Landscape of REDD+ Aligned Finance in Côte d’Ivoire

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Authors

Angela Falconer, Adeline Dontenville, Charlie Parker, Marc Daubrey, Lewis Gnaore

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About the EU REDD Facility

The EU REDD Facility supports partner countries in improving land use governance as part of their effort to slow, halt and reverse deforestation. The Facility also supports the overall EU effort to reduce its impact on deforestation in developing countries. The Facility is hosted by the European Forest Institute (EFI), and was established in 2010. It is funded by the European Union, France, Germany, Ireland, Spain and the United Kingdom.

About Impactum

Impactum is a non-governmental organization in Côte d’Ivoire created in 2009, which aims to catalyze sustainable development through transformational activities. Impactum’s primary focus is to promote climate smart agriculture by tackling the dual challenges of climate change and forest cover. Its strategy is to contribute to reducing climate change, deforestation and to promote reforestation, particularly through zero deforestation value chains as well as payments for environmental services. Impactum is a multidisciplinary team with backgrounds in forestry, agronomy, agricultural economics, environmental and development studies, anthropology and engineering.

About CPI

Climate Policy Initiative is a team of analysts and advisors that works to improve the most important energy and land use policies around the world, with a particular focus on finance. An independent organization supported in part by a grant from the Open Society Foundations, CPI works in places that provide the most potential for policy impact including Brazil, China, Europe, India, Indonesia, and the United States. CPI’s work helps nations grow while addressing increasingly scarce resources and climate risk. This is a complex challenge in which policy plays a crucial role.
REDD+ aligned activities are those that clearly contribute to reducing deforestation drivers and to enhancing and protecting forest cover. Grey activities are those that could contribute to maintaining and enhancing Côte d’Ivoire’s forests if certain enabling conditions were in place.
Executive Summary

Côte d’Ivoire’s forests have come under huge pressure in recent decades. At current rates of deforestation, Côte d’Ivoire could lose its entire forest cover by 2034 (FCPF, ONU-REDD, 2014).

Agricultural expansion for food and cash crops (in particular cocoa, oil palm and rubber), logging, mining and heavy reliance on wood fuel for cooking mean that few areas remain untouched (Etc Terra, 2016). Many of these activities also increase vulnerability to the impacts of climate change, threatening the productivity of the land on which Côte d’Ivoire’s economy depends.

There is an alternative. Greening the hundreds of billions of West African FCFA francs (FCFA) spent annually on business-as-usual agriculture in the country could increase productivity without sacrificing the country’s forests. The Government of Côte d’Ivoire has recognized this opportunity and set to work developing a National REDD+ Strategy and Investment Plan to implement zero-deforestation agriculture and forest cover goals.

The Landscape of REDD+ Aligned Finance in Côte d’Ivoire identifies the nature and volume of domestic and international public finance that was contributing to limiting deforestation and encouraging sustainable land use in the country in 2015. It provides a baseline against which to measure progress towards the levels of investment required to drive sustainable agriculture and reforestation. It also identifies opportunities to increase finance available for implementation of the National REDD+ Strategy.

Key findings at a glance

• **Means do not yet match ambition.** Current investments are a fraction of the expected needs for implementing the country’s REDD+ strategy.

• **Forests need to become a national planning priority.** Forest protection is yet to be mainstreamed into Côte d’Ivoire’s national and sectoral development strategies, and so is not among domestic and development partners’ spending priorities.

• **Côte d’Ivoire and its partners have an opportunity to green significant shares of existing finance.** By greening existing agricultural finance from domestic, and especially international sources, Côte d’Ivoire and its partners could deliver over five times more REDD+ aligned finance.

• **Increased finance for enabling environments is needed to drive investment in productive and resilient land use.** Sustainable land use planning in Côte d’Ivoire is severely underfunded.

• **Opportunities exist to raise finance from new sources and improve the effectiveness of spending.** These include through fiscal measures, incentives for local government, and a National REDD+ Fund.
Means do not yet match ambition

In 2015, FCFA 16.8 billion (USD 28.1 million) of investment by the Ivorian government and its partners contributed to achieving REDD+ objectives. This is a small fraction of expected investment needs to implement the country’s National REDD+ Strategy.

Estimates suggest that more than FCFA 173 billion (USD 289 million) per annum is needed to meet Côte d’Ivoire’s 2030 20% forest cover objective alone. Only about 2% (FCFA 3.8 billion) of this amount went to reforestation and sustainable forest management in 2015 (see ES Figure 2).

Forests must become a national planning priority

Forest cover objectives have not yet been mainstreamed into Côte d’Ivoire’s national and sectoral development strategies, and so are also not reflected in domestic and development partners’ spending priorities.

ES Figure 3 highlights the low level of REDD+ aligned spending by the government of Côte d’Ivoire and its partners in key sectors driving deforestation. In 2015, donors spent 55 times more money on agricultural intensification than in the forest sector, underlining low levels of investment in reforestation and sustainable forest management and the need to mainstream climate objectives in their land-use investments.

Three major gaps in national public institutions also need to be addressed:

- SODEFOR, the national agency responsible for forest management and reforestation of classified forests, has lacked the financial resources and governance track record to deliver REDD+ objectives. It spent under 5% of its planned FCFA 10.5 billion (USD 17.5 million) budget on reforestation in 2015 (see section 3.1 for more details on this). Drastic changes are needed to address this blockage and unlock resources for forest restoration.
- Responsibility for the domestic energy sector should be delineated more clearly between the Ministry of Petrol and Energy, the Ministry of Environment and Sustainable Development and the Ministry of Water and Forests, since there was virtually no domestic investment in sustainable domestic energy in 2015.
- The Ministry of Industry and Mines, in coordination with other key ministries and agencies, will need to dedicate additional resources to tackling illegal mining and promoting sustainability in the mining sector, with just FCFA 96.6 million (USD 0.2 million) spent on the former in 2015.

ES Figure 2: 2015 investments in reforestation and sustainable forest management (FCFA 3.8 billion) versus estimated annual minimum needs to meet the 2030 20% forest cover target (FCFA 173 billion)
The Côte d’Ivoire government and its partners have opportunities to green existing finance

In 2015, at least FCFA 84.2 billion (USD 140.7 million) of public money was invested in “grey”, ‘business-as-usual’ agricultural intensification which did not explicitly account for deforestation risks and may have contributed to deforestation and forest degradation, due to lack of strong land use planning and secured land tenure. As a minimum, priority should be given to ensuring that existing “grey” flows do not contribute to deforestation and forest degradation. Ideally, these flows should help to enhance and restore forest cover in line with REDD+ objectives.

Greening existing agricultural finance from domestic, and especially international sources, could increase REDD+ aligned finance by over five times to FCFA 101 billion (USD 169 million)

The Ministry of Agriculture and Rural Development has the most potential to leverage REDD+ co-benefits and deliver impact. In 2015, the ministry spent FCFA 70.5 billion (USD 117.8 million, or 85% of its investment budget) on “grey” activities. Such activities will need to be aligned to REDD+ objectives in the future.

Just 13% (FCFA 10.5 billion or USD 17.5 million) of international development partners’ REDD+ relevant finance in 2015 was aligned with REDD+ objectives. 87% (FCFA 80 billion or USD 133.7 million) of their support may have contributed to deforestation and forest degradation. Climate and environmental safeguards need to be mainstreamed to ensure that existing investments do not undermine REDD+ objectives.

As a priority, the government and its international partners should leverage their influence over industry associations to implement zero deforestation agreements and sustainable agricultural practices. Private or quasi-public industry associations play a key role in influencing Côte d’Ivoire’s agribusinesses, through agricultural infrastructure investment support and provision of subsidies to producers. There is, however, very little data available on their support for agricultural commodities that drive deforestation. To address this gap, the government may need to exercise greater control and oversight over investments.

Improved enabling environments are needed to drive investment in productive and resilient land use

Increasing green finance requires improved national policy frameworks. FCFA 11.3 billion (USD 18.9 million) was spent in 2015 on REDD+ enabling environment measures such as land management, land tenure, green economy planning, Monitoring Reporting and Verification (MRV)
systems, tracing commodity supply chains, research and development, and capacity building. However, much more is needed to leverage significantly larger investments in more productive and resilient land uses.

In particular, sustainable land use planning in Côte d’Ivoire is severely underfunded. Only FCFA 447 million (USD 0.7 million) was spent by the Treasury in 2015 and there was no international support. Further support is also needed to put in place commodity traceability and MRV systems, as well as funding for research and development on for sustainable land-use practices.

In addition, just FCFA 3.3 billion (USD 5.5 million) was spent on securing land tenure in 2015, with most support coming from international partners. Securing land ownership across a larger portion of Côte d’Ivoire’s rural areas is necessary to attract investment in sustainable land use and will require a significant increase in funding to accelerate beyond current efforts.

Opportunities exist to raise finance from new sources and improve the effectiveness of existing spending

Additional domestic sources of finance for REDD+ could be generated by taxing activities that drive deforestation, in particular in the agricultural sector, or earmarking existing tax revenues. No information is available on the impact of existing reforestation taxes incumbent on timber producers and mining and no specific incentives are in place to encourage the private sector and smallholders to support forest restoration.

The creation of a dedicated National REDD+ Fund for Côte d’Ivoire is foreseen in order to coordinate future resources aimed at implementing the REDD+ strategy. Specific funding windows could help address investment gaps and imbalances in spending across REDD+ priority activities. Applying lessons learned from the performance of existing funding instruments and institutions in Côte d’Ivoire can create a strong institutional setup capable of attracting resources from multiple sources and deploying those resources effectively.

At present, local governments play a minor role in the REDD+ financial landscape. There are opportunities to incentivize local governments to conserve natural resources whilst increasing the resources available to them to do so.

Improved REDD+ finance tracking can help Côte d’Ivoire and partners better plan and coordinate spending

By tracking land use finance over time, the Government of Côte d’Ivoire could monitor the extent to which REDD+ investment needs are being met. Efforts should be made to better understand how different actors influence patterns of land use, particularly in relation to finance flowing from public agencies, state-owned enterprises, international partners’ off budget flows, the private sector, and NGOs. Improved coordination between the Ministry of Budget, Ministry of Economy and Finance, Ministry of Planning and Development and development partners is required to adapt existing accounting systems to allow easier tracking of existing public investments and investment needs in sustainable land use.
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1. Introduction

Forests cover an estimated 22% of the land area of Côte d'Ivoire, with primary forests accounting for just 2% of its total land area (EFI 2016). This is a dramatic reduction in forest cover from the early 1900s when around 50% of Côte d'Ivoire (16 million ha) was forested (Halle and Bruzon 2006). At the current rate of deforestation, Côte d'Ivoire could lose its entire forest cover by 2034 (FCPF, ONU-REDD, 2014). The major drivers of deforestation in the country are agricultural expansion particularly to grow cocoa, oil palm, and rubber, wood extraction for timber and household energy, and mining and infrastructure development (FCPF, ONU-REDD, 2014; Ecterra, 2016).

To address this rapid loss of forest area the Government of Côte d'Ivoire has announced commitments and taken steps to achieve its growth goals while reducing deforestation:

- The government embarked on a national REDD+ process in 2011 to generate international support for its efforts to address deforestation (FCPF, ONU-REDD, 2014). The Ministry of the Environment and Sustainable Development (MINEDD) is responsible for steering the national REDD+ process, with technical support from a Permanent REDD+ Executive Secretariat (SEP-REDD) with focal points embedded in key ministries, including Environment, Agriculture, Forests, and Mining.
- The country’s Intended Nationally Determined Contribution (INDC), submitted to the United Nations Framework Convention on Climate Change (UNFCCC) at COP 21 in 2015, aims to reduce overall national emissions by 28% compared to a business as usual reference scenario by 2030. It includes a series of specific REDD+ actions including sustainable management of forests, increasing forest cover and zero deforestation agriculture (République de Côte d'Ivoire, 2016b).
- In a 2014 speech to the United Nations, the Ivorian President endorsed the New York Declaration on Forests and committed to the production of zero-deforestation Ivorian cocoa as of 2017 and the restoration of forest cover to 20% of the national territory by 2030 (FCPF Carbon Fund, 2015).
- A National REDD+ Strategy drafted in 2016 synthesizes the REDD+ vision and objectives of the country, proposes a series of policies and measures to address the principal drivers of deforestation, and highlights opportunities to align public and private investment with REDD+ objectives. A REDD+ Investment Plan is being prepared.

A 2015 UN-REDD study (Legrand, 2015) documented the following principal obstacles to and opportunities for leveraging private investment: underdeveloped microfinance markets; limited credit availability for small and medium-sized enterprises (SMEs) in particular and the agricultural and forestry sectors in general; the need for more innovative investments; and poor institutional capacity.

