The Landscape Assessment of Financial Flows

A Methodology

2019

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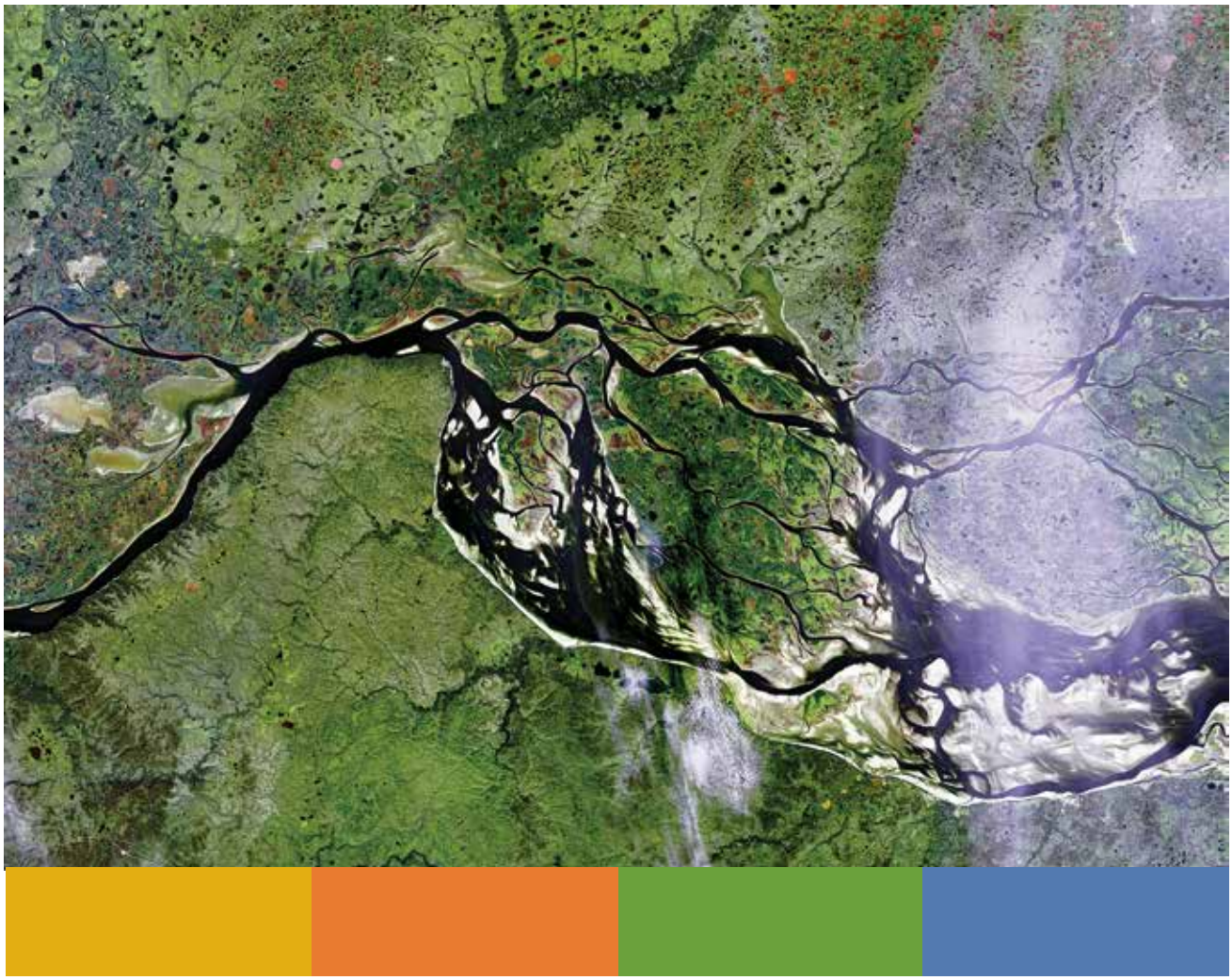

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Tropenbos International

Tropenbos International strives to improve tropical forest governance and management in support of conservation and sustainable development. By making knowledge work for forests and people, Tropenbos International contributes to well-informed decision making for improved management and governance of tropical forests. TBI's longstanding local presence and ability to bring together local, national and international partners make the organization a trusted partner in sustainable development.

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1. Introduction

1.1 The Growing Movement for Sustainable Landscapes

Collaborative landscape initiatives have demonstrated enormous potential to mobilize stakeholders across sectors, supporting them to work together toward shared objectives of landscape regeneration that meets a wide range of human needs, economic goals and ecosystem objectives. A series of surveys has documented 428 such initiatives in sub-Saharan Africa, Latin America and the Caribbean, South and Southeast Asia, and Europe (Milder et al. 2014; Estrada-Carmona et al. 2014; Zanzanaini et al. 2017; García-Martín et al. 2016). However, implementing these partnerships is challenging. Perspectives, values and ways of working differ greatly among partners; in many cases there is a legacy of misunderstanding and distrust. Explicit strategies and tools are needed to overcome the resulting tendency for stalemate and conflict.

1.2 The Landscape Assessment of Financial Flows (LAFF) tool

Tropenbos International works in landscapes around the world to support civil society organizations, including local communities, in their lobbying and advocacy efforts for effective governance and management of tropical forest resources. Within these landscapes, increased awareness and understanding of financing actors, investment flows, and their purposes and impacts in the landscape will assist CSOs and local communities to better understand change processes in the landscape and identify strategies to influence these processes. It also helps stakeholders identify and secure financial resources to support strategic projects and activities that are critical to sustainable landscape management.

EcoAgriculture Partners has worked with more than 50 multi-stakeholder landscape partnerships around the world. However, even when these partnerships succeeded in developing platforms for collaboration and effective landscape action plans, they had difficulty in obtaining the investments needed.

Together with IUCN NL, EcoAgriculture Partners developed the Landscape Investment and Finance Toolkit (LIFT); see Shames, Scherr and den Besten (2017). The tool helps landscape partnerships, project developers and potential investors address the complexity of landscape-level efforts so that they can benefit from successful integrated landscape investments. LIFT supports landscape partnerships to analyze their financing needs, strengthen business ideas, identify potential sources of finance, and develop successful strategies to secure this funding.

To advance this work, TBI and EcoAgriculture have partnered to develop the Landscape Assessment of Financial Flows (LAFF) methodology. It helps landscape actors identify sources of finance for new investment ideas, find the current financial flows that are most in need of transformation, and/or better understand the elements of a landscape's financial context that require support.

1.3 Structure of this guide

This guide is structured as follows:

- Section 2 summarizes the issues related to financing sustainable landscape investments;
- Section 3 provides an overview of the LAFF methodology;
- Section 4 describes the steps involved in Phase 1 of the methodology (how to characterize the landscape economy);
- Section 5 describes the steps involved in Phase 2 of the methodology (how to identify and understand the financial flows that are most relevant to achieving sustainable landscape objectives);
- Section 6 provides some ideas on using the LAFF results in the landscape; and
- Annex 1 and 2 provide outlines for the Phase 1 and Phase 2 reports.

