Template for report and accounts for organisations under the Climate and Forest Initiative funding scheme for civil society

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1. General Project Information:

1.1   Name of recipient organisation: IUCN

1.2   Reporting year: 2016, but report for life of project.

1.3   Agreement Number: MEU-13/0054

1.4   Name of project: Advancing REDD+: Mobilising private investment for community-based, carbon-intensive landscape restoration[1],[2]

1.5   Country and/ or region: Brazil, Ghana, Guatemala, Mexico plus global activities

1.6   Financial support to the project from Norad for last calendar year 2015: 7,185,000 NOK

1.7   Thematic area: Sustainable Landscapes

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2   Describe the project's progress for previous calendar year:

2.1   Give a short description of the **project's target group(s)** and what the baseline for the target group was at the start of the project (from the approved project document).

The primary target groups include:

- Communities in rural areas that will directly benefit through access to capital and a suite of landscape management options designed to improve the stocking and extent of community-controlled forests and the productivity of their farmland. The baseline for this group, depending on the scale of intervention in a given country, varies from some communities already engaging with the private sector on Forest Landscape Restoration (FLR), to none.
- Decision-makers at both district and national level from several land-use departments/agencies that will benefit from information and greater cross-sectoral learning as to how new sources of finance can be mobilised to support the implementation of national REDD+ strategies in coordination with other national priorities (for example, food security). In all countries, decision makers at the national and subnational levels had varying degrees of awareness about FLR. However, the baseline is

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[1] In this report, restoration is meant to focus specifically on forest landscape restoration. This type of restoration uses a long-term process to regain ecological functionality and enhance human well-being across deforested or degraded forest landscapes.
[2] In this report, the project is referred to as "PILaR".

that in most countries, most decision makers were not thinking of private sector support to FLR or its wider link to REDD+.

Secondary target groups include
- Civil society constituencies (e.g. women/NGOs) will benefit from a stronger role in national processes, and from access to information, tools and capacity to facilitate restoration activities,
- Governments will benefit from support to develop policies for investment in forest landscape restoration that leads to improved economic development,
- Private investors (e.g. venture capital, private equity, social and philanthropic investors) with restoration interests will have better information and opportunities to engage in national strategies,
- Beyond the target countries, other governments, investors and communities will be able to learn, adapt and implement using the project approach to enable further scaling up of investment,
- At the international level, donor countries, land-use & climate change ministries and REDD+ negotiators will receive new analysis to support policy-making and investment decisions.

2.2   Please repeat the project's **desired impact** (from the approved project document).

Sustainable forest landscapes that enhance carbon stocks and improve social and economic returns to farmers, communities and investors, facilitated by private sector investments.

2.3   Is the project still relevant for the desired impact? (Yes/No) If No, please give a short explanation.

    Yes

2.4   **Main outcome(s).**
    a) Please repeat the project's outcome(s) (effect on project´s target group(s), counterpart(s), beneficiary (-ies)) (from the approved project document).

The desired outcomes of the projects are:
    1: Assessment and Capacity – Local, national and international partners mobilized with capacities to identify, negotiate and agree the terms of forest landscape investment opportunities
    2: Piloting and Scaling Up – Investments in carbon intensive sustainable landscape restoration aimed at delivering a suite of co-benefits piloted and scaled up
    3: Learning, Outreach and Uptake – Real-time feedback loops demonstrate and communicate successful investment strategies to national, regional and international policy makers and international investors

    b) Please report on all outcomes from the project document:

        i.   What changes have been achieved with reference to the baseline?

In section 3 of the approved project document, the baseline situation indicated that in order to achieve restoration which decreases poverty and increases economic benefits, a "balanced package of locally defined goods and services" was needed. Furthermore, it was indicated that for progress to be made, "the myth that restoration is costly and does not deliver benefits for a very long time" would need to be overcome. Finally, it was stated that the restoration portfolio of projects to deliver balanced benefits would need to come from both public and private sector sources.

<u>In terms of having balanced packages of locally defined goods and services, critical to Outcomes 1 and 2,</u> there was progress on elaborating national or subnational restoration strategies which focused on the benefits for multiple stakeholders; these outputs helped define goods and services from the local perspectives. In Brazil and Guatemala, national restoration strategies were developed through participatory approaches engaging all concerned actors. In Guatemala, initially the project was solely focused on one eco region. However, upon project implementation, two additional areas were identified and prioritized, taking into account the number of goods and services that these ecosystems provide to those regions. Thanks to the increase in sites in different regions, additional business models were developed which contributed to a broader geographic representation of cases to support the restoration strategy and the contribution of the private sector. In Mexico, the project actively involved the governments of the 3 states of the Yucatán Peninsula which are now including restoration as one of the main priorities within their political agenda, work planning and promotion of the need for inter-institutional integration. Jurisdictional governments are now empowered for planning restoration within their own borders. (http://www.ccpy.gob.mx/agenda-yucatan/cooperacion-internacional/bonn-challenge.php). The project contributed to the creation of a restoration committee within the newly launched Regional Climate Change Commission of the Yucatán Peninsula. This body will be crucial for endorsing the restoration strategy at the regional level and for promoting inter-sectoral integration between the two ministries for the implementation of the restoration strategy. https://iucn.org/es/noticias/noticias_por_region/mesoamerica_news/?19028/creacion-mesa-restauracion-paisaje-Comision-regional-cambio-climatico-Yucatan.