At the national level, integration of REDD+ objectives into national and sectoral policies, strategies, and programs is limited. The most relevant policies and strategies for REDD+ include the National Development Plan (2016-2020), the National Climate Change Strategy 2015-2020, the new Forest Code (2014), the Forest Law Governance and Trade (FLEGT) process, the National Agriculture Investment Plan (PNIA), the Environment Code, and the Adaptation Programme and the Readiness Preparation Proposal (RPP) for the Forest Carbon Partnership Facility (FCPF). Policies and plans still under formulation include the Forest Investment Plan (PIF) programmatic documents related to the Forest Carbon Partnership Facility (FCPF) and the Forest Investment Program (FIP).

1.1 Objectives of the study

The Landscape of REDD+ Aligned Finance in Côte d’Ivoire, conducted by Climate Policy Initiative and Impactum and financed by the EU REDD Facility of the European Forest Institute and UN-REDD, supports SEP-REDD in its work to develop Côte d’Ivoire’s National REDD+ Strategy and Investment Plan. This study identifies the nature and volume of domestic and international public finance relevant to limiting deforestation and improving sustainable land use in the country for the year 2015 for two main reasons: 1) to measure progress on delivering REDD+ relevant investment needs and; 2) to help identify opportunities to increase financial support.

Understanding the existing landscape of land use finance in Côte d’Ivoire and how different flows of finance are positively or negatively impacting on forests is a necessary first step in identifying needs and opportunities for public and private, domestic and international actors to support increased REDD+ aligned investment.
2. Methodology

This study provides the most comprehensive overview of public finance flows related to REDD+ in Côte d’Ivoire, and the first of its kind globally. Significant data gaps remain, however, and further effort to reconcile discrepancies in data from different sources is necessary.

This study categorizes financial flows into activities that actively contribute to REDD+ outcomes and activities that have the potential to do so but only if accompanied by additional regulation and frameworks.

The Landscape of REDD+ Aligned Finance in Côte d’Ivoire analyses national and international public investments in 2015 that had an impact on forest cover. The analysis focuses on sectoral ministry and public agency investments and subsidies; and bilateral and multilateral development partner grants and loans. Private actors and their role in deforestation, forest degradation, or the enhancement of forest carbon stocks are analyzed only qualitatively due to time and data limitations. The following chapter explains the study approach in detail.

2.1 Overview of core research activities

The Landscape of REDD+ Aligned Finance in Côte d’Ivoire was carried out between May and December 2016. The approach consisted of six key stages:

1. **Scoping**: Literature review and a first in-country mission to identify key actors and financial flows to be included in the analysis.
2. **Definition of REDD+ finance**: Development of a detailed and transparent definition of REDD+ activities, grounded in Côte d’Ivoire’s context.
3. **Data collection**: Collection of disaggregated project-level disbursement data on domestic and international public investments, not readily available in the public domain.
4. **Data analysis**: Coding of data according to the study definition of REDD+ finance, and aggregation and correction of data to avoid double counting.
5. **Data interpretation**: Analysis and interpretation of results and development of policy recommendations.

Throughout the project, the study team consulted closely with SEP-REDD, key ministries, development partners, and experts. The core research activities outlined above are described in more detail below.

2.2 Definition of REDD+ aligned finance in Côte d’Ivoire

Following the approach used by Falconer et al., 2015 and Tumushabe et al., 2013, the study uses a staged approach to classifying finance aligned to REDD+ objectives:

1. Definition of “REDD+ relevant” policy areas
2. Definition of “REDD+ relevant” activities
3. Separation of “REDD+ aligned” versus “grey” activities

In addition to these three major steps, the analysis also classifies financial flows according to their end use including 1) whether an activity is related to mitigation and/or adaptation; 2) the relevant REDD+ policies and measures that an activity addresses; and 3) whether the expenditure aims to improve the enabling environment for investment e.g. by improving land management or Monitoring, Reporting and Verification (MRV). The remainder of section 2.2 outlines these steps in more detail.

2.2.1 Definition of “REDD+ relevant” policy areas

The first step in our process was to develop a working definition of REDD+ relevant policy areas in Côte d’Ivoire. “REDD+ relevant” policy areas are defined as areas where there could be either a positive or negative impact on forest mitigation and adaptation in Côte d’Ivoire.

Analysis was based on a review of relevant literature in Côte d’Ivoire, most importantly policies and measures proposed in Côte d’Ivoire’s REDD+ Strategy, as well as national laws, plans, and policies. From this, several
REDD+ relevant policy areas were identified and formed the basis of the study’s definition of activities to be included in the scope of this study (see Table 1).

Some REDD+ relevant activities that could have a positive or negative influence on forest cover, including infrastructure and demographic planning activities, are excluded from the study since they are not currently included in the National REDD+ Strategy and since it would be very difficult to determine the impact, direct or indirect, of those activities on forest cover. Future research might consider the impact of finance related to these activities too.

### 2.2.2 DEFINITION OF “REDD+ RELEVANT” ACTIVITIES

Following the definition of relevant policy areas and sectors, a set of activities that can be considered “REDD+ relevant” in the context of Côte d’Ivoire were defined. “REDD+ relevant” activities are those that could have a positive or negative impact on land use mitigation and adaptation in Côte d’Ivoire. The definition of REDD+ relevant activities was based primarily on the emerging policies and measures elaborated under the National REDD+ Strategy working groups, complemented with an analysis of national laws, plans, and policies, as well as ongoing and proposed private sector initiatives in Côte d’Ivoire. Activities are grouped according to the main National REDD+ Strategy categories for policies and measures:

- Sustainable Forest Management
- Restoration and Reforestation
- Agricultural Intensification\(^4\)
- Sustainable Energy
- Sustainable Mining
- Others

These activities primarily contribute to mitigating climate change. The study also analyses finance directed to water management, forest management, and agriculture management activities, which contribute to making land use more climate resilient and therefore reduce the need for land expansion. REDD+ relevant activities are listed in Table 2.

### 2.2.3 SEPARATION OF “REDD+ ALIGNED” FROM “GREY” ACTIVITIES

The study divides REDD+ relevant activities into “REDD+ aligned” and “grey” mitigation activities, as illustrated in Figure 1.

- **REDD+ aligned activities** are those that clearly contribute to reducing deforestation drivers and to enhancing and protecting forest cover.
- **“Grey” activities** are those that could potentially contribute to emissions reductions but only in the presence of other supporting conditions. They are agricultural intensification activities that may be driving deforestation and require additional policy measures to ensure that forests are not converted (see Box 1).\(^5\) A few agricultural intensification projects were deemed “REDD+ aligned” due to the inclusion of primary objectives related to reducing pressures on forests.

Enabling environment activities needed to secure positive land use outcomes were also identified. They include: land management, land tenure, green economy planning, Monitoring Reporting and Verification (MRV) systems and tracing commodity supply chains, research and development, and capacity building, as detailed in Table 2.

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\(4\) Referred to as “Zero Deforestation Agriculture” in Côte d’Ivoire’s National REDD+ Strategy working groups, we use a more general term to capture agriculture not yet aligned with REDD+ objectives.

\(5\) The categorization of activities as aligned or grey could be extended from agricultural intensification to other sectors where sustainable outcomes cannot be guaranteed, such as the promotion of alternative energy sources to unsustainable charcoal (e.g. LPG). As pointed out in Karsenty, Alain (2016) controlling production in one sector that may impact deforestation (e.g. cocoa) does not mean that all drivers of deforestation are controlled, including other agricultural commodities, and other sectors e.g. charcoal production, and timber harvesting.
### Table 2: List of REDD+ relevant activities in Côte d’Ivoire

#### LAND USE MITIGATION ACTIVITIES

<table>
<thead>
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<th>Activity</th>
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| Sustainable forest management | • Management of encroachment  
                        | • Community forest management  
                        | • Sustainable management of forests  
                        | • Management and enforcement of protected areas  
                        | • Training for improved forestry techniques  
                        | • Improved supply chain efficiency |
| Reforestation            | • Restoration of degraded forests  
                        | • Reforestation of key areas (e.g. degraded lands, fallow lands, etc.)  
                        | • Peri-urban and urban reforestation |
| Bioenergy                | • Use of old plantations for timber and wood energy  
                        | • Plantations of fast-growing species for wood energy  
                        | • Use of agricultural waste and by-products for bioenergy  
                        | • Improved charcoal production techniques  
                        | • Improved kilns for households  
                        | • Improved cooking technologies  
                        | • Promotion of alternative fuels (e.g. LPG)  
                        | • Improved supply chain efficiency |
| Agricultural intensification | • Agroforestry  
                        | • Rehabilitation of plantations with improved genetic material  
                        | • Training for improved farming techniques  
                        | • Access to inputs (seeds, fertilizers, pesticides)  
                        | • Irrigation  
                        | • Mechanization of agriculture  
                        | • Improved supply chain efficiency  
                        | • Soil fertility improvement  
                        | • Certification of zero deforestation agriculture |
| Sustainable mining       | • Controlled migration of gold miners to forest areas  
                        | • Improved supply chain efficiency |
| Other                    | • Development of ecotourism |

#### ENABLING ENVIRONMENT ACTIVITIES

<table>
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<th>Activity</th>
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| Land management        | • Land-use planning  
                        | • Land management systems |
| Land tenure            | • Improved land tenure security |
| Green planning         | • Improved policies e.g. domestic cooking energy, REDD+ strategy |
| MRV, traceability      | • Improved traceability of supply chains  
                        | • Improved forest monitoring systems  
                        | • Improved geospatial mapping (e.g. of high conservation value (HCV) areas) |
| Research and development | • Research on the current and future demand for wood energy and solutions  
                        | • Forestry and agricultural research  
                        | • Meteorological data research and extension services  
                        | • Research into seed and crop varieties that are more resilient to climate impacts  
                        | • Research on pests and pathogens (pathology and epidemiology)  
                        | • Breeding and development of locally adapted crops |
| Capacity building      | • Improved institutional capacity for management of forests  
                        | • Capacity-building  
                        | • Improved legal and institutional capacity  
                        | • Better seasonal forecasting and decision support tools |
| Other                  | • Improved access to early warning systems for weather hazards |

#### LAND USE ADAPTATION ACTIVITIES

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<th>Activity</th>
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| Water management       | • Improved farm water storage, irrigation, and efficiency  
                        | • Increased drainage capacity of land to reduce flooding risk  
                        | • Flood protection dikes  
                        | • River bank erosion control  
                        | • Construction of multipurpose reservoirs and dams for agriculture |
| Farm management        | • Switch to more heat, drought, pest and pathogen-tolerant seed varieties  
                        | • Weather protection systems for crops  
                        | • Improved crop storage facilities  
                        | • Farm-level soil conservation practices (no till, mulch, alternative cropping)  
                        | • Pest management through targeted herbicide and pesticide application |
| Forest management      | • Switch to more heat, drought, pest and pathogen-tolerant varieties |
Box 1: Ensuring that agricultural intensification leads to reduced deforestation

Agricultural intensification is neither inherently sustainable nor unsustainable. It is policy conditions and safeguards that determine whether increases in agricultural yields contribute to a reduction in deforestation and forest degradation.

Agricultural intensification has long been proposed as a means to address tropical deforestation (Borlaug, 2002). At the heart of this proposal is the assumption that increases in agricultural productivity can lead to a reduction in the overall demand for land, by producing more food, fuel or fiber on the existing (or smaller) land area.

However, some influential studies argue that productivity gains arising from improved agricultural technology often lead to increases in deforestation (CABI, 2001). This is especially true with export commodities that have relatively elastic demand (i.e. demand grows with increased supply and so prices don’t drop significantly with increased production). They argue that the combination of a high dependence on agricultural production, a workforce able to migrate to take advantage of new economic opportunities, and flexible demand is a recipe for explosive deforestation. An analysis of 961 agricultural sectors in 161 countries over a 15-year period, found little evidence of higher yields being accompanied by a reduction in the area farmed (Rudel et al., 2009).

There are some examples where agricultural intensification and forest conservation have been achieved together (CPI, 2013). Most notably, in 2014, deforestation in the Brazilian Amazon was 75% below the 1996-2005 average. This decline in deforestation, which resulted in the saving of approximately 3.2 billion tons of CO2, was achieved while soy and beef production increased (Nepstad, 2014).

The promotion of new practices, technologies and infrastructure in combination with strong conservation policies is the key to ensuring agricultural intensification is green. Payment for ecosystem services (PES) contracts can also help make progress on zero deforestation agriculture, if at a limited scale.