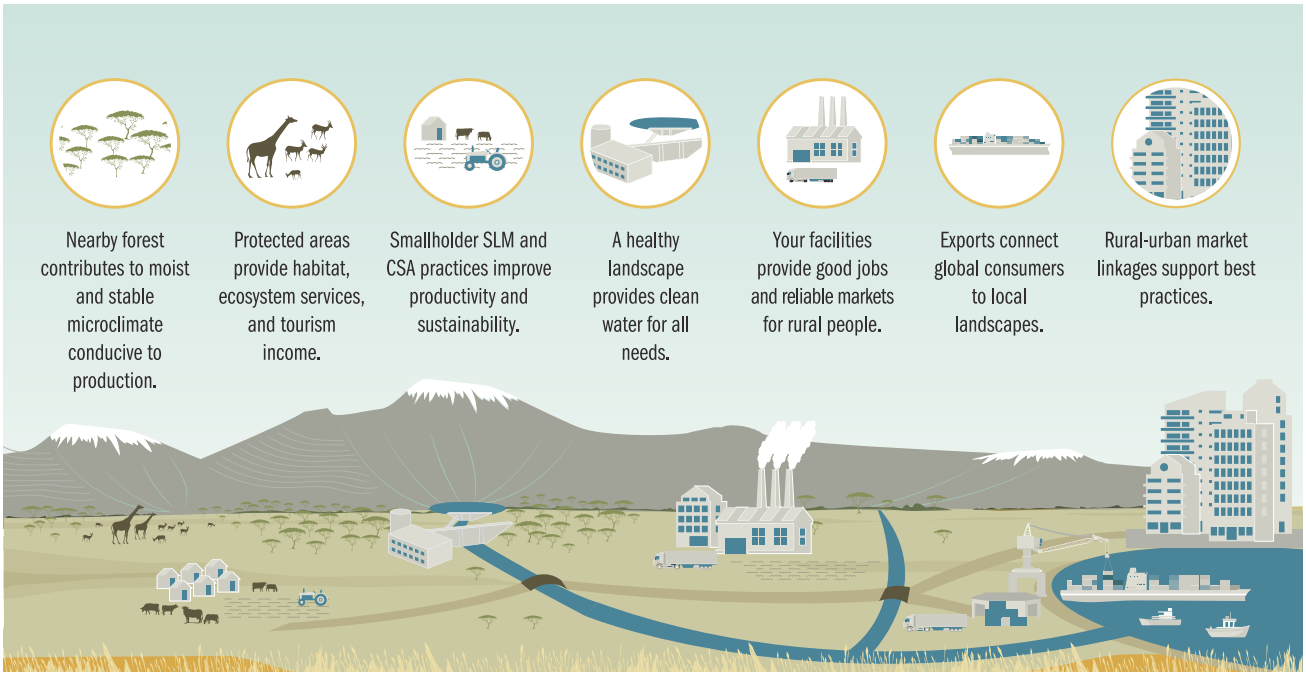
2. Finance in Sustainable Landscapes

2.1 Aligning economic, ecological and social objectives

To be sustainable over the long term, economic activities need healthy ecosystems and healthy societies. Healthy societies form economies that produce and consume goods and services. These economies are often divided into sectors: areas of the economy where actors work on elements of the same product or service. In rural landscapes, important sectors include agriculture (with sub-sectors such as grains, horticulture, dairy, and production forestry), mining, nature conservation (watershed management, protected areas), manufacturing, construction, or tourism. These sectors and sub-sectors have strong ecological interactions and interdependencies. How farms in one part of the landscape manage their soils, water and inputs affect others downstream. If too many agro-processors are extracting water from underground aquifers, the whole water table may drop, affecting farms and cities alike. Nature tourism depends on forest, farm and wetland managers to protect the wild biodiversity that attracts tourists. Figure 2.1 illustrates these interactions in a vibrant landscape economy.

Recognizing these interactions, multi-sector landscape partnerships have formed to align their objectives and coordinate their activities in order to ensure long-term economic, social and ecological sustainability (Denier et al. 2015).

Figure 2.1 An interdependent landscape economy



Source: Shames and Scherr (2015)

Box 2.1 outlines the landscape ambitions developed by stakeholders in the Gunung Tarak landscape of West Kalimantan, Indonesia. Such partnerships require Landscape Action Plans that clearly identify long-term goals and implementation strategies that guide a landscape investment strategy and short-term stakeholder commitments from concept to action.

Box 2.1 Landscape ambitions and action planning in the Gunung Tarak Landscape

Gunung Tarak Landscape is located in Ketapang and Kayong Utara districts, West Kalimantan Province, Indonesia. It is composed of four forest complexes under different level of protection status, and is surrounded by 19 oil palm plantation management units. These forested areas are home to about 3,000 orangutans. The forest patches have been separated from each other by the establishment of inter-districts roads and the expansion of oil palm plantations. These plantations have allocated and managed the landscape's High Conservation Value (HCV) areas, but they have not connected these forest patches. The resulting fragmentation has isolated the orangutan population and inhibited the functioning of many ecosystem services. Bauxite and gold mining activities have also been expanding in the landscape, which has placed further pressure on local ecosystems.

Key actors in the landscape — including the province government, district government, oil palm companies and civil society organizations — have agreed to work on a set of collaborative activities designed to balance the needs of economic development with environmental conservation. Since 2017, these stakeholders have identified the following actions to work on together:

- identify potential ecological corridors and inventory land-owners in the selected potential corridors/restoration areas;
- facilitate the development and implementation of community-based forest restoration strategies;

- facilitate the participatory mapping, participatory conservation planning, and village spatial planning (including reconciliation of village boundaries) that is conducive to ecological corridors and sustainable management;
- facilitate the development of sustainable livelihoods based on agroforestry and environmental services (water and ecotourism);
- facilitate the development and implementation of the villages' green mid-term development planning;
- facilitate a partnership between oil palm management units and village governments to protect and manage HCV areas.

Source: Purwanto 2017

2.2 The challenge of financing sustainable landscapes

Because designing and scaling sustainable investments is so critical to sustainable landscapes, financing must be aligned with landscape objectives. (For a primer on landscape finance, see Shames and Scherr 2017). Yet in most landscapes today, flows of finance to unsustainable activities are much larger than those to sustainable ones.

Finance, whether by farmers, public land managers, agribusiness firms, local entrepreneurs, or infrastructure developers, is critical in implementing the diverse investments required for a sustainable landscape. However, most investors — private, public or civic — are not investing with a landscape context or landscape goals in mind. Despite rising interest in green or sustainable finance, investors still largely pursue models that focus on a single objective within a landscape, such as agricultural production, ecosystem health, forest restoration, or climate change adaptation or mitigation.

Few investments are designed to achieve multiple objectives within landscapes, and there are few efforts to coordinate finance within landscapes — to address interdependencies, conflicts, spatial connectivity, or the synergies needed to achieve landscape ambitions at scale. The investors who are interested in these kinds of investments perceive a lack of projects worth investing in, while ideas generated from landscape partnerships struggle to find sources of financing for their integrated activities. Furthermore, even the investors who are exploring multi-functional investments see many of the available opportunities as untested and financially risky.

Organizing financing for integrated landscape investments requires different strategies and tools than investment in a single supply chain, commodity or asset. Integrated landscape investments can be more complicated to finance than traditional investments and may rely on landscape stakeholders and investors working collaboratively. The success of these investments is often predicated on others taking action. In addition, investments may require a series of different forms of financing that depend on the success of each previous financing phase. These investments often involve blending government, donor or philanthropic funds that seek social and environmental returns with commercial capital that primarily seeks profit. They may require aggregating small-scale deals into a larger investment opportunity.

2.3 The value of understanding financial flows in the landscape

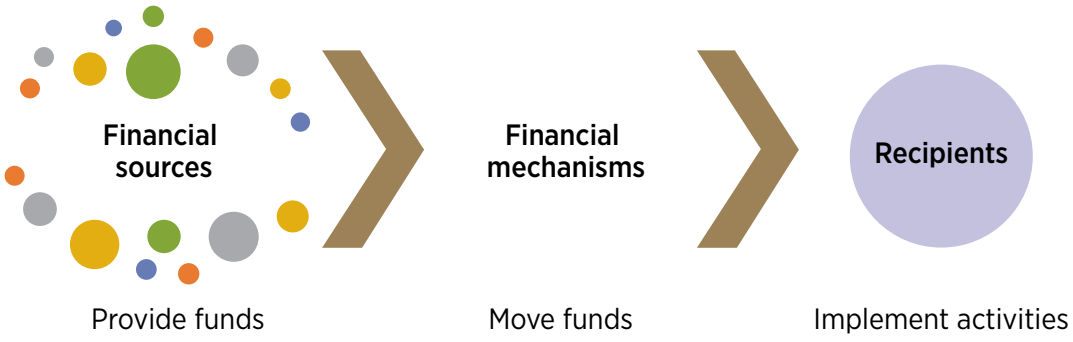
For investments in landscapes to contribute to sustainable development, it is important to have a well-functioning local financial sector that can help assess the risks of the investments and efficiently mobilize funds to activities and actors that contribute to the goals of the landscape stakeholders. The financial sector usually consists of formal and informal institutions, from banks and companies across the supply chain to members of social networks and family members.

A critical step toward strengthening the financial sector and shifting the flows of finance to integrated landscape investments is to identify and characterize the most important financial flows within the landscape. It is important to map out the relevant actors, what they are financing, and the details of the financing arrangements, as well as the impacts of these flows on the goals that have been set by landscape stakeholders. With these insights, stakeholders and investors can develop ideas for how to influence those key flows of finance and cultivate new flows that may better align with landscape objectives.

2.4 Key elements of a financial flow

There are three primary elements of a financial flow: financial sources; financial mechanisms; and recipients (see Figure 2.2).

Figure 2.2 Elements of a financial flow



Financial governance has an impact on each of the three elements.