<u>Dispelling myths by the private sector about the costs and benefits of restoration</u> was addressed by Outcome 3: in several countries, significant steps were achieved whereby laws were passed or high level discussions held about private sector investment. In Brazil, a national stakeholder discussion was initiated and this included lead representatives from the private sector, and is helping to foster coordinated actions to address legal uncertainty and unlock public and private investments in restoration. These coordinated efforts are tackling technical, financial and legal gaps which have been preventing the uptake of restoration initiatives at the country level.

In terms of <u>developing a portfolio of public and private investment </u>(addressed in Outcome 2), there has also been progress. For example, although for many years, Guatemala has had large publicly funded programs for restoration on private land, there had been no restoration strategy and little role for the private sector. Due in part to support from the project, stakeholders were brought together to create a national restoration strategy and the PROBOSQUES Law was passed, which foresees a contribution from both the public and private sector to restoration. In Ghana, a private sector roadmap for guiding investment in restoration was developed to guide future steps.

ii.   Please report on the key indicators used to document that the desired change has occurred.

We assess the three key outcome indicators using the ranking and criteria below:

Ranking	Description	Criteria
1	Above expectations	- Activities and results exceed log frame indicators - There have been significant time and/or resource efficiencies - Results are being achieved significantly faster than expected - Project activities have contributed to unexpected positive results
2	On target	Activities and results align with log frame indicators

3	Below expectations	• Activities and results fall below log frame indicators • There are significant delays in delivery • There are significant delays in achieving results • Results are significantly lower than expected

The key indicators used to document desired change (as listed in the approved project document log frame, at the Main Outcome level) are:

1. Local, national and international partners mobilized with capacities to identify, negotiate and agree the terms of forest landscape investment opportunities.
2. Investments in carbon intensive sustainable landscape restoration aimed at delivering a suite of co-benefits piloted and scaled up.
3. Real-time feedback loops demonstrate and communicate successful investment strategies to national, regional and international policy makers and international investors.

The table below presents the verification (one per outcome) from the log frame from the approved project document and includes explanatory remarks to justify the ranking for each indicator.

Indicator & rank	Verification	Explanatory examples
1	Partners have received capacity support (training, tools and knowledge) that has facilitated effective investments in pilot sites.	A ranking of "above expectations" is given for this outcome. The knowledge generated and tools used resulted in outcomes exceeded expectations in terms of unlocking commitments to finance restoration from the private sector. This is particularly notable in Brazil and Guatemala. • In Brazil, the national restoration strategy (PLANAVEG) integrated private sector investment into strategic plans. PLANAVEG helped to unlock investments of nearly NOK 300 million, and engaged the private sector in a broad debate on financial mechanisms to leverage restoration in Brazil. • In Guatemala, three business models were developed for landscape restoration through cocoa agroforestry sytems, Guatemalan fir, and riverbank forest restoration. These models served as inputs for the PROBOSQUE Act and will guide future investment by both the public and private sectors. • In Ghana, new maps on the condition of forest reserves helped the Forestry Commission to delineate the areas suitable and available for restoration activities where Public Private Partnerships could be established. • In Guatemala, project supported outputs such as the Guatemalan Potential FLR Map, an analysis of the legislative and regulatory framework, three restoration business models, resulted in the development of the National Restoration Strategy. • In Mexico, a geospatial model was defined which identified priority areas for the implementation of