2.2.4 ACTIVITIES EXCLUDED FROM THE STUDY

Hydropower, one of the primary sources of renewable energy in Côte d’Ivoire, is excluded from the study definition since electrical energy seldom substitutes wood-energy in domestic cooking in Côte d’Ivoire. For the same reason, the study also excludes electricity in other forms from e.g. diesel generators, or grid connection. In addition, it excludes emissions reductions related to agricultural production (e.g. enteric fermentation, post-harvesting losses, pesticides, and fertilizers) since these are considered to be unrelated to forest cover and forest loss. Table 3 summarizes all excluded activities.

Adaptation activities included in the analysis are those that respond to risks in the agricultural and forestry sectors, such as drought management through improved irrigation and switching to more heat, drought, or pest tolerant seed varieties. Adaptation is considered in the context of the National REDD+ Strategy since maladapted agricultural practices will result in lower yields, which will, in turn, lead to further expansion of the land area being farmed and forest loss. Given the early stage of adaptation planning in Côte d’Ivoire, the study’s analysis of adaptation activities borrowed more heavily from international literature than in other areas covered.6 Resilience and adaptation measures in other priority areas, such as infrastructure or energy are not under the scope of this study, since again, they do not contribute to increased forest cover or decreased forest loss.

Table 3: Activities that were excluded from our analysis grouped by policy area

<table>
<thead>
<tr>
<th>POLICY AREA</th>
<th>EXCLUDED ACTIVITY</th>
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| Agriculture       | • Direct agricultural production emissions reductions e.g. lower emission fertilizers  
                   | • Agricultural support that doesn’t improve productivity                          |
| Energy            | • All forms of electrical energy including renewables                              
                   | • Energy adaptation (e.g. siltation of hydropower dams)                           |
| Forestry          | • Water management projects related to drinking water                              |
| Infrastructure    | • Non-agricultural infrastructure                                                 |
| Tenure and land-use planning | • Municipal (i.e. non-rural) land tenure                                           |
| Demographics      | • Population control                                                              |

6 See e.g. FAO (2013) Sourcebook on Climate-Smart Agriculture, Forestry and Fisheries
2.3 Data collection

The following core datasets were used for the main quantitative part of this study.

**State budget investment data** was collected from the Ministry of Budget (MPMBPE, 2015) for 12 ministries considered to be potentially relevant for land use due to their REDD+ relevant policy competences:

- Ministère de l’Environnement et du Développement Durable (MINEDD)
- Ministère des Eaux & Forêts (MINEF)
- Ministère de l’Agriculture et du Développement Rural (MINAGRI)
- Ministère du Pétrole et de l’Energie (MINPE)
- Ministère de l’Industrie et des Mines (MINIM)
- Ministère des Infrastructures Economiques (MINIE)
- Ministère du Plan et du Développement (MPD)
- Ministère auprès du Premier Minister charge du Budget et du Portefeuille de l’Etat (MPMBPE)
- Ministère de l’Economie et des Finances (MINECOFIN)
- Ministère des Ressources Animales et Halieutiques (MIRAH)
- Ministère de la Femme
- Ministère de l’enseignement Superieur et de la Recherche Scientifique.

The ministries’ operating budgets of were excluded from the analysis due to challenges in determining which budget lines could be of relevance for REDD+ objectives. In total, 677 unique budget lines were analyzed, with public expenditures from these ministries (FCFA 697 billion) accounting for approximately 55% of the State Investment Budget in 2015.

**International development partner disbursement data** was obtained from the Comité de Mobilisation des Ressources Extérieures (COMOREX), which monitors and manages finance from development partners and a survey sent to 21 international development partners to verify information collected and inform data interpretation. 9 responses to the study were received. International sources of finance channeled through Côte d’Ivoire’s treasury could also be tracked in the state budget and in some cases also in databases such as the OECD Creditor Reporting System (CRS), an inter-donor database of agriculture and environment projects, the Voluntary REDD+ Database, and Climate Funds Update. These additional sources and development partner websites were used to source additional qualitative information on projects to support the analysis. In total, 165 projects from the COMOREX database were analyzed.

Data collected for the study had the following key attributes:

- Data on finance disbursed as opposed to committed was analyzed in order to track money which actually flowed. Finance commitments can often be delayed or change.
- Disaggregated project, program, and budget-line level financial data were used in order to enable a detailed analysis of individual activities and their relevance to REDD+ objectives as well as to avoid double counting between different data sets.
- 2015 was chosen as the study year since it was the most recent year for which comparable data was available for domestic and international public finance. The study covers a single year in order to establish a baseline view of annual public land use disbursements that is as comprehensive and consistent as possible.

In addition to these core data sets, the project team also sought to collect financial information from annual and financial reports for a range of other key public actors including local government, public agencies, enterprises with public capital, banks with public capital and national funds, as well as private actors which play key roles in land use finance, including agriculture commodity industry associations and agribusinesses themselves. Unfortunately, only partial and mostly qualitative information was available for these actors.

2.4 Data analysis

Budget lines, programs, and projects found in the above datasets were first reviewed in accordance with the definitions outlined above to select a subset of projects which could potentially be REDD+ relevant. This subset of projects was then analyzed and categorized by the study team. Since data sources included limited descriptive information on the activities, the analysis relied heavily on supplementary information obtained from the Ministry of Budget’s 2014 “Project Commen” document (MPMBPE, 2014), online sources and “Programme d’Investissements Publics” (PIP, 2015) where available from the Ministry of Planning and Development (PIPs were obtained for only 21% of projects).

The study team coded and categorized public expenditures by answering the following key questions, with reference to the study definition detailed in Section 2.2, as illustrated in Figure 2:

- Is the expenditure relevant to REDD+ objectives or not?
- Is the activity “REDD+ aligned” or “grey”?
- What share of the activity is REDD+ aligned / grey?
- Is the activity related to mitigation/adaptation or aimed at improving the enabling environment?
- Which policies and measures of the REDD+ strategy does the activity relate to?
Following initial coding, consultations with technical ministries and development partners were conducted to improve the understanding of budgeted activities and inform data interpretation where possible.

Given that no study of REDD+ aligned expenditures in Côte d’Ivoire has been undertaken previously, the analysis takes a simplified approach to apportioning individual budget lines. Many investments have multiple sub-components, not all of which are related to REDD+. In these cases, and where data is available, the study distinguishes between sub-activities and only includes a corresponding amount of the overall financial flow in the final analysis.

Other, more detailed weighting strategies including apportioning expenditures based on the degree of relevance and impact of climate change mitigation and adaptation objectives are beyond the scope of this study.

In most cases, the assessment of budget subcomponents was based on project planning documents (including the PIP) and consultation with experts from the line ministries during discussions.

### 2.4.1 DATA AGGREGATION

Once data was categorized and verified by data providers and key stakeholders, data from different sources was aggregated into a simple excel database.

Considerable effort was applied to avoid double counting between the main data sources – the state budget and international development partner data from COMOREX and development partner surveys.

All international projects were individually and manually cross-checked against data in the state budget for additionality, using project reference numbers, project titles etc., before being integrated into the database. When a match was found, only the state budget disbursement data was included in the database. Many inconsistencies were found between state budget, COMOREX and development partner disbursement data. In some cases, this may be due to delays in disbursement between different actors in the chain i.e. where an international partner disburses finance to the government of Côte d’Ivoire not all money is immediately disbursed from the Treasury to line ministries. However, it was not possible to ascertain if this reason accounts for all inconsistencies.

For additional international projects not found in the state budget, some inconsistencies were found between international survey return data and COMOREX data. In this instance, international survey data was assumed to be most up to date and included in the database.
2.5 Methodological challenges and limitations

Improved coordination between the Ministry of Budget, the Comité de Mobilisation des Ressources Extérieures (COMOREX), Ministry of Planning and Development and international development partners would facilitate more accurate tracking of public investments in sustainable land use.

The following methodological challenges and limitations were faced by this study:

- Using most recent data means it may be adjusted later. The study year is 2015, the most recent year for which comparable data was available for domestic and international public finance. It is possible that the Ministry of Budget made corrections to the state budget disbursement data following the August extraction used by the study.

- Capturing disbursements rather than commitments for one year. The study covers a single year in order to establish a baseline view of annual public land use disbursements that is as comprehensive and consistent as possible and allows trends to be tracked over time. We track disbursements rather than commitments to understand what is actually flowing to activities on the ground. However, choosing a single year and tracking disbursements rather than commitments means that finance committed to some projects over a period of several years is not captured fully in this study. Indeed, interviews with international development partners suggested that REDD+ relevant investments by international partners in Côte d’Ivoire are likely to increase significantly from 2016 onwards following post-crisis stabilization and current government efforts to build a REDD+ process.

- Very limited quantitative data on private actors. While this study focused primarily on domestic and international public land use finance, preliminary efforts were made to gather information on public-private and private flows. Data is currently very limited for industry associations, producers and investors on the private side as well as NGOs. These actors are not captured quantitatively in the analysis.

- Data gaps for public actors. On the domestic public side, information was lacking on public subsidies, public agencies, enterprises with public capital and local governments. These actors are captured to a very limited extent in the analysis. In terms of assessing the state budget itself, the analysis was limited by the lack of accessible, detailed project-level information. On the international side, other than the nine international partners who provided us with information directly, there was limited information available on off-budget flows.

In order to improve the tracking of REDD+ finance in Côte d’Ivoire in the future, we recommend:

- Improved coordination between the Ministry of Budget, COMOREX, Ministry of Planning and international development partners to adapt existing systems to allow easier tracking of existing public investments and investment needs in sustainable land use:
  » Large discrepancies were found between international development partner disbursement data reported in the national budget, in the COMOREX database and by partners themselves. In part, this may be explained by delays in the disbursement of finance from one actor to another, but other factors may also play a role.
  » While a large portion of the finance tracked by the study was channeled through the state budget, off-budget flows are not comprehensively captured and are expected to be substantial on the basis of the survey responses received.
  » Lack of readily available descriptions of state budget projects and programs limits the extent to which stakeholders and decision makers can monitor the extent, nature and effectiveness of government spending. Information on public energy and agriculture subsidies was also very scarce.

- Efforts to improve the availability of information on finance and activities from the following actors would improve policymakers and investors understanding of current investments and investment needs for sustainable land use:
  » Public agencies such as LANADA and FER-Palmier
  » Enterprises with public capital such as SODEFOR and ANADER
  » Local governments
  » NGOs
  » Industry associations
  » Private sector producers and investors

2.6 Stakeholder engagement

Our study team coordinated closely throughout the study with key data providers: the counterpart for our study the REDD+ Executive Secretariat (SEP-REDD), as well as the National REDD+ Strategy working group teams, representatives of ministries, the Ministry of Budget, and development partners. Our local consultants continuously liaised on the ground while the international consultants had four missions in the country during the study. A “Comité de Suivi de l’ Étude / Study Committee” was formed to guide the study approach and assist with data collection and interpretation. Study Committee members
included SEP-REDD, representatives from key line ministries and National REDD+ Strategy working groups, the European Forest Institute (EFI) and UN-REDD.

A workshop was held with technical ministries and international partners at the launch of the study and a further three workshops during the study. The first focused on the definition, the next two presented preliminary results, and the final workshop presented draft final results. A consultation workshop was also organized with donors. Further meetings were held with independent technical experts and key public and private organizations relevant for the study. Finally, the final report was subject to expert review which helped to refine the clarity and relevance of our data interpretation and recommendations.
3. The Landscape of REDD+ Aligned Finance in Côte D’Ivoire

In 2015, FCFA 16.8 billion (USD 28.1 million) of REDD+ aligned finance flowed in Côte D’Ivoire (Figure 3), equivalent to 1.2% of Côte d’Ivoire’s state investment budget or 0.3% of the total general state budget of the country in that year. 38% of this came from domestic sources, 62% from international sources.

This is a very small portion of the total investment needed for reforestation and more productive and sustainable forms of land use. While this is yet to be fully quantified (this will be the objective of the REDD+ investment plan), the investment needed to meet Côte d’Ivoire’s 2030 agroforestry and reforestation targets alone could be in the region of FCFA 173 billion (USD 289.5 million) per annum (see Table 4). This is a simplistic estimate which is likely to underestimate financing needs since they include reforestation costs for planting and plantation maintenance only and do not include administrative or indirect costs.7

Greening existing agricultural finance from domestic and, especially, international sources could increase funds available to drive more productive and resilient forms of land use by more than five times, from FCFA 16.8 billion to FCFA 101 billion (USD 169 million).