- **Financial sources** provide the funds for investment. Table 2.1 illustrates the wide range of potential private, public and civic finance sources. In some cases it can be difficult to identify the original source of a flow. For example, if a national development bank provides funds to a local bank that in turn provides loans to farmers, the LAFF methodology considers this as two flows: one originating from the national development bank, and the other from the local bank. Another option is to consider them two segments of a single flow.
- **Financial mechanisms** are the method by which funds flow from the source to the recipient. Examples of financial mechanisms are bank loans, equity investments and grants. Table 2.2 provides an overview of types of financial mechanisms, along with characteristics of type of investor, time frame, types of activities financed and tolerance of investment risk. The details of these mechanisms have implications for the types of activities that are stimulated in landscapes, how various entities can or cannot access financing, and how much they may ultimately benefit from, or be harmed by, finance from a specific source.
- **Recipients** receive the funds for investment. For example, a coffee processing company may receive funds from an impact investor to expand and "green" their operation. The immediate recipient in a given flow may also be involved in distributing funds to others as part of another flow. For example, a farmers' organization may receive funds from a bank and then lend this money to its members.

Table 2.1 Public, civic and private sources of finance

Public Sources	Civic Sources	Private Sources
Government agencies: local (all relevant sectors) Government agencies: state/national (all relevant sectors) Sovereign wealth funds Dedicated tax revenues Public bonds Development finance institutions (DFIs)	Fundraising events/crowd-funding Philanthropic foundations Local NGOs National or international NGOs	Farmers, community organizations (their own funds or labour) Microfinance, revolving funds, cooperative banks Agribusiness/food industry Mining/extractive companies Tourism companies Water/energy utilities Commercial banks (local/national/international) Impact investment funds Regional and local funds Insurance companies Beneficiaries of ecosystem services (flood control, water quality/flow, biodiversity, landscape beauty, recreation)

Table 2.2 Types of financial mechanisms

Investor	Time frame	Types of activities financed	Typical applications in landscapes	Risk tolerance
For-profit				
Short-term loans				
Local bank branches, niche poverty banks, community lenders, companies purchasing ag products or ecosystem services	3–18 months	Loans for working capital for farmers, cash flow management or income smoothing	Improved soil and water management practices, new seed varieties, and increased labour costs during harvest season	Low
Medium-term loans				
Local bank branches, national banks, international banks	18 months–10 years	Loans for depreciable assets such as machinery, equipment and tree seedlings	Transition to new production systems to minimize conversion of natural areas	Low
Long-term loans				
Local bank branches, national banks, international banks	Up to 30 years	Purchase of land or larger fixed assets	Long-term restoration or conservation	Low
Impact equity investment				
Impact investors in business and supply chains	Medium to long term	Purchase of a stake in an enterprise; investors typically take a more active role in management than in a debt investment	Any profit generating activity relating to landscape objectives	High: these investors are willing to take on higher financial risk in return for greater environmental and social returns
Direct purchase				
Real asset investors	Medium to long term	Purchasing a partial or full stake in farmland, forests, wetlands, and other land uses	Long-term restoration or conservation	Variable
Company self-financing				
Locally operating companies	Variable	Expansion of business operations	Working capital, depreciable assets, real assets	Variable

Investor	Time frame	Types of activities financed	Typical applications in landscapes	Risk tolerance
For-profit				
Various				
Individual/ family remittances, self-financing, advanced payments for products, personal savings, "sweat equity" and social mobilization (obligatory or volunteer labour in investments that benefit the community)	Variable	Building up a farm enterprise, making the transition to a new production system, community land restoration	When no other financing options are available at favourable terms	Variable
Not-for-profit				
Grants				
Local/national governments, donor governments, private philanthropy (including from local, national and international NGOs and locally operating companies)	Variable; investors don't expect repayment, but typically want short-term and some long-term or phased impacts	Funds for organizations/businesses who commit to use the funds to provide public goods	Any agreed landscape enabling investment (e.g., the early establishment of more sustainable agricultural systems, technical support to land managers, or for the establishment of landscape-friendly market mechanisms	Moderate to high
Public finance instruments (direct investment, taxes and subsidies)				
Governments	Variable	Input subsidies, tax incentives for landscape-friendly activities Disincentives include a tax on land clearing, poor land management, or pollution	Property tax relief and exemptions, rebates to land managers in exchange for agreed on management actions, direct subsidies for land managers who implement better management practices	High
Public budget allocations				
Governments	Variable	Enabling investments that support landscape goals	Ecosystem restoration, green infrastructure, development of markets for sustainably produced products, co-investment in conservation with farmers	Moderate to high

2.5 Financial governance

The functioning of financial mechanisms is affected by the context of financial governance. This term refers to the procedures and scrutiny that ensure that financial flows are aligned with legal regulations and the overall goals of governance in a given place. Flows of finance are often subject to less rigid controls than physical goods such as timber and agricultural products are. The term "financial governance" is often used in the context of national and international efforts to reduce corruption, limit illicit financial flows and increase accountability.

Potentially important elements of financial governance in the landscape context include the transparency of the sources of finance for investments, the accountability of those sources for the social and environmental impacts of their investments and their compliance with regulations. Specific examples of financial governance mechanisms could include requirements that financial institutions report on certain details of their investments; do not finance projects that lead to deforestation; or do not set their interest rates exploitatively high.

3. Overview of the LAFF methodology

3.1 Objectives

The broad objective of the Landscape Assessment of Financial Flows (LAFF) methodology is to facilitate the participatory identification and characterization of major flows of finance in the landscape. This process includes a range of stakeholders working in landscapes towards a set of common objectives — especially civil society organizations (CSOs), but also local and national governments, development authorities, and private companies aligned with sustainability goals. This process helps participants better understand how a landscape's financial system does or does not support integrated landscape objectives. By reaching this understanding, stakeholders will be better able to achieve these goals:

- understand the composition of the landscape economy;
- identify and understand the most important financial flows, both those that benefit and those that are detrimental to landscape objectives;
- identify financial resources that could support strategic projects and activities critical to sustainable landscape management;
- identify key existing financial flows that need to be shifted in order to meet landscape objectives;
- identify opportunities to strengthen the financial governance mechanisms of key financial flows;
- identify system-wide challenges for the landscape's financial system (e.g., key gaps in services); and
- identify opportunities to strengthen the coordination of investment in the landscape.

3.2 Principles guiding the methodology design

The methodology was designed to embody the following principles:

- lead to increased awareness and capacities of landscape stakeholders;
- build the capacity of stakeholders to identify and/or understand four issues — (1) financial flows related to their landscape; (2) the main sources and recipients of investment; (3) the use and purpose of investment; and (4) the impacts of investments;
- include components of discussion and joint review by stakeholders;
- provide information on elements of financial governance in the landscape;
- engage financial actors in landscape initiatives; and
- include funding flows that could potentially be used by smallholders and other key landscape actors.

3.3 Users of the methodology

The ideal context for the implementation of this methodology is a landscape where there is an established multi-stakeholder partnership (MSP) that has identified a set of agreed landscape objectives that stakeholders are working to pursue. It is best if such objectives are defined within a landscape action plan (see Box 3.1).

The methodology can also be used in places where there is no active landscape MSP; for example, by a local government, regional agency or NGO seeking to advance sustainable landscapes. However, these cases will require additional background work to identify key audiences, collaborators and landscape objectives.

Box 3.1 What is a Landscape Action Plan?

Landscape action planning is a collaborative process that helps to help landscape coalitions progress from ambitions and strategies to actions. It provides a road map for achieving objectives and a standard for keeping stakeholders accountable. An action plan typically has a time frame of three to five years, and is expected to undergo regular updating over that time.

An action plan should include these details:

- what intervention or change will occur and what impacts it will have;
- who will carry it out and who will hold these parties accountable;
- when it will take place, where, and for how long;
- what resources (human, financial, direct or in-kind, etc.) are needed to carry out the intervention;
- who should know what (communication) for the intervention to succeed; and
- how the responsible parties will report on progress.

By operating in the context of a defined set of objectives, the MSP will not only be seen as more legitimate by potential collaborators, but the process of identifying key financial flows for analysis will be more efficient. Furthermore, the MSP can be targeted as the key user of the project's findings, and therefore the process can be tailored to its needs from the beginning.

