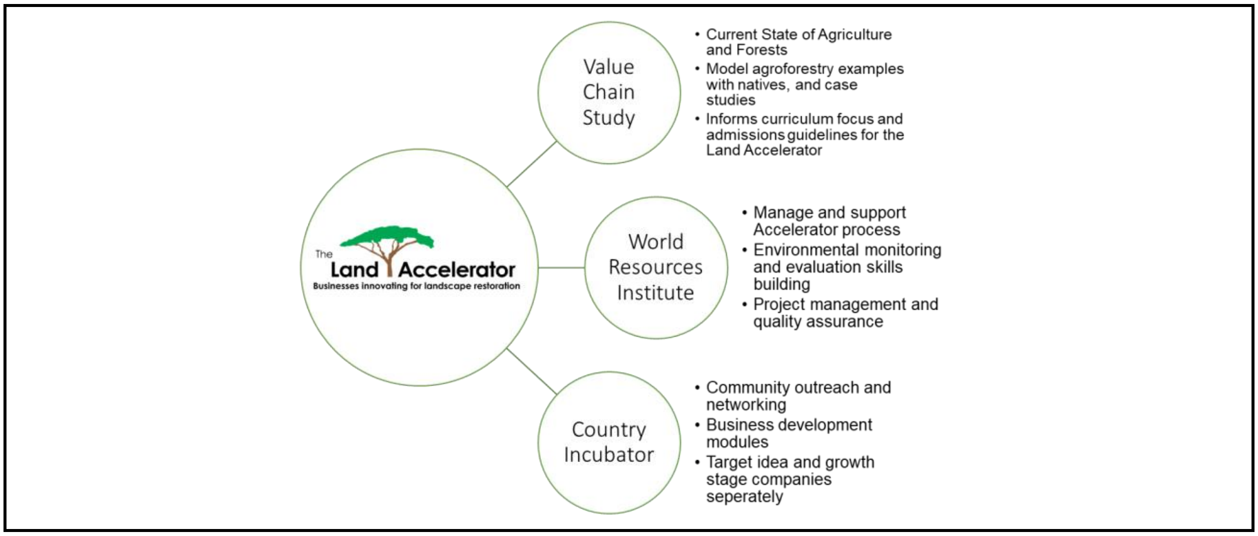

Photo: How a Land Accelerator National Chapter will work

Over time, it has become evident that the Land Accelerator can only help a particular group of people, i.e., 100 per year. Still, there are a lot of entrepreneurs. Hence, the Land Accelerator wants to get to the national level because operations have been mainly at the African level. It is important to note that the Land Accelerator is looking for partners to cascade the key lessons and practices to support more entrepreneurs.

3.4 Alternatives Africa

Alternatives is a private sector company, albeit one limited by guarantee. Hence, it is non-profit. The company accelerates micro- and small enterprises to help them provide affordable financial and nonfinancial business training, development, and support services up until the age of 40. The Alternatives Affordable Ecosystem propels young entrepreneurs into their dreams, goals, ambitions, and vision. The vision of Alternatives is to contribute towards social-economic development for national and regional transformation. The mother company, Alternatives, can handle research advisory, training, and consulting through this platform. Next is the Mimi Na Wewe Youth Sacco, a national youth circle founded by young entrepreneurs from among the youth themselves. Alternatives include Agrohub, a platform for young entrepreneurs in the agricultural sector to market, transact, trade, and share information. The last is the Inter-County Young Entrepreneurs and Professionals Association through this Affordable Ecosystem, established between 2015 and 2016 and running amidst many challenges. Nevertheless, one of the platforms often used to help resolve most of the challenges is the Youth Economic Dialogues, which enables advocacy for youth-friendly policies and an enabling environment with regard to policy, legislation, and regulation, which is where most young entrepreneurs and MSMEs have a problem.