		pilot actions for restoration and investments.
2	Value of private sector investments at each pilot site. Clear evidence of functional and equitable investment mechanisms in place.	A rank of "below expectations" has been given here because the project was not able to fully deliver on developing partnerships at the local level with evidence of investment mechanisms in place. This was primarily due to a lack of a good investment climate in each country, which was explained in our global and national studies. For further explanation, please see section 2.4.b.iv. • Through studies conducted during the project both at the global level and at the national level, in all cases, there were significant barriers to investing in FLR. • These reports identified many regulatory, financial and governance constraints for investment in restoration, and that achieving FLR investment objectives will take time. For investment to be attractive, changes to policies and regulations need to occur which will then positively enhance the investment climate in each country, which would then lead to creating partnerships in restoration amongst the private sector, public sector, and with communities. • In Mexico, exploratory work was undertaken to support an association of gum producers to raise funds for product diversification and for development of its existing chewing gum product. This approach could include expanding its existing productive area using an FLR approach. • In Brazil, steps were taken to develop the «restoration value chain» by engaging with nursery producers through a community-based approach to strengthen links of the restoration value chain and helping to create business cases. • In Brazil, at one pilot site, agreements were established between landowners and investors, based on analyses of investment cases and of added value of economic and technical packages. • In Ghana, a 'roadmap' for investments in restoration was developed. However, a national study indicated that the barriers to FLR investment would take time to remove.
3	New information and knowledge on landscape restoration available to different stakeholder groups. Learning from pilot sites and policy shifts disseminated at national, regional and international fora.	A rank of "on target" is given here. • The international momentum of states making pledges to the Bonn Challenge, and the recognition that state bodies receive for doing so helps disseminate good practice and stimulate interest in FLR. Many national bodies made pledges to the Bonn Challenge to restore their lands including in Guatemala, Brazil and Mexico. These pledges promoted alignment of inter-institutional programs

	  and perspectives within the framework of defined restoration strategies and generates enabling conditions to promote private investment in restoration. • In Guatemala, the PROBOSQUES Law and in the national restoration strategy provide for investment by the private sector in FLR. • A global study on the barriers to FLR investment, including drawing on national case studies, was presented at the Global Landscape Forum. • A learning exchange amongst project countries occurred in Guatemala. • A Brazilian investment FLR exchange invited Central American colleagues to share experiences.

For further explanation on why some indicators were difficult to report against, please see section 2.4.b.iv.

The common indicators that were submitted in March 2016 to Norad for understanding how PILaR contributed to Norad overall goals for the Climate and Forest Initiative funding in 2013-2015 have not changed. We specifically reported on hectares of targeted landscapes covered by sustainable land use plans, number of people whose main income/livelihood is from sustainable land use in targeted landscapes, contribution to changes in policy and plans for land use in targeted landscape, models developed/piloted and practices changed, and Adoption of REDD+ safeguards (UNFCCC Cancun safeguards).

> iii.   Please reflect on whether targets that were originally set have been achieved, and what project outputs were key to achieving them. If relevant reflect on why outputs delivered as planned did not help meet the targets

This section presents the targets by outcome, highlighting some key outputs in some countries that contributed to each outcome (i.e. target).

Outcome 1: Assessment and Capacity – Local, national and international partners mobilized with capacities to identify, negotiate and agree the terms of forest landscape investment opportunities

In general, across all countries and at the global level, capacity was increased for partners to negotiate FLR opportunities. Outputs in general included mapping restoration opportunities, developing national restoration strategies, and making pledges to the Bonn Challenge. These outputs were critical to enable outcomes in changes in policies, laws or national discussions which favour private sector investment into FLR. Outputs and outcomes generally benefited decision-makers and governments. For example, in Brazil, the project's advocacy efforts were targeted at state and federal policy-makers and culminated in the preparation of a national restoration plan (PLANAVEG). The project's country-wide mobilisation effort during the development of PLANAVEG helped to unlock investments of nearly NOK 300 million. This engagement was particularly important as the private sector pushed the government towards this ambitious plan. The plan was made public during the UN Conference on Biodiversity in Cancún, Mexico on December 3, 2016. https://news.mongabay.com/2016/12/brazil-pledges-largest-restoration-commitment-ever-made/ Decision-makers at the national and state levels have been empowered and equipped to turn restoration commitments into reality. In collaboration with other key partners such as the World Resources Institute-Brazil, The Nature Conservancy-Brazil and the World Wide Fund for Nature-Brazil, the project has also enabled private sector and civil society actors to participate much more fully in Brazil's restoration agenda. Local, national and international NGOs are now providing inputs

for fine-tuning the national restoration plan, while private investors are engaged in a national debate on potential financial mechanisms to leverage restoration. https://www.iucn.org/node/26386

