

The role of intermediaries in blending investments for landscape restoration projects

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COMMONLAND
4 RETURNS FROM LANDSCAPE RESTORATION

"Money is not the problem, the tools exist, the science is known, and land is available. The key critical element is stakeholder engagement."

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(Commonland, 2017: 33)

Preface

I hereby declare that the text and work presented in this master thesis is original and that no sources other than those mentioned in the text and its references has been used. The copyright of the master thesis rests with the author. The author is responsible for its contents. The Rotterdam School of Management (RSM) is only responsible for the educational coaching and cannot be held liable for the content. For any questions, the author may be contacted at maxberkelmans94@gmail.com.

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Executive summary

Restoring degraded landscapes is essential to guaranteeing the ecosystem services landscapes provide for future generations. International initiatives to promote landscape restoration show an increasing awareness of the issue of land degradation. Although promising, most initiatives primarily involve the public and civic sector and “depend heavily on public and philanthropic funding” (Maillard & Cheung, 2016: 28). Reaching the policy ambitions would require the mobilisation of long-term private capital to enable landscape restoration initiatives to be scaled (WBCSD, 2015). Blended finance has the potential to address this funding gap. However, due to a lack of market infrastructure, coordination and the requirement of many stakeholder groups for successful blending, blended finance investments are not yet done on a large enough scale (Convergence, 2018). Given the “early development phase” of markets for blended finance investments and landscape restoration and subsequent need for coordination, the main research question of this thesis is: *“How do stakeholders collaborate to blend investments for landscape restoration projects?”* (Maillard & Cheung, 2016: 4).

This thesis follows a multiple embedded case study research strategy and includes seven initiatives in which stakeholders collaborate to blend investments for LRPs. 21 semi-structured interviews have been conducted with a bank, two investment managers, a pension fund, seven project developers, two technical assistance facility managers, four NGOs, two businesses, a cooperative and an IGO. Such an exploratory approach enabled the thesis to identify the most important stakeholders required for successfully blending investments, how the different activities within LRPs complement each other and how the process of blending is coordinated by an intermediary at both fund and project level. Given the essential role of intermediary organisations in organising problem domains and facilitating collaboration in nascent markets (i.e. impact investing, blended finance and landscape restoration), this thesis focuses on the role of intermediaries in blending investments for LRPs.

Successfully blending investments for LRPs requires the involvement of actors (e.g. project developers, local actors, actors surrounding the landscape and investors) from various societal spheres as can be seen in figure 5 of page 50. Successfully blending also requires various value-generating (e.g. sales of products, microcredits, PES, eco-tourism and land acquisition) and non-value-generating activities (e.g. capacity building, restoration of the land, stakeholder management, business support) that are part of the common landscape vision. Intermediaries play an important role in blending investments at both fund level, where the fund manager and neutral broker act as intermediaries, and project level, where project developers have this role. Figure 9 on page 94 provides an overview of the prerequisites in terms of critical success factors and actors necessary for successful blending at both levels. Furthermore, it outlines the role of project developers, fund managers and neutral brokers in the blending process and outcomes.

This thesis has several implications for managerial practice. This thesis has generated relevant insights with regards to real-life practicalities of blended finance, the role of project developers, fund managers and neutral brokers as intermediaries and the ambiguity related to the implementation of projects on a landscape scale. Such understandings are relevant to develop the markets for both landscape

restoration and blended finance. This is relevant because, although the idea of blended finance may sound compelling to many actors, the market for blended finance and landscape restoration is at a very early stage of development (Maillard & Cheung, 2016). Blended finance transactions still represent a small percentage of the total financing needs for the SDGs and the amount of transactional data, results and coordination is very limited. This thesis contributes to our understanding on how the more conceptual idea of blended finance plays out in practice. It shows that investments can be blended at both fund and project level. By delineating the prerequisites and blending processes for various cases that successfully attracted blended investments for LRPs, this thesis may increase investor awareness and understanding of the financing opportunities in the landscape restoration sector. This thesis provides an overview of the stakeholders involved in the blending processes and the activities they undertake to make LRPs more attractive for (institutional) investors. Increased awareness and understanding of LRPs from the investor's side may lead to an increased familiarisation with LRPs. In this way, investors may perceive investing in LRPs as less risky. Furthermore, this thesis can benefit project developers and landscape restoration partnerships that struggle to design bankable projects and financing plans, as this often is not their core business. By providing an overview of the different types of investors, their requirements and motivations and how investments are blended at both fund and project level, this thesis may contribute to their knowledge on critical success factors for blending investments and effective models for LRPs.

The findings and conclusions of this thesis lead to seven critical success factors for successfully blending investments for LRPs, which can be found in detail on page 117.

1. Project developers are vital in connecting (international) investments with projects and stakeholders on the ground. Additional investments to finance the operations of project developers can strongly enhance the development of the market for landscape restoration.
2. Fund managers are essential in aligning the different requirements of investors that deploy both donor money and investment capital in blended finance funds. The development of an additional number of blended finance vehicles can contribute to the development of the market for landscape restoration.
3. The continuous availability of donor money to finance certain aspects of LRPs (such as building a proof of concept, on-the-ground restoration of the landscape, stakeholder management and capacity building) is necessary to mitigate risks for private investors, allowing a project to reach an 'investment-ready' stage and ensure social and environmental returns are not compromised.
4. Increased know-how on appropriate standards for blending through information provision and structured blended finance funds can increase the willingness of public and philanthropic investors to de-risk private investments and support the development of a pipeline of 'bankable' projects that have the potential to generate significant social and environmental returns.
5. A common landscape vision is essential to align trade-offs between competing interests and land-uses of stakeholders that operate within the landscape.

6. Successful mobilisation of smallholder farmers is key in restoring landscapes and ensuring investments reach on the ground activities and projects. Mobilising smallholder farmers requires project developers to have a certain authority, either by having a local presence or collaborating with local actors who are trusted by local communities.
7. The aggregation of smallholder farmers is key in reaching many smallholder farmers which allows the project to reach a certain scale that aligns with the investment sizes of some (institutional) investors. Working with cooperatives that aggregate smallholder farmers is key in reducing transaction costs for project developers and attracting large-scale private investments for LRPs.

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List of abbreviations

CC: Collaboration Continuum
CPIC: Coalition for Private Investments in Conservation
CSP: Cross-sector partnerships
FAO: Food and Agriculture Organisation of the United Nations
FRB: Forest Resilience Bond
GIIN: Global Impact Investing Network
GPFLR: Global Partnership on Forest and Landscape Restoration
LDN: Land Degradation Neutrality
LRP: Landscape Restoration Project
NGO: Non-governmental organisation
PBL: Netherlands Environmental Assessment Agency
PES: Payments for Ecosystem Services
SDG: Sustainable Development Goal
SIB: Social Impact Bond
TAF: Technical Assistance Facility
UNCCD: United Nations Convention to Combat Desertification

1. Introduction: the need for blended finance for landscape restoration

"A factory-owner would frown upon the suggestion that a sound business decision would be to sacrifice his/her production equipment for the sake of the product being made" (Ferwerda, 2015: 27). Ironically, this is precisely what is happening with the current way we manage our ecosystems. Our current economies are based on consumption patterns and production methods that generate jobs, while simultaneously degrading the ecosystems which are at the basis of this wealth creation (Ferwerda, 2015). The World Resources Institute (WRI) states that over the past 50 years, almost a quarter of the world's land mass (i.e. 2 billion hectares or the size of both China and the US) has been degraded as a result of soil erosion, salinization, peatland and wetland drainage and forest degradation (Ding et al., 2017). Continued land degradation and the loss of ecosystem services (e.g. provision of food and water, carbon sequestration and climate regulation) severely endanger human well-being by threatening food and water security, leading to biodiversity loss, increased occurrence of extreme weather events, involuntary human migration and even civil conflict (Ding et al., 2017). Yearly, the costs of the related lost ecosystem goods and services are estimated to be \$6.3 trillion (Ding et al., 2017). Restoring degraded landscapes and ecosystems is essential in guaranteeing the provision of ecosystem services for future generations. Given the variety of concepts that refer to landscape restoration as outlined by Sewell et al. (2016) (i.e. land restoration, ecosystem restoration, rehabilitation, integrated land management), this thesis adheres to the principles of the consensus definition as presented by the Global Partnership on Forest and Landscape Restoration (GPFLR). The GPFLR defines forest and landscape restoration as "the process of reversing the degradation of soils, agricultural areas, forests and watersheds thereby regaining their ecological functionality" (Besseau et al., 2018: 7). This definition stresses the importance of adopting a landscape scale approach that represents "mosaics of interacting land uses and management practices under various tenure and governance systems" (Besseau et al., 2018: 18). Furthermore, the GPFLR stresses the importance of stakeholder engagement at different scales, restoring landscapes for ecological, social and economic functions, maintaining the natural ecosystems within landscapes, a tailored approach for local contexts and a long-term approach to enhance the resilience of the landscape (Besseau et al., 2018).

The growing global attention for land degradation has led to various initiatives to halt degradation and increase restoration. Internationally agreed restoration targets such as the Bonn Challenge, the New York Declaration on Forests and Sustainable Development Goal (SDG) 15.3: Land Degradation Neutrality demonstrate increasing awareness of governments, companies and civil society of the issue of land degradation (Maillard & Cheung, 2016). Most initiatives related to landscape restoration are initiated by NGOs, turned into legislation by governments and are funded by governments and charities (FAO & UNCCD, 2015). So far, few global initiatives succeeded in including the private sector in large-scale landscape restoration projects (LRPs) (Ferwerda, 2015). Most LRPs "depend heavily on public and philanthropic funding" (Maillard & Cheung, 2016: 28). Governments and NGOs are calling for engagement of the private sector as it has the ability to mobilise local communities and resources to finance projects on the ground (WBCSD, 2015). The WRI estimates that, due to a lack of private investments, the landscape restoration

sector is faced with a funding gap of around US \$300 billion per year (Ding et al., 2017). Reaching the various policy ambitions requires the mobilisation of large amounts of financial resources for which public resources alone “will not suffice” (Maillard & Cheung, 2016: 3). Many practitioner reports argue that long-term private capital is needed to scale up efforts in landscape restoration and reach the stated policy ambitions¹ (WBCSD, 2015; Ding et al., 2017).

Blended finance, a “set of financing mechanisms or structuring approach that combines capital with different levels of risk in order to mobilise risk-adjusted, market-rate-seeking capital into impact investments”, is increasingly recognised as an important structuring approach to mobilise new sources of capital towards the global goals (GIIN, 2018; Convergence, 2018: 1). Blended finance aims to unlock larger pools of private capital by means of public and philanthropic capital which can be promising in addressing the funding gap for landscape restoration. Despite its potential, blended finance investments to date represent a small percentage of the total financing needs for the global goals (Convergence, 2018). This is due to the broad range of stakeholders required for successful blending and a lack of a market infrastructure and coordination (Bouri & Mudaliar, 2013; Blended Finance Taskforce, 2018). Landscape approaches require the involvement of a wide range of stakeholders from various societal spheres (e.g. state, market and civil society) as well. Landscape approaches “cut through silos, bring together industries, governments, civil society and local communities as well as investors, corporations and global entities like the UN and Global Funds” (WWF Landscape Finance Lab, 2018: 6). Through involving all these stakeholder groups, landscape restoration projects (LRPs) “open the door to many more sources and types of finance beyond grant money, transforming conservation into a bankable opportunity with return on investment” (WWF Landscape Finance Lab, 2018: 7). Thus, attracting blended investments for LRPs requires the involvement of and engagement with a wide range of stakeholders. This has been illustrated nicely by Commonland (2017: 33): “Money is not the problem, the tools exist, the science is known, and land is available. The key critical element is stakeholder engagement.”

There is a lack of scholarly debate and empirical evidence on both blended finance and landscape restoration. Nevertheless, various practitioner reports outline the needs, barriers and critical success factors for blended finance in landscape restoration (Ding et al., 2017; FAO & UNNCD, 2015). Instead of providing such a general overview, this thesis will analyse various actors (i.e. project developers, investors, NGOs, local businesses, governments, foundations, corporates and philanthropists), initiatives and Cross-Sector Partnerships (CSPs) that work towards blending investments for LRPs. This thesis will analyse these different stakeholders and the roles they have within LRPs. It also focuses on how blended investments are attracted and coordinated between these stakeholders.

The implementation of concepts used in this thesis such as blended finance and landscape restoration are used interchangeably by different actors and are still in the process of being developed. Furthermore, legal, contractual and institutional

¹ Using average restoration costs of \$2390 per hectare, total financing needs for policy ambitions are estimated to be \$359 (Bonn Challenge), \$837 (New York Declaration on Forests) and \$4780 (Land Degradation Neutrality) billion (Sewell et al., 2016).

arrangements as well as other tangible real-life activities with regards to blended finance for LRPs are at a fairly initial phase. The notion of blended finance for LRPs is merely conceptual as most initiatives have not been institutionalised yet or done so recently. For example, the Agri3Fund, a partnership between UN Environment, the Rabobank, FMO and IDH aimed at unlocking \$1 billion in finance towards deforestation-free, sustainable agriculture and land use, is not operational yet and so far, has not invested in any projects (N. Stam, personal communication, April 5, 2019). Furthermore, the Land Degradation Neutrality (LDN) Fund, the “first-of-its-kind investment vehicle” to leverage public money to raise capital for sustainable land projects, made its first investment in January 2019 (IDH, 2019). Given this recentness, this thesis will treat blended finance transactions for LRPs as an outcome/product of collaborations between various stakeholders within cross-sector partnerships. This these will explore the collaboration dynamics between stakeholders within various blended finance initiatives for landscape restoration. This thesis goes beyond describing blended finance and rather aims to provide empirical evidence than conceptual descriptions.

