1 for 20 Partnership

Mobilising USD 1 billion to restore 20% of Côte d'Ivoire's forest cover

To achieve this goal, the 1 for 20 Partnership promotes the development of sustainable and viable agricultural production models, facilitates dialogue between stakeholders, and helps build the capacity of partners.

Managed from Abidjan, the 1 for 20 Partnership is a collaboration between the Ministry of the Environment and Sustainable Development, the Ministry of Economy and Finance, the Ministry of Agriculture and Rural Development, and the Coffee-Cocoa Council. It benefits from the technical and financial support of UN Environment (Finance Initiative and UN-REDD) and the EU REDD Facility.

At the current rate of deforestation, Côte d'Ivoire will irretrievably lose all its forest cover by 2034. Agricultural expansion for cash crops (mainly cocoa, rubber and palm oil) is one of the main drivers of deforestation and soil degradation.

This critical situation for Ivorian biodiversity is exacerbated by the effects of climate change and jeopardises a strategic sector of Côte d'Ivoire's economy. Ensuring the sustainability of the agricultural sector is therefore a key social, economic and environmental issue.

Since 2014, Côte d'Ivoire has committed to decoupling agricultural production from deforestation and **restoring the Ivorian forest cover to 20% of the land area by 2030.**

Achieving this goal requires **intensifying sustainable agriculture and integrating agroforestry into plantations**. Many private actors, especially in the cocoa sector, have also stated their sustainability objectives. Viable sustainable production models exist. However, their upscaling to the national level poses significant challenges that require adequate financial solutions.

Overcoming financing barriers to sustainable production is possible

Various financing mechanisms can contribute to the sustainability of value chains. Upstream of the finance value chain, international financiers and investors are looking for commercial projects that contribute to the Sustainable Development Goals. In addition, investors are increasingly bound by environmental and social sustainability requirements. A new type of 'green' financial products is emerging to meet this demand, such as the Tropical Landscape Finance Facility (TLFF), the Agri3 fund or the USD 167.6 billion green bonds issued in 2018.[1] Blended finance,[2] with USD 100 billion already mobilised,[3] also offers a growing number of opportunities to improve the risk-return ratio and increase the attractiveness of sustainability projects.

The table below illustrates the many solutions that can overcome the challenges and risks of financing sustainable practices, such as agroforestry.

		BARRIERS	SOLUTIONS
Farmer		Low and uncertain income due to the monoculture of a volatile commodity	Profitable economic models based on diversifying farmers' income
Cooperative		Weak provision of services to farmers and lack of financial robustness	Financial inclusion, security of supply and professionalisation
Buyer		Risks of agricultural commodity supply linked to deforestation	Support for implementing scaled up sustainability commitments
Microfinance institution		Problem of access to long-term capital for developing adequate financial services	Access to adequate long-term capital to finance sustainability
National commercial banker		Absence of collateral from small-holders	Reduced risk in the agricultural sector, access to long-term capital and implementation of risk-mitiga-tion structures
Investor / capital market		Difficulty in reaching smallholders	Access to projects with high social and environmental integrity involving smallholders
Government		Lack of resources for decoupling agricultural commodities production from deforestation	Strengthening the enabling environ-ment for sustainable investments in agroforestry

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Connecting supply and demand to finance sustainable agriculture

How to respond to the high demand for finance to transition to sustainable agricultural practices?

Smallholders need to change the way they produce, to break the vicious circle of poverty and environmental degradation. This transformation must be based on sustainable production models viable for all actors in the supply chain, and on the development of integrated value chains at the territorial level. Financial inclusion solutions supported by many NGOs, cooperatives and microfinance institutions provide information to financial institutions. Technological advances (blockchain, big data, traceability, mobile banking, satellite imagery, and so forth) also contribute to better risk assessment. They may also reduce transaction costs, enhancing the attractiveness of the sustainable agricultural production projects.

How to connect supply and demand, smallholders and investors?

This connection remains the main challenge for upscaling sustainable production models. Many financing solutions exist. These may take the form of a buyer establishing a long-term purchase contract that will support financing, a local bank offering loans through concessionary-rate funds, or an aggregation of several projects within a financial vehicle followed by securitisation.

Mobilising USD 1 billion for sustainable agricultural production in Côte d'Ivoire by 2025

To connect supply and demand for financing, the **1 for 20 Partnership:**

- promotes sustainable financing approaches, based on viable production models that provide incentives for smallholders, aligned with the country's climate change goals and rooted in regional development dynamics;
- facilitates partnerships among private actors, the financial sector and public partners to set up scalable financing projects;
- promotes dialogue between stakeholders for exchanging experiences on sustainable and viable agricultural models and practices, coordinating efforts and building the capacity of partners.

The **1 for 20 Partnership** offers public and private actors a **three-step support process** for defining their strategies for upscaling sustainable production:

- **Step 1:** Economic viability analysis for agroforestry pilot projects

The agronomic and economic data provided by partners is integrated into the economic modelling tool designed by UN Environment to obtain projections of the profitability of the model from the farmer's perspective. This helps determine how attractive the model is, areas for improvement and the prospects for its successful scale up in the absence of subsidies.

- **Step 2:** Analysis of scaled up financial solutions

Based on the results of the economic modelling, the 1 for 20 Partnership may propose financial mechanisms that address the upscaling of pilot sustainability projects. A detailed analysis of existing value chains and potential partners in the targeted supply basins will also be required to ensure the sustainability of scaled up models.

- **Step 3:** Connecting with financing partners

If the prospects for upscaling the sustainability models are viable, the 1 for 20 Partnership can help link partners to mobilise the public and private finance potentially needed to meet the commitments of the Cocoa & Forests Initiative action plans.

Endnotes

1 Climate Bonds Initiative (2019). Green bonds: the state of the market 2018, 28 pages
2 Blended finance is the use of public or philanthropic capital to mitigate project risks and attract private capital
3 Convergence Finance (2019). The state of blended finance 2018, 38 pages

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