In 2015, FCFA 84.2 billion of public money was invested in “grey” activities8 that did not explicitly account for deforestation risks and would have required additional supporting policies and measures, including improved land use planning and land tenure, to ensure they did not lead to further land conversion.

While international partners disbursed four times more REDD+ relevant finance in 2015 than the Government of Côte d’Ivoire, just 13% (FCFA 10.5 billion) of relevant international finance was assessed to be “REDD+ aligned”. The remaining 87% (FCFA 80 billion) may

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7 Such as costs for security personnel, identifying and negotiating alternative livelihoods for current forest users and establishing new protected areas.

8 Support for “business as usual” agricultural intensification. See previous section for more details on definitions.
have contributed to deforestation and forest degradation (see Figure 4).

The remainder of this chapter provides an overview of the role of key public and private finance actors in financing land use in Côte d’Ivoire, followed by a short discussion on financial instruments being used to channel finance and finally an overview of the current uses of land use finance.

3.1.1 CENTRAL GOVERNMENT

Central government could increase finance for combatting deforestation and forest degradation five-fold by introducing additional policy and support measures to ensure that its existing ‘grey finance’ does not contribute towards further deforestation.

Of the FCFA 93.8 billion of REDD+ relevant finance channeled through the Ivorian Treasury in 2015, it is important to note that 79% (FCFA 73.2 billion) came from international sources. Of the 21% (FCFA 19.6 billion) that came from domestic sources in the same year, 33% (FCFA 6.4 billion) was “REDD+ aligned”, with 67% (FCFA 13.2 billion) requiring additional policy and support measures to ensure that the related activities do not result in deforestation.

Most REDD+ aligned and grey finance tracked by this study was channeled by technical ministries (57% in both cases). As shown in Figure 5, the Ministry of Agriculture and Rural Development channeled most (70% of total domestic REDD+ relevant finance) REDD+ aligned finance in 2015 (FCFA 8.7 billion), followed by Ministry of Environment and Sustainable Development (FCFA 4.7 billion). As shown in Figure 6, as a percentage of its budget, the Ministry of Water and Forestry also channeled a significant sum of REDD+ aligned finance (43% of its budget).

By far the biggest actor in Côte d’Ivoire is the Ministry of Agriculture and Rural Development with 96% (FCFA 79.2 billion) of its budget channeled towards REDD+ relevant activities, as shown in Figure 6. The majority of these funds (89%), however, is currently channeled towards grey activities and would need safeguards in place to ensure that they do not contribute towards further deforestation.

The Ministry of Industry and Mines and Ministry of Planning and Development also channeled a large share of its budget to grey activities: 42% and 39% (FCFA 828 million and FCFA 6.1 billion) respectively.

Both ministries with existing high volumes of REDD+ Aligned finance and those with high volumes of grey finance will be important partners for international actors going forward.
3.1.2 LOCAL GOVERNMENTS

While data on total local government budgets was not available, state budget transfers suggest that local governments played a minor role in land use finance in 2015, despite the responsibilities devolved to them in natural resource management.9

In 2015, they did not channel any REDD+ finance and just 1% of grey finance (FCFA 1.3 billion) captured by this report, in association with the Ministry of Agriculture and Rural Development, reportedly for the purposes of building agricultural markets and plant nurseries.10

There are opportunities for Côte d’Ivoire to enable local governments to play a stronger role in contributing to meeting the country’s REDD+ objectives. Falconer et al. (2015) identifies opportunities to incentivize local governments to conserve natural resources whilst increasing resources available to them to do so by tying redistribution of fiscal revenues to local governments’ performance on a number of sustainability indicators related to sustainable commodity production and protection of high ecosystem value areas in their provinces. The recommendation builds on examples from Brazil, Portugal, and India.

Brazil’s ICMS-E (Imposto Sobre Circulação de Mercadorias e Serviços – Ecológico) program incorporates indicators for nature conservation in redistribution calculations for VAT revenues among municipalities while in Portugal, 5-10% of the municipal general fund is shared on the basis of the extent of protected areas in different municipalities. India has integrated a forest cover indicator into the formula used to redistribute national tax revenues to states.

3.1.3 PUBLIC AGENCIES

The Ivorian Office of Parks and Reserves (OIPR) is an important provider of REDD+ aligned finance and a promising partner for international donors. OIPR channeled 10% of REDD+ aligned finance tracked by the study despite having a budget of a little over FCFA 2 billion.

Several public agencies play a key role in the agriculture and forestry sectors in Côte d’Ivoire, often working closely with technical ministries to implement programs and projects. There are three types of public agencies in Côte d’Ivoire:

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9 Articles 10 and 11 of Law 2003-208 on the transfer and distribution of state powers to local and regional authorities assigns protection of the environment and management of natural resources to said authorities. This includes the creation, management, protection and maintenance of forests, natural areas, parks and sites of regional interest. However, in practice, forests continue to be managed by state authorities (E&Y 2015b).

10 Little is known, however, even by the Ministry of Agriculture, about what the transfer was spent on precisely, according to expert interviews for the study.
• Public administrative institutions (EPA) such as the National Office of Rice Development (ONDR), the National Institute of Agricultural Vocational Training (INFPA), the National Laboratory for Support to Agricultural Development (LANADA), the National Environment Agency (ANDE), and the Ivorian Centre Against Pollution (CIAPOL)

• Public industrial and commercial institutions (EPIC) including the Palm Oil Maintenance and Replanting Fund (FER-Palmier) and the Ivorian Office of Parks and Reserves (OIPR)

• Assimilated structures including the Côte d’Ivoire Agricultural Chamber (CACI)

The Ivorian Parks and Reserves Office (OIPR) is an important provider of REDD+ aligned finance and a promising partner for international donors. In 2002, the Ivorian Parks and Reserves Office (OIPR) was established as a new autonomous public institution under the supervision of the Ministry of Environment and Sustainable Development, to secure, monitor, and manage the country’s protected areas and reserves. It receives government subsidies for basic operation and investment costs but the majority of its finance comes from endowment and sinking funds established under the Fondation Parcs et Réserves de Côte d’Ivoire (FPRCI), a private non-profit institution, which is funded principally by two national debt swaps agreed between the German, French and Ivorian governments in 2012.

OIPR channeled 10% (FCFA 1.7 billion) of REDD+ aligned finance in 2015 despite having a budget of a little over FCFA 2 billion. OIPR is supported heavily by international donors and is widely regarded as an effective public agency (Lapeyre and Yann, 2016 forthcoming. Also see Section 3.5.1). It manages the last remaining areas of primary forest in Côte d’Ivoire and is, therefore, essential to achieving Côte d’Ivoire’s goal of 20% forest cover by 2030. Estimates of levels of financing needed to meet the forest cover goal (see Section 3.1), suggest that financing for OIPR will need to increase sharply in coming years.

The National Office for Rice Development (ONDR) is the largest provider of grey finance. Its finance must be “greened” if Côte d’Ivoire is to meet its REDD+ objectives. ONDR delivered 13% (FCFA 10.6 billion) of grey finance tracked by this study, highlighting the need for strengthened environmental safeguards to ensure that increased agricultural production does not jeopardize forest cover. While there are mixed views expressed in the literature on the importance of rice production as a driver of deforestation in Côte d’Ivoire, close attention should nonetheless be paid to the operations of ONDR and the areas selected for new rice plantations. Disbursements from ONDR in 2015 were directed at activities such as improving rice production yields, post-harvest conservation, and large damn projects for rice field irrigation.

Data on the current investments of other public agencies is very scarce but they will be key partners in future. Information could not be found in the State Budget, many public agencies also raise revenues from other sources and overall agency budgets are not publicly available. INFPA, CACI, and LANADA, are focused on delivering agricultural extension services, training and R&D aimed at increasing production of various crops including cash crops, but unlike ONDR, have small investment budgets (< FCAP 100 million in 2015). ANDE and CIAPOL also have small investment budgets aimed at assessing environmental impacts and quality.

FER-Palmier has a specific mandate to support the development, rehabilitation and improvement of palm oil plantations, particularly by providing loans, and could clearly play a key role in ensuring that borrowers integrate sustainability criteria in their operations to avoid expansion on forest land and maximize productivity on existing plantations. Data, however, was not available to assess the overall magnitude or nature of FER-Palmiers current loan operations.

Despite the lack of information available these public agencies’ mandates suggest that they will be key implementation partners in future years for rolling out Côte d’Ivoire’s National REDD+ Strategy, but increased resources will likely be required to enable this.

More information on individual public agencies is available in Annex 2.

3.1.4 ENTERPRISES WITH PUBLIC CAPITAL

Restoration of large parts of the land currently managed by SODEFOR, the national agency responsible for forest management, will be needed for Côte d’Ivoire to reach its 20% forest cover target by 2030 but, in 2015, it spent under 5% of its FCFA 10.5 billion budget allocation for reforestation. Changes are needed to unlock and deliver domestic and donor resources for forest regeneration.

REDD+ relevant Ivorian private enterprises with public capital include ANADER (L’Agence Nationale d’Appui au Développement Rural) and SODEFOR (Société de développement des forêts).

ANADER is a limited company with public participation. It has a mandate to coordinate and improve support and training for rural producers. It also provides capacity building support to the Ministry of Agriculture and to
farmers to participate in agricultural policy making. ANADER’s annual budgets and financial expenditures are not available publicly. However, in 2015, ANADER received FCFA 9.4 billion from the Ministry of Agriculture. ANADER could play a role in the future in promoting sustainable agriculture which does not threaten forest resources.

SODEFOR is the national agency responsible for classified forest management and reforestation and is technically a government corporation. In particular, it is responsible for managing “classified forest” which covers 13% of Côte d’Ivoire’s territory. Most of this forest is now degraded (Lapeyre and Yann, 2016 forthcoming) due to poor governance and corruption at the local and district level. Restoration of a large part of these forests will be needed for Côte d’Ivoire to reach its 20% forest cover target by 2030.

In 2015, SODEFOR spent just FCFA 0.5 billion on forest restoration, out of a planned budget of FCFA 10.5 billion. Donor contributions to SODEFOR have been very limited in the past due to mistrust in the agency’s fiduciary capabilities and social policies. Drastic changes are needed to unblock this bottleneck and unlock resources for regeneration of classified forests. Lessons should be learned from the successful model of OIPR.

More information on these enterprises can be found in Annex 2.

3.2 Key international sources, intermediaries and disbursement channels

International partners can do more to align their investments with Côte d’Ivoire’s REDD+ objectives as several large multi-year projects come to an end. 87% (FCFA 80 billion or USD134 billion) of relevant international finance in 2015 was not aligned with REDD+ objectives.

Several international development partners had large agriculture portfolios in Côte d’Ivoire in 2015 but just 13% (FCFA 10.5 billion) of relevant international finance was assessed to be “REDD+ aligned”. 87% (FCFA 80 billion) would require additional safeguards to ensure funding does not contribute to deforestation.

As shown in Figure 7, GIZ, the French Development Agency (AFD) via the French Debt Reduction and Development Contract (C2D) programme, and the African Development Bank (AFDB) contributed most investment in 2015 to REDD+ aligned activities. A large number of development partners are channeling a significant volume and percentage of their financing towards grey agricultural intensification activities and need to put safeguards in place to ensure that they do not contribute to deforestation.

International REDD+ aligned money was delivered uniquely as grants, while international grey money was delivered 61% as grants and 39% as loans.11 Loans were delivered by the International Fund for Agricultural Development (IFAD), the AfDB, the West African Development Bank (BOAD), the Islamic Development Bank and Eximbank-Inde, for agriculture infrastructure projects including roads and dams as well as technology and commercialization support for producers.

Grants were delivered by AfDB, the World Bank, FAO, IFAD, GIZ, Japan and the EU and instead predominantly funded improved enabling environments across all national REDD+ strategy priority sectors.

The data for finance from international sources is incomplete. There is no centralized data source for direct international finance that is not disbursed via the Treasury. We collected this information only for 9 donors12 who responded to the study survey. Several interviewees for the study also noted that 2015 may not be the representative year for international finance as multi-annual projects from several large donors ended in this year.13 Leading international donors have an important opportunity to better integrate climate change objectives into their future support. As multi-annual projects come to an end and new programs such as the second French Debt Reduction and Development Contract (C2D II), and the 11th European Development Fund (2014-2020) begin, there is an opportunity to scale up international finance that integrates climate change objectives across its activities.

