

ISFL Private Sector Engagement Approach



BioCarbon Fund
Initiative for Sustainable Forest Landscapes





Working at
Scale

Leveraging
Partnerships

Incentivizing
Results

Building on
Experience

The ISFL Approach

The BioCarbon Fund Initiative for Sustainable Forest Landscapes (ISFL) is a multilateral facility that promotes and rewards reduced greenhouse gas emissions and increased sequestration through better land management, including REDD+ (Reduced Emissions from Deforestation and forest Degradation), climate smart agriculture, and smarter land use planning and policies. The ISFL will pilot programs and interventions at a jurisdictional scale in order to test approaches and share lessons learned broadly.

The ISFL will achieve its objective of greenhouse gas emission reductions, while also addressing poverty and unsustainable land use, through four key design elements:

- **Working at Scale:** Each ISFL program focuses on an entire jurisdiction (state, province, or region) within a country, which provides programs with the opportunity to engage with multiple sectors affecting land use and increase its impact over a relatively large area.
- **Leveraging Partnerships:** The ISFL will create partnerships with other public sector initiatives and private sector actors. Engagements with the private sector can take several forms, from collaborating on sustainability approaches, to blending finance in-country, to convening stakeholders to work toward complementary goals.
- **Incentivizing Results:** The ISFL will provide significant results-based climate finance over a 10-15-year period by purchasing verified emission reductions.
- **Building on Experience:** To work at scale effectively, the ISFL builds on the experiences and lessons learned by the BioCarbon Fund's initial work piloting land use projects, the national REDD+ readiness work of the Forest Carbon Partnership Facility (FCPF) and the United Nations REDD Programme (UN-REDD), and other land use initiatives.

The ISFL utilizes a landscape approach in each jurisdiction, which requires stakeholders to consider the trade-offs and synergies between different sectors that may compete in a jurisdiction for land use—such as forests, agriculture, energy, mining, and infrastructure. In doing so, solutions that serve multiple objectives and influence a variety of sectors can be identified. The goal of the landscape approach is to implement a development strategy that pursues environmental, social, and economic impacts at scale.

Learning from Engagements with the Private Sector

The ISFL focuses on engaging with the private sector to reduce GHG emissions from land use while creating livelihood opportunities. The Initiative has tested different approaches to engaging with the private sector since its program countries were selected in 2014 and has learned important lessons about the role of the private sector, the unique value of ISFL programs, and the most effective and efficient ways for programs to involve the private sector throughout their development and implementation.¹

To maximize the effectiveness of its efforts, each ISFL program addresses three essential questions about its jurisdiction to develop a theory of change and identify activities to be implemented in each jurisdiction as well as entry points for the private sector.

- **What are the main drivers of GHG emissions in the jurisdiction?**
- **Are these drivers linked to key commercial sectors and do they involve commodity supply chains, energy, infrastructure, other factors?**
- **What are the most effective and efficient ways to reduce GHG emissions from these sectors?**

ISFL programs provide significant investment potential for sustainable action. Primarily, the ISFL reduces the risks associated with initiating and scaling up sustainable private sector investments by strengthening regulatory environments, supporting sustainability commitments, convening public and private stakeholders, and providing some finance to pilot innovative approaches. By reducing overall risk, the ISFL can catalyze sustainable investments. It is a win-win situation for all affected parties—communities, governments, private sector actors, and the environment.

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¹ As a result, the ISFL has refined its Private Sector Engagement Approach from its first iteration in 2015.

The private sector can be involved in sustainable development in several ways and initiatives often focus on leveraging investments for sustainable land use. The ISFL is interested in amplifying efforts in this space, not duplicating them. Therefore, the ISFL knows from experience where it adds value for the private sector, how the private sector can engage most efficiently, and which areas provide the largest number of opportunities for collaborative effort.



ISFL's Private Sector Engagement Approach

The ISFL has identified three ways of working together with the private sector that take advantage of the Initiative's added value:

Cooperative Engagements: The WBG is pursuing cooperative action to direct global private sector efforts and investments to ISFL jurisdictions. Rather than starting from scratch, the WBG is finding ways to support and expand existing work by champions of sustainable land use, and build on existing capacity and knowledge.