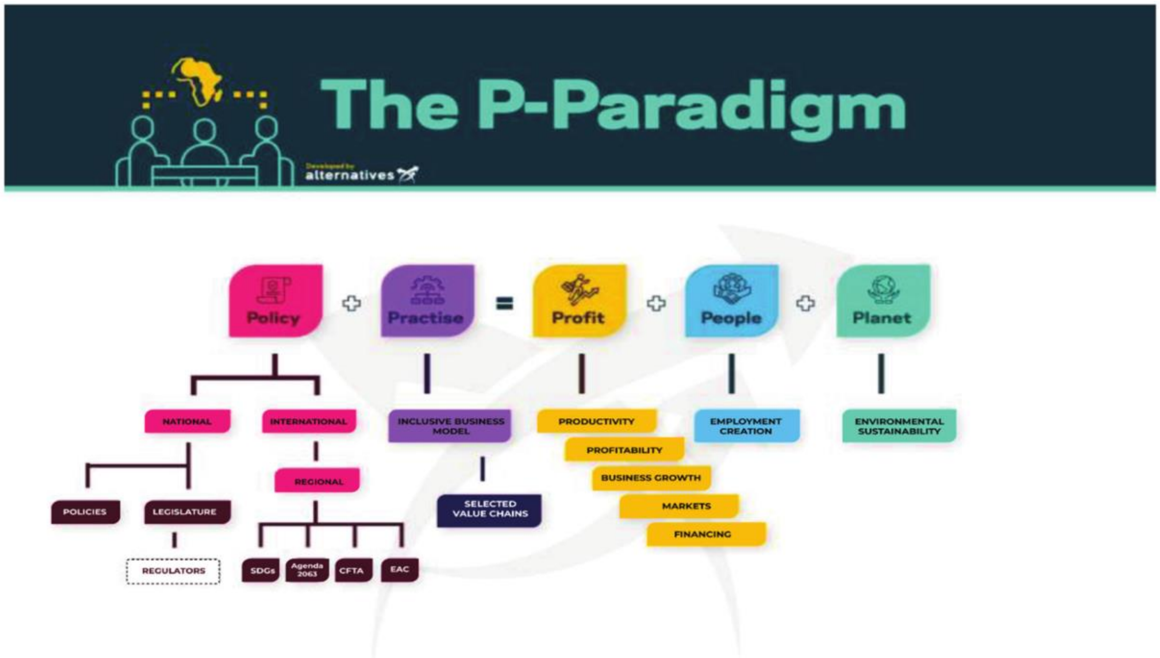

Photo: The P-Paradigm

The Alternatives Affordable Ecosystem aims to realize the P-Paradigm, summarized as policy plus practice equals profit, people and the planet. Profit is put before people because profit is a universal incentive, whether direct or indirect; therefore, it is the most sustainable incentive in the world today. Policy, whether national or international, going all the way down to regional, is critical, and it does not matter how well you hit the ground; if you are not hitting on policy, you are using a dull axe. Inclusive business models and a value chain approach based on sectors are used to ensure profit, people, and planet outcomes.

The key achievements of the Alternatives Affordable Ecosystem include the onion value chain, where young entrepreneurs grew onions successfully. Another notable achievement is the 3D virtual bilateral agro and food processing expo held during COVID in partnership with India, which produced outstanding results. Working with private and development partners to continue pushing for money, machinery, and markets—the three areas that Alternatives need to focus on. The Youth Economic Dialogues, the most well-known platform, has partnered with Economic Affairs because it is a research platform that brings together the private sector, government, sometimes development partners, and young entrepreneurs for candid discussions on various topics. Moreover, Alternatives has been honoured to design and develop the current youth strategy for Africa— the UNEP youth strategy for Africa. Alternatives just concluded evidence-based research on youth employment in agriculture and agro-processing in a consortium where Alternatives was the link for private sector engagement. Having the first youth in Enterprise Data on the mango and potato value chains was a massive win for this project, and this data has helped to hear the voice of the youth. Alternatives also held a policy to practice Roundtable Forum with the private sector, which brought together for the first time all chairs of the private sector, both for KEPSA and ASNET, as well as representatives from the Executive Office of the President, generation and limited, as well as the UN SDG platform.