In Ghana, new maps on the condition of forest reserves helped the Forestry Commission (FC) to delineate the areas suitable and available for restoration activities where Public Private Partnerships could be established. The mapping process helped the FC to lead the REDD+ process where restoration has become prominent. However, in Ghana, a study was carried out to assess the economic benefits of six restorations interventions, finding that the success of restoration interventions will depend on secure land tenure, enabling laws on tree ownership and supportive regulatory environments. This study was followed by a value chain study in the forest sector of Ghana. The six studied value chains were found to be under-producing and have significant regulatory barriers, insufficient infrastructure and poor institutional support. These results were further supported by the global study on restoration and investment (see section on Outcome 3 below). Guatemala, in September 2014, committed to restore 1.2 million hectares of degraded and deforested land as a contribution to the Bonn Challenge. http://www.bonnchallenge.org/content/guatemala Project supported outputs such as the Guatemalan Potential FLR Map, an analysis of the legislative and regulatory framework, three restoration business models, resulted in the development of the National Restoration Strategy and the PROBOSQUE law. The law establishes an incentive programme providing at least US$ 39 million per year by the government with an additional US$ 76 million expected from the private sector to support reforestation, restoration and sustainable forest management https://www.iucn.org/node/25844. In Mexico, a geospatial model was defined which identified priority areas for the implementation of pilot actions for restoration and investments. A study found 5 types of investors that could be interested in investing in restoration opportunities. Then, businesses for private investment in restoration were identified and the potential impact of each opportunity was defined, with a specific focus on chiclé (tree-derived sap used in the production of chewing gum).

Outcome 2: Piloting and Scaling Up – Investments in carbon intensive sustainable landscape restoration aimed at delivering a suite of co-benefits piloted and scaled up

In general, the project's engagement with private sector, communities and civil society stakeholders strengthened their capacities to negotiate and agree to the terms of investment opportunities. The project also helped develop a market for restoration. As such, rural communities, decision-makers, NGOs and investors have benefits as the target groups from this Outcome. For example, in Brazil, the project supported the structuring of seedling production (part of the restoration productive chain); it also formalised trade agreements for restoration between the private sector and seedlings producers. Elsewhere, the project helped establish agreements between landowners and investors, based on analysis of investment cases and of added value of the economic and technical packages. Investments unlocked in part by the project are expected to lead to the restoration of nearly eight million ha in the Amazon and two to four million ha of the Atlantic rainforest. These restoration efforts will ensure community access to capital and a suite of landscape management options to improve carbon storage and farmland productivity. By contrast, in Ghana, piloting and scaling up restoration investment opportunities proved to be difficult. Based on project-supported studies, a number of barriers to the development of restoration-related value chains were identified including: 1) inadequate policy support ii) lack of competition in some value chains iii) inadequate hard and soft infrastructure, iv) institutional gaps; v) low production yields and vi) inadequate business and technical management skills among actors. Investment opportunities were identified to exist in the production and processing parts of the value chains as the profitability tests carried out returned positive net worth by almost all identified crops. Ghana's continued stable political environment is a favourable condition for attracting long term funding required for restoration-related investments. However, improvement in the current macroeconomic environment in terms of high budget deficit, unstable exchange rates and high interest rates as well as the readiness of restoration environment were identified as necessary conditions for attracting investments. In response to these challenges, a 'roadmap' for investments in restoration in Ghana

was produced, led by a private sector project collaborator, and collaboratively developed by private sector companies and forest stakeholders.

Outcome 3: Learning, Outreach and Uptake – Real-time feedback loops demonstrate and communicate successful investment strategies to national, regional and international policy makers and international investors

In general, at the national and international levels, information was communicated in time to influence changes in policies, laws, and debates. This impacted decision makers and governments as the target groups, as identified in the approved project document.

In terms of changing the content of national discussions on investing in FLR, in Brazil, IUCN co-organised a high-level dialogue on restoration in Brazil which had a strong presence of the private sector. More than 600 people, including notable representatives from different sectors (e.g. politics, business, commercial forestry) gathered to exchange ideas on finance mechanisms, governance and engagement of the private sector. https://www.iucn.org/news/seminar-addressed-challenges-and-opportunities-low-carbon-economy. In Guatemala, IUCN supported the development of the National Restoration Strategy. This process was spearheaded by the development of the National Forest Landscape Restoration Table (MNRPF) which joined more than 40 actors from governmental institutions, decentralized governmental entities, academia, civil society, private sector, and finance sector. Political, technical and strategic level decisions related to building and implementing the National Restoration Strategy are taken by this body. The project-funded reports and knowledge shared during the MNRPF directly contributed to discussions which helped develop the strategy.