3.4 Phases of the methodology

The methodology includes two phases:

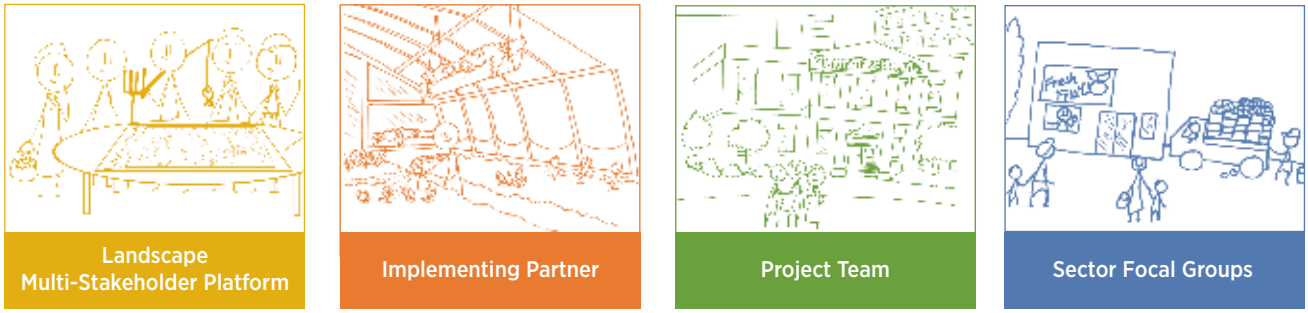
- Phase 1: Characterize the landscape economy, to focus the design of the flows analysis; and
- Phase 2: Identify and understand the financial flows most relevant to meeting sustainable landscape objectives.

3.5 Responsibility for implementation

These are the four main sets of actors (see Figure 3.1) responsible for implementing the LAFF:

- A Landscape Multi-Stakeholder Platform (MSP);
- An Implementing Partner;
- A Project Team; and
- Sector Focal Groups.

Figure 3.1 Implementing the LAFF



The **Landscape Multi-Stakeholder Platform** or partnership (MSP) is the principal audience and user of results of the LAFF, and needs to guide priority-setting and develop actions in response to findings. In the Gunung Tarak landscape in Indonesia, where the LAFF was first tested, the MSP is being convened by Tropenbos Indonesia.

The **Implementing Partner (IP)** coordinates the LAFF process and be the primary on-the-ground implementer of the methodology. The partner should have extensive familiarity with the institutions in the landscape, as well as strong facilitation skills and some economic expertise. The IP could be a partner of the MSP, a consultant to the MSP, or in the absence of an MSP, a champion of sustainable landscapes. The IP facilitates the work of the Project Team, and hires and manages any consultants with specialized economic and financial expertise. In the case of Gunung Tarak landscape, the IP was Tropenbos Indonesia and consultants were hired to lead the implementation of Phases 1 and 2.

The **Project Team** is a multi-organization group of five to ten people, with diverse interests in the landscape, who are highly committed to integrated landscape-scale action. They provide key information for the assessment, and are the primary evaluators of the assessment results. Members of the Project Team are also the primary beneficiaries of the capacity-building initiatives of the methodology. Members should represent a range of community organizations (including the Implementing Partner), relevant industries, the finance sector, and key government agencies. In landscapes where a formal multi-stakeholder partnership is in place, the Project Team can be established as a subset of that group. In places where there is no such partnership, the IP will identify the appropriate members of the team. If the MSP does not already include many financial actors, the team may invite outside financial actors.

The **Sector Focal Groups** are organized during Phase 2 by the IP, with the support of the Project Team and Consultants. The Sector Focal Groups identify key financial flows in selected sectors.

The lead actors for each step are denoted in this manual by colours.

3.6 Resources and time required

Complete implementation of the LAFF typically requires four to seven months. The steps must be done in sequence, and the timing will depend on the availability of Project Team members and key informants. Before implementation of the LAFF it is important to formalize relationships with the **Implementing Partner** and select the **Project Team**.

Costs will vary significantly between landscapes, depending on the availability of staff, consultants, and data, and on the travel required. Phase 1 should take roughly 25% of the total project effort, and Phase 2 should take roughly 75%. Details for each phase of the methodology are provided below.

4. Characterizing the landscape economy (Phase 1)

4.1 Purpose and output

Phase 1 involves characterizing the landscape economy. The purpose of Phase 1 is to stimulate and inform discussion with the **Project Team** on priorities for Phase 2 (which involves studying financial sources and flows). In order to select the key financial flows in the landscape that will be evaluated, the economic context of the landscape needs to be well understood. During Phase 1 participants assess the economic sectors and trends in the landscape that have the most impact on the landscape objectives. These objectives are identified by the multi-stakeholder group.

At the end of Phase 1, the **Implementing Partner (IP)** produces a clearly written report approximately 25 to 30 pages long that fully references the data used. See Annex 1 for an outline of the report. The IP also produces a presentation of 10 to 20 PowerPoint slides, with key findings from the report. This presentation should use limited text and instead emphasize the figures and graphics from the report.

4.2 Implementing entities

The work will be carried out by the IP, possibly with the support of a consultant experienced in economic and financial analysis. Feedback from the Project Team and MSP will be incorporated into the final draft.

4.3 Sources of information

The information on the landscape economy will be drawn from existing documents and from interviews with a limited number of key informants, such as mayors, district heads, planning agency heads, major development programs, financial institution representatives, and heads of producer organizations.

4.4 Expected results

Phase 1 produces an overview of the structure of the landscape economy, including the monetary (and, where possible) non-monetary values of goods and services. The overview should describe the following aspects of the landscape:

Boundaries of landscape used for the report

- Ideally, base the boundaries on a documented definition by the MSP; they don't need to be strictly accurate
- Clarify any discrepancies between the landscape initiative's boundaries and data sources that may be jurisdictional or otherwise different from each other
- If there is no pre-existing MSP, base the boundary on geography, ecology, institutional arrangements, economy and socio-cultural considerations (e.g., tribal territorial boundaries)

Key landscape objectives as identified by the MSP

- Ideally, base the objectives on documented agreements by the MSP
- If there is no pre-existing MSP, a thorough review of relevant documents and interaction with key stakeholders will need to be conducted by the IP or their consultant

Broad structure of the landscape economy

- Identify five to seven key economic sectors and sub-sectors in the landscape (both land-based, such as agriculture, and non-land-based, such as trade)
- Determine where the sectors and sub-sectors are concentrated geographically in the landscape
- Determine which sectors and sub-sectors are most dependent on land and natural resources
- Determine which sectors and sub-sectors have the most impact on land and natural resources
- Determine the relative and absolute importance of these sectors and sub-sectors in terms of economic output, employment, and social and environmental impacts
- Identify the key actors in these sectors and sub-sectors (ideally, differentiated between internal/landscape, national and international actors)

Trends and drivers in the landscape economy

- Determine the key trends in these sectors and sub-sectors (i.e., which activities are increasing, decreasing or staying the same)
- Determine the drivers of these trends (economic, social, political and/or ecological)

Value of ecosystem services

- Determine the key ecosystem service values (see Box 4.1) in the landscape and where they come from (in other words, the type of resource; e.g., forests and rivers, and the location in the landscape)
- Determine the relationships of these ecosystem services to the key economic sub-sectors
- Quantify these values if possible — be sure to consider the relevance of greenhouse gas emission sources and sinks and the relationship to climate change vulnerability

The key roles of government and civil society

- Determine which government initiatives related to the key sectors have the most impact (these could include direct public investments and fiscal policies)
- Determine the key impacts of these programs (financial, social and/or ecological)
- Determine the key regulations related to the identified sectors and sub-sectors
- Determine the civil society programs with the most impact related to the key sectors and sub-sectors
- Determine the key impacts of these civil society programs (financial, social and/or ecological)

For each sector and sub-sector, determine how it currently influences the achievement of landscape objectives (if landscape objectives have not been identified, this will need to be done before starting this work). Summarize the economic activities most relevant to the landscape objectives (both beneficial and detrimental).

This analysis will be central to Phase 2 (study of financial flows).

Box 4.1 Ecosystem services

Ecosystem services make direct and indirect contributions to human well-being. They are generally grouped into four broad categories: provisioning, such as the production of food and water; regulating, such as the control of climate; supporting, such as nutrient cycles; and cultural, such as spiritual and recreational benefits.

4.5 Steps for implementing Phase 1

Implementing Phase 1 takes from one to three months (see Table 4.1).