This latter point is essential. Historically, international donors have played an important role in shaping Côte d’Ivoire’s agricultural sector through large grant and loan programs focused on supporting agricultural expansion, arguably to the significant detriment of forest cover. In the 1990s for example, the World Bank funded a structural adjustment program in Côte d’Ivoire which resulted in a US$250million loan. In part, this loan aimed to promote liberalization of the agriculture sector and diversification into new crops. The program makes reference to “considerable scope for area expansion and

11 No information was available on the concessionality (i.e. interest rate and duration) of these loans.
12 Responses were received from GIZ, World Bank, IFAD, AFD, FAO, UNDP, UNEP, the EU, and UNREDD.
13 The first French debt swap contract channeled 16.5 million euros to the FPRCI for biodiversity conservation from 2012-2015.
productivity growth of diversification export crops with a high comparative advantage, namely rubber, oil palm, coconut and pineapples in the forest region” and “abundant availability of fertile land”. International partners have thus supported the government’s agricultural development agenda which is focused on increasing food security, agricultural intensification, and economic development. Mainstreaming climate and environmental safeguards is needed to ensure that existing investments do not undermine REDD+ objectives.

3.3 Key private sources and financial sector intermediaries and disbursement channels

The role of private sector actors is analyzed qualitatively in this study as very little quantitative data is available on private finance flows in the sectors of interest. The following section therefore mainly focuses on highlighting open questions for future studies.

3.3.1 THE BANKING SECTOR

The National Investment Bank (BNI) could be an interesting partner for international DFIs. A public bank and one of the largest financial institutions in Côte d’Ivoire, it provided FCFA 23 billion to agriculture, hunting, forestry, and fishing in 2014. It also manages fifteen public funds that could help drive more sustainable models of land use.

Côte d’Ivoire has 28 financial institutions that provide finance across the economy. Despite its relatively large contribution to the economy (25% of GDP), the primary sector (agriculture, hunting, forestry and fishing) reportedly receives just 5.8% of overall lending (BCEAO, 2015). In 2014, the National Investment Bank (BNI), a public bank and one of the largest financial institutions in Côte d’Ivoire, reportedly provided FCFA 23 billion to the primary sector (BNI, 2014). However, no detailed information was available on the exact volume or nature of the bank’s investments.

In addition to its commercial activities, BNI also manages fifteen public sector funds including the National Fund for the Environment (FNDE), the Tourism Development Fund (FDT), the Fund for Local Communities (FPCL), the National Water Fund (FNE), and the National Fund for Sanitation and Drainage (FNDA). The understanding of flows through these funds is, however, extremely limited and they have not been quantified in the analysis.

International partners should work more with BNI or other banks to increase credit available for sustainable practices. Further studies are required to understand the current agriculture and forestry finance landscape in terms of the activities of local and national banks, microfinance institutions and lending channels in supply chains.
3.3.2 INDUSTRY ASSOCIATIONS AND FUNDS

Agricultural industry associations and funds play a key role in influencing Côte d’Ivoire’s agribusinesses, through agricultural infrastructure investment support and provision of subsidies to producers. Greater control and oversight over their investments is essential to slow deforestation and encourage reforestation objectives.

Privately run agricultural industry associations and their associated funds provide essential services and finance to the agricultural sector (World Bank 2014) and are central to determining its impact on forest cover in Côte d’Ivoire. Cash crop production is largely supported by industry associations, which play a key role in influencing Côte d’Ivoire’s agribusinesses through investments in agricultural infrastructure and subsidies to producers.

The Government of Côte d’Ivoire state has no direct involvement in financing the cash crops that are the main drivers of deforestation.

Following economic liberalization in the 1990s, industrial associations, such as the Inter-professional Association of Oil-Palm (AIPH), the Association of Producers and Manufacturers of Rubber (APROMAC), the Coffee and Cocoa Council (CCC) and Fonds Interprofessionnel pour la Recherche et le Conseil Agricoles (FIRCA), an industry association for other export crops, have played an increasingly central role in agricultural production.

Together with other commodity associations (e.g. banana, pineapple, cotton) these industries are all organized under the National Association of Professional Agricultural Organizations of Côte d’Ivoire (ANOPACI).

However, limited information is available on these associations’ funding sources and activities. Information was available only on FIRCA which receives a public contribution to its revenue and delivered 10% of the total grey finance flows tracked by this study. Important work is needed to embed safeguards in FIRCA’s agricultural intensification activities to ensure that they do not contribute to deforestation.

The Government of Côte d’Ivoire has little oversight of the activities of industry associations though some reforms are underway to try to improve transparency. For example, while both AIPH and APROMAC are considered self-sustaining private organizations and are financed by the private actors within them, the government has more of a presence in the management of the coffee and cocoa

sector. CCC’s tripartite governance structure includes the Government of Côte d’Ivoire, producers, and exporters. Greater control and oversight over investments of the industry associations is essential to slow deforestation and encourage reforestation objectives.

The Rural Investment Fund (Fonds d’Investissement en Milieu Rural, FIMR) is managed by CCC and financed through taxes on cocoa and coffee producers. Funds are spent on infrastructure and programs to support farming communities such as feeder roads, education, health, and electrification. Expenditure from the fund was estimated at FCFA 11.3 billion in 2015. This is not included in the data presented in this report due to lack of detailed information available on expenditures. Greening the fund’s activities could support REDD+ objectives. More analysis is needed to understand the nature and volume of existing investments of the fund.

More background information on the industry associations and funds can be found in Annex 2.

3.3.3 INTERNATIONAL BUSINESSES OPERATING IN THE AGRICULTURE AND FOOD SECTORS

Investments in Côte d’Ivoire from international private companies involved in the food and agriculture sectors are many times larger than total international and domestic public finance. Using public finance and policy to green these flows will be key.

Public and domestic finance is typically dwarfed by private sector investment in agriculture and food sectors globally (Falconer et al. 2015a). As public finance and policy has been repeatedly shown to drive the behaviors and business models of the private sector (see e.g. Stadelmann, 2014), targeting public support and policy to direct these investments towards sustainable production in line with REDD+ objectives will determine whether Côte d’Ivoire can achieve the required scale of REDD+-aligned investment to deliver its targets.

This study reviewed the balance sheets and income statements of private companies operating in the agricultural and food industry in Côte d’Ivoire in 2015 in order to shed light on the magnitude of relevant private investment. Information was found for only five agriculture and food industry companies operating in Côte d’Ivoire in supply chains identified as driving deforestation so findings are only illustrative.14

However, together these five companies alone invested an estimated FCFA 419 billion (USD 700 million) in 2015.

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14 The study reviewed information available on the Bloomberg Terminal for Nestle Côte d’Ivoire SA (NTLC BC), PALMI SAC (PALC BC), Societe des Caoutchoucs de Grand-Bereby (SOGC BC), Societe Africaine de Plantations d’Heveas SA (SPHC BC) and Unilever Côte d’Ivoire (UNLC BC).
more than four times the total public finance spent on agricultural production and processing. This figure is based on the companies’ reported operating expenses (net of personnel expenses)\(^{16}\) and investment in property plants and equipment\(^{16}\) calculated as the increase in the value of such assets in the period 2014/2015.\(^{17}\) Clearly, this approach has several important limitations, not least that the companies are engaged in many activities not only agriculture. Nonetheless, it demonstrates the importance of ensuring that private investment is also consistent with the Ivorian government’s REDD+ objectives.

3.4 Financial mechanisms and instruments

REDD+ aligned money was delivered uniquely as public budget expenditure (38%) and grants (62%) while grey money was delivered as public budget expenditure (16%), grants (51%) and loans (33%).\(^ {18}\) This section reviews a selection of financial mechanisms currently being used in Côte d’Ivoire which may hold potential to be used to further effect to raise and channel increased finance toward sustainable land use in Côte d’Ivoire.

3.4.1 DEBT SWAP AND TRUST FUND MECHANISMS

In recent years, debt swaps have provided much-needed finance to protect the last remaining areas of primary forest in Côte d’Ivoire. Debt swap trust funds have become key investment vehicles for international partners. Refining and scaling this model to cover all protected areas and other classes of forests could help the Ivorian government achieve its reforestation objectives.

In 2003, environmental trust funds were established under the Fondation Parcs et Réserves de Côte d’Ivoire (FPRCI) to channel finance to the country’s protected areas. FPRCI-UK, a sister foundation to FPRCI was set up to channel and manage the funds and must deliver a minimum of 4% net returns to FPRCI in Côte d’Ivoire.

The first contribution to the funds was for USD 2.3 million and came from Germany in 2012. Shortly afterwards the German and French governments agreed national debt swaps\(^ {19}\) with the Ivorian government in return for contributions to the Foundation.

In return for the German government writing off and rescheduling part of the debt it held from Côte d’Ivoire, the Ivorian government committed to disburse EUR 9.5 million for the Tai National Park and EUR 10 million for the Comoé National Park. The German development bank KfW is a non-voting member on the FPRCI’s board of directors.

In 2012, in a similar agreement to that between the German and Ivorian governments, the first French Debt Reduction and Development Contract (C2D) channeled EUR 16.5 million to the FPRCI for biodiversity conservation, including EUR 4.5 million for OIPR to rehabilitate infrastructure in the Azagny, Mount Sangbé, and Comó National Parks. The second C2D contract, agreed in 2016, allocated EUR 15.5 million to the Filières Agricoles Durables en Côte d’Ivoire (FADCI) project, and EUR 10 million to capitalise the foundation’s endowment fund, which will contribute to the Azagny and Sangbé national parks.

FCFA 3.1 billion (18%) of REDD+ aligned finance tracked in this study for 2015 came from the innovative French debt swap mechanism, C2D (discussed above), but FCFA 4.6 billion (5%) of grey finance also came from the mechanism, highlighting the need for further alignment with REDD+ objectives as the C2D moves into its second phase.

Debt swaps in recent years have thus provided a much-needed source of finance to protect the last remaining areas of primary forest in Côte d’Ivoire in its National Parks and Reserves. The environmental trust fund created to channel financing to protected areas has provided a sustainable source of finance, as well as a trusted investment vehicle for international partners. The question now is how to scale this successful model to cover all protected areas and potentially also other classes of and new forests.

The FPRCI and OIPR have created strong governance and management structures, trusted by their partners, as evidenced in the continued sizeable contributions from international partners. Challenges faced by FPRCI and OIPR, however, include high transaction costs for the foundation and its partners resulting from contractual complexities; financial market volatility faced by the funds; and insufficient fund capitalization to finance all activities necessary to secure all current protected areas
and potential new protected areas which need to be created. In particular, donor limitations on how finance can be spent means there is a lack of money available for investment in infrastructure and to engage communities in areas adjacent to protected areas (Lapeyre and Yann, 2016 forthcoming).

More work is now urgently needed to understand how the successes of FPRCI and OIPR, particularly in the Tai National Park, can be replicated and scaled to protect additional forested areas in Côte d’Ivoire, crowding in additional sources of finance beyond the German and French governments.

3.4.2 DOMESTIC AND INTERNATIONAL FUNDS

Finance from funds currently active in Côte d’Ivoire is limited but the prospective National REDD+ Fund has the potential to address many of the barriers to the Ivorian government achieving its reforestation and sustainable agriculture goals.

The only international fund relevant for REDD+ already found to be making disbursements in 2015 was the Global Environment Facility, which delivered FCFA 318 million to several REDD+ relevant projects including a sustainable cocoa project, a SODEFOR forest management program and a program on INDC development.

On the domestic side, the only environmental fund identified was the National Environment Fund (Fonds National De l’Environnement, FNDE). While information on the fund’s resources and spending is scarce, activities supported appear to be broad and relatively small in scale. In 2015, FCFA 59.5 million was dedicated to environmental quality monitoring, environmental education and capacity building.

Lack of transparency on operations and lack of investment from international donors into the fund suggest that its potential to channel increased levels of funding for REDD+ are limited. See Annex 2 for more background information on FNDE.

3.4.3 PUBLIC PRIVATE PARTNERSHIPS

Public-Private Partnerships (PPP) in Côte d’Ivoire provide an innovative and effective alternative to mobilize funds and expertise for projects across all REDD+ relevant sectors.

These types of arrangements are relatively well supported by a well-defined regulatory framework dating back to the 1950s and currently supervised by the National Steering Committee for Public-Private Partnerships (CNP-PPP) (Government of Côte D’Ivoire, 2012).

Current PPPs in the agricultural sector include plans for a USD 1 million partnership between the Ministry of Environment (through SEP-REDD) and Mondelez for the development of a pilot payment for environmental services (PES) project in the Nawa region and a Platform for Public-Private Partnership in the coffee and cocoa sector (PPPP) launched in 2012.20

The PPPP is a permanent framework for dialogue between the public and private sector to better coordinate initiatives in the sector and to mobilize resources to finance sustainable coffee and cocoa in Côte d’Ivoire. It has enabled the implementation of Quantity Program, Quality, Growth (2QC), the national program for sustainable development of these sectors. It covers six areas:

- Improving farm productivity of coffee and cocoa
- Improving quality
- Traceability
- Developing the “Origin Côte d’Ivoire” standard
- Community development
- Strengthening producers and their organizations

To date, the PPPP has signed around 10 MOUs with partners for a total of FCFA 21.3 billion (Coffee and Cocoa Council, 2015).

