INVESTING IN FOREST RESTORATION, INVESTING IN OUR FUTURE
The Restoration Seed Capital Facility is a financing facility aiming to promote private investment in sustainable land use activities aligned with goals of forest landscape restoration.

**What does the Facility provide:** co-funding for fund development or project pipeline development on a cost-sharing basis.

**Who is eligible?** Fund managers or investment advisers managing/advising investment funds dedicated to land-use activities with restoration or conservation benefits or interested in developing new funds in this space.

**What type of land-use activities are eligible?** Forest restoration and protection combined with sustainable land use activities such as: agro-forestry, sustainable forest management, silvopastoral systems, non-timber forest products, generation of carbon credits, payment for ecosystem services, supply chain investments to support restorative land use activities.

**Where?** ODA-eligible developing countries.
More investment in forest restoration is needed: The scale of the challenge of deforestation and land degradation is daunting. Objectives will not be met without significant investment, public and private. 30% of global forest cover cleared and a further 20% degraded.

Contributing to GHG emissions, soil erosion and lost livelihoods.

Current funding in FLR far below needs: only ~ USD 6bn in mitigation and adaptation in developing countries. Needs estimated at USD 837bn for NY declaration, USD 359bn for the Bonn challenge.
Main obstacles:

Pre-investment stage resource-intensive and risky.

Fund managers often have limited funding available to cover this resource-intensive stage.

Result is reduced pipeline of investment opportunities and, ultimately, reduced levels of investment in FLR.

Although there are an increasing number of private sector investors active in FLR, funding is not being deployed at the scale needed.

Why is the RSCF needed?
Support lines provided

Raising new fund

Support Line 1: Fund development
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18-24 Months
(Max. USD 750,000)
Conditional grant. Up to 50% of eligible costs.
Type of eligible costs:
- Legal set-up costs
- Travel costs
- Marketing materials

Support Line 2: Pipeline development
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Grant. Up to 50% of eligible costs
Type of eligible costs:
- Travel costs
- Feasibility studies
- Business case development
- Establishment of geographical presence

Support Line 3: Project development
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Conditional grant. Up to 50% of eligible costs
Type of eligible costs:
- Legal and fiscal studies
- Due diligence costs
- Travel costs
- Environmental and Social risk and impact monitoring

Existing Fund (in investment cycle)

2 – 4 years (Max. USD 2,500,000)

1/3

Support Line 2: Pipeline development
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Grant. Up to 50% of eligible costs
Type of eligible costs:
- Travel costs
- Feasibility studies
- Business case development
- Establishment of geographical presence

2/3

Support Line 3: Project development
---------------------------------
Conditional grant. Up to 50% of eligible costs
Type of eligible costs:
- Legal and fiscal studies
- Due diligence costs
- Travel costs
- Environmental and Social risk and impact monitoring
RSCF Support in the Project Cycle

Cooperating Partner activities

Fund establishment and fundraising

Identification and early assessment of project pipeline

In-depth project assessment and preparation

Project implementation

Cooperating Partner milestones

Fund financial close

Fund investment committee decision to proceed with project due diligence

Fund investment committee decision to invest in project

Facility support

Fund Development Support Line

Pipeline Development Support Line

Project Development Support Line

Out of facility scope

Conditional grant repaid if fund reaches first financial close. Co-funding of up to 50% of eligible costs.

Grant. Co-funding of up to 50% of eligible costs

Conditional grant repaid if project is approved for investment. Co-funding of up to 50% of eligible costs

Pipeline and Project support lines provided under a single Cooperating Partner Agreement
Selection criteria

Eligibility Criteria:

- **Entity Type**: Fund managers or investment advisers
- **Geographical scope**: Developing countries only
- **Activities**: Aligned with goals of Forest Landscape Restoration (agroforestry, sustainable forestry, NTFP, Carbon credits, etc.)
- **Environmental and Social Risk Management**: Robust E&S management policies in place (incl. climate change-related risk mgmt.)
- **Environmental and Social Impact Reporting**: Robust reporting framework in place.

Evaluation Criteria:

- **Capacity**: Experience, technical competence, geographical focus, integrity.
- **Financial Additionality**: Ability to demonstrate how support will enable activities beyond business as usual.
- **Impact additionality**: Ability to demonstrate how investment strategy translates into positive social and environmental impacts.
- **Innovation**: Novel strategies, business models or geographies. Potential for replication and scalability.
Application process

1\textsuperscript{st} Contact through info@restorationfacility.org

2\textsuperscript{nd} Schedule and hold 1\textsuperscript{st} virtual meeting/discussion

3\textsuperscript{rd} Invitation for proposal submission

4\textsuperscript{th} Internal processing/approval process

1\textsuperscript{st} virtual meeting/discussion:

- At the point of interest
- 1-2 weeks

Proposal preparation:
- 3 - 6 weeks

DD and co-financing decision:
- 6 - 8 weeks
Application process timeline

Introduction & proposal

- Approval in principle
- Q&A

Due diligence

- Final approval
- On-site due diligence

Contracting

- CPA Signing
- CPA negotiations

Implementation

- Disbursement
- Approval
- Draw down request

Milestones

1. Introduction & proposal
2. Due diligence
3. Contracting
4. Implementation

RSCF Governance bodies

- Recommendation
- Committee meeting

RSCF – Agent

- Initial Assessment
- Final proposal
- Due Diligence Report
- CPA negotiations

Potential RSCF – Partner

- Draft Proposal
- Collaboration with Agent
- Document signing
- Quarterly Reporting

CPA negotiations

- Negotiations

1.5 – 4 years

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1.5 – 4 years
Impact outcomes of the RSCF

**Climate change mitigation**: promotion of sustainable land use practices that reduce deforestation and land degradation impacts.

**Climate change adaptation**: more sustainable land use practices are more resilient to climate change and its effects.

**Conservation and biodiversity**: direct and positive impact on biodiversity and other ecosystem benefits.

**Sustainable development**: better and more resilient livelihoods for smallholders, producers, and communities.
Restoration Seed Capital Facility

www.restorationfacility.org

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