Scientific literature on CSPs, impact investing and Social Impact Bonds (SIB) stress the importance of intermediary organisations in organising a problem domain and bringing stakeholders together that are not used to work together due to distrust or tradition (Gray, 1989). Intermediaries can bring “unaware, unsure and sceptical” to the table to explore possibilities for collaboration and thereby “span the gaps among diverse constituencies to enable coordinated action (Brown, 1991: 808; Dorado & Vaz, 2003: 141) Given the “early development phase” and “lack of coordination” of the landscape restoration market, analysing the role that intermediary organisations in blending investments for LRPs can generate relevant insights into how intermediaries can contribute to the development of a market for landscape restoration (Maillard & Cheung, 2016: 4; Sewell et al., 2016: 6). This thesis will therefore analyse the prerequisites, role of an intermediary organisation and outcomes of the process of blending investments. Maillard & Cheung (2016) stress the importance of analysing the motivations of project developers and investment managers given their ability to scale up efforts and match supply and demand within the landscape restoration market. By distinguishing between blending at project and fund level and analysing the role of fund managers and project developers as intermediaries, this thesis can make relevant contributions to scientific theory and managerial practice on blended and sustainable finance. The findings of this thesis mainly contribute to the scientific debate on the role and requirements of intermediaries within CSPs. This thesis expands our knowledge on intermediaries by confirming the requirements intermediary organisations should have as argued by Gray (1989), Dorado & Vaz, (2003), Selsky & Parker (2005), Stadler & Probst (2012), Manning & Roessler (2014) and Hille et al. (2019). Furthermore, the findings of this thesis show the various roles that intermediaries can have in facilitating effective collaboration. Expanding our knowledge on the role of intermediaries is relevant as, although many authors stress the importance and requirement of intermediaries within CSPs, less is known on their role with regards to how effective facilitation is achieved (Stadler & Probst, 2012). Stadler & Probst (2012) argue that, despite the call from Wood & Gray in 1991, little scientific attention has been devoted to how an intermediary affects the collaboration

processes (Wood & Gray, 1991). This thesis shows the various roles project developers, fund managers and neutral brokers have in the process of blending investments for LRPs at both fund and project level. These insights can contribute to our understandings of how intermediaries act to facilitate effective collaboration between various stakeholder groups. Last, the findings of this thesis found different collaboration dynamics between blending at fund and project level based upon the CC of Austin & Seitanidi (2012). This thesis found that collaborations between actors who are involved in blending investments at fund level show characteristics of a transactional partnerships while collaboration at the project level corresponds to a transformative partnership. In this way, this thesis validates the notion of Austin & Seitanidi (2012) that collaborations are multifaceted and can have characteristics of various stages of collaborating.

The following research question will structure this thesis.

"How do stakeholders collaborate to blend investments for landscape restoration projects?"

Answering this research questions requires an overview of the various stakeholders involved in blending investments for LRPs and what their roles are specifically. This results in the following sub-question:

"Which stakeholders are involved in landscape restoration projects and what are their roles?"

According to Austin (2000), CSPs between stakeholders lead to benefits for the actors involved and society at large when actors mobilise and combine their multiple resources and distinctive competencies. In order to assess how stakeholders collaborate to blend investments for LRPs, insights into how the different activities within the project complement each other is vital. This results in the following sub-question:

"How do the various activities within landscape restoration projects complement each other in terms of blending investments?"

Intermediaries can play a vital role in facilitating effective collaboration within CSPs (Van Hille et al., 2019). This thesis will analyse the role of intermediaries in blending investments for LRPs. For landscape restoration specifically, sustainable business and investment associations can be relevant brokers for landscape restoration investments at the local and national levels (FAO & UNCCD, 2015). This thesis distinguishes between blending at fund level in which the fund manager and neutral broker function as intermediary. At project level, the project developer functions as intermediary for the blending of investments. This results in the following sub-question:

"What is the role of an intermediary organisation in blending investments for landscape restoration projects?"

The structure of this thesis is as follows. Chapter 2 provides the theoretical framework of this thesis. It outlines theory on CSPs which is used to analyse the collaboration dynamics and role of intermediaries in blending investments for LRPs. Furthermore, chapter 2 deals with financial arrangements such as landscape restoration finance, blended finance, impact investing and Social Impact Bonds (SIBs). Chapter 3 describes the research design and strategy of this thesis. It shows that the thesis uses an exploratory and inductive research design and a multiple embedded case study strategy. Furthermore, chapter 3 includes case descriptions of the cases analysed, the various data sources such as document analysis, semi-structured interviews and participant observation and a table including all interviewees. It also describes the way data have been analysed based upon the inductive systematic coding approach of Gioia et al. (2013) and the thematic coding analysis approach of Braun & Clarke (2006). Chapter 4 highlights the most important findings for the research question: *"How do stakeholders collaborate to blend investments for landscape restoration projects?"* The findings are structured according to the three aggregate dimensions that emerged out of the systematic inductive coding approach: actors involved in LRPs, activities within LRPs and the coordination of investments. Chapter 5, the discussion, contrasts the findings of this thesis with scientific literature on CSPs, impact investing and SIBs on intermediary organisations specifically. Chapter 5 provides a figure which outlines the role of intermediaries at both fund and project level and distinguishes between antecedents, process and outcomes. Chapter 6, the conclusion, provides an answer to the research question by referring to the various sub-questions on the required stakeholders and their roles, the various activities within LRPs and the role of intermediary organisations. Furthermore, chapter 6 highlights the limitations of this thesis, provides avenues for future research and outlines its scientific and managerial implications.

2. Theoretical framework: the role of intermediaries in facilitating collaboration

This thesis is situated in the intersection of cross-sector partnerships (CSPs) and finance as successful blending of investments for LRPs requires collaboration between stakeholders from various societal spheres. More specifically, this thesis draws upon CSP theory to analyse the collaboration dynamics and role of intermediaries in blending investments for LRPs. In terms of financial arrangements, this thesis draws upon scientific literature and practitioner reports on landscape restoration finance, blended finance, impact investing and Social Impact Bonds (SIBs). Section two outlines the barriers, actors and coordination related to attracting and coordinating (private) investments for LRPs. In section three, the concept, proceedings and challenges of blended finance will be described. Section four refers to impact investing and SIBs given the requirement of different types of investments and the role of an intermediary organisation. As these two aspects are vital for blending investments for LRPs, theory on more vested concepts such as impact investing and SIBs can generate relevant insights for this thesis.

2.1: Cross-sector partnerships

CSPs can be studied from many angles such as their origins and the dynamics that predict their outcomes such as drivers, motivations, partnership characteristics and process issues (Gray & Stites, 2013). Significant scholarly attention has been devoted to these issues. Furthermore, given the complexity and great “potential for failure”, many scholars stress the requirement and importance of intermediary organisations in facilitating effective collaboration within CSPs (Gray, 1989; Wood & Gray, 1991, Brown, 1991; Westley & Vredenburg, 1994, Sharma et al., 1994; Dorado & Vaz, 2003; Bryson et al., 2006: 44). Nevertheless, less is known on the role of intermediary organisations, intermediary organisations from the private sector and when there are various actors within a CSP that have the role of an intermediary. First, as argued by Dorado & Vaz (2003), little is known about the “actions and strategies that convenors use to ease difficulties between the parties and encourage communication and trust” (Dorado & Vaz, 2003: 143). Thus, although many scholars state the importance of intermediaries, we know less on how they ensure to bring partners together, guide the partnership design and ensure all parties benefit (Stadler & Probst, 2012). Stadler & Probst (2012) argue that, despite the call from Wood & Gray in 1991, little scientific attention has been devoted to how intermediaries affect collaboration processes (Wood & Gray, 1991). Second, the role of intermediaries in environmental sustainability has “typically been ascribed to governmental institutions and environmental groups” (Stafford et al., 2000: 28). Less is known on the role of intermediary organisations from the private sector. As the majority of the intermediaries analysed within this thesis are from the private sector, analysing their characteristics and roles may contribute to our knowledge on intermediaries. Last, prior research on intermediaries focused on individual intermediaries or intermediary organisations (Manning & Roessler, 2014). Less is known on how intermediaries broker between parties as a “collective process rather than an individual activity” (Manning & Roessler, 2014: 531). This thesis will analyse the roles of several organisations that fulfil the intermediary in blending investments for LRP and delineates the critical success factors for successfully blending investments for LRPs.

Furthermore, although significant scholarly attention has been devoted to conceptualising different stages of partnerships into continua or typologies, Austin & Seitanidi's CC (2012) can provide relevant insights into the differences in collaboration dynamics of blending at fund and project level. Therefore, this thesis uses the different types or stages of collaborations as provided by the collaboration continuum (CC) of Austin & Seitanidi (2012) to compare blending investments at fund and project level.

2.1.1: The definition, promise and complexity of CSPs

“The twenty-first century will be the age of alliances” (Austin, 2000: 1). There is an increasing recognition that cross-sector partnerships (CSP) have become the “central modus operandi” or “new organisational zeitgeist in dealing with social issues” (Seitadini & Ryan, 2007; Gray & Stites, 2013: 11). CSPs are increasingly common and expected to grow in frequency and strategic importance (Waddock, 1991; Austin, 2000). Through the combination of each organisation's distinctive resources and capabilities, CSPs are believed to “do more and do it more effectively than separately” (Austin, 2011: 13). Based on various surveys, Austin & Seitanidi (2012) state that of

78% of the CEOs believe that companies should engage in CSPs to address development goals and 87% of NGOs and 96% of businesses consider CSPs important (Austin & Seitanidi, 2012). Thus, in both scientific literature and managerial practice, CSPs are increasingly considered as a necessary and desirable strategy for addressing social problems. "Social partnerships", "multi-sector partnerships", "public-private partnerships" or cross-sector partnerships are defined as "voluntary initiatives where public-interest entities, private sector companies and/or civil society organisations deliberately enter into an alliance to "achieve a common practical purpose, pool core competencies and share risks, responsibilities, resources, costs and benefits" (Waddock, 1991: 481; Le Ber & Branzei, 2010: 601; Gray & Stites, 2013: 17; Van Tulder, 2018). According to Waddock (1989), CSPs are formed to co-operatively address "messy problems" that extend beyond organisational boundaries and therefore can typically not be solved by organisations or sectors acting alone (Waddock, 1991; Waddock, 2002; Bryson et al., 2006; Savage et al., 2011: 22). According to Le Ber & Branzei (2010), social value creation is broadly regarded as the "raison d'être" of CSPs (Le Ber & Branzei, 2010a: 601). Thus, addressing social issues and creating social value for both participating organisations as society as a whole, is often at the core of CSPs (Waddock, 1989: 18; Selsky & Parker, 2005).

The rise in number and importance of CSPs can be explained by various drivers and motivations of organisations to participate in CSPs. First, Austin speaks of a "convergence of political, economic and social pressures" which fosters the development of CSPs (Austin, 2000: 69). Governments are downsizing and privatising due to budget constraints and a growing recognition of the limits of the government as deliverer of social services (Austin, 2000). The number of non-profit organisations has grown significantly to address the "growing number and complexity of the socioeconomic problems" that transcend the ability of individual organisations or separate sectors to deal with them adequately (Austin & Seitanidi, 2012). According to Austin (2004), traditional funding sources and institutional arrangements have not kept pace with the increase of "weakly institutionalised meta-problems" (Selsky & Parker, 2005: 23). As traditional sector solutions often cannot address these problems, learning and borrowing from organisations from other sectors is required. Governments, non-profits and companies are therefore increasingly interacting in the search for new resources and more effective organisational approaches (Austin, 2004). Second, organisations that collaborate within CSPs are believed to be able to create more economic, social and environmental value than when operating on their own. CSPs provide an organisational vehicle that allows organisations to benefit from each other's "combinative capabilities" (Dahan et al., 2010: 330). Partners can benefit from their differences by combining tangible resources such as money, facilities, suppliers and natural resources and more intangible resources such as knowledge, skills and management practices (Austin & Seitanidi, 2012). Last, CSPs are an increasingly important element of the CSR implementation of businesses (Seitanidi & Crane, 2009). Companies increasingly revise their traditional philanthropic practices and seek new strategies for engaging with their communities to enhance their social impact due to rising societal expectations regarding their corporate responsibilities (Austin, 2000; Gray & Stites, 2013).

Despite their necessity and promise, CSPs are “hardly easy” and their “potential for failure is great” (Waddock, 1988: 18; Bryson et al., 2006: 44). CSPs have to deal with many challenges that are less present within more traditional and hierarchical forms of organisation (Waddock, 1988). First, partners within CSPs enact “contradictory value creation logics” (Le Ber & Branzei, 2010b: 163). Long-established sectoral differences have traditionally led organisations to frame social challenges in different ways and to address them with different ends. Next, different identities, organisational cultures, decision-making processes, governance structures and uses of language often lead to clashes in expectations, distrust and conflict which may result in “premature failure” (Le Ber & Branzei, 2010b: 163, Austin, 2010). Other issues range from varying degrees of commitment depending on the level of concern with the problem to little experience in working together with organisations from other societal sectors and the lack of knowledge on what is necessary to collaborate effectively within a CSP (Waddock, 1989). Thus, although the value of CSPs is “widely recognised”, in practice realising and maintaining collaboration is a “daunting task” (Van Hille et al., 2019: 319). Analysing the role of intermediaries in mitigating such challenges for effective collaboration is highly relevant as the complexity of CSPs is often the “raison d’être” for intermediaries (Stadler & Probst, 2012: 32). Van Hille et al. (2019) argue that intermediation has increasingly been recognised as an important aspect of CSPs which led to increased academic interest in this phenomenon over the past two decades (Bryson et al., 2006; Clarke & Fuller, 2010; Stadler & Probst, 2012; Van Hille et al., 2019). Besides increased academic attention, organisations that specialise in facilitating partnerships such as the United Nations, the World Bank and development agencies have “flourished” and become increasingly important (Stadler & Probst, 2012: 32).

2.1.2: Intermediaries

The role and importance of an intermediary has been stressed in the literature on CSPs, (blended) finance for landscape restoration, impact investing and SIBs. Within these financing structures and partnerships, intermediaries usually manage the relationships within the partnership, mitigate risk, distribute, coordinate investments and support market development. This section will outline how the concept of an intermediary is described in the literature on CSPs and outlines the requirements intermediaries must have and the roles they have in facilitating effective collaboration.

