

MODULE 8:

Using the results

Arriving at overall estimates for financial flows in land-use activities is one achievement. Using these estimates to drive positive change in policy development or investment planning is another.

OBJECTIVE

Consider how best to use results to feed into objectives.

At this stage, you should have estimates on finance flows to meet the objective of the mapping, as set out in Modules 1-3. Next, we outline how to use the results, depending on the original objective or further uses for the data beyond the original objective.

KEY QUESTIONS

- 8.1** How can results be used for monitoring and reporting?
- 8.2** How can results be used to align finance to climate objectives?
- 8.3** How can results be used for resource mobilisation?

8.1 How can results be used for monitoring and reporting?

One of the common uses of finance mapping data is to measure progress against existing goals and targets, such as:

- a planned budget expenditure over a specified time
- an estimate for mobilised public and private investment during a specified time, or on an annual basis
- an estimate for investment needed for a given activity or goal during a specified time, or on an annual basis

You should ensure that no double-counting of investment flows is included in estimates of existing flows.

In many countries, detailed quantification of overall or activity-specific investment needs are not available and may need to be calculated separately.

Spending on particular activities might be compared to: non-monetary impact metrics in the related time period to reflect on cost effectiveness, for example forest cover, recovered land or protected land (ha/m²); emissions reduced or sequestered (CO₂ equivalent); and productivity increases in livestock, or crop yields as a result of intensification (intensity metric). Making a direct comparison would however be very challenging, given time delays and multiple factors influencing land cover, productivity and so forth, causality to particular streams of funding.

Such monitoring of investments over time can provide useful input to regular international reporting requirements, for example biennial update reports, national communications or nationally determined contributions to the UNFCCC, reporting about the use of funds to specific donors or to national stakeholders, as well as in applications for international support, for example to the Green Climate Fund.

Complementary analysis or work to enhance reporting potential include:

- Ensuring the alignment of the land-use finance mapping typology with external reporting frameworks
- Developing systematic tracking through a budget tagging approach
- Designing framework for regular updates to mapping through building capacity of specific actors

8.2 How should results be used to align finance to climate objectives?

The mapping of land-use finance may identify a large portion of grey or conditionally-aligned finance or misaligned finance across a variety of sectors. This is powerful information to support the mainstreaming of REDD+ objectives in projects, programmes and investments across all economic sectors.

It is important to maintain engagement with key stakeholders throughout the mapping exercise to provide a suitable context for corrective actions to be taken on mainstreaming existing flows.

For national government actors, potential implementation actions to take include:

- Effective cross-sectoral coordination processes
- Stronger guidance on integration of safeguards or activities in budget programming
- Incentives to reach expenditure or disbursement targets

- Specific policy reforms to adapt policy goals to the reality of spending and investments
- Specific financial mechanisms and instruments to leverage or redirect greater amounts of finance to aligned activities
- Local government tax incentives or soft loan facilities to enable mainstreaming

For international donors and development actors, that often provide finance to non-state actors in the country, discussions on alignment may need to be elevated in the context of country strategies and long-term partnerships.

For private actors, further policy incentives, capacity building measures or access to preferential finance facilities may further result in the alignment of their investments.

Complementary analysis to align finance to climate objective include:

- Impact assessments of specific policies on forests to fine-tune data classification
- Integrated development planning and scenario analysis to reconcile sectoral objectives
- Identification of information and data management systems missing to build accountability

8.3 How should results be used for resource mobilisation?

Every investment proposal and plan includes a description of the baseline situation and problems the proposed intervention will address.

For private actors, a market opportunity is often expressed in terms of expected investment needed, the policy environment conducive to providing a return on the investment, and a risk assessment on how investment returns may be delivered.

Data from land-use finance mapping can be used to highlight funding gaps to reach policy objectives or targets. It can, therefore, make the case for new or scaled-up interventions targeting specific investment actors, using specific instruments, in specific sectors or activities. These sectors or activities will have been revealed by the land-use finance mapping to be either currently insufficient (in the case of green finance flows) or with significant potential to have impact (in the case of brown or grey flows mapping).

Additional analysis that can be complementary for resource mobilisation include the costing of sustainable measures and programmes to inform gap analysis or the leverage potential of financial instruments that have been identified through regular mapping.

In these instances, it is important to ensure that the data reflects the scope of the analysis and that it is kept up to date to reflect the existing status of finance activity on the ground.

For public development finance actors, such as development banks or funds, a significant amount of evidence is required to justify interventions, including through measures of value-added, scale-up potential and sustainability of the initiative to result in lasting change. Funds where such information may be beneficial include the Central African Forest Initiative,⁷ Norway's International Climate and Forest Initiative, the Forest Investment Program, the Forest Carbon Partnership Facility's Carbon Fund and the REDD Early Mover Program.

The GCF provides funding to countries for the implementation of the UNFCCC REDD+ Mechanism, and is increasingly requesting information on land-use finance and coherence of funding in its own funding applications for REDD+ related activities.

⁷ See for example the Democratic Republic of Congo's REDD+ Investment Plan (DRC 2015)

When countries prepare proposals to the GCF to receive support for early phases of REDD+, they are asked to provide complete and transparent information about planned and/or ongoing activities that are supported by other initiatives. In addition, information about domestic allocation of resources supporting REDD+ is requested.⁸

Phase 1 of the UNFCCC REDD+ Mechanism includes the development of national strategies or action plans. The GCF can support preparation of an investment plan, which specifies a country's financial needs, gaps and barriers.⁹

In phase 2 of the UNFCCC REDD+ Mechanism, the GCF can support resource mobilisation through analysing the funding sources and needs from countries in the process of implementing REDD+ programmes.¹⁰ The GCF is also providing funding for REDD+ investments, provided the value added of this funding is justified. In particular, the GCF is seeking strong justification on barriers and bottlenecks preventing the financing of enabling conditions for REDD+ implementation, and their catalysing potential to unlock or redirect investments. The Fund puts a strong emphasis on securing public and private co-financing of investments, and ensuring the sustainability and coherence of the proposals in the national framework.

Proposals for the GCF's results-based payments funding programmes will require information on 'how different financing (domestic and international) contributed to the achievement of the reported results', information on intended use of proceeds and how double financing will be avoided.¹¹

Finance mapping can support all of these information needs.¹²

8.4 Complementary tools and resources

Several tools and guides are available to support such activities beyond tracking, including:

- LIFT tool: helps jurisdictions build sustainable landscape project pipelines and mobilise sources of finance.
- NDC Quick-start guide to NDC implementation: identifies steps that countries can follow to identify NDC financing needs and financing options. It may provide a useful check list for policy makers.
- LEDS GP Resource guide for NDC finance compendium of country reports and case studies, guides and toolkits: some of the resources included here may be useful for policy makers.
- UNDP's Investment and Financial Flow Analysis (I&FF) supports countries to cost the investment and financial flows needed to mitigate/adapt to climate change.

⁸ (GCF, 2017 p. 15)

⁹ (GCF, 2017 p. 7)

¹⁰ (GCF, 2017 p. 7)

¹¹ (GCF, 2017 p. 17)

¹² (GCF, 2017) 'Providing information on finance, including information on support received directly related to results, and providing more detailed information on sources of finance, as required in a country's biennial update report (BUR) to the UNFCCC, would facilitate the understanding of how ex-ante and ex-post financing is used in a complementary manner and would improve transparency and reduce the risk of double financing.' UNDP's Investment and Financial Flow Analysis (I&FF) supports countries to cost the investment and financial flows needed to mitigate/adapt to climate change.