Mimi Na Wewe
YOUTH SACCO

Alternatives came up with a solution so that the youth could contribute, and it is sustainable beyond time-bound projects—the Mimi Na Wewe Youth Sacco. Kenya has 14 million youth aged between 18 and 35. The youth are called high-risk by financial institutions, and so is agriculture. Mimi Na Wewe Youth Sacco is a Sacco where a young entrepreneur or any economically active youth can join for KES 500 and save a minimum of KES 35 per day. One of the loan products is agribusiness and agro-processing savings, which helps the youth create a financial history. The members get support from Alternatives concerning business planning, a support system concerning EAPA, and an agro-hub. When there are challenges that they face, Alternatives solve them through the Kenya private sector alliance or the agricultural sector alliance.

3.5 Restoration Stewards Programme

The restoration stewards program has been active for two years. The program aims to ensure that young people, experts, and restoration practitioners who have already taken matters into their own hands to make their landscapes livable and beautiful places that can support livelihoods and nature have the opportunity to scale their activities, have access to outstanding mentorship from experts in the field, learn from others, and also become ambassadors of restoration.

What makes the program different? It is a community-led movement for ecosystem restoration and conservation. The mentorship connects young restoration practitioners with leading scientists and researchers, which is important because it supports intergenerational learning. It is vital when younger experts quickly acquire the knowledge already there and enhance it with their new understanding of the science and practice they are involved in. It makes young people's visions a reality. It is for young people who want to bring change to their landscape but need more means. In addition, the young people become part of an extensive network, the Youth and Landscape Initiative Network, which already has more than 60,000 members.

The program's call for applications is launched annually in May or June. The call for applications targets activities and projects already underway, either early or late. They have to be youth-led. It has to be a team effort, with a youth leader leading this project. It is a project that could restore forests, mountains, wetlands, peatlands, raised lands, drylands, or oceans. This ensures there are different ecosystems where the project can take place around mid-year. The application for the program opens in June. At the end of the summer, the stewards are connected with potential partners and people who can support the program. Leading scientific organizations producing knowledge on restoration, conservation, and landscapes collaborate with the program. The selection committee reviews shortlisted candidates from August to September and announce the new restoration stewards for the year around November. From November to December, selected candidates are matched with mentors from leading restoration and conservation organizations who mentor them for the entire year of the program. The program is one year long and runs from January until December. In year two, the relationship continues through a strong alumni network and the opportunity to evolve into a GLFx Chapter.

The Restoration Stewards Programme consists of four main pillars: funding, mentorship, spotlight, and learning. Each of the winning projects that get the title "restoration steward of a particular ecosystem," i.e., "restoration steward of the forest ecosystem," gets 5000 euros. The stewards work with a mentor to create a timeline for the project and manage the small budget, but they can use this to enhance their problems on the ground. Mentorship has been one of the most important parts of the programme. The stewards feel supported by an experienced scientist who guides them through answering their questions and finding better and cheaper solutions for their different activities. They also get support through the mentorship programme to plan for this one-year programme. Learning is also a huge part of the programme. The programme has learning activities, workshop activities, opportunities to follow courses, and tailor-made soft skills workshops like public speaking and how to write a proposal. Spotlight is important in ensuring the stewards have access to a global platform, the Global Landscape Forum, which engages stewards in many ways, such as being involved in GLF social media takeovers, blogs, and landscape news, interviews with journalists, and speaking opportunities at GLF and other events.

4.0 Session 2: Ecopreneurship

4.1 Overview of Ecopreneurship

Ecopreneurship has many definitions, including a type of entrepreneurship that provides sustainable solutions—a business behaviour adopted by people who want to create a green business. Moreover, ecopreneurship refers to income-generating ecological activities that work with nature to derive sustainable economic benefits while conserving it.