According to Selsky & Parker (2005), a distinguishing factor of CSPs is the frequent presence of an intermediary that convenes or manages the relationships within the CSP. Scholars in the CSP literature use various concepts such as “brokers”, “conveners”, “referent organisations”, “coordinators”, “strategic bridging organisations” or “bridging agents” to refer to such organisations (Trist, 1983: 270; Wood & Gray, 1991: 150; Brown, 1991: 808, Westley & Vredenburg, 1991: 67; Manning & Roessler, 2014: 527). Intermediaries are generally defined as organisations that “span the gaps among diverse constituencies to enable coordinated action” (Brown, 1991: 808). Intermediaries can either be neutral third parties which are separate and distinct in terms of resources and personnel from the core organisations it serves to link or be part of the partnership (Westley & Vredenburg, 1991; Sharma et al., 1994; Van Hille et al., 2019). Furthermore, Manning

& Roessler (2014) argue that there can be various intermediary organisations within a CSP from both inside and outside partnering organisations. They therefore argue that brokerage should be studied as a collective process, rather than an individual activity, which is characterised by an implicit division of labour between different intermediaries (Manning & Roessler, 2014). Sharma et al., (1994) argue intermediaries are vital in sustainable development, due to the inability of organisations to span the entire problem domain covering economic, social, environmental and cultural issues. Van Hille et al. (2019) argue that intermediaries play a vital role in encouraging participants to overcome the initial distrust when there are differences in status, power and access to resources. According to Dorado & Vaz, intermediaries can help to “smooth out” obstacles within CSPs such as high transaction costs related to coordination mechanisms (Dorado & Vaz, 2003: 141). Despite their importance, intermediaries may face many challenges. Their task is to bring together and integrate organisations that are potentially widely distinct in terms of wealth, power, culture, language, values, interests and structural characteristics (Westley & Vredenburg, 1991). When these partner organisations are further apart, the intermediary has to make various partners understand the diverse perspectives they are aiming to bridge.

CSP scholars list the various requirements that intermediary organisations must have. Gray (1989) argues that intermediaries should have convening power by which they can activate stakeholders to collaborate, facilitate relationship building and joint problem-solving processes (Gray, 1989; Kaleongakar & Brown, 2000). Intermediaries should be perceived as having the authority to facilitate the collaboration, thus having legitimacy (Wood & Gray, 1991). For example, Pasquero (1991) highlights the role of the Canadian government in providing legitimacy to a nationwide effort of operationalizing the concept of sustainable development. Gray (1989) argues that intermediaries, instead of having formal authority, require informal authority that is based on their position, influence, network, expertise and knowledge with respect to the problem the CSP is aiming to solve. In their analysis of 15 CSPs, Almog-Bar & Schmid (2018) argue that intermediaries were important mediators between the government, non-profits and businesses. These intermediary organisations were “veteran, affluent and politically powerful organisations” from both the public and civic sector that maintained good relationships with the government and business sector (Almog-Bar & Schmid, 2018). Stadler & Probst (2012) analysed 19 intermediaries and found that most of them had large networks with actors from various societal spheres and are respected for their commitment to development, their track record with successful projects and their links to key organisations such as the United Nations and national governments. Sanyal (2006) argues that intermediaries are often located at the centre of several constituencies such as local groups, national bodies and international institutions. This position enables intermediary organisations to establish “bridging ties” between stakeholders at the local, national and global level (Sanyal, 2006: 67). Sanyal furthermore argues that intermediaries are positioned at the “centre stage of development discourses” by which they fill the “crucial structural gap” that is created by the separation between local NGOs and global funding agencies (Sanyal, 2006: 68). Furthermore, intermediaries must have an unbiased approach towards the problem domain (Kaleongakar & Brown, 2000; Dorado & Vaz, 2003). The belief that an intermediary will not sacrifice interests of partners is especially important in CSPs

with low-levels of trust between partners (Kaleongakar & Brown, 2000). Van Hille et al. (2019) argue that the effectiveness of intermediaries often depends on their unbiased position. Nevertheless, they argue that intermediaries are faced with the “neutrality-stake-holding tension” as in practice the intermediary role is often taken by one of the partners that has vested interests in the collaboration. Manning & Roessler (2014) refer to this self-interest as well by stating that intermediaries pursue their own interests by “tailoring collaborative conditions” for partners such that they can benefit from the CSP in the longer-term (Manning & Roessler, 2014: 530). Intermediaries have to balance between what is needed for the partnership and what is best for themselves. Thus, despite having a stake in the process, intermediaries are expected to maintain a neutral position amongst the interests of other stakeholders (Van Hille et al., 2019). Last, intermediaries must appreciate the mission and purpose of the CSP and have the abilities to establish a collaborative processes and context through the appreciation of diversity and interdependencies of partners (Gray, 1989; Wood & Gray, 1991; Brown, 1991). Hamann & April argue that intermediaries need to be able to communicate the “big picture” with regards to technical, institutional and organisational relationships in the field (Hamann & April, 2013: 15). Given the differences between partners, intermediaries must be able to create and communicate a compelling vision that motivates participation and commitment among partners (Hamann & April, 2013).

Intermediaries can have a variety of roles that contribute to facilitating effective collaboration. Intermediaries often have role in initiating and driving the partnership (Van Hille et al., 2019). They are often expected to play a leading role in the process despite the lack of formal authority and power to impose change upon their partners (Gray, 1989; Van Hille et al., 2019). Although this initiating characteristic has been mentioned throughout, Van Hille et al. (2019) argue that intermediaries do not only overcome tensions and conflicts between organisations in the early phases of the CSP but navigate tensions that are ongoing and omnipresent in the collaboration process. Instead of being a temporal requirement, the role of intermediaries is important throughout the whole lifetime of a CSP. In line with Van Hille et al. (2019), Stadler & Probst (2012) argue that the role of an intermediary goes beyond simply match-making between different actors and providing bridging ties. Based on an analysis of 19 intermediary organisations, Stadler & Probst (2012) developed a framework which outlines three roles intermediaries can have: the convenor, the mediator and the learning catalyst. First, the convening role of intermediaries entails connecting different stakeholders for a CSP. Based on their network, intermediaries identify and bring legitimate stakeholders to the table (Gray, 1989). The rationale behind CSPs is that the differences among partners can be used to address complex societal problems. Nevertheless, several factors can lead to the unwillingness of partners to work together. Partners can be ignorant about the possibilities of cooperation as they perceive others have not anything to contribute towards solving the problem (Kaleongakar & Brown, 2000). Furthermore, the differences in terms of values, language, cultures and decision-making processes between partners can be perceived as being so great that parties do not easily reach out to organisations outside their own sector. In such cases, it is the intermediary’s task to frame visions to appeal to a wide range of stakeholder interests and concerns and bringing “unaware,

unsure and sceptical” actors to the table to explore possibilities for cooperation (Brown, 1991; Dorado & Vaz, 2003: 141). Their broad network allows intermediaries to access information on past and current activities in their target development area from different stakeholders involved (Stadler & Probst, 2012). Furthermore, their connections with a broad range of stakeholders allows intermediaries to broaden their understanding of the problem domain in all its complexity. Based on their position, at the “centre of development discourses”, intermediaries are able to connect the global and local level (Sanyal, 2006: 67; Stadler & Probst, 2012). Intermediaries can connect insights and actors from the local operations level, “where the problem’s symptoms occur”, with the global strategic level, “where the problem frequently has its roots” and thereby promote a systemic solution (Stadler & Probst, 2012: 37). Next to connecting stakeholders, intermediaries can connect the CSP and its partners to other initiatives, programmes and experts. Stadler & Probst (2012) argue such coordination with other initiatives is crucial to reduce fragmentation of activities and ensure solutions are “systemic and holistic in design” (Stadler & Probst, 2012: 38). Intermediaries thereby have a crucial role in “synchronising activities across geographic and institutional distances” (Manning & Roessler, 2014: 528). The convenor role of intermediaries is crucial in “organising the problem domain” (Westley & Vredenburg, 1991: 67). Problem domains are said to be underorganised when boundaries of the problems are unclear, in dispute or non-existent (Westley & Vredenburg, 1991). In such cases, intermediaries may support in developing a common language between stakeholders and establishing norms and values that govern the collaboration. Intermediaries can translate “complex and ambiguous conditions” into collaborative opportunities (Manning & Roessler, 2014: 528). Second, the role of intermediaries as mediators entails influencing the interaction between partners. Intermediaries usually talk to stakeholders, aim to understand their positions and figure out how and where overlapping interests between partners may emerge (Stadler & Probst, 2012). Manning & Roessler (2014) argue intermediaries function as “infomediaries” by filtering and interpreting information, define situations and make partners recognise mutual interests and interdependencies that could promote collaboration. Intermediaries do so by facilitating initial discussions, helping partners build relationships and facilitating initial meetings. Stadler & Probst (2012) found that intermediaries often devote significant time to facilitate mutual understanding and create a shared vision and common working culture. Furthermore, intermediaries encourage partners in the CSP to make their ideas more specific by drafting a memorandum of understanding to clarify roles, responsibilities and timelines. Intermediaries are also crucial in mediating conflicts between partners by providing support or building an enabling environment to solve conflicts and address problems (Stadler & Probst, 2012). The learning catalyst role of intermediaries refers to the ability of intermediaries to enable partners to learn about the CSP and development challenge (Stadler & Probst, 2012). Intermediaries, based on their extensive networks, have access to knowledge on CSPs and specific development challenges which allows them to provide problem-related background and country-specific knowledge based on research, expertise and experience with a wide range of stakeholders. This experience enables intermediaries to identify areas where CSPs make sense and in which form. During the partnership process they may provide the CSP with relevant

suggestions, tools, templates and trainings in partnership management. In this way, intermediaries ensure “well-trained individuals” that can continue the work and embed the philosophy and expertise in networking and collaboration once the intermediary withdraws from the CSP (Stadler & Probst, 2012: 39). Last, intermediaries are also well-positioned to disseminate best practices and lessons-learned within the CSP to a wider audience and place issues the CSP is dealing with on the global agenda.

2.1.3: Different types of cross-sector partnerships

Many scholars have used typologies or continua to analyse the differing levels of commitment, responsibility, complexity and value creation within CSPs (Rondinelli & London, 2003; Austin, 2004; Seitanidi & Ryan, 2007; Seitanidi & Crane, 2009; Bowen et al., 2010; Le Ber & Branzei, 2010a, Gray & Stites, 2013). According to Waddock (1989,) collaborations range from “those in which a singly public-sector and a single private-sector organisation interact briefly around a common problem, to those in which multiple organisations from each sector are represented in an ongoing enterprise that is set up as a separate organisation” (Waddock, 1989: 79). Austin & Seitanidi (2012) conceptualise the nature of CSPs along a collaboration continuum (CC, figure 1) in which each stage, philanthropic, transactional, integrative and transformational, has distinct characteristics and functions. By moving from one stage to the other, partners increasingly deepen their relationship, achieve greater coherence of mission, values and strategy and find increasingly effective ways to combine their key competencies (Austin, 2010). Various authors state that higher levels of engagement and interaction leads to CSPs that are more “resourceful and resilient” and have higher value generation potential for both partners and society (Le Ber & Branzei, 2010c: 144). However, these type of CSPs require more efforts and investments and often face many difficulties and fragilities (Austin, 2004; Seitanidi & Ryan, 2007; Le Ber & Branzei, 2010c; Austin & Seitanidi, 2012). Each stage differs on several aspects such as the engagement level, type and magnitude of resources, importance to mission, scope of activities and co-creation of value (Austin, 2003; Austin & Seitanidi, 2012). The CC recognises that collaborations are dynamic and the various stages along the continuum are not discrete points. Furthermore, collaborations can be multifaceted in the sense that a collaboration might have characteristics of several stages along the continuum. Moreover, CSPs do not necessarily start at the philanthropic stage or move sequentially from one stage to the next (Seitanidi & Ryan, 2007). Moving from one stage to another in both directions is not an automatic process but rather a result of decisions and actions of partners (Austin, 2003; Austin & Seitanidi, 2012). The CC can be used by partners to locate their relationship on the continuum and discussing what type of relationship they have, how it has evolved and where all partners want to go (Austin, 2004).

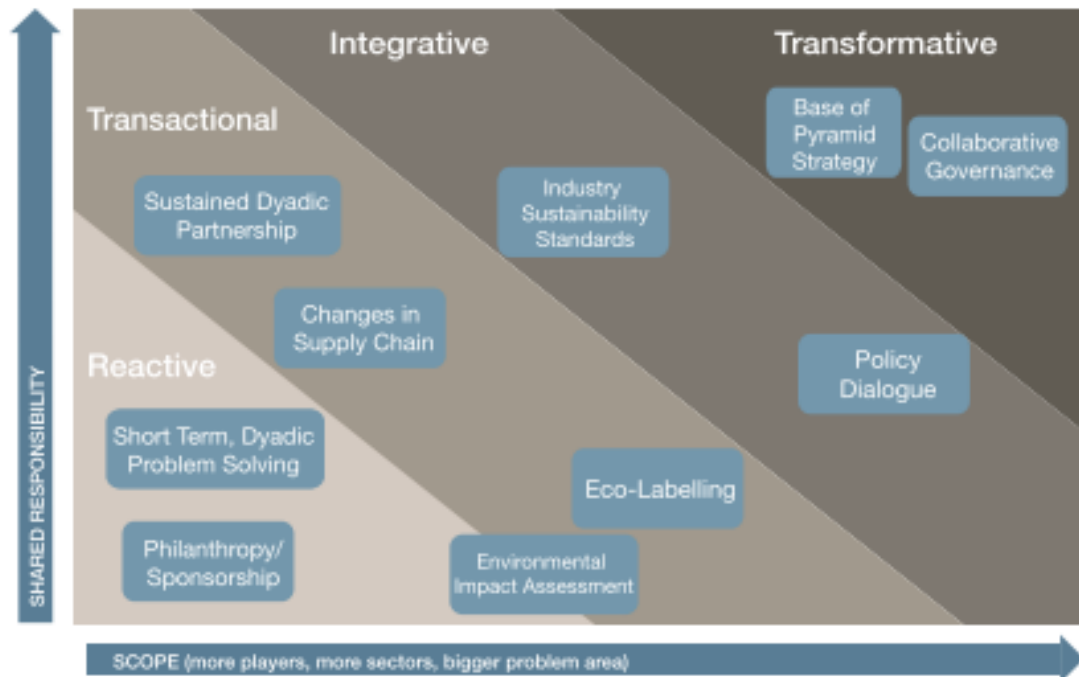


Figure 1: Collaboration Continuum, source: Austin & Seitanidi (2012)

Philanthropic collaborations or “arm’s-length relationships” are characterised by a unilateral flow of resources: “one-way giving” without direct economic or non-economic rewards (Seitanidi & Ryan, 2007; Rondinelli & London, 2011: 64; Austin & Seitanidi, 2012). This implies companies making charitable donations in cash, products or skills to communities or non-profits which enables the latter to pursue its mission related to social value creation (Bowen et al., 2010). Companies and non-profits complement each other in terms of resources as the company lacks the organisational capabilities to address a social need while the non-profit organisation lacks the funds. Philanthropic collaborations are characterised by sole creation of value rather than co-creation as the cash-providing donor does not add more value than what would come from any other donor (Austin & Seitanidi, 2012). By solely or predominantly providing cash, companies do not use their core competencies or key resources. This is supported by Austin’s argument that companies have historically tended to separate philanthropic giving from their business operations and strategies (Austin, 2003). Within this stage, the degree of interaction is often limited, the functions of partners are primarily independent and the benefits the CSP generates are “less robust” than in other stages of the continuum (Austin & Seitanidi, 2012: 739). Moreover, the relationship between partners is not critical to either organisation and time investments and communication from both sides are minimised (Austin, 2003).