3.4.4 TAX EXEMPTIONS AND SUBSIDIES

Further work is recommended to identify fiscal incentives and budget transfer mechanisms to incentivize and finance sustainable land use.

Greening current tax exemptions and subsidies or creating new ones could help ensure that the Government of Côte d’Ivoire meets its REDD+ related goals.

This study does not analyze in any detail the fiscal regime incumbent on activities which drive or limit deforestation. Further work in this area is recommended to identify fiscal incentives and budget transfer mechanisms to incentivize and finance sustainable land use. Greening current tax exemptions and subsidies or creating new ones are potential ways to ensure that the Government of Côte d’Ivoire meets its REDD+ related goals.

Falconer et al. (2015b) identifies several opportunities to adjust the tax collection, revenue allocation and revenue distribution to incentivize sustainable behaviors in the palm oil supply chain in Indonesia, both on the side of

20 See www.conseilcafeccacao.ci for further details.
producers and licensors. Similar opportunities may exist in Côte d’Ivoire.21

Some existing tax exemptions and subsidies in Côte d’Ivoire supporting the production of agricultural commodities and sustainable energy demand are of relevance for REDD+. While data is scarce, it appears that there may be scope to introduce new subsidies and exemptions as their use is low compared to other sub-Saharan African countries (IMF, 2013).

Tax exemptions in Côte d’Ivoire totaled FCFA 340 billion in 2015 or just 2% of GDP. Of these exemptions, only a small proportion relate to REDD+.

Exemptions from customs duty on agricultural machinery (FCFA 285 million), taxation of profits on food production, and import exemptions on mining (FCFA 17 billion) and petroleum products (FCFA 84 billion) may have an impact on REDD+ objectives but it is likely to be small. In other areas, more work is needed to understand the cost and benefit of subsidies for REDD+ and other objectives.

For instance, one of the objectives of the Liquefied Petroleum Gas (LPG) subsidy, which has been in place for several decades, is reducing charcoal consumption, which could reduce forest degradation in Côte d’Ivoire.22 The subsidy reduces the price of LPG to levels competitive with charcoal (WLPGA, 2015). Data on the total cost of this subsidy to the state is not available, but total petroleum subsidies are estimated at 0.7-0.9 % of GDP or 127-163 billion FCFA in 2013.23

Finally, some tax rates could constitute implicit subsidies but further research is needed on export tax and corporate income tax levels for different types of producer and for different commodities. In addition, very little is known about subsidies (including implicit subsidies) provided by industry associations.

3.5 End uses supported

Existing REDD+ aligned finance flows are rightly focused on improving enabling environments, which should unlock increased investment in the future. However, it is vastly insufficient to deliver targets, especially given the existing large volumes of grey finance that are currently not delivering REDD+ aligned outcomes. Increased finance is needed to further support strong enabling environments and furthermore, to direct increased mitigation and adaptation investments in sustainable agriculture, forestry, mining, and energy.

As shown in Figures 9 and 10, most REDD+ aligned finance (67%) tracked went to improving enabling environments such as improving land tenure and green planning support. The remainder was dedicated to direct mitigation activities, in particular, sustainable forestry (18%) and zero deforestation agriculture (11%). Five percent FCFA 903 million) of REDD+ aligned finance was also aimed at improving resilience or adapting to climate change.

3.5.1 AGRICULTURE

In 2015, most public agricultural investment did not take into account risks associated with forest loss. 83% of

21 Opportunities include: (1) increasing tax rates on land for plantations to encourage more intensive production and reduced licensing/expansion onto new lands (2) taxing production area rather than production volumes or profits to incentivize high productivity per hectare of land and minimize the problem of tax evasion and (3) requiring palm oil supply chain players to meet sustainability criteria in order to be eligible for existing tax breaks, or introduce penalties or increased tax rates for not adhering to specified sustainability criteria.

22 Expert interview

total public money of relevance for REDD+ supported agricultural intensification and production initiatives support in 2015 without the additional policy measures necessary to ensure it did does not drive forest loss.

International donors could do more to support REDD+ objectives. They spent 55 times more money in the agricultural sector than in the forest sector in 2015.

For the most part, public agricultural investment has not taken into account the linkages to deforestation or forest degradation. 83% (FCFA 84.2 billion or USD 140.7 billion) of public money was invested in ‘business as usual’ agricultural intensification and production support in 2015 without the additional policy and support measures required to ensure that this finance encourages sustainable forms of land use.

Large flows of REDD+ relevant land use finance are flowing in the agricultural sector, but the majority of investments cannot be said to be reducing deforestation without additional policy and support measures to ensure that they do not lead to forest cover loss.

The Ministry of Agriculture and Rural development focuses on food security and economic development, and therefore a large proportion of its spending goes towards production support, intensification, and irrigation for subsistence crops. International development partners have traditionally supported these government priorities.

Investment in agroforestry and sustainable agricultural practices is therefore extremely limited and only supported by external partners.

The state has no direct involvement in financing cash crops (coffee/cocoa, rubber, palm oil), which are the main drivers of deforestation. Cash crop production is largely supported by industry associations, which play a key role in influencing Côte d’Ivoire’s agribusinesses through investments in agricultural infrastructure and subsidies to producers. There is limited public control over industry associations and a general lack of transparency on funding and activities. Some of them collect taxes but the main source of revenue is private.

3.5.2 FORESTS

In 2015, only CFA 3.8 billion was spent on sustainable forest management, afforestation, and reforestation. This was only about 2% of the estimated resources needed to achieve the Ivorian government’s target for reforesting degraded forests by 2030.

20% of REDD+ aligned finance in 2015 was dedicated to forests. FCFA 3.1 billion was spent on sustainable forest management, while only FCFA 234 million was dedicated to afforestation and reforestation. In addition, in 2015, SODEFOR spent FCFA 517 million on forest restoration (SODEFOR, 2015). This represents only about 2% of the estimated resources needed to achieve the objective of
reforesting 2 million ha of degraded forests in the rural domain and classified forests by 2030 (see Figure 8).24

60% of resources financing the forest sector came from the Treasury (FCFA 2 billion) while 40% came from international donors (FCFA 1.3 billion). Donors spent 55 times more money in the agricultural sector (FCFA 71.6 billion) than in the forest sector in 2015 and could do much more to support forest protection and restoration.

There is more to be done to establish adequate frameworks for investment in the sector.

• SODEFOR is the main public actor in charge of forest management and reforestation. Its limited financial and operational resources and operational underperformance are clear barriers to the implementation of REDD+ objectives.
• Forest management is centralized and no dedicated financial means are transferred to local government for this purpose.
• FPRCI is the only dedicated financial mechanism supporting sustainable forest management.
• Fiscal measures, in the form of three reforestation taxes, have an unclear impact given uncertainty around the implementation of reforestation activities and their sustainability. No other specific incentives for the private sector and small holders are in place to support forest restoration or sustainable agricultural production.
• Very limited support was provided in 2015 to tackle the underlying drivers of forest degradation such as providing alternative livelihoods or strengthening forest control.

3.5.3 DOMESTIC ENERGY

More finance for sustainable energy and clear mandates between relevant ministries are needed to reduce deforestation from household use of wood for energy.

Wood energy is the principal source of domestic energy in Côte d’Ivoire, with wood fuel contributing to around 98200 hectares of deforestation per year, making it the second largest driver of deforestation after agriculture (FCPF, ONU-REDD 2014). There is a significant gap in financing for sustainable domestic energy to change the use and reduce the supply of and demand for wood fuel. Just FCFA 93 million was spent on sustainable domestic energy as part of one project by the Ministere des Ressources Animales et Halieutiques.

This lack of investment is primarily due to unclear mandates between ministries including the Ministry of Petrol and Energy, MINEF, and MINEDD. MINPE, the main source of finance for domestic energy, oversees an LPG

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24 Based on a cost of FCFA 775 000/ha/year (MINEF). One should add to this the cost of agroforestry over the 2 million ha objective in classified forests and rural domain, representing about FCFA 7 billion a year (on the basis of FCFA 50 000/ha/year).
subsidy that could play a role in incentivising alternatives to wood fuel use. However, no information was available on the nature or volume of the subsidy at the time of writing. In addition to addressing these economic barriers, considerable work is also needed to change household behaviour.

3.5.4 MINING

The Ministry of Industry and Mines (MINIM) spent just FCFA 96.6 million in 2015 on one small-scale gold mining program that has faced difficulties in implementing and mobilizing finance.

MINIM will need to implement programs to control illegal mining and promote sustainability in cooperation with other key ministries and agencies such as the Ministry of Water & Forests.

3.5.5 ENABLING ENVIRONMENTS

Work to develop enabling environments is currently underfunded, with only FCFA 447 million spent by Ivorian government supporting land-use planning in 2015. International donors provided no support in this year.

A strong enabling environment and proper land planning system are central to greening existing agricultural finance in Côte d’Ivoire from domestic and international public and private sources. The increased investment certainty they would provide could substantially increase the money available to drive more productive and resilient forms of land use. FCFA 84.2 billion (USD 140 million) of public money invested in ‘business as usual’ agricultural intensification and production support could have contributed to restricting pressure on forests from agriculture expansion, by integrating strong safeguards around siting and knock on effects.

Work to develop enabling environments is currently underfunded, with only FCFA 447 million spent by the Treasury and no international donors supporting land-use planning in 2015. FCFA 3.3 billion went to support land tenure in the context of wider programs but addressing land tenure issues across the country will require a significant increase of funds.

Meanwhile, support for REDD+ planning and reforms as well as capacity building mostly came from international sources and barely any investment was made in research and development for sustainable land-use.

Figure 10: Total REDD+ relevant disbursement in 2015 by REDD+ strategy sector
4. Conclusion

Côte d’Ivoire’s forests have come under huge pressure in recent decades. A push to produce more cash crops, increasing domestic production of subsistence crops, an upsurge in illegal gold mining and heavy reliance on wood fuel for cooking mean that few areas remain untouched. By some estimates, the country will be fully deforested in just 10-15 years.

As well as increasing emissions, many of these activities increase vulnerability to the impacts of climate change and so threaten the productivity of the land on which Côte d’Ivoire’s economy so heavily depends.

There is an alternative development pathway. There are multiple opportunities to green the hundreds of millions spent annually on land use in the country, without sacrificing economic development.

Current investments in REDD+ aligned finance are a fraction of the expected needs for implementing the country’s REDD+ strategy. Greening the hundreds of millions of dollars of domestic and international public finance spent annually on land use in Côte d’Ivoire could deliver five times more finance in support of the National REDD+ strategy. Realizing this opportunity should be an urgent priority for the government and its development partners.

The Government of Côte d’Ivoire recognizes the potential of this alternative development model and is making efforts to reverse forest loss and restore forest cover to 20% of the country’s total land area by 2030. To achieve this huge task while driving economic growth that recognizes the value and importance of forests to the Ivorian economy, the Ivorian government will integrate these issues into land use, mining, and energy policies, strengthen forest conservation regulation and enforcement of laws, and improve land management and land security.

This study uncovers important findings and identifies the key partners that can guide efforts to restore forest cover and reduce deforestation and forest degradation pressures. In particular, it highlights that “greening” existing public finance from domestic and particularly international sources would increase the availability of REDD+ aligned finance by more than five times, equivalent to 60% of the FCFA 173 billion (USD 289 million) annual investment needed to meet the government’s reforestation targets.

The next step for the Côte d’Ivoire Government and its development partners is to identify specific changes in public support and financing mechanisms that can help to drive scaled-up private sector investment in land use mitigation and adaptation. This will require:

- Improved tracking and greater transparency on private finance to enable analysis of investments flowing through industry associations and private companies.
- Greater control and oversight over investments from agricultural industry associations and national funds, to slow deforestation and encourage reforestation objectives.
- A stronger enabling environment and proper land planning system to support the greening of existing agricultural finance in Côte d’Ivoire from domestic and international public and private sources.
- Work to identify fiscal incentives, budget transfer and other public support mechanisms to incentivize and finance sustainable land use.

Public and domestic finance is dwarfed by private sector investment in agriculture and food sectors. Using public support to direct these investments towards sustainable production in line with REDD+ objectives will determine whether Côte d’Ivoire can achieve its targets.