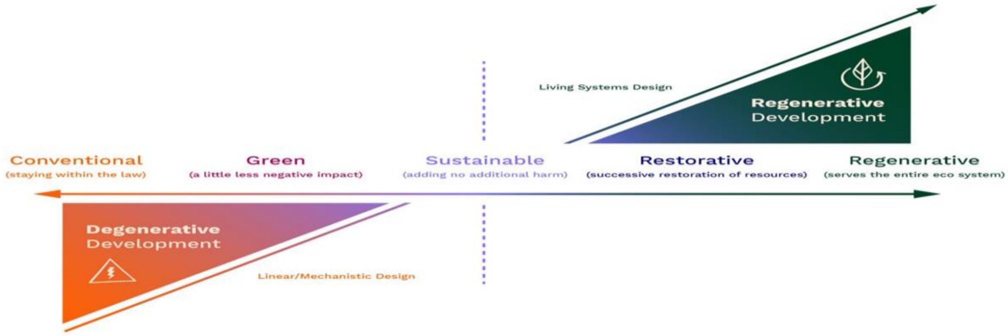

Photo: Business models

Within ecopreneurship, various business models can be adopted or implemented as an economic activity. These business models could harm the environment, conserve the environment, or sustain the environment. The five different business models include a sustainable business model, which entails conducting ecological restoration activities that do not harm the environment. Conventional business models that stay within the law. The regenerative business model serves the entire ecosystem. Restorative business models successfully restore resources—green business models with less negative impact.

When selecting a portfolio, one needs to evaluate the kinds of activities in terms of economic feasibility. Economically in terms of cash flows and analyzing the risks one may encounter while implementing the activity. The assessment of environmental and social impacts through climate risk analysis and land use for forest cover effects while valuing ecosystem service benefits is critical. Some of the business models are not feasible, and some of the resources may need to be more viable. This is mainly associated with the need for an appropriate tool to integrate different activities, the possibility of rebound effects, and the fact that regional-level impacts need to account for local environmental impacts.

The three business landscape innovations include technological innovation that involves the development of new technologies or on-the-ground practices (landscape restoration or agricultural intensification). Social innovation accounts for how landscape inhabitants come together to improve their place. It could be eco-tourism, landscape restoration, climate education, or green skills. Institutional innovation includes rules, policies, regulations, behaviour, cultures, government, and organizational structures. This type of innovation includes improving land tenure rights and landscape restoration activities.

The four major business challenges are access to input, lack of knowledge and technology, lack of access to credit, and lack of market. Some of the characteristics and risks of landscape investments include dependence on natural conditions (fluctuations in output and prices), seasonality (sometimes warehousing facilities), perishable products (warehouses, food processing), the quality of management, insufficient knowledge, strict investment policies, and matching problems (size or term of funds).

The learnings from the case studies include the following: a large majority of impact investors demand environmental and social returns as co-benefits without compromising financial returns. Institutional and commercial investors typically seek large-scale investments with a solid track record. Considering the additional technical assistance costs, environmental monitoring and certification are crucial. The governance of sustainable landscape investments is challenging, creating a tendency to move from a regional transition to a sector-based approach. Blended finance can be the solution to complement the risk and return appetites of different investors. Attracting cash flows directly from beneficiaries of ecosystem services might be worthwhile to investigate (selling carbon credits, companies paying for reduced water purification costs). Green agricultural credit lines are low-hanging fruit to channel investments for sustainable land use: provide adequate credit conditions, the right incentives, technical support, and a monitoring framework for sustainable production. Combine three perspectives: the landscape transition perspective, the farm-level perspective, and the financial investor perspective. Project partners need to build a joint vision of the three perspectives and understand how they interact. Institutional analysis is important. Current policy setup and level of enforcement, non-financial aspects influencing farm decisions: habits, traditions, know-how, trust, risk attitudes, land titles, and political circumstances.