Transactional collaborations are characterised by a bilateral flow of resources with each side providing clear benefits to the other (Austin, 2003; Austin & Seitanidi, 2012). Examples are cause-related marketing, developed employee volunteer programmes, sponsorships and projects with clear objectives, assigned responsibilities and programmed activities (Austin & Seitanidi, 2012). Resources of partners complement each other to a higher degree and partners become increasingly dependent on the other regarding creating value successfully. Moreover,

partners deploy more specialised resources which enhances the CSP's potential for value generation (Austin & Seitanidi, 2012). As this stage goes beyond a sole monetary transaction, the relationship between partners is often deeper and characterised by more interaction which allows for more learning potential of partners (Seitanidi & Ryan, 2007). Transactional collaborations allow companies to be associated with organisations with a primary aim of social value creation which can enhance their reputation, credibility and CSR performance. Nevertheless, the chances for creating negative value due to non-aligning missions, management and cultures are higher in the transactional stage (Austin & Seitanidi, 2012). Both the philanthropic and the transactional stage of collaboration correspond to Selsky & Parker's (2010) classification of a resource-dependence platform which are concerned with meeting organisational needs. These types of collaborations are used by organisation to gain or sustain their core advantage, address short-term issues and are easily dissolved when its objectives are met (Selsky & Parker, 2005).

A collaboration is integrative when it has changed fundamentally in terms of commitment, resources and value creation and evolved in a "strategic alliance" (Austin, 2003: 3). Through successfully working together, the missions, values and strategies of partners have become increasingly coherent (Austin & Seitanidi, 2012). The collaboration has become central to each organisation's mission and strategy and relationships between partners are deeper, there are higher levels of trust and interaction is more frequent (Austin, 2003; Austin & Seitanidi, 2012). Partners have discovered linked interests through having jointly identified and articulated the social problem (Austin & Seitanidi, 2012). These linked interests provide partners with incentives to collaborate more intensively and co-create more value. Austin (2003) speaks of joint value creation when joint products or services are generated from the combination of organisations' core competencies rather than bilateral resource exchanges. Mobilising and combining multiple resources and distinctive competencies, rather than using these for individual projects within the CSP, allow integrative collaborations to generate benefits for each partner and social value for society (Austin & Seitanidi, 2012). The compatibilities and differences among partners allow for a diverse combination of (in)tangible resources into a unique resource blend that can benefit both partners and society at large. Partners can benefit from more intangible assets such as trust, learning, knowledge and social capital and generating societal value has become an integral part of the strategy of the CSP (Bowen et al., 2010). In her This stage corresponds to what Selsky & Parker define as a social-issue platform which focusses on identifying, analysing and responding to relevant social needs in which it is believed business, public institutions and non-profits should be involved (Selsky & Parker, 2010).

Transformative collaborations are the most advanced stage of collaboration (Austin & Seitanidi, 2012). There is a strong emphasis on social value generation within this transformative stage. First, partners increasingly learn on the relevance of the social issue to their organisation and their specific roles and requirements in terms of addressing the social issue (Selsky & Parker, 2010). Second, social issues are not defined beforehand but are continuously reconstructed as events and issues emerge. Furthermore, the foreseen social value creation is large-scale, transformational and accrues to a large part of society (Austin & Seitanidi, 2012). Interactions between

partners are characterised by interdependence and collective action, for example through the creation of an entirely new hybrid organisation. As the transformational type of collaboration often addresses issues that are more urgent and complex, it is often made up of many actors from various societal sectors (Gray & Stites, 2013). This stage corresponds to the societal sector platform which is based on the sense that traditional sector solutions cannot address the current socio-economic challenges (Selsky & Parker, 2010). Therefore, organisations need to learn and borrow from other sectors to address societal issues and transformative CSPs are the vehicle to do so.

2.2: Landscape restoration finance

This section is primarily based on insights from practitioner reports with regards to the opportunities and barriers for attracting private investments for LRPs and the actors that are involved in financing LRPs. Having an understanding of the circumstances of the landscape restoration market clarifies the need for collaboration between various stakeholder groups and the blending of different types of investments. Furthermore, this section introduces the reader to the coordination of investments on a landscape level. It outlines which types of investments are required for LRPs, what kind of sequence they usually follow and how these can be coordinated by an intermediary.

2.2.1: Private investments: opportunities and barriers

According to the FAO & UNCCD, the “financial return of landscape restoration no longer needs to be proven” (FAO & UNCCD, 2015: 59). There are many examples of profitable projects with a balanced risk/return profile in the long term. Potential returns for investors can come from increased value of the land, increased agricultural output, carbon credits, an increase in local products and jobs and enhanced corporate social responsibility (Commonland, 2017). According to De Groot et al. (2013), landscape restoration might lead to excellent results if one takes a long-term perspective and includes all benefits (De Groot et al., 2013). Over the last couple of years, the private sector has shown an increased awareness and interest for participating and investing in LRPs (WBCSD, 2015). For traditional investors, landscape restoration can constitute an additional profitable asset class which allows for diversification of their portfolio (Huwyler et al., 2016). Hamrick (2016) argues² that assets related to conservation and landscape restoration, once considered a novelty, are increasingly seen as a sensible addition to investors’ portfolios because of their consistent financial returns. Furthermore, investors are increasingly seeking opportunities to invest their capital to generate both market-rate financial returns as social and environmental impact (Huwyler et al., 2016). Companies increasingly recognise the need to build responsible and robust supply chains (Maillard & Cheung, 2016). They are increasingly driven by risks such as competition for water, delivering upon deforestation commitments and reputational concerns thereby leading to an interest in LRPs instead of a sole focus on their production areas or supply chain (Heiner et al., 2017).

² Based on a survey of 128 banks, companies, fund managers, family offices, foundations, and NGOs directly investing in conservation.

Despite this increasing interest, a “substantial” funding gap for landscape restoration remains (Shames et al., 2014: 27). Next to shortages in public and philanthropic budgets, this gap can be explained by numerous barriers that impede private investors from investing in LRPs. First, most of the benefits that landscape restoration generates (e.g. carbon sequestration and increased biodiversity) are public and not easily translated into financial returns. Therefore, restoration projects with a weak business case and risk-return ratio remain unattractive to private investors that prioritise financial returns (Sewell et al., 2016; Ding et al., 2017). Second, many restoration projects are too small in size to attract institutional investors. Most restoration projects require \$1 to \$10 million by which they are of limited interest to institutional investors which usually invest in deals with a minimum size of \$100 million (Convergence, 2018). So far, few LRPs have been able to design deals that were big enough to engage with institutional investors (Shames et al., 2014). Third, the long-time horizon and illiquidity of investing in landscape restoration often does not match the time frame of institutional investors. LRPs often require a multi-year process of delivering benefits which limits the appetite of institutional investors which favour short-termism and liquid investments (Ding et al., 2017). Furthermore, landscape restoration is considered to be a risky investment. Investors willing to invest in LRPs do not have the benefits of an established track record and tested models from which risk-return profiles can be calculated (Scherr & Shames, 2015). Therefore, evaluating an investment in an LRP can be complex and more expensive for financial institutions that are not familiar with calculating their risk and potential financial, environmental and social returns (Scherr & Shames, 2015). Last, according to a market analysis of Maillard & Cheung (2016), the (investment) market for Land Degradation Neutrality is still in its “early development phase” (Maillard & Cheung, 2016: 4). Despite the vast number of actors, activities, projects and investments, there seems to be a “lack of coordination” between financing and supply and demand (Sewell et al., 2016). Scherr & Shames (2015) argue that there is a clear disconnect within the system (Scherr & Shames, 2015). Although farmers, businesses and project developers urgently need financing for their activities, most financial institutions argue that the biggest bottleneck for investing in landscape restoration is a “lack of bankable projects” (Sewell et al., 2016: 14). This disconnect is further explained by insufficient investors’ awareness and understanding of financing opportunities in landscape restoration leading to high search and transaction costs (Shames et al., 2014; Huwyler et al., 2016). Actors from the demand side for investments in landscape restoration (e.g. project developers and landscape partnerships), often lack the “financial literacy” and experience to develop bankable projects for potential investors (Scherr & Shames, 2015: 24). Based on informal consultations with a wide range of landscape restoration partnerships, Scherr & Shames (2015) found that few action plans were accompanied with structured financing plans (Scherr & Shames, 2015). Designing bankable projects and such financing plans often is not the core business of project developers and landscape restoration partnerships. Furthermore, there is a lack of publicly available knowledge on effective models for LRPs and effective knowledge management requires significant time and resource investments. To support project developers, public and philanthropic funding can be used in supporting project developers and

partnerships in designing projects that can eventually become investment-ready (Shames et al., 2014).

2.2.2: Coordinated finance at landscape level

LRPs often require financing that is provided by the whole spectrum of public, civic and private financial actors with varying risk-return preferences and investment criteria such as financial, social or environmental returns as can be seen in figure 2 (Shames et al., 2014).

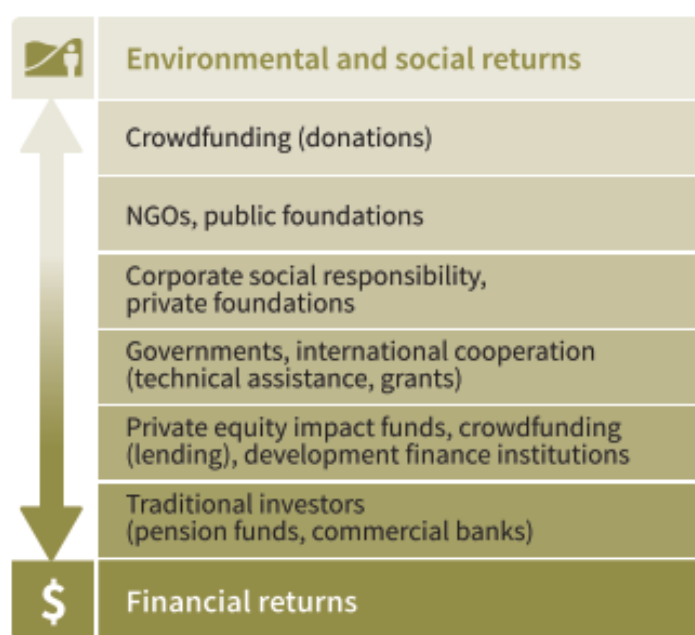


Figure 2: Financial, environmental and social returns, source: FAO & UNCCD (2015)

Given such variety, investments related to LRPs require a certain kind of coordination. Coordinating activities and investments across scales and actors is particularly challenging when, as is the case for landscape restoration, the range of stakeholders is extensive (Sewell et al., 2016). Actors such as project developers, investment managers, private investors, (national) governments, industry corporations (inter)national NGOs, regional development banks and local actors, businesses and communities all need to be involved in LRPs (Maillard & Cheung, 2016). Each have their own interests, values, timelines and decision-making processes. This requires mechanisms such as an intermediary organisation to represent these various interests, link available finance to projects on the ground and coordinate monitoring and enforcement of the timeline of an LRP (Sewell et al., 2016).

Many practitioner reports argue that LRPs generally follow a certain timeline in which each stage requires different types of investments (FAO & UNCCD, 2015; Sewell et al., 2016). Early stages mostly require enabling investments which lay the institutional and policy foundation for LRPs which is critical for attracting asset investments on a landscape scale (Scherr & Shames, 2015). Enabling investments aim to both reduce the risks and increase the competitiveness of activities within LRP which enables an LRP to leverage larger volumes of asset investments on a later stage (Sewell et al., 2015). Enabling investments are done in particular activities without a

direct expectation of financial returns such as stakeholder engagement, establishing an appropriate regulatory framework, capacity building and building a proof of concept (Shames et al., 2014). These activities are necessary when the business model, institutions or level of stakeholder engagement are not mature enough to attract investments that seek financial returns. This is a typical pitfall in the conservation finance sector in which unproven early-stage projects seek to attract private capital when grants or subsidized capital are more appropriate (Maillard & Cheung, 2016). Enabling investments are often made by public and civic actors such as charitable foundations, governments and DFIs via grants or concessional loans (Scherr & Shames, 2015). These actors often do not seek market-rate financial returns as they prioritise social and environmental returns that align with their mission or contribute to public policy objectives (FAO & UNCCD, 2015).

As can be seen in figure 3, LRPs usually require some years to develop a common landscape vision and reach the scale to “absorb larger investment volumes” (Huwyler et al., 2016: 20). After a few years, LRPs usually see increased financial returns which enable an LRP to attract asset investments as new financial institutions start to see investment opportunities (Shames et al., 2014). Asset investments aim to create tangible value that is returned back to the investor which requires financial returns. Asset investments are done in activities such as regenerative agricultural production practices, restoration of natural assets and socially responsible enterprises (Shames et al., 2014). According to Maillard & Cheung (2016), asset investments must be done in bankable projects that are designed to generate a financial profit for investors via generating income streams for products such as food and fiber and services such as eco-tourism for which there is a market demand (Maillard & Cheung, 2016). Asset investments are made by private investors which are mostly concerned with financial returns and associated levels of risk.