Table 4.1 Implementing Phase 1: Six Steps

Step	Activities, Phase 1	Who
Step 1	The **Implementing Partner** organizes and conducts a training workshop (in-person or virtual) for the **Project Team** on the key concepts of landscape economy and finance. Once the members of the Project Team have been identified, they will meet to discuss and clarify project objectives, roles, and the plan for implementation. This workshop includes training on key concepts of landscape economy and finance (including the economic benefits of landscape-scale action, sources of finance, types of financial mechanisms, and types of financial governance), and will explain the LAFF methodology. The training will be organized by the **Implementing Partner,** with support from consultants if necessary. The convening/training will be adapted to the needs/priorities of the Project Team. The workshop will require one or two days, depending on circumstances and the resources available.	
Step 2	The **Implementing Partner** develops a Phase 1 terms of reference and engages any consultants needed. The detailed terms of reference includes the collection and reporting on the landscape economy (based on Section 4.4), as well as a timeline. If needed, the IP can hire a consultant with economic expertise and familiarity with local data sources to support this work.	

Step 3	Collect data and prepare a draft report and presentation on the landscape economy. The **Implementing Partner** will review or collect and evaluate the available data and conduct a limited number of interviews to prepare a first draft of the report on the landscape economy. This Phase 1 report should include a set of graphics that clearly communicate key features of the economy.	
Step 4	The **Implementing Partner** will convene a Project Team meeting to discuss the draft report. The **IP** will send a draft of the Phase 1 report to **Project Team** members one week prior to the meeting so they can prepare for the meeting. The **IP** will present PowerPoint slides that summarize the key points of the report. The Project Team will discuss whether all relevant sectors have been covered, and whether any additional information or explanation is needed. This meeting will require half a day.	
Step 5	Revise the report. The **Implementing Partner** and the consultant will collect additional information and revise the report as needed.	
Step 6	The **Implementing Partner** will convene a meeting of the **multi-stakeholder platform** to share the revised report and propose a preliminary plan for Phase 2. Following the Project Team meeting (see Step 4), a full multi-stakeholder platform meeting will be convened to update the members on the project, and to solicit input and perspectives on the landscape economy report. This meeting could be held as part of the regular convening of an MSP, if one exists. If key stakeholders were identified during the research who were not previously part of the MSP, they might also be invited to this meeting. If no MSP exists, the **Project Team** members will invite key stakeholders in the landscape who they consider to be well positioned to enrich the process, benefit from it and amplify its messages. This process could help to initiate an MSP where one has not been established. The meeting will require a half day. It can also be combined with the beginning of the first step of Phase 2, in which case the total workshop time would be longer.	

4.6 Resources required for Phase 1

Phase 1 will require one to three months for full implementation, depending on the availability of existing documentation and key people. These are some of the main resources required:

- Time needed for the **Implementing Partner** to do the following
  - develop a terms of reference (~1 day)
  - organize the Project Team (~2 days)
  - identify and hire a consultant, if necessary (~2 days)
  - collect data (~5 days)
  - undertake interviews (virtual or in-person) with key resource people inside and outside of the landscape (~3 days)
  - prepare the draft report and presentation (~5 days)
  - prepare the final report and revised presentation (~2);
- Travel costs and time to obtain key documents;
- Costs of obtaining rights to view/use information (if any);
- Time and costs to translate methodology materials into local languages;
- Time and costs to translate reports for sharing with outside project partners;
- Travel costs for outside experts for training purposes (if necessary);
- Costs of paying people to participate in workshops (if necessary); and
- Costs of workshops/meetings (training/planning workshop for Project Team, Project Team review of draft; meeting with MSP).

5. Identifying and understanding the relevant financial flows (Phase 2)

5.1 Purpose and outputs

In Phase 2 participants identify and characterize key financial flows within the landscape and evaluate the impacts of these flows on landscape objectives. The elements of these financial flows include financial sources, mechanisms and recipients (see Figure 2.2). By understanding these financial flows, and the related mechanisms of financial governance, the **Project Team** will be better able to determine how they can most effectively use and adapt these sources and mechanisms to achieve landscape goals.

The main output of Phase 2 is a report produced by the **Implementing Partner**; its length will depend on the number of sub-sectors studied. The report will include financial flow maps for each sub-sector and tables on key characteristics of the most relevant flows in each sector. A suggested outline for this report is included in Annex 2. The Implementing Partner will also produce a presentation highlighting the main points of the report.

5.2 Implementing entities

The Phase 2 study will be carried out by the **Implementing Partner**, supported by the **Project Team**. It is likely that a consultant experienced in economic and financial analysis will need to be hired to organize and facilitate Sector Focal Groups, conduct key informant interviews and write the report. The final product will also include input from the MSP.

5.3 Sources of information

The primary information for this phase will be drawn from **Sector (and sub-sector) Focal Groups** convened by the IP. These focal groups will be based on the priority sectors and sub-sectors relevant to the landscape objectives identified in the Phase 1 report and validated by the Project Team (See

Phase 1, Step 4 and 6). These Sector Focal Groups will identify key financial flows within each sector and sub-sector and select the flows that will be evaluated in depth. Criteria for selection will include relevance to landscape objectives and scale, as identified by the Focal Groups (see Table 5.2 and 5.3). Additional information on priority financial flows selected by the Focal Groups will be provided through interviews with key informants (see Table 5.5) and documents provided by Focal Group members.

5.4 Expected results

The Phase 2 study focuses on the financial flows within key economic sectors and sub-sectors that were identified by the Project Team and the Phase 1 report as being the most relevant to landscape objectives. The study will consider the financial flows within each sector and from all supply chain segments, including production, processing, technical services and marketing.

The financial flow sources and recipients may include a wide range of actors such as local, national and international companies and financial institutions, government agencies at all levels, international CSOs, individual business people and end users of products and services. The study should consider all types of flows, including illegal and informal flows, and remittances. The flows may be highly diverse. For example, in Gunung Tarak, Indonesia, flows included loans from banks to palm oil companies and payments by the owners of swift houses for building materials (see Figure 5.1 and Table 5.4).

In Phase 2 the following information will be solicited:

- the most important financial flows in each key sector and sub-sector;
- why the flow is important and how it affects landscape objectives;
- the sources and recipients of these flows;
- the type of financial mechanism (e.g., loan, concessional loan, grant, payment for services, equity investment);
- the terms of the financing arrangements (e.g., in the case of loans, the interest rate, collateral, type of investments; or in the case of grants, the type of outcomes expected);
- the governance mechanisms that affect these flows (e.g., rules on transparency, need for monitoring);
- the constraints to better terms for financing (e.g., interest rates, type of collateral, trust, scale);
- any notable innovations of the flow (e.g., blended finance models, special conditions); and
- any additional information that needs to be learned about them.

5.5 Steps for implementing Phase 2

Phase 2 includes the following eight steps (see Table 5.1).

Table 5.1 Implementing Phase 2: Eight Steps

Step	Activities, Phase 2	Who
Step 1	The **Implementing Partner** convenes a workshop to identify priority sectors. (This could possibly be the same workshop as in Phase 1, Step 4). The **Project Team** selects four to six sectors to focus on in Phase 2. This decision is based on the assessment information in the Phase 1 report and on discussions about Phase 1 findings with the Project Team and **MSP**. The decision is made through a facilitated discussion based on this question: Which sectors have the most impact on identified landscape objectives, positive or negative? During this discussion, key informants for each sector are also identified. This discussion will require one-quarter of a day.	
Step 2	Set up **Sector Focal Groups**. Once the priority sectors are selected, the **Implementing Partner** revises the preliminary Phase 2 work plan. The IP, with the support of the members of the Project Team, convenes **Sector Focal Groups** for each of the four to six sectors selected during Step 1. Each Focal Group should have five to eight members representing a wide range of actors who work in, are affected by and/or have deep knowledge of the financial flows in the sector. These could include large and small companies involved in the supply chain, financial institutions, CSOs, government agencies and/or academia. The IP should recognize the sensitivity of some actors about sharing information, and be sure to highlight the benefits of participation to potential Focal Group members, such as learning more about the financial flows within their sector and building relationships with key actors in the landscape. In preparation for the work in focal groups, the Implementing Partner interviews the key informants identified in Step 1, in order to identify key actors and prepare a first draft of sectoral financial flows. This information provides inputs for the focal group discussions. **See Table 5.5** (Interview Guide).	
Step 3	Convene workshops with each **Sector Focal Group** to select the key financial flows within the sector to be evaluated. Each of these workshops will have four components and last about half a day.	
3a	The **Sector Focal Groups** map the key sectoral financial flows, identifying and drawing as many financial flows within the sector as they can (**see Figure 5.1** for an example from the mining sector). The elements of these maps are sources, recipients and financial mechanisms. First, the members of the groups should brainstorm important financial sources and/or recipients within the sector, and write them down on a list so the whole group can see them. Then, they select someone to be the primary drawer in the group. This drawer, with guidance from the other members of the Focal Group, draws the linkages between these sources and recipients on a large sheet of paper. It is anticipated that each Focal Group will identify 10 to 25 flows as part of this exercise.	
	For example, if a single local bank lends to multiple recipients the drawer draws lines from a circle or rectangle representing the bank to multiple recipient circles or rectangles. If that local bank is funded by a development bank, then the flow to it would be represented by another line coming out of the local bank circle, with arrows to indicate the direction of flow.	
	Figure 5.1 provides an example of a sector financial flow map generated during the Gunung Tarak pilot. Some of the notable flows (or elements of flows) identified were a bank to a bauxite company, the exporter to the bauxite company, and a group of Chinese business interests to an illegal gold mining boss.	