4.2 Regreening Africa Approach to Value Chain Development

The Regreening Africa team realized that restoration needs more motivation for farmers to grow trees, prune trees, and manage their FMNR plots; hence, the Regreening Africa approach was designed to include value chain development. Value chain development entails different options because, within the value chain, there are different modes, from production to consumption, which are mainly informed by community needs. Another factor that influenced the Regreening Africa approach was the need for different value chains. Regreening Africa also realized the importance of having diversity within the farm. With the different seasons, if farmers have diversity in their farms, they can have products throughout the year, which means that the supply of income is available throughout the year, enabling them to invest the money in a savings group.

Value chain options include integrating vegetable, livestock, and crop production with tree growing, establishing woodlots, and boundary planting using high-value timber trees. Fruit growing combines early maturing, such as pawpaw, with integrated tree management (pruning trees for firewood, beekeeping within FMNR plots, harvesting grass for fodder, and animal pod collection).

Project implementers could help farmers develop value chains in various ways. Screening all the business options within the community. Once the list of all the options is available, the next step is to interact with the farmers and stakeholders in the area to get to know their priorities, interests, gaps, and challenges. Once the implementers have determined the farmer's interest, they can assist them in prioritizing one or two value chains per region. For example, in Kenya, Regreening Africa had many value chains such as seedling production, beekeeping, and avocado. The seedling production value chain involved helping farmers with the seeds and training them to establish nurseries. Once they can establish nurseries, they are trained in management models. Farmers run the nurseries as a business; hence, they can sell the seedlings. For the beekeeping value chain, Regreening Africa offered training because, in most cases, the farmers had received hives from other companies but needed the technology on how to use the hives. Some needed to learn how to manage the colonies or to do the product transformation. In addition, farmers were linked to the private sector for avocado production and got a market for their products.

Over the years, farmers have been making money from the different value chains and investing in restoration. Farmers are investing in very high-value fruit trees. Farmers sometimes hire labour to do other livelihood activities, especially crop production, using climate-smart technologies. Farmers are also saving money as part of the savings group to generate interest and use some of the money to do restoration work. The farmers use part of their money to buy beehives and processing equipment for the honey.

Regreening Africa has documented a few lessons from its experiences. (1) There is an opportunity for farmers to generate their income through the development of the value chain. (2) When you combine the short-term value chain with the long-term one, you can keep farmers motivated to engage in restoration activities. (3) With the income, sustaining the gains from restoration is possible. (4) There are opportunities to scale some of the value chains to an international level. Apart from avocados, even seedling production can be exported, and some farmers export seedlings to other countries after certification. (5) There is an opportunity to scale up options for more farmers. (6) Other opportunities include upgrading the value chain through certification for farmers to enter export markets. (7) Encouraging village-level trade fairs, for example, through farmer groups, encourages more farmers to do some of these activities.

5.0 Session 3: Sustainable Finance

5.1 Leveraging Climate Finance for Restoration: Introduction to Key Concepts

Climate finance refers to local, national, or transnational financing—drawn from public, private, and alternative sources of financing—that seeks to support mitigation and adaptation actions that will address climate change (UNFCCC). Carbon finance is an innovative funding tool that places a financial value on carbon emissions and allows companies wishing to offset their emissions to buy carbon credits from sustainable projects. Companies use carbon credits to compensate for their carbon emissions by adhering to emission allowances or contributing to sustainable projects. Carbon markets and credits are key sources of climate finance and contribute to the field of climate finance.

The history of climate finance can be traced back to the polluter pays principle, adopted in the mid-1990s, where an individual paid a certain amount for pollution. To some extent, it has become an integral part of international climate change discussions. The 2009 Copenhagen Accord: developed countries commit to mobilizing $100 billion per year by 2020 to address the needs of developing countries. It discussed public & private, and bi- & multilateral funding sources. This was later followed by the 2010 Cancun COP, reaffirming the Copenhagen $100b commitment and creating Green Climate Fund. The discussions called for funding to be prioritized for developing countries and predictable and adequate funding for developing countries.