Strategic planning or coordination of investments can be done via a landscape investment facilitator (Scherr & Shames, 2015). The role of this facilitator is to attract both enabling and asset investments that support the implementation of the vision and plans as agreed upon by the LRP (Heiner et al., 2017). Such a facilitator can also steer existing financing to activities within the landscape and aggregate investment opportunities. The role can be played by an NGO, government agency, business association or community organisation (Heiner et al., 2017). Furthermore, landscape investment facilitators can help landscape initiatives to develop a financial strategy as part of the landscape programme and engage with financial experts and investors early in the process (Scherr & Shames, 2015).

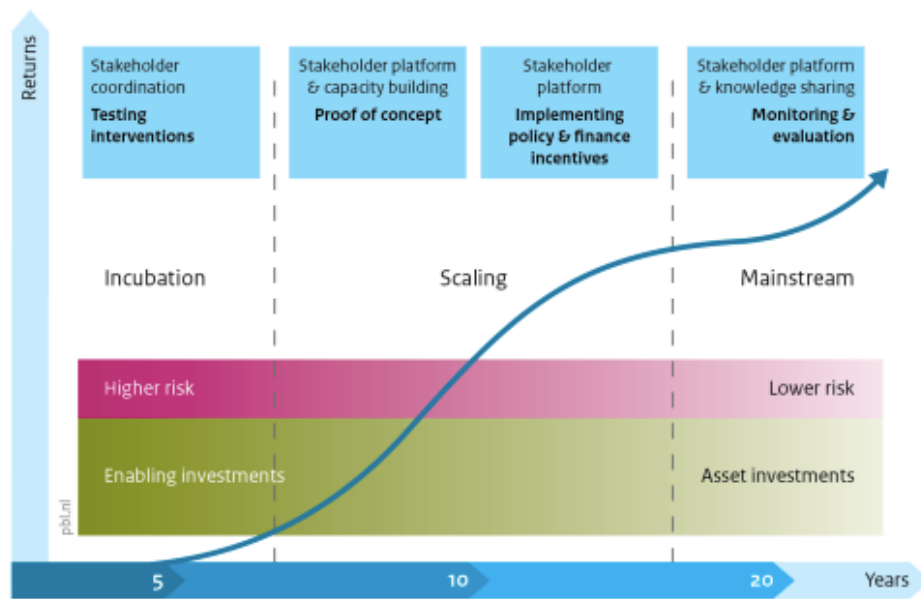


Figure 3: Timeline of finance for LRPs, source: Sewell et al. (2016)

2.3: Blended finance

This section provides a definition of blended finance, describe its main proceedings and outlines the opportunities and challenges for blended finance transactions. Within this thesis, blended finance transactions for LRPs are seen as a result of collaboration between various stakeholders. For this reason, this section will not describe all financial instruments and tools that blend investments into detail.

2.3.1: What is blending?

Blended finance is increasingly recognised as an “important structuring approach to mobilise new sources of capital towards the Global Goals” (Convergence, 2018: 1). Based on an analysis of the Business & Sustainable Development Commission, the Global Goals can potentially create at least \$12 trillion in economic opportunities in sectors as food and agriculture, cities, energy and materials (Convergence, 2018). Realising these opportunities, however, requires significant investments. Blended finance lacks a “single, universal definition” and is defined and implemented differently by different donors and organisations (Pereira, 2017: 8). Despite the lack of an agreed-upon definition, blended finance can be described as a set of financing mechanisms or structuring approach that combines capital with different levels of risk in order to mobilise risk-adjusted, market-rate-seeking capital into impact investments (GIIN, 2018). Blended finance structures can emerge when investors aim to leverage private capital by means of grants or public money. Structures which are dependent on a combination of public and private capital such as a social impact bonds are forms of blended finance (GIIN, 2018). Within blended finance structures, risk tolerant and concessional capital, provided by public and philanthropic sources, is used to mobilise larger and more diverse pools of capital from commercial investors (GIIN, 2018, Convergence, 2018). Providers of such “catalytic” capital aim to increase their social and environmental impact or “foster market development” by mobilising larger amounts of commercial capital into areas, projects or programmes that align with their

missions, public-policy objectives and/or the global goals (Bouri & Mudaliar; GIIN, 2018). Moreover, via providing concessional capital, public and philanthropic actors can lay the groundwork for sustainable investments into markets that are currently untouched or underserved by formal capital markets and help to improve the terms at which investees can access capital (Bouri & Mudaliar, 2013). In this way, blended finance can lead to the familiarisation of investors to a sector or region, who over time become more comfortable by which ultimately less concessional capital is required (Bouri & Mudaliar, 2013).

2.3.1: How to blend different types of investments?

As can be seen in figure 4, there are various financing mechanisms or structures such as junior equity, subordinated debt, first-loss capital, guarantees and technical assistance that can be classified under blended finance (GIIN, 2018; Convergence, 2018).

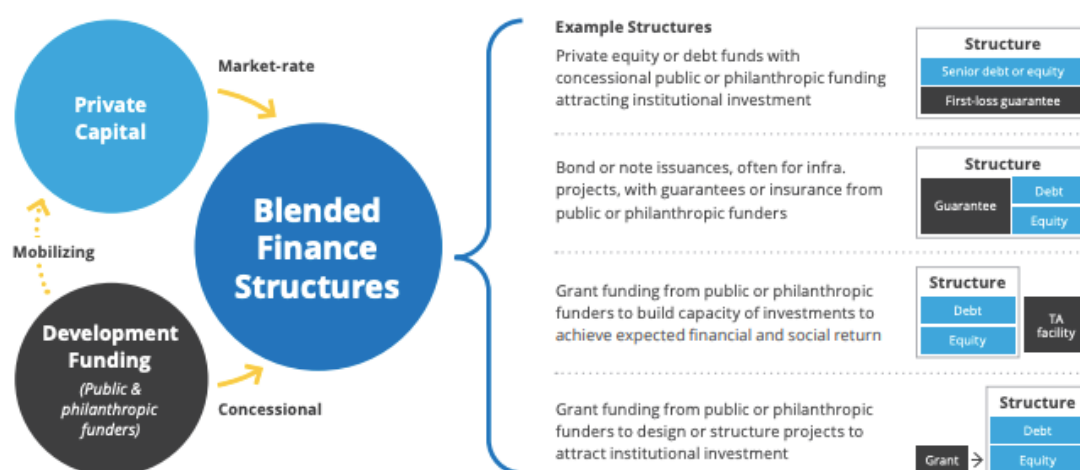


Figure 4: Blended finance structures, source: Convergence (2018)

Blended finance structures often aim to reduce the risk and/or improve the risk-return profile of investment opportunities that “have strong potential for social or environmental impact” while being “perceived as having high financial risk” (Bouri & Mudaliar, 2013). Investors can see investment opportunities as having insufficient financial returns because of high levels of risk, a lack of information or track record given the unfamiliarity of either the market or the particular type of investment. Catalytic capital can specifically be used to address the risks that market-rate investors experience which prevents them from investing in a certain market, programme or project (Convergence, 2018). By entering into a capital structure, public and philanthropic investors can de-risk or a certain investment by protecting investors against potential losses by providing guarantees (Pereira, 2017). In this way, investors are protected from a pre-defined amount of financial losses which assures that they will be returned a certain percentage of their investment in case of default (Huwlyer et al., 2016). Public and philanthropic investors can also take the first losses if the project fails or does not leave enough capital to pay back all the investors (Pereira, 2017). In general, public and philanthropic investors either take a higher risk profile for the

same or lower rate of financial return or take the same risk profile, but accept lower rates of return (Convergence, 2018). Public and philanthropic sources can also be used for technical assistance or capacity building which can lower transactions costs of investing in unfamiliar markets (Pereira, 2017). Technical assistance can also improve the quality of a project or make as project investment-ready. Investments in technical assistance correspond to the mentioned enabling investments related to landscape restoration. Regardless of the specific structure, public and philanthropic sources within blended finance mechanisms are used to create more attractive investment opportunities for the private sector. This can, in turn, mobilise additional private investments that otherwise would not be available due to perceived high risks or an unattractive risk-return ratio (FAO & UNCCD, 2015).

2.3.2: Opportunities and challenges of blending

Given the increasing variety of investors involved in the impact investing industry, a great opportunity exists for collaboration to mobilise significant amounts of capital towards positive impact (Bouri & Mudaliar, 2013). This can especially be the case for less accessible or less compelling markets and investments opportunities such as those in developing countries, infrastructure, conservation and landscape restoration (Convergence, 2018). Furthermore, blended finance structures allow all parties to achieve their unique objectives: public and philanthropic parties achieve their development objectives while institutional investors achieve their risk-adjusted return requirements and diversify their portfolios (Blended Finance Taskforce, 2017). Despite its potential, blended finance remains “underutilised” and still represents a small percentage of the total financing needs for the Global Goals (Bouri & Mudaliar, 2013: 3; Convergence, 2018). Blended finance is not a panacea nor without significant challenges (Convergence, 2018). First, the novelty of the market leads to a lack of data on deals, results and performance and a general lack of coordination (Blended Finance Taskforce, 2017). Second, designing blended finance structures involve large transactions costs and are hard to replicate and scale (Bouri & Mudaliar, 2013). Difficulties may arise over the design and terms of the investment mechanism, opposing expectations between the various capital providers and a lack of common language of all stakeholder groups (Convergence, 2018). These difficulties are reinforced by the broad range of stakeholders that can be involved in blended finance structures. Stakeholders can range from bi- and multi-development banks and finance institutions, impact investors, institutional investors, philanthropic organisations, public organisations and development organisations which are all driven by varying risk-return preferences, impact criteria and fiduciary responsibilities (Convergence, 2018). For example, institutional investors, only one required ‘group’ of actors make up for a diverse group, each operate with different mandates, constraints and risk-adjusted return preferences (Convergence, 2018). Convergence argues that it is important to understand their unique investment preferences and regulatory conditions (Convergence, 2018). These difficulties sometimes lead to continuous negotiation processes which can lead to deals and collaborations falling apart all together. Last, blended finance can only be used for activities that can produce cash flows over time in order to repay investors an acceptable return that is comparable to alternative investment opportunities. Blended finance transactions should be aligned

to existing asset classes and fit within the mandates, constraints and risk-adjusted return preferences of each institutional investor segment to truly mobilise significant amounts of capital (Convergence, 2018).

2.4: Impact Investing and Social Impact Bonds

Blended finance as a concept shares some common elements with impact investing and Social Impact Bonds (SIB). These concepts are more elaborated within scientific literature and may provide relevant insights into the collaboration dynamics between stakeholders in innovative financial structures or partnerships. Insights into impact investing and SIBs are relevant as the requirement of different types of investments and stakeholders and role of an intermediary is stressed within literature on both blended finance, impact investing and SIBs.

2.4.1: Impact investing: definition, origins and actors

Moore et al., (2012) argue that impact investing brings together two distinct and “historically incompatible” traditions of grant giving and public expenditure for the sake of creating public goods and mainstream finance (Moore et al., 2012: 127). Impact investing has the potential to “upend a long-held belief that profit-making and charitable activities must be kept separate in isolated silos of thinking and practice” (Bugg-Levine & Emerson, 2011: 10). Instead, impact investing is an “investment approach” that combines the provision of financial resources for a financial return, as in conventional investing, with an aim to have a social and environmental impact, as in grant funding and philanthropy (Höchstädter & Scheck, 2015: 450). Despite the “lack of clarity” at a terminological level, Höchstädter & Scheck (2015) argue that most definitions include the following elements. First, an impact investment must generate both a financial return and a non-financial impact. Second, Hebb (2013) stresses the importance of intentionality. Investors must intentionally invest in businesses and funds that aim to achieve “targeted” positive social and environmental impact next to financial returns (Hebb, 2013; Wood et al., 2013: 75). Last, many authors stress the importance of measurement of social and/or environmental returns (Höchstädter & Scheck, 2015).

During the last decade, impact investing has grown significantly and started to attract the interest of various stakeholders ranging from governmental institutions to mainstream financial markets and society in general (Rizzi et al., 2018). The increased interest in impact investing can be explained by the increased blending of social/environmental and economic/financial spheres and the “blurring” of the for-profit and non-profit sector (Hochstädter & Sheck, 2015: 450). Moore et al. (2012) argue that this blurring is largely caused by “profound societal challenges” that require us to “fully mobilise our resources in the search for effective, long-term solutions” (Moore et al., 2012). According to Brandstetter & Lehner (2015), impact investing emerged because governments, charities and philanthropists alone are “no longer capable of dealing with the twenty-first century’s social and environmental challenges” (Brandsetter & Lehner, 2015: 91). Furthermore, policymakers and philanthropists are increasingly drawn by the promise of leveraging private capital to support the public purpose. They aim to make better use of scarce resources and focus on maximizing social outcomes instead of “charitable giving” (Wood et al., 2012;

Brandsetter & Lehner, 2015). Antadze & Westley (2012) argue that philanthropic investment increasingly moves from a "more relaxed attitude" towards the impact of their gifts to a view that investments should be based on a well-informed choice to ensure that a gift will make a difference (Antadze & Westley, 2012: 138). Thus, socially-minded investors increasingly search for innovative models such as impact investing and blended finance, that allocate financial resources to projects and initiatives that maximize social return on investment (Rizzi et al., 2018). Last, impact investing provides opportunities to the growing demand for CSR in the financing and banking sector. Impact investing increasingly attracts mainstream financial investors that are interested in portfolio diversification and new initiatives that can be included in their CSR practices.

Understanding the impact investment market requires an understanding of the different actors and their roles in the impact investing market. This highlights the roles of investors, foundations, governments and intermediaries. Freireich & Fulton (2009) distinguish between "finance first" and "impact first" investors (Freireich & Fulton, 2009: 4). Finance first investors prioritise financial returns with a "floor" to the nonfinancial impact while impact first investors do the opposite (Hochstädter & Sheck, 2015: 454). Finance first investors such as pension funds and banks aim to maximise financial returns or are obliged by a fiduciary duty to seek for market-rate risk-adjusted returns (Rangan et al., 2011). When making investment decisions, investments are first judged on their financial merits and financial returns cannot be "sacrificed" to achieve positive social and environmental outcomes (Hebb, 2013: 72). Impact first investors prioritise social and environmental impact above financial returns and are willing to take lower returns on their capital to achieve desired social and environmental impact (Hebb, 2013).