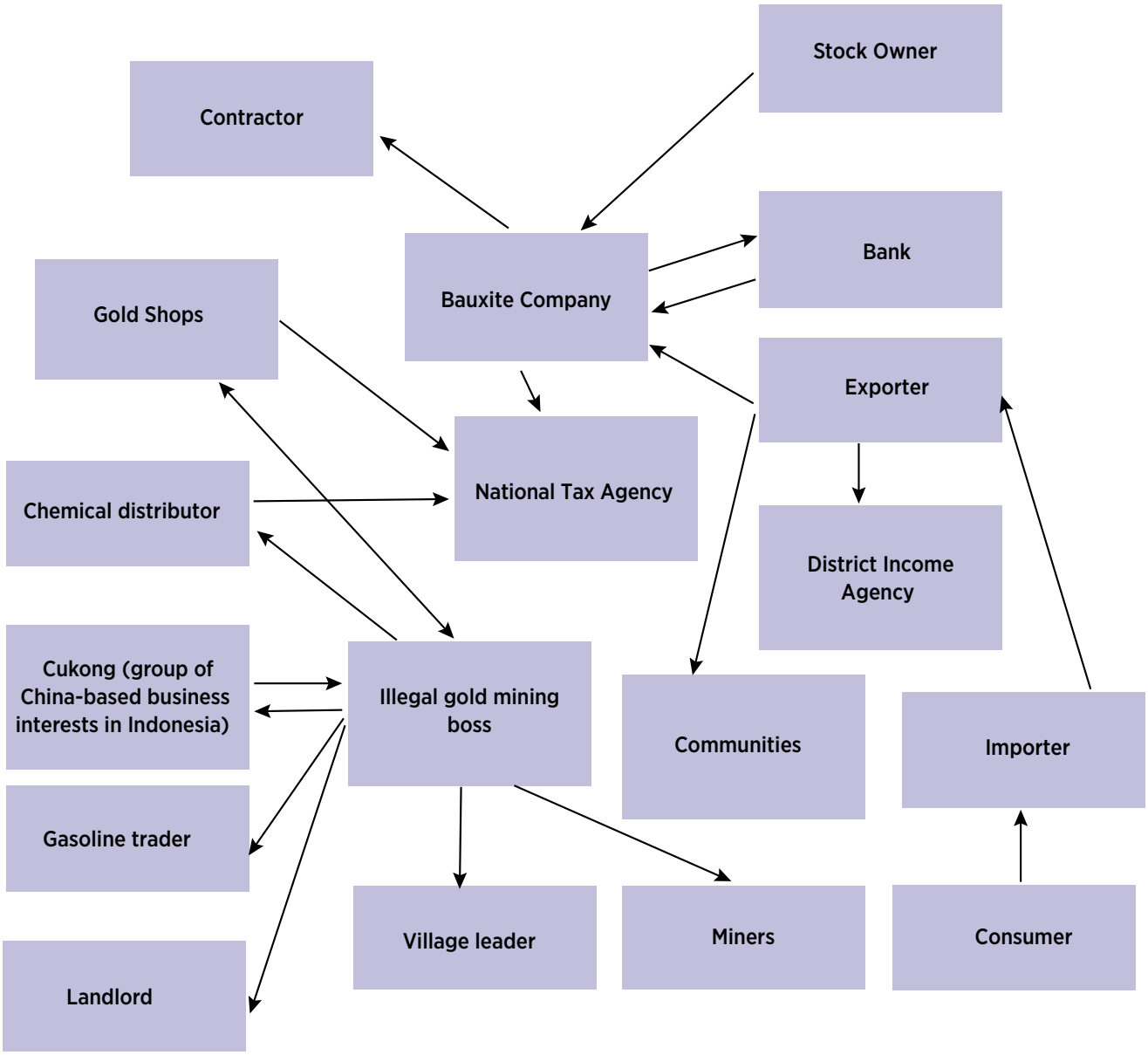
Step	Activities, Phase 2	Who
3b	Apply the tool and indicators for selecting priorities. Because there are so many different financial flows in the landscape, and there are limited resources for the LAFF, it is important to have a structured way to decide which ones to focus on. This process should consider the flow's influence on the landscape economy (its monetary scale) and its actual or potential impacts on landscape goals.	
	Table 5.2 provides suggested indicators to score six key aspects of landscape goals: economic benefits for people, contributions to biodiversity, social capital, food security, water security and climate change mitigation. These indicators could be modified to more closely reflect the priorities in a specific landscape. Five simple qualitative indicators are used in Table 5.2: very negative, somewhat negative, no impact, somewhat positive and very positive. If the impact is not known by the group, a question mark can be put in the box. A numerical score is given for each impact, from —2 for very negative to +2 for very positive.	
	Table 5.3 provides an example to help the group members select priorities for subsequent analysis. First, they list all of the financial flows being considered. Then they characterize each type of flow (or finance mechanism used), and estimate the scale of the flow.	
	Next, the group members evaluate each of the flows for its current impacts — both positive and negative — on landscape goals. For example, investments from a mining company may have benefits for employment, but the mining activities may pollute the water.	
	By adding the scores for the six key impacts, as shown in **Table 5.3**, participants determine a score for the overall impacts of each financial flow. This is not a precise assessment. The process can be modified according to each landscape and financial flows can be weighted according to the judgment of the stakeholders. The estimated scale of the flow is multiplied by the value of the overall impacts to prioritize the flows.	
	The flows are ranked by their distance from 0, both positive and negative. This is done so that the most positive and negative flows are both included in the set of priority flows.	
	The participants provide a brief explanation for why each score was selected. See **Table 5.4** for an example of scoring one financial flow from the Gunung Tarak landscape.	
3c	Characterize the importance of financial flows to landscape objectives. Once the group members clearly understand the scoring method, they list the flows to be considered, estimate the score for each of the indicators, and add up the scores for each indicator to calculate an overall score for each of the flows, as described in Step 3b.	
3d	Select four to six financial flows for further analysis. Now the Sector Focal Group members assess their scores for all of the flows. They discuss the list to make sure that they agree that these flows should be the ones that they select for further analysis. Information on the flows that are not selected will also be documented and will be included in the final report; this information may be relevant to future discussions on financial flows and access to finance.	

Step	Activities, Phase 2	Who
Step 4	The **Implementing Partner** conducts key informant interviews for each selected flow. Altogether, four to six selected financial flows are selected from each of four to six Sector Focal Groups (about 20 flows total). The Implementing Partner conducts these interviews, possibly with the support of a consultant. The interviews follow the questions included in **Table 5.5** regarding the basic features, governance, sources, recipients and context (social, economic, ecological) of the flow, and how the flow could be modified for more positive impacts on landscape goals. Table 5.5 also lists the specific type of information sought from the interviewee. The results of each interview should be presented in a table.	
	At least two interviews should be conducted for each flow: one interview with the source and the other with the recipient. In some cases, due to lack of time or willingness by the intended interviewee, this may not be possible. In that case, a knowledgeable third person could be interviewed to try to provide the information needed.	
	Since a typical assessment includes about 20 financial flows and two interviews for each flow, this means that 40 to 50 interviews need to be conducted. For efficiency's sake, when possible, the Implementing Partner should seek out interviewees who have information on more than one of the financial flows. Information for the interview questions may also be supplemented by documents recommended by interviewees.	
	The Implementing Partner should complete a separate table (following the structure of Table 5.5) for each of the 20 financial flows. The final row of Table 5.5, about potential ways in which the flow might be modified to align better with landscape objectives, may be discussed with the interviewees, or suggested by the IP or Project Team.	
Step 5	The **Implementing Partner** prepares a draft report of Landscape Financial Flows. The Phase 2 report is based on inputs from the interviews and additional documents. (See a suggested outline in **Annex 2.**) The length and level of detail of this report will depend on the data available for a given landscape. It is important to convey to the audience the limitations of the information provided.	
Step 6	The **Implementing Partner** convenes a meeting of the **Project Team** to solicit feedback on the draft. The Implementing Partner should send the draft Phase 2 report to the project Team members one week prior to this meeting so they can review it. The IP convenes this half-day workshop with the team members to make a PowerPoint presentation that summarizes the key points of the report. The Project Team members discuss and clarify the main findings and identify any critical missing information in the first half of the meeting. They spend the second half of the meeting reflecting on how the findings might be used to advance investments in sustainable landscapes.	
Step 7	The **Implementing Partner** finalizes the Phase 2 report and presentation, filling in critical identified gaps, and incorporating input from the Project Team workshop about potential follow-up to advance sustainable landscape investment. The IP also revises the PowerPoint presentation.	
Step 8	The **Implementing Partner** convenes the **Multi-Stakeholder Partnership** to present the analysis and discuss what to do next. It is important for the Implementing Partner to present this analysis to the MSP a week or two in advance. At the MSP meeting the participants discuss the findings and the implications of the findings for future actions of the MSP. The workshop will take a half-day to a full day, and should conclude by clearly defining the way to move forward.	