Just five of the private agriculture and food industry companies operating in Côte d’Ivoire in supply chains identified as driving deforestation together invested an estimated FCFA 419 billion (USD 700 million) in 2015, more than four times the total public finance directed to agricultural production and processing.

Private or quasi-public industry associations that support agricultural production in cash crops such as coffee, cocoa, rubber and palm oil play a key role in influencing agribusinesses. They will be key to realizing a transition to sustainable land use in Côte d’Ivoire that delivers economic prosperity and protects its natural resources.
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### 6. List of abbreviations in French and English

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<th>FRENCH ACRONYM</th>
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<th>FRENCH LONG FORM</th>
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<td>ANOPACI</td>
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<td>Institut National de Formation Professionnelle Agricole</td>
<td>National Institute of Agricultural Vocational Training</td>
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<tr>
<td>IRD</td>
<td>IRD</td>
<td>Institut de Recherche pour le Développement</td>
<td>French National Research Institute for Sustainable Development</td>
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<td>LANADA</td>
<td>LANADA</td>
<td>Laboratoire National d’Appui au Développement Agricole</td>
<td>National Laboratory for the Support of Agriculture Development</td>
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<td>MPMEF</td>
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<td>Ministry of Economy and Finance</td>
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<td>MINEDD</td>
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<td>MINEF</td>
<td>MINEF</td>
<td>Ministère des Eaux &amp; Forêts</td>
<td>Ministry of Water &amp; Forests</td>
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<td>MINIE</td>
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<td>Ministry of Economic Infrastructure</td>
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<td>MIM</td>
<td>Ministère de l’Industrie et des Mines</td>
<td>Ministry of Industry and Mines</td>
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<td>MINPE</td>
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<td>Ministère du Pétrole et de l’Energie</td>
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<td>MIRAH</td>
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<td>Ministère des Ressources Animales et Halieutiques</td>
<td>Ministry of Animal and Fishery Resources</td>
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<td>ENGLISH ACRONYM</td>
<td>FRENCH LONG FORM</td>
<td>ENGLISH LONG FORM</td>
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<td>MPMBE</td>
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<td>Ministère de la Promotion de la Femme, de la Famille et de la Protection de l’Enfant</td>
<td>Ministry of Women, Families and Child Protection</td>
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<td>MESRS</td>
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<td>OCDE</td>
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<td>Organisation for Economic Co-operation and Development</td>
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<td>Organisation Internationale des Bois Tropicaux</td>
<td>The International Tropical Timber Organization</td>
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<td>OIPR</td>
<td>OIPR</td>
<td>Office Ivoirien Des Parcs et Réserves</td>
<td>The Ivorian Office of Parks and Reserves</td>
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<td>ONDR</td>
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<td>Office National de Développement de la Riziculture</td>
<td>National Office for Rice Development</td>
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<td>ONU</td>
<td>UN</td>
<td>Organisation des Nations Unies</td>
<td>United Nations</td>
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<td>PAM</td>
<td>WFP</td>
<td>Programme alimentaire mondial</td>
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<td>Programme d’Investissement Forestier</td>
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<td>United Nations Development Programme</td>
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<td>PSE</td>
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<td>Permanent REDD+ Executive Secretariat</td>
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<td>SIGFIP</td>
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<td>Système Intégré de Gestion des Finances Publiques</td>
<td>Integrated Management System for Public Finance</td>
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<td>CRS</td>
<td>Système de Notification des Pays Créancier</td>
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<td>Société de Développement des Forêts</td>
<td>Forest Development Corporation</td>
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<td>WAEMU</td>
<td>Union Économique et Monétaire Ouest Africaine</td>
<td>West African Economic and Monetary Union</td>
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<td>Voluntary REDD+ Database</td>
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<td>OPEC Fund for International Development</td>
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<td>FLEG</td>
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<td>Forest Law Governance and Trade</td>
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<td>MRV</td>
<td>MRV</td>
<td>Surveillance, Notification et Vérification</td>
<td>Monitoring, Reporting, Verification</td>
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## Annex 1: List of organizations consulted

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<th>OBSERVATIONS</th>
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<td>Direction du Cadastre et du Développement Forestier</td>
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<td>Direction de la Planification, de la Programmation et du Financement (DPPF)</td>
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<td>Direction des cultures de Rente (DCR)</td>
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<td>Ministère du Pétrole et de l’Énergie (MPE)</td>
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<td>SEP REDD+</td>
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<td>Direction des Programmes d’Investissement Publics (DPIP)</td>
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<td>Direction Générale de l’Aménagement du Territoire et du Développement Régional (DGATDR)</td>
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<td>Agence Française de Développement (AFD)</td>
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<td>STRUCTURE/RESOURCE PERSON</td>
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<td>Union Européenne</td>
<td>Union Européenne</td>
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<td>BNI</td>
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<td>1 bilateral meeting</td>
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<td>Direction technique</td>
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<td>Assemblée des Régions et Districts de Côte d’Ivoire (ARDCI)</td>
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<td>APROMAC</td>
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<td>FNDE</td>
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<tr>
<td>Kama Berté</td>
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<td>2 bilateral meetings 2 workshops</td>
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<tr>
<td>Jibikilayi Honoré</td>
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<td>1 bilateral meeting</td>
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<tr>
<td>Lagaud Mayeul</td>
<td>Expert</td>
<td>1 bilateral meeting</td>
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</table>
Annex 2: Glossary of public agencies and enterprises, industry associations and funds

Public agencies and enterprises

OFFICE NATIONAL DE DÉVELOPPEMENT DE LA RIZICULTURE (ONDR)

Type of structure
ONDR is a state-owned enterprise, created in 2010, under the technical supervision of the Ministry of Agriculture and Rural Development and the economic and financial supervision of the Ministry of Economy and Finance.

Annual budget
The on-budget expenditures of ONDR in 2015 are estimated to have been FCFA 8,570 million in investments and FCFA 2,909 million in operations.

Mandate
ONDR is responsible for implementing the revised 2012–2020 National Rice Development Strategy (SNDR). It follows and replaces the National Rice Program (PNR).

Resources
ONDR is supported by state budget, as well as international development partners and its own resources. Off-budget resources are poorly understood with a recent estimate placing them at an average of FCFA 1.8 billion per year between 2003 and 2010.

Use of funds
Resources are used to provide technical support for improved production and for the enhancement of locally produced rice, taking into account all the elements of the rice value chain, including production, infrastructure, finance, planning and monitoring, and administration.

Comments
As with other state owned enterprises, very little is known about the budget of ONDR. While the Readiness Preparation Proposal (RPP) for the Forest Carbon Partnership Facility (FCPF), projects that 48% of future deforestation would be due to expansion in cultivation of the rice sector, other studies place rice cultivation as a much weaker driver of deforestation. Close attention would therefore need to be paid to the operations of ONDR and the areas selected for new rice plantations.


INSTITUT NATIONAL DE FORMATION PROFESSIONNELLE AGRICOLE (INFPA)

Type of structure
INFPA is a state-owned enterprise, established in 1997, under the co-supervision of the Ministry of Agriculture and Rural Development (MINADER) and the Ministry of Animal Production and Fish Resources (MIRAH)

Annual budget
INFPA has a relatively small budget, with planned on-budget expenditures of FCFA 521 million in operating costs and FCFA 71 million in investments in 2015.

Mandate
INFPA in conjunction with various technical ministries, is responsible for designing, implementing and coordinating agricultural training activities. It provides diplomas and training (individual and group) for all types of agricultural actors (agricultural professionals, livestock, aquaculture and fishing in inland waters, and forestry).

Resources
It is unclear if INFPA has resources other than those provided by the state.

Use of funds
The Directorate of the Institute includes four departments responsible for teaching, pedagogy engineering, human resources, and finance and farm management.

Comments
Very little is known about the budget of INFPA.

Source: www.infpa.ci
### LABORATOIRE NATIONAL D’APPUİ AU DÉVELOPPEMENT AGRICOLE (LANADA)

<table>
<thead>
<tr>
<th>Type of structure</th>
<th>LANADA is a state-owned enterprise, created in 1991, under the supervision of the Ministry of Agriculture and Rural Development</th>
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<td>Annual budget</td>
<td>LANADA has an estimated planned budget of FCFA 800 million in operating costs and FCFA 97 million in investments in 2015.</td>
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<td>Mandate</td>
<td>LANADA was established to bring together several, disparate research laboratories and provide support for the development and promotion of animal and crop production.</td>
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<tr>
<td>Resources</td>
<td>It is unclear if LANADA has resources other than those provided by the state and international partners.</td>
</tr>
<tr>
<td>Use of funds</td>
<td>LANADA provides technical and scientific support to improve agricultural production of major sectors (coffee, cocoa, cashew, cotton, cereals, etc.). The majority of funds are used for the development of research and organization of the directorate.</td>
</tr>
<tr>
<td>Comments</td>
<td>LANADA has an objective to support agricultural production (and the environment), but appears to have no objectives to limit or reduce deforestation. LANADA may, however, be involved in projects building resilience in agricultural production. LANADA also works closely with the extension agencies, ONDR and ANADER, who are responsible for the seed production and distribution to farmers.</td>
</tr>
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Source: [www.lanada.ci/](http://www.lanada.ci/)

### AGENCE NATIONALE DE L’ENVIRONNEMENT (ANDE)

<table>
<thead>
<tr>
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<td>Annual budget</td>
<td>ANDE’s budget in 2015 included FCFA 828 million in operating costs and FCFA 47 million in investments. ANDE also receives revenue in the form of taxes but the amount collected is unclear.</td>
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<tr>
<td>Mandate</td>
<td>ANDE coordinates the implementation of environment-related development projects.</td>
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<tr>
<td>Resources</td>
<td>ANDE receives on-budget funding but also collects taxes imposed on installations. 40% of this tax revenue is channeled to the National Environment Fund (FNDE) and 60% is kept for operations.</td>
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<tr>
<td>Use of funds</td>
<td>ANDE supports a range of activities including: developing procedures for and conducting impact assessment; evaluating the environmental impact of policies; coordinating the implementation of environmental development projects; ensuring that development projects and programs take environmental concerns into consideration; developing the environmental profiles and management plans of local authorities.</td>
</tr>
<tr>
<td>Comments</td>
<td>Both CIAPOL and ANDE collect taxes and allocate 40% to FNDE. The collection of taxes, however, is not very effective, amounting to FCFA 250-500 million per year, resulting in a poor capitalization both of the fund and the agency.</td>
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### CENTREIVOIRIEN ANTIPOLLUTION (CIAPOL)

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<td>Annual budget</td>
<td>CIAPOL’s budget in 2015 included FCFA 1,255 million in operating costs and FCFA 260 million in investments in 2015. CIAPOL also has revenue in the form of taxes although the amount collected is unclear.</td>
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<td>Mandate</td>
<td>CIAPOL is responsible primarily for analysis of natural water, waste and residues; assessment of pollution; establishment of a continuous media monitoring system; collection and capitalization of environmental data; dissemination of environmental data and results of the National Observation Network of Côte d’Ivoire (RNO-CI).</td>
</tr>
<tr>
<td>Resources</td>
<td>Revenue for CIAPOL is planned and evaluated in the annual budget. Additional revenues include: recovery of environmental taxes; grants; compensation benefits (analyses, publications, supervision of trainees, environmental data directories, etc.) and compensation for services provided (expertise and various technical studies).</td>
</tr>
<tr>
<td>Use of funds</td>
<td>CIAPOL has three departments: central Laboratory of the Environment (LCE); Company Intervention against the pollution of the marine Environment and lagoon (CIPOMAR); and sub-Directorate of administrative and financial affairs. These bodies coordinate the activities of CIAPOL which are primarily analysis and research, and enforcement of national laws.</td>
</tr>
<tr>
<td>Comments</td>
<td>Both CIAPOL and ANDE collect taxes and allocate 40% to FNDE. The collection of taxes, however, is not very effective, amounting to FCFA 250-500 million per year, resulting in a poor capitalization both of the fund and the agency.</td>
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### Etablissements Publics à Caractère Industriel et Commercial (EPIC)

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<th><strong>FONDS D’ENTRETIEN ET DE RENOUVELLEMENT DU PALMIER À HUILE (FER-PALMIER)</strong></th>
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<td><strong>Mandate</strong></td>
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<td><strong>Sources of finance</strong></td>
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<td><strong>Use of funds</strong></td>
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<tr>
<td><strong>Comments</strong></td>
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Source: [www.ferpalmier-ci.com/](http://www.ferpalmier-ci.com/)

### OFFICE IVOIRIEN DES PARCS ET RÈSERVES (OIPR)

<table>
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<th><strong>OFFICE IVOIRIEN DES PARCS ET RÈSERVES (OIPR)</strong></th>
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<td><strong>Comments</strong></td>
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</table>

Source: [www.oipr.ci](http://www.oipr.ci)

CHAMBRE D’AGRICULTURE DE CÔTE D’IVOIRE (CACI)

Type of structure: Etablissements Publics à Caractère Industriel et Commercial (EPIC)

Annual budget: CACI’s 2015 budget included FCFA 699 million for operations and FCFA 100 million for investment.

