



Forest Carbon Partnership Facility

Private sector engagement

Eighteenth Meeting of the Carbon Fund (CF18)

Paris, France

June 20-22, 2018

Background

- In the Second Evaluation of the FCPF, lack of Private Sector engagement was identified as impacting effectiveness
- The evaluation recommended creating a private sector program designed to improve private sector engagement, to leverage and scale up PS commitment and participation in the FCPF
- FMT prepared a discussion paper defining the purpose, scope and means of private sector engagement in time for Carbon Fund (CF16)

Background

FMT Note CFM-2017-2:

1. Explore collaborative opportunities with relevant networks
2. Support increased role of private sector observer
3. Topical deep dives and knowledge products to inform private sector strategies
4. Program specific private sector engagement support
 - a) Develop PS engagement strategy for subgroup of CF counties
 - b) Pathway to sustainable sourcing partnerships in collaboration with Commodities/Jurisdiction Approach initiative

Work Program – Reminder of main sections

Three general approaches to Private Sector engagement – examples:

1. Private sector deals: Taylor Guitars in Cameroon – Grants, MoU, facilitation
2. Cooperative engagements: Cocoa and Forest Initiative with World Cocoa Foundation, & Green Fund
3. Industry commitments: Sustainable deforestation free cocoa sourcing, sustainable cotton standard, advise Bridgestone on zero-deforestation rubber opportunities
4. Sector entry points: Agribusiness, Finance, Energy, Mining

Progress since CF17 (June 2018)

Private Sector Engagement Work Plan

Explore collaborative opportunities with relevant networks (1/2)

- World Cocoa Conference-International Cocoa Organization participation in Berlin – April 18, Monitoring for Carbon and Cocoa workshop (Ivory Coast / Ghana / Dominican Republic, Olam, Barry Callebaut, Valrhona)
- Climate Focus/Meridian contract to support Cocoa and Forest Initiative (CFI) coordination and company action plans
- Test with CFI if co-designed MRV systems can meet country, international & company needs on data collection, sharing, reporting, verification → other commodities
- Innovate 4 Carbon: Summit, Boardroom session, Pitch Hub (Frankfurt, May 18) – resulted in high-level commitment to collaborate on meeting goals of CFI in Ivory Coast and Ghana

Progress since CF17 (June 2018)

Private Sector Engagement Work Plan

Explore collaborative opportunities with relevant networks (2/2)

- Planned workshop with IETA on designing results-based payment systems to encourage private sector investment (planned Q4 18)
- Agroforestry workshop with World Cocoa Foundation (planned Q4 18)
- Global Agri-Business Alliance is developing a landscape approach with Flora & Fauna International to operate with an inclusive model: *“leaders to raise the bar; a ‘critical mass of committed followers’ to engage the whole sector”*. We are exploring synergies on sustainable landscapes and smallholder livelihoods
- Exploring opportunities to engage in smallholder finance networks (supported by Meridian Institute)
- Livelihoods Fund for family farming (including 4 major companies) & L. carbon funds (12). Exploring synergies on vanilla/Madagascar, cookstoves/Ghana, palm oil/Indonesia, shea butter/Burkina

Progress since CF17 (June 2018)

Private Sector Engagement Work Plan

Topical Deep Dives and Knowledge Products to inform private sector strategies

- Exploring an agroforestry approach paper for the workshop
- IETA preparing a background paper for workshop on RBF systems and the private sector
- ER-PD snapshots for the carbon fund country portfolio (pilot samples: Ghana, Madagascar, Mozambique, Vietnam) – focused on information most important for PS investors/actors
- Developing an MRV system for carbon & commodities (test in Ivory Coast, Ghana on cocoa) that could be extended to a range of country and commodity contexts and serve as a tool for PS engagement, data sharing, and transparency
- Develop a video and a knowledge document on MRV to raise awareness of the benefits MRV systems can provide to a range of stakeholders and processes
- Private Sector Investment Strategy for ER-Program
 - Madagascar developed first example – already resulted in interest by GCF and several companies to consider co-investment opportunities in commodities in ER-Program area
 - Initiate PS Investment Strategies in advanced ER-Programs with opportunities for private sector investment

Progress since CF17 (June 2018)

Private Sector Engagement Work Plan

Program-Specific Private Sector Engagement Support 1/2

- Completing overview of strongest PS opportunities in CF portfolio; based on an initial review, deeper assessments in selected countries will be initiated.
 - 8 countries identified as potential high capacity for PS partnership for ER production and sustainable supply chain partnership
 - Number of countries identified the following as key drivers/opportunities: timber (11), cocoa (7), coffee (6), livestock (6), palm oil (4), rubber (3), charcoal (6), spices & fruits (2)
 - Madagascar has identified cocoa, coffee, vanilla and cloves projects with high PS investment and ER potential

Progress since CF17 (June 2018)

Private Sector Engagement Work Plan

Program-Specific Private Sector Engagement Support 2/2

Some examples being developed through the ER Programs:

- Madagascar building on the blueprint study we are developing a PS window proposal (coffee, cocoa, vanilla and cloves)
- Investor expressed interest for investing in Mexico/DRC/Cote d'Ivoire and Madagascar jurisdiction following the PS Snapshots
- Dominican Republic is developing a new PS proposal (cocoa)
- Mozambique on Cashew
- Indonesia Rubber and Cinnamon – (ISFL, but could serve for other jurisdictions)

Progress since CF17 (June 2018)

Private Sector Engagement Work Plan

Private Sector Observer

- Meridian finalized the PS observer assessment process & will present findings at this CF meeting

FCPF Private Sector resources

- New Senior Private Sector Specialist on board
- Consultant also hired for collecting information, matrix creation and analysis to support PS strategy definition with a particular focus on Latin American Countries.

Progress since CF17 (June 2018)

Private Sector Engagement Work Plan

Summary of upcoming activities

- Private Sector strategy for Carbon Fund countries
- IETA workshop
- MRV for commodities
- Agroforestry workshop with partners
- Finalizing PS snapshot portfolio
- Pursue the dialogue on IFC green bond opportunity and/or other financial innovation



Thank you!

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