Foundations can contribute to the field and market infrastructure of impact investing by making grants to support capacity building, conduct research, foster partnerships, advocating and education (Social Finance, 2012). Due to independence of foundations from governments and the market, foundations are well positioned to provide risk-tolerant and long-term "patient" capital. Moore et al., (2014) argue that such risk-tolerant capital allows foundations to explore and create innovative ways to address social, economic and environmental challenges (Moore et al., 2014). Some authors therefore refer to the traditional role of philanthropy as an "idea shop" which may take on the risk of proving a concept before it can be scaled by the market and government (Social Finance, 2012: 7).

Governments play a role as underwriter, "setting the standards for social value creation", co-investor, regulator and provider of subsidies and technical assistance (Wood et al., 2015). Governments can form public-private partnerships thereby creating co-investment opportunities that reduce real or perceived risks and provide investments with credibility and security. For example, policymakers can provide credit guarantees and enhancements and first-loss positions which help mitigate investor risk and ensuring a certain rate of return. Governments can support the development of investable projects and intermediaries and scale the business models of companies (Wood et al., 2012; Wilson, 2014). Thus, public funding can both channel more private investment into projects that provide social and environmental

benefit as well as decreasing the transactions costs for finding and underwriting impact investment opportunities.

2.4.2: The role of intermediaries in the impact investing market

According to Wilson (2014), intermediaries play a “pivotal” role in the development of the impact investment market (Wilson, 2014: 15). Various types of organisations including commercial banks, investment banks, financial advisors, brokers, foundations and NGOs can provide intermediary services (Nicholls, 2008; Wilson, 2014). Nicholls (2008) classifies intermediaries based on their functions or the type of services they provide. First, intermediaries play an important role in the provision of information which is “a prime need” for the development of more effective impact investment transactions (Nicholls, 2008: 26). Intermediaries provide advice and information to donors and funders regarding the performance and evaluation of social purpose organisations and link investors and investees by facilitating transactions. Second, intermediaries can develop sets of criteria which contribute to standardisation in the marketplace (Nicholls, 2008). In this way, intermediaries can have a bridging function between public, philanthropic and commercial investors which “look at the potential marketplace in different ways” (Nicholls, 2008: 28). Next, by offering risk management services, researching investment prospects, managing and distributing funds and bringing multiple investors together in a single deal, (financial) intermediaries can provide economies of scale, reduce transaction costs and lower the risks for certain deals (Emerson & Spitzer, 2007; Nicholls, 2008).

Intermediaries play an essential role in the building of the developing market for impact investing. First, intermediaries can bring together “unfamiliar institutions and individuals” to work together (Freireich & Fulton, 2009: 5). Intermediaries can contribute to the alignment of “professional cultures and values” within multi-stakeholder collaborations (Addarii et al., 2018: 128). As the impact investing market has “yet to be institutionalised” and is faced with a lack of track record, networks, deals and “knowledgeable investors”, intermediaries can play a key role in bridging the current disparate activities (Moore et al., 2012: 117 & 127). In this way, intermediaries can reduce transaction costs of collaborations and support higher volumes of activity in the impact investment market (Freireich & Fulton, 2009). Second, Freireich & Fulton (2009) argue that efficient intermediation via the building of investment banks, funds and products that can unlock “latent supply of capital” is necessary to build the emerging market of impact investing (Freireich & Fulton, 2009: 7). Funds can uncover and aggregate investment opportunities that attract additional investors by demonstrating how social and environmental issues can be addressed effectively. Third, intermediaries can contribute to the building an ecosystem for impact investing through developing common metrics and a common language and network (Freireich & Fulton, 2009).

2.4.3: Social Impact Bonds: definition and origins

SIBs can be seen as a “new type of public-private partnership”, a “new mechanism for public service delivery” and a “sub-category of social investment” that has emerged over the last few years as an innovative way for financing social programmes (Arena et

al., 2016: 927; Fraser et al., 2018: 4). SIBs represent a “financing mechanism” between various parties in which private investors fund preventive interventions to improve specific target social outcomes (Warner, 2013: 303; Arena et al., 2016). SIBs predominantly focus on the prevention or reduction of challenging social problems such as reducing crime rates, youth unemployment and loneliness that have a potential for positive payoff (Warner, 2013). According to Fraser et al. (2018), the focus on prevention enables public commissioners to pay investors based on “actual or hypothetical savings” in public spending because of the improved outcomes that SIBs generate (Fraser et al., 2018: 5). In this way, the government is able to “reduce the costs to the taxpayer” by transferring financial risk of performance to the private sector (Warner, 2013).

SIBs typically involve five different parties. Commissioners such as local or national governmental institutions are responsible for public service delivery to some target populations. Services providers such as non-profits or social enterprises work directly with the target population and social problem to achieve agreed-upon outcomes (Social Finance, 2012; Burand, 2013). Investors cover the upfront costs of service provision with a guarantee to be re-paid their investment plus a financial return if pre-defined target outcomes are met (Fraser et al., 2018). Intermediaries usually have a role in developing the project, facilitating investment by raising funds from investors, securing the contract and managing the delivery of the project. Independent evaluators audit whether pre-defined outcomes have been met in accordance with the pay-for-success contract (Social Finance, 2012; Burand, 2013).

2.4.4: The role of intermediaries in the Social Impact Bond market

SIBs bring together a variety of partners into an “uncommon partnership” of groups that are usually not used to work together on a transactional basis such as financial institutions and non-profit organisations (Palandijan & Hughes, 2014: 4). According to Social Finance (2012), the “power of SIBs lies in their ability to align all stakeholders’ interests around achieving common objectives” which range from increased access to capital, achievement of both social/environmental and financial returns, cost-reductions to more efficient public spending and increased supply of effective social services (Social Finance, 2012: 11). The inclusion of all these actors with distinct backgrounds, mandates and interests raises the complexity of SIBs “beyond simple contracting” (Warner, 2013: 310). First, service providers, investors, governments and communities need to acknowledge the necessity for collaboration and have a mutual interest in the success of the funded project (Schinkus, 2015). Next, a significant amount of trust is required in that the evaluator measures social impact in a “valid and attributable way” (Fraser et al., 2018: 11). The degree of social impact determines whether outcomes are met which determines whether service providers have been successful, and governments have to repay the investors for the programme. Furthermore, partners within a SIB can have different priorities within the SIB such as a focus on innovating financing techniques versus social services (Palandijan & Hughes, 2014). According to Warner (2013), the complex organisational structure of SIBs oftentimes requires an intermediary organisation which plays a leading role in managing the public-private-non-profit partnership, mitigating risks, helping service providers achieve targeted outcomes and arranging and distributing project funding

(Social Finance, 2012; Warner, 2013; Arena et al, 2016). In many SIBs, intermediaries offer mediating services between commissioners, service providers and investors thereby aiming to ensure that long-term outcomes and collective objectives of all these parties are achieved (Social Finance, 2012; Berndt & Wirth, 2018). For example, intermediaries can release the government of monitoring service providers and is better able to deal with non-performing service providers as it operates in a less politicised and more commercial environment (Maier et al., 2018). Furthermore, intermediaries can enhance investors' confidence in the SIB by mitigating risks through ensuring regular performance tracking and the reliable determination of outcomes which are crucial for investor repayment. Thus, through the assumed multi-disciplinary knowledge across financial, governmental and social sectors and collaborative relations with all actors, the predominant role of intermediaries is reducing the risk and ensure the effectiveness of a SIB.

3. Methodology: an explorative and inductive approach

This chapter describes the research design and strategy of this thesis. It shows that the thesis uses an exploratory and inductive research design in section 1 and uses a multiple embedded case study strategy to answer the main research question as described in section 2. This section also includes case descriptions of the cases analysed within the scope of this thesis. Section 3 shows that various data sources such as document analysis, semi-structured interviews and participant observation have been triangulated. This section also provides a table that includes all interviewees, their organisations, positions and geographical focus. Section 4 describes the way data have been analysed based upon the inductive systematic coding approach of Gioia et al. (2013) and the thematic coding analysis approach of Braun & Clarke (2006).

3.1: Research design

This thesis aims to analyse the collaboration dynamics of actors, initiatives and CSPs that work towards blending investments for LRPs. Moreover, it aims to analyse the prerequisites and role of an intermediary organisation and outcomes of the process of blending investments. Despite the lack of scholarly debate and empirical evidence on how stakeholders collaborate to blend investments for LRPs, various practitioner reports outline the needs, barriers and critical success factors for blended finance in landscape restoration (Ding et al., 2017; FAO & UNNCD, 2015). Instead of providing such a general overview, this thesis will analyse several partnerships and initiatives in-depth thereby focusing on the actors and their roles with a specific focus on those of intermediary organisations. This thesis thereby goes further than describing blended finance for LRPs conceptually but analyses empirical evidence. A qualitative research strategy is best suited for developing such an in-depth understanding as such strategies focus on understanding instead of explaining human behaviour (Bell et al., 2018). Furthermore, a qualitative strategy allows for a detailed account of what goes on in a (social) setting that is being investigated. This is important when analysing the context in which human or organisational behaviour takes place (Bell et al., 2018). Using qualitative research elements such as semi-structured interviews, content analysis and participant observation allows for the analysis of such a context.

Given the recent formation of initiatives for blended finance in landscape restoration and the emerging involvement of the private sector in the landscape restoration investment market (WBCSD, 2015, Hamrick, 2016), this thesis is inductive and exploratory in nature. An inductive approach is deemed appropriate as such a design is often "well-suited" in new research areas or topics in which the "existing knowledge base is poor" or does not provide a conceptual framework (Eisenhardt, 1989: 548; Yin, 1994: 28). Instead of verifying theory, this thesis aims to contribute to the generation of new theory by drawing generalizable inferences out of the observations (Bell et al., 2018). Because of the "intimate connection" between the resulting theory and empirical reality, inductive research designs allow for the development of testable, relevant and valid theory (Eisenhardt, 1989: 532). Exploratory studies are also well-suited to deal with relatively new research areas (Yin, 1994). Yin (1994) argues that any exploratory study should start with some direction and rationale and thus indicate (1) what will be explored, (2) the purpose of the exploration and (3) the criteria by which the exploration will be successful. He thereby argues that researchers should base this direction and rationale upon previously developed theory on the topic. The rationale for this thesis is based upon existing scientific and grey literature on cross-sector partnerships, (blended) finance for landscape restoration, impact investing and social impact bonds. The aim is to get in-depth insights into the actors involved, their roles, how these complement each other and the role of an intermediary in blending investments. The exploration will be considered successful when insights on collaboration dynamics will contribute to theory on CSPs with regards to the role of intermediaries and (blended) finance for landscape restoration. Furthermore, this exploration also aims to contribute to the market development for blended finance for landscape restoration through identifying critical success factors for blending investments for LRPs.

3.2: Research strategy

A case study research strategy is deemed appropriate for the inductive and explorative research approach of this thesis. Piekkari et al. (2009) define a case study as a research strategy that examines phenomena in their naturalistic contexts via using various data sources with the purpose of “confronting” theory with the empirical world (Piekkari et al., 2009: 569). Yin (1994) argues that a case study is especially suited for understanding the meaningful characteristics of real-life events and complex social phenomena such as organizational processes and the maturation of industries (Yin, 1994). A case study research strategy allows for gathering context-dependent knowledge which Flyvbjerg deems as the “very heart of expertise” (Flyvbjerg, 2006: 222). Yin (1994) argues that a case study is the preferred strategy when the following characteristics are present. First, when a research poses “how or why” questions and aims to “illuminate” decisions, such as this thesis, a case study is appropriate (Yin, 1994: 3). Analysing specific CSPs and projects as cases allows for generating in-depth understanding on how actors collaborate to attract and coordinate blended investments within a landscape. Second, when the investigator has little control over events and the focus is on contemporary phenomena with a real-life context, a case study design is appropriate (Yin, 1994). The behaviour of the partners and collaboration dynamics cannot be controlled as the interactions that take place within CSPs and projects are real-life events. According to Flyvbjerg (2006), the closeness of a case study to real-life situations is important because it leads to a nuanced view of reality. Thus, case studies are well suited to understand social phenomena in detail rather than controlling them. Furthermore, a case study’s “unique strength” is its ability to use a variety of evidence such as documents, interviews and observations of contemporary phenomena which might not be available for historical events (Yin, 1994: 8). This thesis will use various sources of evidence which is deemed highly relevant given the recent emergence of CSPs for blended finance in landscape restoration.

Yin (1994) classifies four case study designs according to the number of cases and units of analysis (Yin, 1994). According to Yin’s classification, a single case study is most logic when the case represents a *critical case* that enables testing a well-formulated theory, an *extreme or unique case* or a *revelatory case* that was previously inaccessible. As there are several similar CSPs and initiatives that work towards attracting and coordinating blended finance for LRPs, no critical, extreme or revelatory cases can be identified. This thesis aims to gather insights from various initiatives, actors, projects and CSPs to compare and contrast findings. According to Yin (1994) and Eisenhardt (1989), such a multiple-case study design often leads to more compelling evidence and more robust studies overall because findings in one case can be replicated across cases (Eisenhardt, 1989; Yin, 1994; Piekkari et al., 2009). When all cases turn out as predicted, these cases would provide compelling support for the initial set of propositions (Yin, 1994). Selected cases range from actors, projects, CSPs or other initiatives that work towards attracting and coordinating blended investments for LRPs. A comparative design allows for comparing and contrasting findings of the cases which lead to a more careful consideration of what is unique and common across the cases which promotes “theoretical reflection” on the findings (Bell et al., 2018: 66). Next to the number of cases, Yin (1994) distinguishes

between the number of units of analysis within a case study. When a case involves more than one unit of analysis, thus analysing one or multiple sub-units, the case is called an embedded case study design (Yin, 1994). This thesis includes multiple units of analysis as information will be gathered from various actors within the cases such as investors, project developers, fund managers, NGOs, cooperatives and governmental institutions. The analysis of multiple units allows for deeper insights into the roles and resources of these actors and how these complement each other to attract and coordinate blended investments for the landscape restoration project or partnership. The research strategy therefore can be labelled as an embedded multiple-case study design (Yin, 1994). The following cases have been analysed within the scope of this thesis.