Table 5.2 Scoring indicators for six landscape impacts of financial flows

Landscape impact	Scoring indicators				
	— 2 Very negative	**— 1 Somewhat negative**	**0 No impact**	**+ 1 Somewhat positive**	**+ 2 Very positive**
Creates economic benefits for local people (income, employment)	A substantial number of local people lose income or employment	A small number of local people lose income or employment	No change	Local people gain income or employment	Income or employment comes with increased social security (access to pension funds, health insurance, labour rights)
Contributes to conservation of biodiversity	Threatens the existence of species within the landscape	Reduces species populations and habitats	No change	Contributes to a minor improvement in species populations and habitats	Contributes to a major improvement in habitats and species
Strengthens social capital	Contributes to conflicts between key landscape stakeholders	Creates a barrier to collaboration among key landscape stakeholders	No change	Promotes a minor improvement in trust or shared purpose among key landscape stakeholders	Promotes a major improvement in trust or shared purpose among key landscape stakeholders
Contributes to food security	Reduces the availability of food for local people throughout the landscape	Reduces the availability of food for local people in a small way	No change	Promotes food availability for some local people without raising prices	Promotes food availability for many local people without raising prices
Contributes to secure access to clean water	Competes for clean water and/or contaminates water at a landscape scale	Competes for clean water and/or contaminates water at a local scale	No change	Contributes to water conservation and/or clean water availability at a local scale	Contributes to water conservation and/or clean water availability at a landscape scale
Contributes to climate change mitigation	Increases carbon emissions on a landscape (or larger) scale	Increases carbon emissions on a local scale	No change	Contributes to clean energy use and/or carbon sequestration at a local scale	Contributes to clean energy use and/or carbon sequestration at a landscape (or larger) scale

Figure 5.1 Diagram of a mining sector finance flow



Note: Figure is based on a financial flow mapping exercise in Gunung Tarak landscape, Indonesia (modified for clarity)

Table 5.3 Example of selecting priority financial flows in the landscape

Financial flows most relevant for the landscape	Bank to bauxite company	Exporter to bauxite company	Foreign consumer to exporter	Cukong to illegal mining boss
Characterize the transfer (categories: capital input-loan; capital input-equity; operational service contract; goods payment; grant environmental services)				
Estimated scale of the flow				
Key landscape impacts	**Scoring indicators**			
Creates economic benefits for local people (income, employment)	+ 2	+ 2	+ 2	— 1
Contributes to biodiversity conservation	— 1	— 1	— 1	— 1
Strengthens social capital	— 1	— 1	— 1	— 2
Contributes to food security	— 1	— 1	— 1	0
Contributes to secure access to clean water	— 1	— 1	— 1	— 1
Contributes to climate change mitigation	— 1	— 1	— 1	— 1
Overall contribution to landscape goals (Sum of rows with light grey shading)	— 3	— 3	—3	— 6
Overall importance for landscape assessment (group ranking)				

Notes:
-Blank cells indicate that during the focal group and interviews this information was not provided.
-The estimated scale generally falls into one of four ranges: less than US$50,000; US$50,000–500,000; US$500,000–5 million; and US$5 million and higher. Depending on the sector, the Focal Group may decide to shift these ranges.
-Key to scores: —2 = very negative; —1 = somewhat negative; 0 = no impact; +1 = somewhat positive; +2 very positive
-See Figure 5.1 for a diagram of the financial flows listed here.

Table 5.4 Scores and criteria used for one financial flow, Gunung Tarak landscape

Criteria	Score	Explanation of score
Creates economic benefits for local people	+ 2	Workers have a job and receive insurance at the bauxite mine
Contributes to restoration of landscape biodiversity	— 1	Habitat was destroyed in Matan Jaya where the company has worked
Strengthens social capital	— 1	Conflicts related to land ownership have arisen among villagers who wanted to sell their land to the company in Matan Jaya
Contributes to food security	— 1	The land designated by the local government of Kayong Utara for sustainable agriculture land was used for a mining road, converting paddy fields in Matan Jaya
Contributes to secure access to clean water	— 1	The tilling of land in Matan Jaya has polluted water resources
Contributes to climate change mitigation	— 1	Deforestation has occurred in the mining concession in Matan Jaya

Key to scores: —2 = very negative; —1 = somewhat negative; 0 = no impact; +1 = somewhat positive; +2 very positive
Note: Criteria used to score the "Bank to Bauxite Company" flow in the Gunung Tarak landscape, Indonesia (revised for clarity) as shown in Figure 5.1

Table 5.5 Interview guide for financial flows

The **Implementing Partner** completes a table (following this structure) for each of the selected financial flows. See Phase 2, Step 4 for more information about interviews.

Interview questions	Information needed from the interviewee
Basic features of the flow	
How large is the flow?	The size of the flow in monetary terms. In local currency? In US dollars?
What is the type of financing mechanism? For-profit or not-for-profit?	Debt mechanism (bank loan, corporate bond, revolving credit) Equity mechanism (share issuance, shareholding, venture capital)
What is the timing of the agreement?	Start date and end date (if these have been identified)
What are the terms of the agreement?	Payback period, Interest rate (if a loan) Relevant terms of the agreement (if equity)
Is there any co-financing from other financial actors? If so, describe.	
Does the flow include any subsidies or guarantees? If so, from whom?	
Is it part of a blended finance mechanism? If so, describe the nature of this mechanism.	
Financial governance	
Are there any environmental and/or social safe-guards associated with the agreement?	Required disclosures of ESG policies? Limits on certain activities (e.g., deforestation)? Requirements for certain activities (sustainable practices)? Participant in the Global Reporting Initiative (GRI)? G4 Financial Services Sector Disclosure Framework? Other credible and transparent monitoring and investigation mechanism on Environment, Social and Governance (ESG) compliance? Consult http://forestsandfinance.org/wp-content/uploads/2016/09/webMatrixEnglish.pdf for additional questions if needed.
Are there any limits on the agreement designed to protect the recipient?	Limits on interest rates charged, etc.

Sources of financial flow	
What entity is the source of finance?	Legal name
What is the total size of the entity?	Dollar value or local currency value
What type of entity is it?	National/international/local bank, private equity; corporation; government agency; quasi-governmental agency; philanthropy; NGO
Where is the entity based?	Country, jurisdiction, spatial coordinates (if available)
Where does this entity receive its financial capital from?	Is it an intermediary source? What is upstream from it?
In what other ways does it work with recipients/ partners other than financing to support them?	Provides production inputs, serves as a buyer of products, part of a vertically integrated supply chain, financial literacy assistance
Recipients of financial flow	
What is the entity that is being financed?	Legal name
What is the size of the entity?	Dollar value or local currency value
What type of entity is it?	Individual, cooperative, corporation, partnership, government agency
Where are the activities being implemented?	Country, jurisdiction, spatial coordinates (if available)
What specific activities are being financed?	
What is the scale of these activities?	Monetary value of sales, amount of product
How does this flow fit into their overall finance?	Other sources of finance (if there are any) Relative importance of this flow compared to others
Who are the intermediaries involved in this flow that link the source with the recipient?	
Context of flow (social, economic, ecological)	
How does the flow contribute to or inhibit the Landscape Action Plan (or SDGs)?	
Is there something innovative about the flow?	
What public policies influence this flow?	List the policies with the most impact and describe their impact
What are the market dynamics that influence this flow?	List the market dynamics with the most impact and describe their impact
What are the political dynamics that influence this flow?	List the political dynamics with the most impact and describe their impact
How the flow could be improved for positive landscape impact	
What changes could be made to this flow to better align it with the MSP goals and action plan?	Terms of the agreement, financial governance, spatial targeting, bringing in other partners

5.6 Time and costs

Phase 2 requires three to four months for full implementation, depending on the availability of existing documentation and key people. These are some of the resources required:

- Time needed for the Implementing Partner to do the following
  - identify and contract consultant, if necessary (~2 days)
  - organize and implement Sector Focal Group meetings (~15 days)
  - undertake interviews with key informants (~15 days)
  - prepare draft and PowerPoint slides (~10 days)
  - prepare final report and revised slides (~3 days)
  - organize the meeting of the MSP (~3 days);
- Travel costs and time to meet with key informants (maximum of 50 interviews);
- Costs to pay people to participate in workshops, if necessary;
- Costs of obtaining rights to view/use information (if any);
- Time and costs to translate materials;
- Workshop costs (workshop to initiate Phase 2, plus four or five Sector Focal Group meetings); and
- Telephone calls with key informants for selected flows with outside landscapes.