Motivations for climate finance include the large investments required to reduce emissions and adapt. Key to helping poor countries reduce emissions, decarbonize, adapt to, and mitigate their effects. It enables poor countries to manage trade-offs between economic growth needed for poverty alleviation and reducing greenhouse gas emissions (mitigation, adaptation, and economic development).

Sources of climate finance are categorized into public finance and private finance. Public finance and intermediaries: ministries and government agencies; bilateral and multilateral financial institutions; climate funds: Tax revenues: ODA in the form of bilateral aid flows and funding channeled through multilateral institutions and climate funds (e.g., the Global Environment Facility (GEF), Adaptation Fund (AF), Climate Investment Funds (CIF), Green Climate Fund (GCF) etc.). In-country public revenues. Private finance and market sources include voluntary and philanthropic contributions from corporate actors, private households, private equity, venture capital, carbon market revenues, and carbon-related mechanisms (i.e. carbon taxes). These finances are often distributed as grants, non-concessional loans (debt), project-level equity, technical assistance, etc.

The main existing global funding mechanisms include the Global Environmental Facility (GEF). It is the largest multilateral environmental fund that provides grants and blended finance for projects on biodiversity, climate change, land degradation, sustainable forest management, food security, and sustainable cities in developing countries. Through its Small Grants Programme (SGP), the GEF has supported nearly 27,000 civil society and community initiatives in 136 countries. The Adaptation Fund finances projects and programmes that help vulnerable communities in developing countries adapt to climate change. Initiatives are based on the country's needs, views, and priorities. The fund has been fundamental in restoring over 575,000 acres of degraded landscapes. It has also supported civil society and the private sector through the Multilateral Fund, e.g., the World Bank. The Climate Investment Fund (CIF) provides developing countries with grants, concessional loans, risk mitigation instruments, and equity that leverage significant financing from the private sector, multilateral development banks, and other sources. The CIF's four key programs are Clean Technology Fund (CTF), Forest Investment Program (FIP), Pilot Program Climate Resilience (PPCR) and Scaling Up Renewable Energy Program (SREP). The Financing Locally Led Climate Action Program (FLLOCA) builds on Kenya's devolution strengths and views locally led solutions as the key to addressing some of the most fundamental climate issues at the grassroots level.

Some of the challenges to the effectiveness of climate finance are that the structure of climate finance is fragmented and bureaucratic, which is a major challenge because there are tools to access the finance, but how to access the finance becomes very hectic, i.e., telling an ordinary farmer to write a proposal. There is no centralized system for tracking all climate finance flows—no standard tracking methodology. One can try to engage different actors in climate finance, such as private and public actors, but tracking and packaging is a major challenge. These funds sometimes lack inclusivity and do not get to the local communities or marginalized areas where they are needed. Funds are inflexible and risk-averse. Capacity gaps. The issues of conditionality—the discussions around Nationally Determined Contributions where developing countries have pegged their contributions on conditionalities affecting the true spirit of climate financing. The last challenge is the national government's centralization of most climate finance.

The ARIN model helps support African practitioners and researchers in tapping into their skills when it comes to NDC financing in Africa. ARIN partnered with the Frankfurt School and designed the NDC Finance Fellowship Program to train individuals in African policy and research areas. The fellowship also seeks to strengthen the leadership of young passionate practitioners in NDC finance for enhanced knowledge sharing and good practices. Other key tenets of the fellowship are: contributing to online seminars, blogs, publications, reports, and journal articles on NDC finance. Continuous online discussions. Network opportunities and access to international professional networks of peers and leaders in climate change and finance. Promote dialogue and peer learning among researchers and policymakers on best practices for NDC financing.

5.2 Case study of Agroforestry Carbon Removal Units (CRUs) for the Organic Restoration of Nature (ACORN)

Acorn is a relatively new initiative that tries to unlock the voluntary carbon market for smallholders that are making a switch to agroforestry, and it is an initiative of Rabobank. Rabobank is a Dutch food and agricultural bank, building on its heritage as a food and agricultural cooperative bank founded by Dutch farmers. This is done because it is important to contribute to the global challenges around climate change, land degradation, and food security, notably to support smallholder farmers who are often severely affected by climate change and to support them in their livelihoods. On the other hand, carbon financing looks at the voluntary carbon market as a source of generating carbon and using a network of clients. Acorn desires to reduce or offset their emissions to pay for the carbon being sequestered, building new capabilities for the bank as the proposition is built on remote sensing technology.