Imarisha Naivasha: Kenya

Imarisha Naivasha is a public-private partnership between communities, global corporates, development organisations, civil society organisations and the Government of Kenya that aims to address the environmental challenges within the Lake Naivasha catchment area. Lake Naivasha's catchment area contains a range of land uses such as pastoralism, wildlife conservation, commercial horticulture, smallholder farming, fishing, tourism, urban development and geothermal power generation. Poor farm practices in the upper catchment area, illegal logging, massive population growth and charcoal burning have resulted in widespread depletion of forests, soil erosion and water quality concerns in the Lake Naivasha catchment area. The Imarisha Naivasha board is linked to the Kenyan Ministry of Environment, Water and Natural Resources and has the mandate to coordinate the activities of the various players that operate in the catchment area (Kissinger, 2014).

Altiplano Estepario: Spain

Altiplano Estepario is a multi-stakeholder landscape restoration project in the South of Spain that aims to restore 630.000 hectares of degraded land in 20 years since its start in 2014. Altiplano Estepario is a depopulated rural area faced with high unemployment rates, subsidy dependency, mono-cropping, deforestation overgrazing and high levels of risk of desertification. Commonland and association ALvelAl have jointly developed a vision for the restoration of the landscape. The main element of the landscape restoration plan is based on the Almendrahesa concept. This integrated production system combines growing almond and local trees with aromatic oil crops, beekeeping, and sustainable grazing of lambs which decreases erosion, restores water balance, enhances biodiversity, and beautifies the landscape (Commonland, 2019).

Baviaanskloof: South-Africa

The Baviaanskloof is a 500.000-hectare area in South-Africa consisting of the Baviaans, Kouga and Kromme catchments. Next to supplying 70% of the water to the city of Port Elizabeth, the areas surrounding the Kouga and Kromme rivers are crucial for the food production in South-Africa. The catchment areas are faced with the effects of decades of overgrazing and unsustainable land management which has decreased the land's water absorption capacity, increased the impact of droughts and floods and led to

loss of carbon capture, biodiversity, soil erosion and agricultural potential. Commonland collaborates with implementing partners Living Lands and Grounded, farmers, local business and government partners to restore the landscape with a business case. A main element of the restoration plan is the transition of farmers from traditional goat farming to more generative and profitable farming practices such as growing and producing herbs and essential oils. This enables to restore the natural vegetation (i.e. the Spekboom) in the area (Commonland, 2019).

Café Selva Norte: Peru

Café Selva Norte is a joint venture of four coffee producing cooperatives including 2000 producers in Northern Peru covering 20.650 hectares. The region in which the cooperatives operate is faced with deforestation, soil erosion, land degradation and resulting decreasing productivity and income generation for local producers due to poor forest management techniques, illegal logging and slash-and-burn techniques (IDH, 2019). The project aims to create a strong partnership between the cooperatives, Ecotierra and investors to ensure the sustainable development of the coffee value-chain and empowerment of the cooperatives and producers.

Andes Action: South America

Andes Action is a Latin-American initiative that aims to restore 1 million hectares of high Andean forests in Colombia, Peru, Ecuador, Bolivia, Chile and Argentina over a 25-year time period. Andes Action is coordinated by two international NGOs called Global Forest Generation and Ecosistemas Andinas and collaborates with various local implementation partners and local communities to conserve 500.000 hectares of remaining Polylepis forests and restore 500.000 hectares via reforestation. Polylepis forests grow in high altitudes such as Andean landscapes and are crucial as water reservoirs for communities, habitat for wildlife and biodiversity but have been deforested due to decades of deforestation of Polylepis forests due to fuel-wood production and overgrazing (Global Forest Generation, 2019).

Western Australian Wheatbelt: Australia

The Western Australian Wheatbelt is one of the nine West-Australian regions and has a surface of approximately 15.000.000 hectares and a population of 75.000. In the past, the region was considered a biodiversity hotspot with promising agricultural opportunities. Nowadays, the region faces problems such as extensive land degradation, biodiversity loss, depopulation and resulting decline in social services and infrastructure due to monocropping, overgrazing, conventional chemically-dependent agricultural practices, decreasing land productivity and a lack of investments to change farming and land care practices (Commonland, 2019). Commonland and Wide Open Agriculture are jointly identifying innovative solutions to regenerate the landscape by regenerative farming and sustainable water management practices, restore soils and biodiversity and attracting investments from retail and institutional investors.

Forest Resilience Bond: United States of America

The Forest Resilience Bond (FRB) provides a means to engage private sector investments to fund ecological restoration work related to activities that reduce fire risk. The FRB works with cashflows through the monetization of ecological and social outcomes associated with forest restoration as done by independent evaluators. The FRB engages with a wide variety of stakeholders such as the United States Forest Service, Water and Electric Utilities, state and local governments, private landowners, water-dependent companies and insurance companies that can benefit from the restoration work in terms of reduced fire risk and improved water quality. These beneficiaries enter into contracts with a special purpose vehicle by which they reimburse the investments made by investors upfront over time. The FRB is coordinated by Blue Forest Conservation which ensures strong governance processes, align the interests of stakeholders, engages with investors and facilitates all contracts (Blue Forest Conservation, 2017).

Next to these cases, interviews have been conducted with various experts that were not involved in a specific case but did provide the thesis with relevant insights and expertise on the collaboration dynamics and blending of investments within LRPs.

3.3: Data Collection

This thesis made use of various sources of data such as documents, semi-structured interviews and some participant observation. Triangulation of various sources of data is an important strength of a case study design as this allows for "converging lines of inquiry" and a "stronger substantiation of constructs and hypotheses" (Yin, 1994; Eisenhardt, 1989: 538). Triangulation allows for greater confidence in the findings as one can "cross-check" whether insights based on statements from for example interviews correspond with what has been stated in documents or what has been observed in real-life behaviour of participants (Bell et al., 2018). Using multiple and independent methods to analyse the same dimension of a research problem leads to a "more complete, holistic and contextual portrayal of a phenomenon" (Jick, 1979: 603). Through triangulating various data sources, this thesis may uncover variance which may have been neglected by solely conducting interviews (Jick, 1979).

19 documents related to specific landscape restoration initiatives have been analysed. Used documents range from project descriptions, stakeholder maps, reports, mission statements and brochures that were not been produced at request of this thesis (Bell et al., 2018). Analysing these documents enabled the researcher to get a good overview of the CSP or project, its actors, vision, mission, approach, structure and proceedings. Next, semi-structured interviews have been conducted with various actors and stakeholders of the initiative. Semi-structured interviews are considered a well-suited means for doing case study research as they allow for including the vision, experience and expertise of stakeholders that are involved in CSPs related to landscape restoration (Yin, 1994). Interviews allow for understanding the life worlds of respondents and social groupings which allows the researcher to interpret these understandings in more conceptual or abstract terms (Gaskell, 2000). Interviews were conducted with actors and stakeholders of several CSPs or LRPs such as project developers, technical assistance providers, investors, NGOs, fund

managers and governmental institutions. Interviews with project developers served to get an overview of the dynamics of the partnership and its role in attracting and coordinating investments specifically. Interviews with other stakeholders allowed for in-depth understandings of their role, motivations and resources within the project. Using a semi-structured approach allowed for flexibility to the interviewees to expand on the aspects of the research question they found most appropriate or interesting within their experience. This aligns with the argument of Gioia et al. (2013) which state that people that construct their organisational realities are “knowledgeable agents” and can explain their thoughts, intentions and actions well (Gioia et al., 2013: 15). At the same time, using a topic guide ensured key aspects were included in the interview, so no vital elements were missed. In this way, the topic guide served to capture the aims and objectives of the research (Gaskell, 2000). The guide has been based on reading scientific and grey literature on both CSPs and (blended) finance for landscape restoration as well as on some prior knowledge and conversations with experts in the field. The set-up of the topic guide and research has been an iterative process in which the theoretical framework provided input for the semi-structured interviews. At the same time, conducting the first interviews led to subsequent adjustments of the research focus and questions. This in turn influenced the theoretical focus and topic guide for the semi-structured interviews. The topic guide covered some elements that were, partially based on the literature on CSPs and (blended) finance for landscape restoration, considered essential to the research such as the (type of) actors involved, their roles and resources and the role of the coordinator in attracting and coordinating investments. After each interview, interviewees were asked if they still wanted to add anything that was not covered in the questions. Asking such follow up questions allowed for including the aspects of the collaboration dynamics or interviewees deemed relevant which reduced the probability of missing important issues related to the research topic. The topic guide can be found in the appendix. Some interviews were conducted with experts and representatives that were not necessarily involved within a specific LRP. Their insights and knowledge served to get a more general idea of the general barriers and aspects of the sector, the approach of blending and how this works out in specific LRPs.

In total, 21 semi-structured interviews have been conducted with the following organisations and contact persons.

Table 1: Profiling of interviewees

Code	Type of organisation	Position(s) interviewee	Geography
INV1	Pension Fund	Chief Finance & Risk Officer, Senior Project Manager Natural Resources	The Netherlands
INV2	Investment Manager	Country Head & Managing Director the Netherlands	The Netherlands
INV3	Fund Manager	Director	Global
INV4	Bank	Executive Director Impact Finance	Global
NGO1	NGO (TAF Manager)	Senior Project Manager	Global
NGO2	NGO	Executive Vice President	Global

NGO3	NGO	Sustainable Finance Lead	Global
NGO4	NGO	Director Policy and Markets	Global
NGO5	NGO (TAF Manager)	Africa Forestry Strategy Lead	Africa
NGO6	Conservation NGO	Co-director	South-Africa
PD1	Project Developer (NGO)	Co-founder & Partner	United States of America
PD2	Project Developer (Company)	Sustainability Director	Global
PD3	Project Developer (Company)	Farmland Portfolio Development Manager	Australia
PD4	Project Developer (Foundation)	Chief Executive Officer	Global
PD5	Project Developer (Foundation)	Managing Director Landscapes	Global
PD6	Project Developer (multi-stakeholder steering group)	Chief Executive Officer	Kenya
PD7	Project Developer (NGO)	Executive Director	Global
COM1	Business development company	Co-director	Sub-Saharan Africa
COM2	Company	Director	Spain
COM3	Cooperative	Former President	Spain
IGO1	IGO	Head Land Use Finance Unit	Global

In general, interviews lasted between 45 and 75 minutes and were conducted in either Dutch, English or Spanish depending on the preferred language of the interviewee. Interviews were mostly conducted per phone or Skype given the geographical distance between most interviewees and the researcher. Interviews were audio recorded after the interviewee agreed to such recordings. Audio recordings were used to transcribe the interviews and functioned as a supporting tool to validate the accuracy and the completeness of the information collected during the interview (Barriball & While, 1994). The transcripts of the interviews and the study findings have been anonymised to strengthen the expected openness and honesty of respondents in answering the interview questions and because of intellectual property rights issues.

Some observation was done for this thesis by participating in a taskforce within the Landscape and Seascape Working Group of the Coalition for Private Investments into Conservation (CPIC). Observation allowed the researcher to get an “insider’s view” of the social settings as they were perceived by members of these settings (Baker, 2006: 173). Partners including among others the World Wide Fund (WWF), The Nature Conservancy (TNC), The Netherlands Enterprise Agency (RVO), Finance in Motion, Mirova/Althelia and EcoAgriculture Partners jointly work on identifying successful strategies and models for multi-project landscape investments. Its aim is to identify models that link multiple landscape objectives with an “array of public, private and civic investments” to achieve synergies and impact at scale. Relevant insights on several initiatives, projects and models have been gathered via participating in various teleconferences and a face-to-face meeting in the Netherlands in June 2019. This type of observation corresponds to what Baker (2006) classifies as “observer-as-participant” (Baker, 2006: 175) in which the researcher observes more than it participates but is slightly involved with the insiders. Observing and participating in these meetings allowed for a deeper understanding the dynamics of blending investments within LRPs and the ambiguity of the implementation of the concepts

landscape restoration and blended finance. Participating in a conference call and a face-to-face meeting allowed for identifying contrasts between what was stated in interviews and what has been observed in the interactions from various organisations and experts related to (blended) finance for landscape restoration.

3.4: Data Analysis

This thesis uses the systematic inductive approach to concept development as developed by Gioia et al. (2013). Gioia et al. (2013) argue that their method allows for combining a deep and rich theoretical description of the context of social phenomena while meeting “high standards for scientific rigour” (Gioia et al., 2013: 17). Gioia’s approach does not impose prior constructs or theories on the interviewees or participants which serve to explain or understand their behaviour. Using this approach creates opportunities for the development of new concepts instead of the verification of existing ones. Such an approach suits well with the case study research strategy of this thesis which focuses on exploring how investments are blended within LRP and the role of intermediaries in this process. Gioia’s approach can be used for the data analysis process through using first order codes, second order themes and aggregate dimensions. This data structure can also be used to present the research findings in a manner that outlines the connections among the data, concepts and emerging theory. This thesis made use of a qualitative data-analysis computer software called NVivo 12 which supported and structured the coding process.

Although Gioia’s approach provides a useful starting point by structuring the data analysis process into first order codes, second order themes and aggregate dimensions, Braun & Clarke’s (2006) thematic coding approach provides a structured process which enables researchers to follow concrete steps. Thus, this thesis draws upon Gioia’s approach as a starting point and uses the concrete phases for thematic coding as proposed by Braun & Clarke. The first step of a thematic coding analysis entails familiarisation with the data (Braun & Clarke, 2006). This has been done by conducting and transcribing the interviews, collecting and reviewing documents, (re)reading transcripts and documents and writing down some initial ideas for codes and patterns. Drawing mind maps and data structures enabled the researcher to get a sense of some important elements of the data before starting the coding process. Braun & Clarke’s second step entails the generation of initial codes. These initial codes correspond to the first order codes of Gioia et al. (2013). In this step, interesting features of the dataset were coded into “meaningful groups” (Braun & Clarke, 2006: 88). These codes reflect the terms and language as used in the documents and by the interviewees and thereby stay “close to the data” in the sense that they reflect the understandings and descriptions of the interviewees instead of theoretical concepts (Bell et al., 2018: 588). This phase of coding generated 328 first order codes which systematically structured the dataset (Braun & Clarke, 2006). The process allowed the researcher to discover “repetitive patterns of actions and consistencies in human affairs as documented in the data” (Saldaña, 2015: 5). The next step of Braun & Clarke’s (2006) thematic analysis process entails searching for themes. In this step, codes have been collated into potential themes. This step entailed exploring similarities and differences among the first order codes which led to the combination and elimination of certain codes. This resulted in what Gioia et al. (2013) refer to as second order

themes which are more general and at a higher level of abstraction (Saldaña, 2015). The second order themes describe and explain the phenomena of interest of this thesis as they capture the central ideas regarding the research question. The next steps of Braun & Clarke (2006) entail reviewing and defining the second order themes which has been an iterative process in which the researcher moved back and forth between the data, codes and themes in multiple cycles of analysis. Themes haven been constructed and later on adjusted or aggregated based on similarities or differences with other themes and first order codes. This resulted in the merging of themes them into broader ones or by breaking them down in more specific ones. The reviewing and defining themes phase resulted in in 53 first order codes and 10 second order themes. Last, the second order themes were merged into what Gioia et al. (2013) refer to as "aggregate dimensions" which are broader and at a higher level of abstraction than second order themes (Gioia et al, 2013: 20). The three aggregate dimensions represent the central phenomena of interest of this thesis and will structure the subsequent sections.