6. Using the Results of the Financial Flows Assessment

The purpose of understanding financial flows is to help multi-stakeholder partnerships for sustainable landscapes find ways to use and influence financial resources more effectively.

Many actions for a landscape-level MSP might come out of this process:

- influence a financial institution to modify a behaviour or policy to be more landscape-friendly, such as an increase in lending to smallholder farmers, modifying the terms of loans to match borrowers' cash flow, or including conservation activities in agricultural loans;
- organize an initiative to slow, limit or stop investments that undermine landscape sustainability;
- influence government agencies to undertake investments that would catalyze greater flows of landscape-improving private investment;
- apply the Landscape Investment and Finance Toolkit (LIFT) to generate more projects in the landscape that attract investors and support landscape objectives;
- mobilize new sources of financing for priority landscape investments;
- engage new stakeholders and partners for the MSP;
- mobilize support from the finance sector for the Landscape Action Plan;
- enhance the Landscape Action Plan;
- jointly advocate for financial institutions to increase landscape-friendly investments;
- influence government and other organizations to strengthen financial governance in ways that support sustainable landscapes;
- develop programs to strengthen the financial literacy of MSP stakeholders;
- mobilize financial experts to advise MSP stakeholders; and
- incorporate financial flows into landscape monitoring systems.

The MSP may plan to repeat the LAFF exercise every few years, or put in place a way to monitor changes in major financial flows in the landscape.

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Annex 1. Outline for Phase 1 report: landscape economy study

1. Introduction to the landscape and its boundaries (2 pages)
   a. Briefly describe the landscape: biophysically, ecologically, demographically, historically
   b. Describe how the landscape boundaries for this study were selected. These will be based on some combination of geography, ecology, institutional set-up, economy and socio-cultural considerations. Ideally, the boundaries will also be based on existing documentation of the multi-stakeholder platform.
   c. Figure: Map of landscape boundaries, key ecological and infrastructure features

2. Key landscape objectives as identified by the MSP (2 pages)
   a. Present a summary of the key MSP objectives and describe the process by which they were derived. If there is no pre-existing MSP, this section should be based on a thorough review of relevant documents and interaction with key stakeholders.
   b. Figure(s): Graphic representation of key changes in the landscape that the MSP is addressing, such as land-use change, food insecurity, water insecurity and/or biodiversity loss

3. Key economic sectors in the landscape (2 pages per sector for each of 5–7 sectors; 10–14 pages total)
   a. Characterize the key economic sectors and sub-sectors in the landscape (both land- and non-land-based sectors). Be as specific as possible. For example, do not simply report "agriculture" or "manufacturing." Which crops? Which products? For each sector and sub-sector, clearly report:
      i. total size in terms of total economic output and employment
      ii. relative size compared to other sectors
      iii. environmental and social impacts
      iv. key actors within each sector. include local, national and international actors when relevant
      v. how the sector relates to the landscape objectives described in Section 2
   b. Figure: Pie graphs illustrating relative size of economic sub-sectors

4. Trends and drivers in the key economic sectors (1 page per sector for each of 5–7 sectors; 5–7 pages total)
   a. For each key sub-sector, characterize the key trends in recent history (five to ten years) for each of the factors listed above (i.e, whether it is increasing, decreasing or staying the same)
   b. Characterize the drivers of these trends (economic, social, political, and/or ecological)
   c. Figure: Graphs illustrating the change in the relative size of sectors in recent history

5. Values of ecosystem services (2 pages)
   a. If possible, characterize the key ecosystem service values in the landscape and where they come from — forests (indicate which ones), rivers, croplands, etc.
   b. Describe the relationships of these ecosystem services to the key economic sectors and sub-sectors
   c. Quantify these values if possible. Consider the relevance of greenhouse gas emission sources and sinks for the key economic sectors

6. Key roles of government and civil society in the landscape economy (2 pages)
    a. Report and characterize the government programs with the most impacts related to the key sectors. These could include direct public investments as well as fiscal policies. For each, include the key impacts, both positive and negative (financial, social and/or ecological)
    b. Report and characterize the government regulations with the most impacts related to the key sectors and sub-sectors. For each, include the key impacts (financial, social and/or ecological)
    c. Report and characterize the civil society programs with the most impacts related to the key sectors and sub-sectors. For each, include the key impacts (financial, social and/or ecological)

7. Most relevant economic sectors and sub-sectors to the landscape objectives, both beneficial and detrimental (1 page)
    a. Based on the information presented in the report, state which sectors and sub-sectors are most relevant to the economic, environmental and social objectives for the landscape. This may include all of the sectors described or a subset.

Annex 2. Outline for Phase 2 report: analysis of landscape financial sources and flows

1. Introduction: Summary of landscape economy report and selected sectors and sub-sectors (3 pages)
    a. Landscape context
    b. Key economic sectors and sub-sectors chosen for this analysis (Information should be presented graphically where possible) based on
        i. Size/scale of total economic output and employment
        ii. Environmental and social impacts
        iii. Relevance to landscape objectives

2. Process of selecting financial flows for analysis (2 pages)
    a. Describe the process by which the financial flows were selected
        i. who organized the sector focal groups?
        ii. when did they take place?
        iii. who was represented in the sector focal groups?
    b. Provide a summary table for each financial flow identified
    c. Summarize the financial flows selected and why they were selected

3. Description of selected financial flows by sector (5–10 pages per sector)
    a. Provide this information for each of the sectors
        i. 1-page narrative summary of each sector and sub-sector financial flow
        ii. a figure illustrating each sector and sub-sector financial flow as drawn by the sector focal group (see Figure 5.1 for an example) — the information should be as specific as possible.
        iii. a list of the top four to six flows
        iv. a table summarizing the information on the key flows selected, including key sources, recipients, mechanisms, size, impacts, etc. (see Table 5.3)
        v. potential interventions by sector to enhance landscape sustainability

4. Implications of findings (1–2 pages)
    a. Potential sources of funding for priority landscape investments
    b. General implications for sustainable landscapes

5. Synthesis of findings (5 pages)
    a. The most important financial flows and actors in the landscape and why they are important (in relation to landscape-wide objectives)
    b. Highlights of financial innovations that are currently supporting landscape objectives
    c. Highlights of financial forces that are currently detrimental to landscape objectives
    d. Highlights of market and/or policy dynamics that are making flows beneficial to landscape objectives
    e. Highlights of market and/or policy dynamics that are making flows detrimental to landscape objectives

6. Discussion (5 pages)
    a. What actions could be taken, and by whom, to influence the most important financial flows so that they are more supportive of landscape objectives?
    b. What opportunities are available, and for whom, to access existing sources of finance to fund investments that are supportive of landscape objectives?
    c. What are the key finance gaps in the landscape that, if filled, would most support landscape objectives? Who might be best positioned to fill these gaps?

Toward Sustainable Landscapes

Collaborative landscape initiatives have demonstrated enormous potential to mobilize stakeholders across sectors, supporting them to work together toward shared objectives of landscape regeneration. This meets a wide range of human needs, economic goals and ecosystem objectives.

To advance this work, Tropenbos International and EcoAgriculture have partnered to develop the Landscape Assessment of Financial Flows (LAFF) methodology. This practical two-phase approach helps stakeholders identify sources of finance for new investment ideas, find the current financial flows that are most in need of transformation, and/or better understand the elements of a landscape's financial context that require support.

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