In terms of contributing to national REDD+ strategies, in both Mexico and Ghana, project findings and lessons were integrated into the National or subnational REDD+ Strategies. Furthermore in Mexico, during the launch of the Regional Climate Change Committee of the Yucatán Peninsula (CRCCPY) by the three states together, it was agreed, following IUCN's request, to establish a restoration Regional Committee within the CRCCPY for validation of the regional restoration strategy. As a result of this process, official pledges to the Bonn Challenge by the states of Campeche, Yucatán and Quintana Roo were launched at the COP21 in Paris.

http://www.ccpy.gob.mx/agenda-yucatan/cooperacion-internacional/bonn-challenge.php
A strategic partnership was promoted with the Governors' Climate and Forests Task Force (GCF), which, in Mexico, includes five states. The alliance will promote the uptake of the restoration strategy and the Bonn Challenge within the GCF and other South-South cooperation networks linked to the GCF platform, allowing for broader learning exchanges. In partnership with IUCN's Global Gender Office, an Action Plan on gender and REDD+ for the Yucatán Peninsula was developed and guidelines were produced for mainstreaming gender into mitigation and adaptation efforts in the Yucatan Peninsula https://portals.iucn.org/library/sites/library/files/documents/ST-GFE-no.06.pdf. These documents ultimately led to incorporating gender perspectives into the REDD+ Strategies for the states of Yucatán and Quintana Roo.

In terms of communications and learning, a workshop was held with 38 attendees from 8 countries. The meeting, held in Guatemala, sought to place PILaR's work within the national and international contexts of restoration, foster cross-country learning on successes and failures in mobilizing private sector investment in restoration, support innovation and thought leadership on private sector investment in restoration across PILaR countries and refine country work-plans. This meeting allowed participants to exchange experiences, learn from private sector engagement occurring in all project countries, learn about potential investment models, as presented by the financial expert at the meeting, and seek to collaborate across units (e.g., participation in this meeting by both Mesoamerican and South American colleagues resulted in the Mesoamerican colleagues being invited to a Brazilian meeting on investment and restoration). Blogs were written about this invent, including interviews with financial experts that attended. https://www.iucn.org/content/south-central-america-and-africa-exchange-knowledge-financing-landscape-restoration

https://www.iucn.org/content/motivating-private-investment-restoration

In terms of communicating lessons on barriers to FLR investment, a study was conducted across the four project countries to identify the barriers to investment in restoration. This study included the consultant team visiting each country, interviewing representative stakeholders and analysing the policy context and investment risk in each country. This report resulted in a greater understanding of the challenges in each country. Key conclusions from the report include:

- Restoration investment faces funding gaps and limited mainstream investment. There are three key barriers: poor local investment climate of countries (e.g. nascent capital markets, limited appetite for Corporate Social Responsibility and sustainability investing and challenging policy environments); the challenges of investing in the often informal and capital intensive agricultural and forestry sectors; challenges of investing in the lesser proven and understood approaches relating to restoration activities.
- Although there is clear investment potential of specific restoration value chains, financing sources need to be aligned with appropriate producer value chain investment opportunities.
- Despite weak appetite from mainstream investors and a range of barriers, both international and domestic investors demonstrate an interest to engage in restoration investments.
- Finance needs to be increased beyond major cash crops (e.g. tea and coffee) and downstream activities (e.g. transport, storage, milling, export) in order to better support agricultural produce for local markets and investment in native, rather than exotic tree species.
- Restoration practitioners face structural, experiential and cultural barriers to successfully engage with potential investment partners and fully understand a range of investment criteria and processes.

This report also helps one to understand that in such contexts where there are many regulatory, financial and governance constraints to investment in restoration, that achieving objectives will take time. For investment to be attractive, changes to policies and regulations need to occur which will then positively enhance the investment climate in each country, which would then lead to creating partnerships in restoration amongst the private sector, public sector, and with communities.

Based on this internal report and on subsequent analysis of its results, a white paper on Removing Barriers for Investment in Forest Landscape Restoration was prepared for a session at the Global Landscapes Forum in June 2016 in London http://www.landscapes.org/publication/removing-barriers-investing-forest-landscape-restoration-works/. The paper outlined investor and investee perspectives on challenges and lessons from promoting restoration investments in countries with potential for growth in this sector. The session delved into three investment cases as a starting point for a discussion on barriers and solutions to scaling up restoration.
https://www.iucn.org/news/breaking-down-barriers-investment-forest-landscape-restoration
https://www.iucn.org/news/beyond-barriers-investing-landscapes-pays-dividends

The session highlighted the importance of the country context in terms of the business and legal environment but also identified some common success factors for incentivising investment in restoration. During the session there was convergence around some key needs for scaling up investment, including:

- The need to build transparency and accountability mechanisms for boosting investor confidence in this nascent field.
- The need to better delineate the roles of public and private sector in order to make them complementary and to better channel public finance.
- The need to define and enhance the role of facilitating organizations to bridge the gap between business and communities as well as investor and investees.

There was agreement by session attendees on the need to move from theory to practice in order to improve the availability of investment cases, test different investment models and build the track record of investees in this field. IUCN will contribute to filling this practice gap by engaging in a number of country-based investment cases in Rwanda, Brazil and southern Africa as well as through its facilitator and convening role in a number of global platforms bringing the investor and investee communities together.

iv. If outcomes are not yet achieved, please explain why, and in addition, how the outputs will lead to the desired outcome and when.

