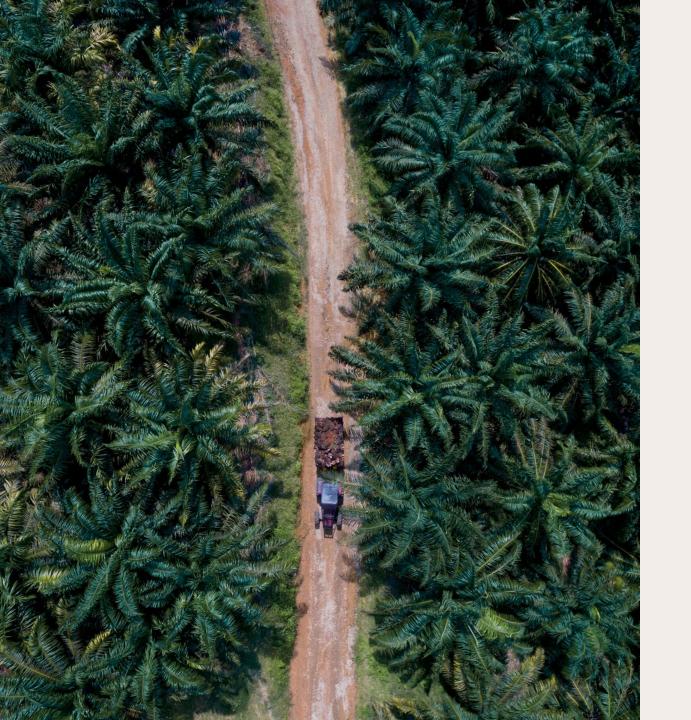


# **Green Finance in Practice** *Successes and Challenges*

GLSTF Sub-Forum 4 Keynote, Session I 12 September 2024





# Successes and Challenges of Green Finance

The growth of green finance

Our experience financing land-use

Key issues to be resolved

Paths forward



## The growth of green finance

Green finance according to the **UN Environmental Programme** (www.unep.org)

"opportunities that bring both a decent rate of return and environmental benefit..."

Current status:

- Instruments: green loans, green bonds, micro-credit insurance etc.
- Assets under management: approx. USD 1 trillion





## **Our experience financing land-use**

#### Agroforestry

- Benefits: carbon sequestration, biodiversity, soil improvement, additional income
- Drawbacks: land competition, obstacles for mechanisation, absence of markets

#### Regenerative Agriculture

- **Benefits**: enhanced yields, lower production risk
- Drawbacks: new skills, additional labour, and specialized equipment required

#### Climate-smart Agriculture

- Benefits: climate adaptation
- Drawbacks: specialised knowledge and scale required

#### Plantation Forestry

- **Benefits**: deforestation free timber, biodiversity, community income opportunities
- Drawbacks: trust, conflicts with traditional land tenure, long term income horizon





## Key issues to be resolved

#### Inclusion of marginalised groups

- Slash-and burn farmers and artisanal loggers are key to deforestation
- Have little access to resources, knowledge, or financial support
- Are excluded due to informal status, lack of collateral, or perceived high risk

#### Measuring true impact

- Land-use practices impact carbon emissions, biodiversity, and sustainable livelihoods
- Investing in measurement of positive impacts can attract additional funding
- Misrepresentation threatens credibility and access to funding





## Paths forward...

#### 1. Capacity Building and Community Engagement

- Technical training, ongoing support, and education on sustainable practices
- Transparent communication, shared decision-making, and fair benefit-sharing

#### 2. Market Development and Access

- Create reliable and transparent markets for e.g. ecosystem services
- Connect sustainably produced goods with consumers willing to pay a premium
- Develop local processing facilities to add value close to the source





### ...Paths forward

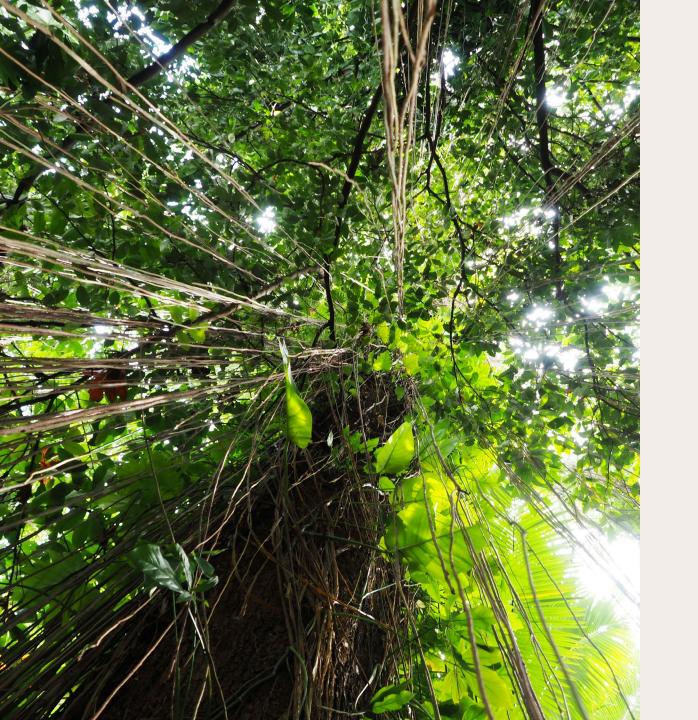
#### 3. Tailored Financial Solutions

- Align incentives and meet needs of agricultural and forestry SMEs and smallholders
- Patient capital, concessional loans, risk-sharing, and results-based payments
- **Highlight**: CFC, ITTO, and CAFI collaboration on PES for Central African forestry

#### 4. Adaptive Management and Monitoring

- Combine monitoring of environmental and socioeconomic impact
- Continuous feedback loops and adaptation





# Concluding remarks and Thank you!