Examples of this kind of engagement include the following:

- Working with the Tropical Forest Alliance 2020 and similar initiatives to promote action in ISFL jurisdictions, like the Orinoquía in Colombia.
- Validating the ISFL ER Program Requirements as sufficient to meet the selection criteria under global initiatives such as the Commodities/Jurisdiction Approach and the andgreen.fund.

Industry Commitments: ISFL programs support private sector commitments and actions (by companies or industries), including the creation and implementation of sustainability and zero-deforestation policies and sourcing standards. In an effort to bridge the gap between high-level corporate pledges and operations on the ground, the WBG is reaching out to companies, encouraging sustainability units to collaborate with ISFL programs.

Examples of this kind of engagement include the following:

- In May 2017, the ISFL together with the World Cocoa Foundation and Climate Focus, released a report that presents a first set of principles for achieving sustainable, deforestation-free cocoa production. Eliminating Deforestation from the Cocoa Supply Chain² analyzes current sustainability projects and best practices in the cocoa sector and

2 The report may be found at <http://www.biocarbonfund-isfl.org/ISFL%20Documents>.



endorses the business case for moving toward deforestation-free production models. Following the publication of this report, the World Cocoa Foundation and the leading cocoa producers are working to develop a global public-private framework of action to address deforestation in the cocoa supply chain.

- **The WBG is working with cotton companies in Zambia to adopt standards for zero-deforestation sourcing in the Eastern Province. Practices for zero-deforestation cotton were analyzed in an ISFL study.**
- **The WBG is exploring ways to collaborate with the private sector on restoration efforts, considering existing and burgeoning sustainability commitments across various sectors.**

Private Sector Deals: The WBG is partnering directly with global and local companies, including through the IFC, to leverage private sector investments in ISFL jurisdictions.

Examples of this kind of engagement include the following:

- **The ISFL’s first partnership in Ethiopia—with Nespresso, TechnoServe, and the IFC (see box).**
- **Partnerships with dairy companies are being explored in the Orinoquía region in Colombia to address livestock as a driver of emissions.**
- **Partnerships with cotton companies have been scoped in Zambia’s Eastern Province.**

There are other ways that the WBG can and does work with the private sector on ISFL programs that do not require additional or significant funding. Most importantly, as mentioned above, ISFL programs utilize grant funding to create entry points for engaging with and leveraging finance from the private sector, including through regulations, capacity for enforcement, land use planning,

extension services, and other activities. Dialogues with the private sector and other key stakeholders on these opportunities begin early in the design phase of ISFL programs to help build trust between the government and private sector, raise ambition to go beyond already adopted practices, and overcome some inherent mismatches in timelines and expectations between these two groups.

In addition, strong groundwork underpins all ISFL private sector engagement through Initiative’s support for knowledge generation and the operationalization of commitments. This takes the form of analytical work to support industry action and the convening of stakeholders—among others, by organizing workshops with government, civil society, and private sector stakeholders – to discuss sustainable private sector development and opportunities for engagement. In addition, improvements made to enabling environments through grants can provide essential outputs like maps and monitoring systems that could make it easier for the private sector to implement sustainability commitments.



By concentrating its efforts on the three ways of engaging the private sector detailed above, the WBG can build on existing efforts, while focusing on the geographies and sectors most relevant to the ISFL’s programs. In this way, the WBG can test innovative approaches to working with the private sector on sustainable land use while advancing progress toward achieving results.



Public-Private Partnership (PPP) for Sustainable Coffee in Ethiopia

The ISFL has secured a first-of-its-kind partnership with Nespresso and TechnoServe through the IFC. This partnership will provide \$3 million in support to farmers to increase the uptake of sustainable coffee production practices. This landmark deal will be combined with a \$3 million loan funded by the IFC to support smallholder coffee farmers and producer wet mill businesses in Ethiopia and Kenya. More importantly, this engagement has the dual benefits of reducing the pressure on forests for agricultural land and improving coffee quality and yields, which translates to livelihood outcomes for farmers. This innovative partnership is a critical piece of the ISFL's engagement with the private sector on development and sustainability opportunities and the ISFL is analyzing opportunities to replicate this model with other sectors in ISFL countries.



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Action to conserve, sustainably manage and restore forests can contribute to economic growth, poverty alleviation, rule of law, food security, climate resilience and biodiversity conservation.

—New York Declaration on Forests



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