Difficulty in achieving our second outcome was noted in our 2014 progress report to Norad (see section 2.5b). Furthermore, the exchange rate losses incurred in 2015 (see section 2.5.a for details) also contributed to PILaR not achieving its objectives fully, notably reducing the projects means to communicate results, support cross-country learning, and provide sustained restoration finance advice. Nonetheless, the PILaR project has many notable achievements, including supporting national restoration and REDD+ strategies, commitments to the Bonn Challenge, contributing to restoration policy changes, and increased commitments from the private sector to commit funding to restoration, all of which have contributed to national and subnational strategies, demonstrating that the project's outcomes are sustainable and live beyond the project (see section 2.4.b.v). However, we learned some key lessons through our global and national work. Investing in restoration requires building or enhancing an attractive regulatory environment, which then changes the investment climate. This in turn enables partnerships amongst the private sector, public sector, and with communities to emerge. This takes time. As noted in the previous sections, in some countries such as Brazil and Guatemala, the climate is becoming increasingly favourable as demonstrated by the commitments by the private sector to invest in FLR. However, that investment is only happening now. In Mexico and Ghana, such investment is still further away, despite good intentions by smaller enterprises in each country to engage with FLR. We can expect in the future that as the investment climate changes in each country, that we will see increased investment in FLR in the coming decade. This investment then will trigger an expansion of activity in the areas of FLR, through a wide range of strategies from natural regeneration to well managed plantations and biodiversity corridors, thereby leading to the maintenance and enhancement of carbon sinks.

v. Are the outcomes expected to be sustainable?

In all countries, the outcomes are expected to be sustainable as they are part of the climate change agenda and the National Climate Change and REDD+ Strategies (Ghana), climate change agenda and to the National Climate Change Law (Guatemala), and local policies, strategies and financial mechanisms mostly related to the REDD+ implementation at the sub-national scale (Mexico) and part of a wider restoration strategy (Brazil). However, their sustainability is subject to continued political stability.

2.5   Are there any internal and/ or external factors that have affected the project in any significant way?

a) Specify deviations from plans.

Based on the loss of 617,312 USD in currency exchange losses in 2015 (see next section for details), we had to reduce work plans. Specifically, we had to do the following:
• Reduce activities (e.g. 1.2.3 and 2.1.2) related to brokering business relationships.

- At the global level, reduce technical support on restoration finance issues, notably through the reduction of funding to a salaried position, preventing the recruitment process from proceeding.
- Reduce restoration training programs in all countries
- Reduce support for policy uptake in all countries
- Eliminate a publication on general guidance on monitoring restoration progress, based on work in Ghana and Brazil, and supported by IUCN's Species Survival Commission
- Reduce support for national restoration strategies in Guatemala and Brazil

However, some of the planned activities were able to be taken on by similar projects with shared objectives including Norway's International Climate and Forest Initiative's Accelerating Action on REDD+, Mobilizing Markets for Carbon Stocking (Children's Investment Fund Foundation) and Improving the Way Knowledge on Forests is Understood and Used Internationally (DFID's International Forestry Knowledge programme).

b) Please provide a short assessment of the risks occurred

In 2015, IUCN noted a loss of 617,312 USD due to currency exchange rate losses between the NOK and CHF during the project period. The funds are received in NOK but this created a loss in USD, the operational currency for most of the country's internal agreements upon which the project work was carried out. This reduction placed all planned activities for 2015 and 2016 at risk of not being completed. We revised our work plans, but many activities had to be cancelled. With this loss coming at the final part of the project, the major risk to the project was a lack of support to effectively communicate outcomes from the various activities and studies that had been already carried out. In the cases of several countries, matching funds from projects with similar objectives in the same landscapes were able to co-finance the work of this project. For example, in Guatemala, the work was additionally supported by the Regional Climate Change Program supported by the United States Agency for International Development and the United Kingdom's Department for International Development. In Brazil, PILaR work was co-financed by the Museum of Tomorrow, the Brazilian Business Council for Sustainable Development, and the Brazilian Coalition on Climate, Forests and Agriculture. Details of support by these donors for specific activities are given in the sections below.

In general, the project focuses on enabling activities to investment in restoration. Investing in restoration is the process of funding or financing activities at a particular point in a value chain that enable a transition to practices that stimulate the restoration of forests and planting of trees (i.e. forestry, agroforestry, ecotourism), and as such enhance landscape-level ecosystem services. However, to produce real changes in terms of increased forest cover, carbon storage, and partnerships with the private sector, it is necessary to have a supportive regulatory environment. These take time and vary according to policy environments across countries. Due to loss in funding related to exchange rates, the project objectives were difficult to achieve in 3 years. However, with support from other, similar projects and ones being currently developed, the planned project work was able to be supported otherwise and in some cases work is on-going.