When reducing emissions globally, it is important to ensure a reduction in carbon emissions and actively support initiatives where carbon is being sequestered. Smallholders or farmers, in general, can play an important role. Acorn tries to motivate more farmers to switch to agroforestry, which has versatile benefits and sequesters carbon. Agroforestry has all kinds of models whereby trees, shrubs, and annual crops are combined. Acorn would like to support more farmers in doing so because of the benefits of agroforestry that have become more apparent, such as the focus on improving soil quality and making farmers more resilient to climate change. Compensating farmers for the carbon that is being sequestered might make it more financially interesting for them.

Often, smallholder and smallholder projects need access to the voluntary carbon market because certification and monitoring costs are usually very high, making it complex and expensive to link those farmers to the voluntary carbon market. This means many farmers are not connected; if they are, a lot of the costs are used to cover that cost, so little money flows back to the farmers.

Therefore, the proposition aims to reduce the cost of certification and monitoring. Selling high-quality carbon credits ensures that as much money as possible flows back to individual farmers. Acorn minimises the cost of remote sensing by using satellite data instead of hand measurements to measure biomass growth remotely. Acorn has developed algorithms based on satellite data to monitor biomass growth remotely. Moreover, Acorn has tried to reduce the cost of certification by working with its framework and methodology, meaning that all the projects that adhere to the framework and are measured following the methodology are automatically part of the Acorn program and don't need to be certified on an individual basis, and Rabobank covers the costs.

Acorn offers high-quality credits. The credits are branded high quality because they are: "nature-based," meaning the carbon credits originate from naturally occurring ecosystems. Removal in that CO2 is sequestered from the air into nature-based systems. Ex post—carbon sequestration that has already occurred, with a full vintage of two years. Transparent as the carbon sequestered can be proven through data-driven measurements and analytics. Traceable in the sense that there is complete transparency regarding when and where carbon is removed and paid. Credits are certified and verified by an independent and trustworthy external standard. Units are additional and verifiable, have a conservative carbon baseline, and avoid double counting—co-benefits as the carbon credits contribute to at least 3 SDGs.