Mandate: CACI was established in 1908, by order of the then Governor General to represent the interests of farmers, train them and provide them with support. CACI was originally housed under the Chamber of Commerce, but since 1964 has been managed separately under the guidance of MINAGRI.

Resources: CACI is supported by technical and financial partners, notably, FAO, PNUD, l’ACDI, USAID, the World Bank, the Dutch and French development agencies and the EU.

Use of funds: CACI supports agricultural professionals practicing primarily in the areas of agriculture, livestock, fisheries and forestry.

Comments: Although CACI is supported by international donors, reporting on such funds was not identified in the state budget data. This could either mean that the funds are delivered to CACI off budget or that they are not declared as the recipient.

Source: http://www.chambragri.ci/

FONDS NATIONAL DE L’ENVIRONNEMENT (FNDE)

Type of structure: FNDE is a private entity established in 1998 and is managed by the National Investment Bank (BNI).

Annual budget: In 2015, FNDE received FCFA 255 millions.

Mandate: The purpose of FNDE is environmental protection in the broad sense. It also serves as a central fund for environmental taxes.

Resources: FNDE resources are varied and include taxes (from monitoring and inspection of classified facilities and environmental impact studies, on ships and tankers stopping in Côte d’Ivoire, and on vehicles according to antipollution standards pursuant to the “polluter-payer“ principle); loans; placements; endowments and State contributions; donor contributions; donations and bequests, etc.

Use of funds: Funds are used for the control of classified facilities; environmental impact studies; air, water and soil quality monitoring; the fight against pollution; the establishment and operation of a network of biological reserves; safeguarding of protected animal and plant species; conservation of protected sites and monuments; and education, training and awareness-raising.

Comments: Despite such diverse sources, the funding received is particularly low (Halle and Bruzon, 2006), but the FNDE scope clearly overlaps with REDD-plus activities. Its resources are very limited given its mandate.

Source: http://cidcom.cgeci.org/civ/fr/1/p/974/index.do

SOCIÉTÉ DE DÉVELOPPEMENT DES FORÊTS (SODEFOR)

Type of structure: State owned enterprise under the supervision of MINEF and the Ministry to the Prime Minister in charge of the budget

Annual budget: Around FCFA 10.5 billion in 2015 (planned) and 6 billion (current), including FCFA 819 million in investments.

Mandate: SODEFOR was established in 1966 with the aim of conserving and managing the country’s forest resources and promoting afforestation and reforestation. In 1992 it began the management of classified forests, covering 13% of the Ivorian territory.

Resources: SODEFOR is mainly financed from the sale of forest products (timber and sawn wood), land royalties and export quotas. These resources are falling due to a lack of sustainability within the sector. The contribution of the State to the budget of SODEFOR is constant, around 1 billion FCFA per year. The contribution of donors is also limited.

Use of funds: SODEFOR funds cover the management of classified forests and the provision of external services within the framework of partnership agreements with forestry operators. SODEFOR also implements projects funded by the treasury and donors, mainly on reforestation and rehabilitation of degraded forests.

Comments: The financial resources and operational resources of SODEFOR do not allow it to fulfill its missions fully, nor to cover its expenses (E & Y 2015c). Only 10% of the SODEFOR workforce is fieldworkers (compared with 82% for the OIPR) (E & Y 2015b).

Most of the classified forest, managed by SODEOR, is degraded (Lapeyre and Yann, 2016 forthcoming), due to poor governance and corruption at the local and district level. Restoration of a large part of these forests will be needed for Côte d’Ivoire to reach its 20% forest cover target by 2030.

This study tracks just FCFA 30.8 million of SODEFOR implemented projects in 2015 but SODEFOR spent an estimated FCFA 548 million on forest restoration, with the 89% of total resources coming from non-public own source revenues.

Source: SODEFOR, 2015.
L’AGENCE NATIONALE D’APPUI AU DÉVELOPPEMENT RURAL (ANADER)

Type of structure State owned enterprise

Annual budget Unknown but could be ~27 billion FCFA in 2015

Mandate ANADER was established in 1993 to coordinate and improve agricultural extension services to rural producers. ANADER was founded with technical and financial support of the World Bank in a vast Structural Adjustment Programme (SAP) following the economic crisis linked to the slump of coffee and cocoa.

Resources ANADER was created in 1993 as a mixed company. Following a successful first phase, in 1998 ANADER became a public limited company (societe anonyme) with a capital of 500 million FCFA divided between the state (35%), and professional farmers and related private companies (65%). ANADER’s annual budgets and financial expenditures are not available publicly. However, in 2015, ANADER received FCFA 9.4 billion from the Ministry of Agriculture.

Use of funds The SAP implementation was conducted through the National Project to Support Agricultural Service (PNASA) with three main objectives:
- streamlining and decentralization of agricultural services through the creation and implementation of a single management structure;
- capacity building of the Ministry of Agriculture;
- increased power and the influence of farmers on the policy formulation process.

Comments Before the creation of ANADER, agricultural support was divided into different crops: SATMACI (cocoa coffee), SODEPRA (livestock), CIDV (subsistence and horticultural crops), PALMINDUSTRIE (oil palm), CIDT (cotton) the PATH and APPH (rubber). This system, while allowing Côte d’Ivoire to expand production across many sectors, presented key weaknesses (high transaction costs, lack of decentralization, elite capture).

Source: www.anader.ci

Industry associations and funds

CONSEIL CAFÉ CACAO (CCC)

Type of structure The Cocoa Coffee Council is a state body established by Regulation 2011-481 of 28 December 2011. It sets the rules related to marketing of coffee and cocoa. The Ministry of Agriculture oversees the CCC from a technical perspective while the Ministry of Economy and Finance provides financial oversight.

Annual budget Very little is known about the size of CCC’s budget.

Mandate CCC’s objectives are:
- Strengthen good governance and transparency in resource management;
- Develop a sustainable cocoa and coffee markets through the reorganization of production and improvements in productivity;
- Secure the income of producers by setting up a guaranteed minimum price and promoting domestic and international consumption;
- Establish a strong interprofessional network of respected producer organizations.

Resources Part of CCC’s operational budget is derived from a 1.194% royalty applied to cocoa exports. In addition to funding CCC’s management structure, the royalty revenue is also used to fund CCC’s weight and quality control activities and a small part is also redistributed international organisations, CACI and FIRCA. The royalty is estimated to be worth around FCFA 25 billion per year. Another part of CCC’s budget is derived from the export tax on cocoa bean and derivatives, currently set at 14.6% of the export reference price. Total revenue from the cocoa export tax is estimated to be around FCFA 346 billion per year but it is not known what portion of this revenue is channelled to the CCC. Finally, Public Private Partnerships are an important source of income for the CCC. Ten protocols signed by CCC are estimated to be worth approximately FCFA 21.3 billion.

Use of funds CCC channels its resources to FIMR (Fond d’Investissement en Milieu rural), to improve standards of living for producers and to implement activities to support the cocoa sector, including the 2QC Programme (the Quantity, Quality, Growth Programme).

Comments The CCC has been actively working to improve the sustainability of the cocoa sector in recent years but until now, little has been done in relation to forest protection. Recently however CCC has embarked on several partnership initiatives with private operators including CEMOI, Barry Callebaut, Mondelez etc. The CCC is also working with the government to develop sustainable approaches to production which decouple cocoa production from deforestation, and support the restoration of degraded areas.

9 Interministerial Order number 87/MINAGRI/MPMEF/MPMB of 5th October 2015 fixing the level of taxes and charges during the 2015-2016 season.
10 Ministerial order number 1764 of 16 November 2012, amending the export tax (DUS) on cocoa beans and on products derived from cocoa.
L’ASSOCIATION INTERPROFESSIONNELLE DE LA FILLIÈRE PALMIER À HUILE (AIPH)

**Type of structure**
The AIPH is an association, created in 2003, that brings together all the actors in the oil palm sector in Côte d’Ivoire.

**Annual budget**
Unknown.

**Mandate**

**Resources**
AIPH resources are mobilized according to the contributions of members, as grouped in three categories: (i) the producers, (ii) primary manufacturers and (iii) secondary manufacturers.

**Use of funds**
These resources are generally used for the supervision and maintenance of rural roads.

**Comments**
The sector has signed a Memorandum of Understanding with REDD + Executive Secretariat under the zero deforestation program.

Source: [www.aiph.ci](http://www.aiph.ci)

ASSOCIATION DES PROFESSIONNELS DU CAOUTCHOUC NATUREL DE CÔTE D’IVOIRE (APROMAC)

**Type of structure**
APROMAC is a non-profit professional association governed by Law 60-315 of September 21, 1960, representing all of the professional categories of the sector (millers, manufacturers, researchers, non-milling planters).

**Annual budget**
The association spent about 7.9 billion FCFA in 2013.

**Mandate**
APROMAC was established on 12 May 1976 with the overall objective of developing the rubber sector in Côte d’Ivoire APROMAC. It sets prices for rubber.

**Resources**
APROMAC is funded by members’ contributions, calculated on the basis of the natural rubber price and the structure.

**Use of funds**
APROMAC’s resources are used to (i) support the creation of plantations, in particular through a subsidy for the purchase of plant materials, (ii) the opening and maintenance of plantations And (iii) training in rubber cultivation. These various missions are financed by the Rubber Development Fund, which plays the role of treasurer in the organization.

**Comments**
The price of natural rubber has led to a relative decline in turnover for producers. The sector has signed a Memorandum of Understanding with the REDD + Executive under the zero deforestation program.

Source: [www.apromac.ci](http://www.apromac.ci)

FONDS INTERPROFESSIONNEL DE RECHERCHE ET DE CONSEIL AGRICOLE (FIRCA)

**Type of structure**
FIRCA was created by Decree 2002 - 520 of December 11, 2002. It is a private legal entity recognized as being of public utility.

**Annual budget**
In 2015, FIRCA mobilized FCFA 23 573 million.

**Mandate**
Mobilize resources and ensure the sustainable financing of of applied research programs, agricultural advice, vocational training and capacity building for Professional Agricultural Organizations (OPA) in the agricultural, livestock and forestry sectors.

**Resources**
FIRCA’s resources come from: (i) contributions from agricultural sectors (12 sub-sectors contributing in 2015): FCFA 14 billion (ii) development partners: FCFA 7.8 billion (iii) direct and indirect subsidies The State: FCFA 1.3 billion and (iv) banking products: FCFA 0.3 billion.

**Use of funds**
Resources are used to fund research programs, agricultural advisory / extension programs, agricultural training programs, OPA capacity building programs, study programs and institutional support.

**Comments**
FIRCA benefits from the support of several international donors and has a policy of transparency vis-à-vis its activities.

11 CCC, 2015.

Sources: Ministerial order number 1764 of 16 November 2012, amending the export tax (DUS) on cocoa beans and on products derived from cocoa; CCC, 2015.


### Fonds d’Investissement en Milieu Rural (FIMR)

<table>
<thead>
<tr>
<th>Type of Structure</th>
<th>The Rural Investment Fund was set up by interministerial decree MEF / MINAGRI of 21 November 2007 and is managed by the Coffee-Cocoa Council.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Budget</td>
<td>FIMR expenditures for the year 2015 can be estimated at FCFA 11,267,473,805 billion (MRIF Investment Program)</td>
</tr>
<tr>
<td>Mandate</td>
<td>This fund is intended to finance basic socio-economic infrastructure in rural areas with the aim of improving the working conditions and living standards of producers and their communities.</td>
</tr>
<tr>
<td>Resources</td>
<td>FIMR is funded by the taxation of coffee and cocoa. proviennent des taxes du café et du cacao</td>
</tr>
<tr>
<td>Use of Funds</td>
<td>FIMR projects include the development and maintenance of infrastructure such as agricultural feeder roads, education, health, rural solar electrification, village security and water supply.</td>
</tr>
<tr>
<td>Comments</td>
<td>FIMR resources increased between 2015 and 2016.</td>
</tr>
</tbody>
</table>

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*a* Budget law on the state budget for the year 2016. Presentation report.