2.6 **Cross cutting concerns.** Report on whether the project has contributed to

The crosscutting concerns of human rights, gender equality, and reduced corruption are all issues are of the utmost concern to IUCN and are part of IUCN's Code of Conduct and Professional Ethics and Anti-Fraud Policy, both aimed to reduce corruption. IUCN's past (2013-2016) and new four year programme (2017-2020) also supports a right's-based approach to conservation initiatives, which has been an outcome of official IUCN decisions on rights over the past decade. Gender equality and human rights are part of this approach. Any project that does not adhere to these principles cannot be carried out. As such, IUCN finds that the project adheres to these principles.

a) Corruption

In Ghana, during the implementation of the project, the project contributed to protecting against corruption as all the activities implemented in the pilot sites had been done in a transparent nature with implementing partners. In Guatemala, the project worked with a decentralized entity and supported its decisions related to a large number of sectorial actors represented at the Restoration Table, which provided great transparency to the processes. In Mexico, the decision making platform established by the planning and implementation activities of the project resulted in a decentralized, transparent and participatory decision-making model that can be replicated at the sub-national level. In Brazil, the project was conducted with a wide array of partners. Open dialogues facilitated transparency of the initiative.

b) Gender equality

At IUCN, we are committed to mainstreaming gender issues and so promoting equality. For example, in Brazil, the project has opened a broad discussion about the different role of men and women in the restoration economy. This effort has led to specific actions on gender equality, under other restoration projects. In Ghana, women were specifically targeted by project training programs. In capacity building workshops on restoration, which focused on a variety of groups including farmers and various levels of governmental technical staff, women comprised about 40% of the participants. In Guatemala, the PROBOSQUE Law, a financial tool to fund restoration, focuses on the most environmentally vulnerable social groups (women, youth and indigenous peoples). The National Forest Landscape Restoration Strategy also includes the "common good" principle where the fair and equitable distribution of the restoration benefits will be promoted for all country residents, with a gender focus, emphasizing the socially and environmentally vulnerable groups. The actions arising from the strategy should safeguard social and environmental concerns of the territories. In Mexico, part of the project focused on evaluating gender issues in the Yucatan using the Environment and Gender Index. This formed the basis for collaboration with the IUCN Global Gender Office which helped design a strategy for mainstreaming gender in both restoration activities and REDD+ benefit sharing mechanisms at the sub-national level.

c) Respect for human rights

In all projects, a rights-based approach has been applied. For example, in Brazil, the restoration strategies developed together with national and subnational government are considering restoration as an integral part of a broader development plan. This initiative establishes fundamental bridges that frame restoration as an important solution for social inequity and poverty.

2.9 Lessons learned.

Over the course of the project, several higher level lessons emerged.

- Investment in restoration will be favoured when the barriers to investment (e.g. regulations, national investment climate) can be improved.
- Unlocking private investments in restoration requires the engagement of the public and the private sector as well as civil society. Large-scale restoration efforts rely on private investments, yet such restoration poses high risks and offers low rates of return for investors in the short-term. National and subnational governments have the power to reduce these risks and enhance the return on investment by establishing clear regulations and fair policies to support stronger restoration value chains. NGOs also play a key role, providing technical guidance and empowering local governments. For example in Brazil, IUCN played a key role in providing technical guidance on restoration while also supporting the fora for key restoration public discussions to occur. This has raised the profile of

investment in restoration in Brazil and helped to unlock NOK 300 million while also asking the critical question of how the private sector will engage with restoration opportunities.

- The successful implementation of restoration strategies is contingent upon institutional capacities and good communication between national and subnational governments. Creating round-tables (e.g. in Guatemala) or working through subnational fora (e.g. Mexico's jurisdictional approach to REDD+ at the state level), allows for unique partnerships and knowledge exchange. Furthermore, when restoration is adopted by other organisations, there is the possibility to co-finance work (e.g. the case of Brazil where support from partners was essential to achieving project objectives). International dialogue is often focused on restoration in terms of carbon, however, both in Guatemala and in Ghana, national dialogues on restoration focus on other ecosystem services (e.g. water regulation, timber production, firewood and soil conservation etc.) that will benefit people. This difference in important messaging about restoration benefits means that stakeholders at different governance levels view restoration differently.

- The financial mechanisms needed to restore targeted, priority areas are still a challenge. In Guatemala, currently only governmental incentive programs contribute to restoration efforts significantly. In the new restoration law, a role for private sector investment is foreseen.