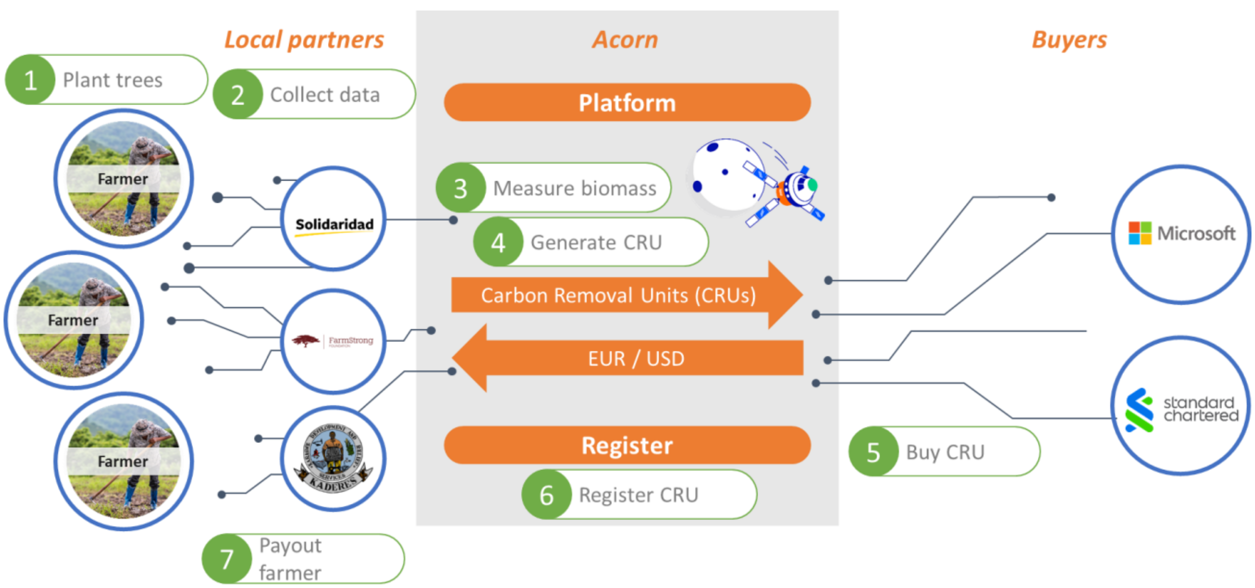

Photo: Acorn Platform

Acorn works with local partners who directly work with the farmers to ensure that they are supported in implementing suitable agroforestry systems. The local partners collect data on behalf of the farmers and register them on the Acorn platform to remotely measure the growth in biomass and translate that into certified carbon removal units that are sold to the voluntary carbon market for a minimum price of 20 euros per credit, of which Acorn keeps 10% to cover the cost of monitoring certification marketing. Acorn pays up to 90 per cent to the local partners, who keep 10 per cent, but the bulk, 80 per cent of this, goes to the farmers.

Acorn provides clear benefits for Local Partners (NGOs, governments, coop's) to participate as follows: Co-benefits substantially reduce the workload and resources required to link farmers to VCM, making it a viable business case. Improve client relationships by providing carbon payments at a fair price to smallholders in the network. It has increased the success rate of the implementation of agroforestry by ensuring an additional income stream for farmers. Additional income stream for Local Partner to cover Acorn-related costs at scale. Additional service for corporates to include on-farm sequestration in Scope 3 reduction, provided the farmer approves.

It is important to note that Acorn offers scalable solutions to measure, certify, and generate income based on the carbon that is being sequestered. However, Acorn only provides financing to make investments in switching to agroforestry. Acorn is also looking into possibilities to set up a financial facility to finance this transition, called Cooperative Carbon Finance, as a game changer whereby the carbon proceeds are the source of repayment.

5.3 The way Forward: How to improve financing and scale of financing in the continent

There is available finance for restoration; the bigger problem is assessing it and how it is used on the continent. In Africa, the ability to absorb and access finance differently is needed. Global funds like the GCF are the most significant investment in climate change and have a strong link to restoration, yet Africa still needs to access more. Most of the continent needs to catch up in accessing GCF financing. The total inflows of impact funds into Africa are much lower than in Asia and Latin America, indicating a big challenge.

The six ways to improve and scale financing on the continent are as follows:

1. Improving capacity to access and absorb. Training on technical skills that can help people access the funding, such as proposal writing and the kind of business cases that need to be presented.
2. Need to build business models around the restoration. If no business models exist, we limit access to grant financing rather than the private sector, which has more funds. Also, impact investing, for which investors need a return on investment. Profits are important, but cash flows are more important and need to be more consistent in the early periods when you aren't making enough.
3. Integrating tree commodities into restoration, like avocados. It helps eradicate poverty

and also has a sustainable income for long periods. It helps people make a living out of it and not be part of the green poverty band.

4. De-risk business by looking at insurance, guarantees, and also from multiple angles. Broadening the knowledge base where bankers can view agroforestry as a viable investment. Data collection and sharing with potential investors bridge the gap and change the perspective of financiers to see if it’s feasible.
5. Pulling and aggregating. Pulling groups together to work together to benefit from financing. It is important to find a workable aggregating mechanism. The bulk of implementers are smallholder farmers.
6. Performance-based finance. It is important to have this model; it will easily pull more investment into performance-based results and projects. It is a guarantee that financing restoration delivers and leads to fewer failures.

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