- Even though at the national level there might be an interest in implementing the REDD+ agenda, at the jurisditional level the political interest is in promoting economic development in the short term. For example, in Mexico, without alignment of the political priorities at the federal and jurisdictional levels, national environmental policies cannot be implemented. Thus, a REDD+ national strategy can be effectively implemented only if subnational governments have an interest in it and take part actively in the strategic planning.

- A focus on restoration at the landscape scale is crucial in obtaining local and federal government support, thus allowing public programs to be used for implementing restoration activities in the field in the form of subsidies that partially support land owners initial investments. For example, in Mexico, federal subsidies are positively affecting the rate of return of the business models related to restoration activities, thus making restoration economically attractive. Within this context it is important to provide the government and the private sector with quantitative indicators for estimating the potential impact of public policies instruments and private investments.

- Project cycle - Balancing short term outputs vs. long term impacts: Linking a relatively short term intervention like PILaR to broader, longer term programmatic impacts is most likely possible, but requires the use of an appropriate conceptual and methodological framework, supporting by adequate funding, and adjustments and realignments. These adjustments and realignments should also take place during project implementation once issues are identified.

3   Case/success story

In 2016, we produced four briefs, one per country, where we describe a positive result that the project has achieved. Several pictures have been used and if you would like a specific one, please let us know and we would be happy to provide you a high resolution version, when possible.

Brazil: Mobilising public and private stakeholders for restoration in Brazil
Brazil has the capacity to make a huge contribution to the global challenges of restoring landscapes and fulfilling international commitments on sustainable land use. How could this potential be realised? This theme is explored in the brief here:
https://www.iucn.org/sites/dev/files/content/documents/20160825_iucn-forest-brief-no-4_web_0.pdf

Ghana: Mapping the health of forest reserves in Ghana
Little was known about the state of Ghana's forest reserves over the past 20 years. New

maps are helping to fill these gaps and open up new opportunities for restoration. The brief explores these issues here: http://www.iucn.org/sites/dev/files/content/documents/20160729_iucn-forest-brief-no-2_web.pdf

Guatemala: Making forest restoration a good investment for Guatemalan farmers
Over the past 20 years the Guatemalan government has delivered about US$ 173 million in incentives for reforestation and restoration. How can we build on this investment? This story is explored here: http://www.iucn.org/sites/dev/files/content/documents/20160729_iucn-forest-brief-no-1_web.pdf

Mexico: Concerted action on restoration and REDD+ in Mexico
Mexico is progressing towards its goal of using REDD+ as a means to promote sustainable rural development, but improved coordination is still needed. This story is explored in depth here: http://www.iucn.org/sites/dev/files/content/documents/20160729_iucn-forest-brief-no-3_web.pdf

Global: Removing barriers for investing in forest landscape restoration: What works where?
We reported on the barriers to investing in restoration during the Global Landscape Forum in London in 2016. See section above on Outcome 3 for more information. The full briefs are available here:

English version: http://www.landscapes.org/publication/removing-barriers-investing-forest-landscape-restoration-works/

Spanish version: http://www.landscapes.org/wp-content/uploads/docs/London-white-papers/London-2016-WhitePaper-Removing-barriers_Spanish.pdf

Portuguese version: http://www.landscapes.org/wp-content/uploads/docs/London-white-papers/London-2016-WhitePaper-Removing-barriers_Portuguese.pdf

4 Project's accounts for last year:

4.1 The accounts must relate to the approved budget for the year in question. All deviations (positive and/ or negative) must be clearly shown and explained.
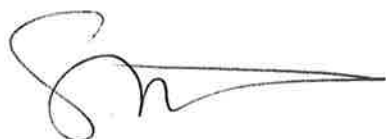
In this final project report, we are reporting across the entire life of the project. Our financial report shows that in comparison with the "Revised Budget based on actual income received" (as proposed in our no-cost extension request to Norad in October 2015) and noting that this includes the significant budget reduction in 2015 based on currency exchange rate modifications, that we deviated by more than 10% in Outcome 1 and Outcome 2.

Outcome 1: Most of these activities occurred early in the project, prior to the currency exchange loss. Indeed, prior to revising the budget, this budget line had no deviations. However, with the loss reported in 2015, we had already expended more in this budget line. This over-expenditure was compensated by under-expenditure on Outcome 2.

Outcome 2: These activities were still planned in many countries, particularly Ghana, Mexico and at the global level. However, with the currency exchange rate loss, many of these activities had to be reduced or cancelled completely. This resulted in under-expenditure.

Attachment: Audited accounts and completed form from the accountant for last year's accounts. Only after a contract expires should unspent funds be returned to Norad.

Date: 23 December 2016, revised 17 February 2017, and again 15 March 2017 at Norad's request