4. Results: actors, activities and the coordination of investments within landscape restoration projects

This chapter highlights the most important findings for the research question: *"How do stakeholders collaborate to blend investments for landscape restoration projects?"* The findings are structured according to the three aggregate dimensions that emerged out of the systematic inductive coding approach as discussed in the methodology chapter. The aggregate dimensions are substantiated by explaining the second order themes and relations between them. First order codes and quotes will be used for illustrative purposes.

4.1: Actors involved in landscape restoration projects

LRPs usually require and involve a multitude of actors from various societal spheres. Despite the variance between different projects and cases, figure 5 aims to provide an overview of the most important stakeholders related to attracting and coordinating blended investments for LRPs, how they relate to each other and what their roles are. Nevertheless, figure 5 can include actors and/or relationships that are not found in each individual case. Furthermore, similar actors can carry out various roles depending on the specific case and roles can belong to different actors depending on the project. For these reasons, Figure 5 serves as an overarching framework on how LRPs are structured. As interviewee NGO3 mentions:

“Each landscape differs in terms of how closely the cooperation between partners is. I think you will have different answers in each entity.”

This thesis distinguishes between four different stakeholder groups: project developers, actors that operate ‘within’ the landscape, actors that ‘surround’ the landscape and investors.

4.1.1: Project developers

Actors that fulfil the role of project developer range from private companies to manufacturers, traders, (international) NGOs, microfinance institutions and multi-stakeholder platforms/steering groups which either consists of or are led by a government entity. As project developers can come from various societal spheres, their motivations for developing a project can range from environmental, social or developmental imperatives to commercial opportunities driven by private sector investments. Many interviewees, including INV3, stress the importance of project developers within LRPs:

“What is key, and this is an important lesson we learnt in the 60 projects we have experience with so far, is a champion project leader that designs and understands the entire project and has knowledge both in terms of the landscape approach and the integration of the landscape and that is also an expert of the supply chain with the ability to value the goods that are produced, the food crops, timber, eco-tourism into the business as well. What we are looking for in projects, whatever it is, is that there is a champion that is able to master those dimensions.”

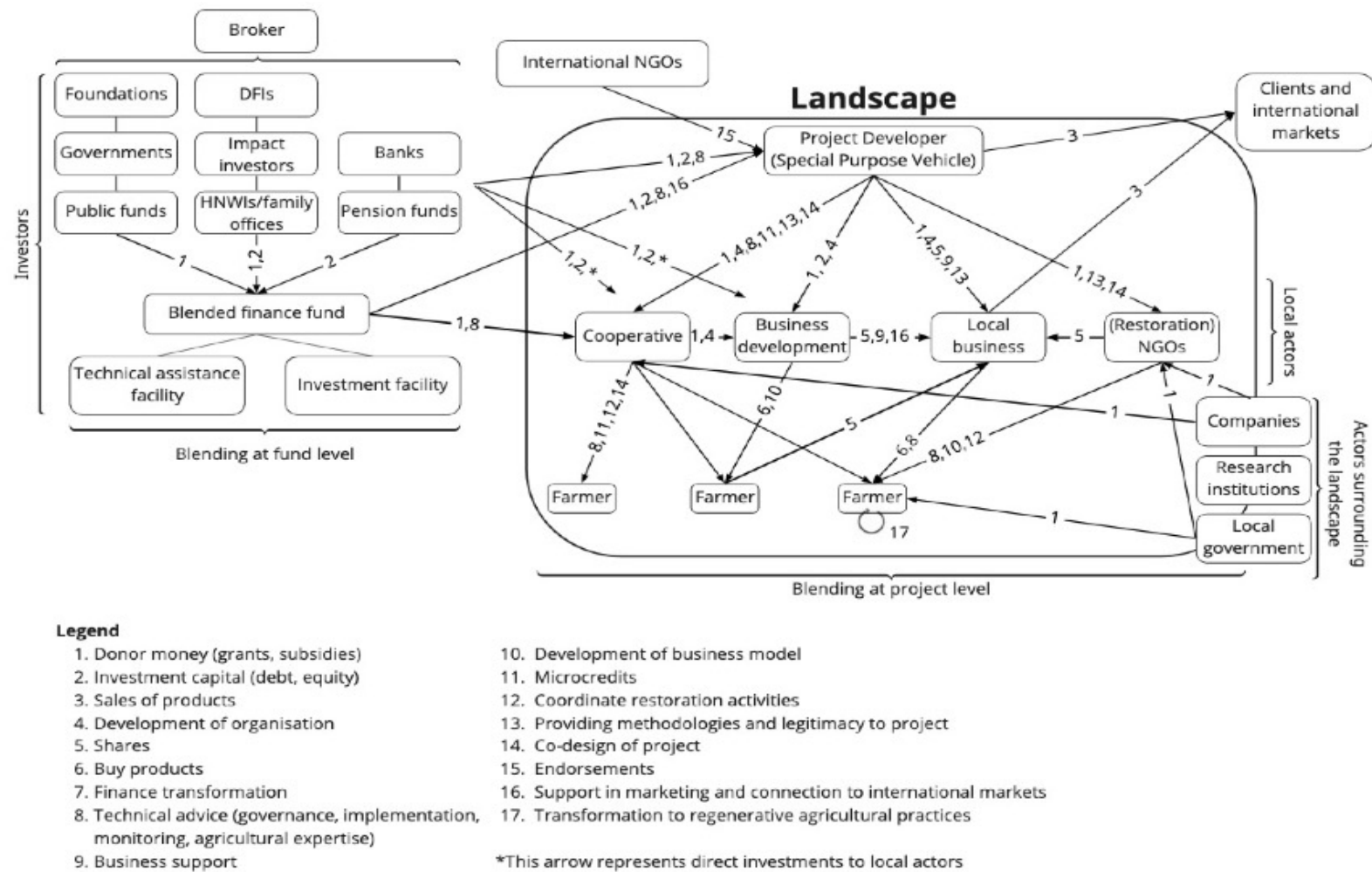


Figure 5: Overview of stakeholders involved in landscape restoration projects

Project developers often have a bridging function between investors and the actors operating within the landscape. Project developers combine their experience in sustainable agriculture and forestry, understanding of local conditions and relationships with local stakeholders (e.g. cooperatives, local producers and farmers and land-owners) with knowledge on and relationships with financial institutions. As mentioned by interviewee INV1:

"Since we do not have expertise in land restoration ourselves, we need somebody who knows the operations, but the financials as well. We want to know the experts in the subject matter. Somebody that is able to speak to institutional investors, who has a track record and knows how to report to us. "

This bridging function also plays out in terms of providing outreach and legitimacy for the LRP. By having an understanding of what happens on the ground, project developers are well-positioned in translating this to the language of the international community and investors. Endorsements from the international community and international NGOs can be relevant for international recognition and corresponding investment opportunities. According to interviewee PD7:

"We are working with partners like the WRI, IUCN, UNEP and Forest Trends to have their endorsements to be able to do tree planting on the long term and apply to funds of the Norwegian and German government and so on. The support we are getting at the moment is crucial to have access to funding, because you need to build a legacy and have the correct pitches. You have to be present at these international conferences and platforms for the probability of accessing effective finance."

In this way, project developers fulfil a crucial link between larger international funds and investors that aim to invest in projects with social and environmental returns, but do not have the local presence or community relationships to effectively invest in local projects. Interviewee PD7 highlights the complementary role of a project developer:

"They are building a water fund in Peru of 15 million dollars. However, I guess they have no idea on how to spend it because they don't have the actors and community relations which can do restoration work on the ground. We come in perfectly, because we close this gap."

Next to this bridging function, project developers have various roles within LRPs. The main role of project developers is designing, developing and operating the main aspects of a project. Because of the many projects and stakeholders that are part of the overarching LRP, project developers are responsible for the coordination of these activities. In this way, the project developer ensures that the various activities contribute to the common vision that is developed for the landscape as mentioned by interviewee PD6:

“We do rely on the various partners that are working in the basin in the execution of the various activities. We operate like a coordinating unit by providing a platform through which the institutions are able to engage and plan ahead for the activities that are going to be implemented. We identify what needs to be done and implemented. Then of course, you have budgets for these various activities and you sell these budgets to the various investors.”

Project developers usually design LRPs in collaboration with local actors such as cooperatives, businesses and conservation NGOs. The project developer is in charge of ensuring strong governance processes and institutions within the project. In this way, project developers aim to ensure interests of stakeholders are properly aligned, conflict of interests are avoided, transparency is prioritised, and environmental goals are not compromised. As mentioned by interviewee PD6:

“We are dealing with a multi-stakeholder partnership in which large groups have diverse interests. Therefore, the board itself has to be very strong. Although you cannot eliminate conflicts of interests, the board is there to resolve most of them and minimize conflicts of interests. Most of the decisions that are made are done by consensus.”

In some cases, project developers adhere to a certain methodology or landscape approach which is used to structure a project. Such methodologies can be used to structure and plan for activities and projects within the landscape as well as mobilising stakeholders on the ground and reporting impact to investors. As mentioned by interviewees COM3 and PD3:

“By providing their model, Commonland serves as a process catalyser by which the people themselves, the farmers, feel identified with this model and that it will really benefit them economically as well as having social and environmental value of their land.”

“We use their framework as an overarching principle as how we manage our farms and measure our impact to our investors. They also connect us with investors that are impact driven in Europe and thus play a critical role in our landscape.”

To sustain their operations and manage the activities in the project, project developers are in charge of attracting donor money and investment capital. These can in turn be used to support local actors on the ground such as cooperatives, restoration NGOs and entities that support business development. In some instances, project developers become shareholders of local companies operating in the landscape. In some cases, project developers set-up and manage Special Purpose Vehicles (SPV) through which investments flow from the investors to the local partners such as restoration NGOs and cooperatives. Furthermore, project developers play an important role in aggregating actors and investment opportunities on the ground via providing microcredits. In these cases, project developers receive designated funding

from international investors and uses this for a lending scheme within the landscape. An illustrative example is provided by interviewee PD2:

"We lend money to the cooperatives and they lend money to the producers so that the whole management of those funds and microcredits from cooperatives to producers is managed on their part. This is an interesting case as the local actors contribute and invest, both in-kind and with money."

4.1.2: Actors operating within the landscape

The group of actors that operate 'within' the landscape consists of farmers and producers, cooperatives, (conservation) NGOs, local businesses and business development entities. Before describing these actors separately, this section highlights the importance of actors that have a local presence within the landscape. Many interviewees argue having a local actor as a critical success factor for LRPs, including interviewee PD1:

"We are never going to be the local partner right. We are coming into a situation, we are helping to bring these people together, but we are not, you know, the trusted local partner. You can't do this type of work without the social license to actually take action. You need to have that local partner and you've got to find a way to work with them. And I think that's probably the most important thing to build trust and relationships. If you can't put those relationships, you can't do this type of work."

Local partners typically include experienced leaders with long-term, trusted community relations and deep local and cultural understandings of the landscape. Local actors usually are from or are located within the area and speak the, sometimes indigenous, languages of the communities. Because of their local presence, they have the trust of the people and communities to take on projects. Local partners are thus a crucial link in collaborating with local communities which are crucial in the restoration of landscapes as they own the majority of the land as has been mentioned by interviewee COM3:

"We are in the most smallholders influenced land tenure structure of Spain. Farms are very small, they are very diverse, there are many owners. So, the actions towards conservation and regeneration of the soil and landscape must be private actions that benefit farmers economically."

Many interviewees stress the importance of co-designing projects with these local actors to correspond to their needs. Co-design with local partners can contribute to the long-term effectiveness of LRPs as mentioned by interviewee PD4:

"It is important to bring this thinking to the people while hooking it to their own culture, because that is what happens, they could do something because it was part of their culture and it was part of their next step, so that has brought the

acceleration in the social process. And from that social process, they could start building and identifying activities in the field.”

Conservation NGOs

Local NGOs, natural resources management groups, local government departments and land care groups are typically the actors that carry out for the local landscape restoration activities. They may have a specific affinity with areas such as wildlife or biodiversity and because of this have a special relationship and dedication with the natural zones in the landscape. Conservation actors usually obtain grant or government funding which they use to finance restoration activities such as tree planting, native seed production, constructing biodiversity corridors, vegetation works and fencing. Conservation actors also have a coordinating role for these restoration activities to ensure these contribute to the overall landscape vision and are done in partnership with the local farmers. Furthermore, conservation actors are key in terms of their expertise on the landscape as illustrated by COM1:

“There needs to be expertise on the landscape, which is super complex. Making a landscape plan that aligns with nature and biodiversity is really complex. ”

Cooperatives

Cooperatives of farmers, coffee producers, horticultural growers play a key role in organising commercial farmers, growers and producers. Although mainly consisting of farmers, cooperatives can include other actors that are interested in the restoration of the landscape as illustrated by interviewee COM2:

“It all started with the cooperative which was a group of farmers and some public officials like mayors and deputy mayors and other people that had enterprises. Even someone from a bus company was involved. In general, it were people that were interested in reviving the area.”

Cooperatives play a crucial role in the aggregation smallholder farmers which enable projects to scale. This in turn leads to reduced transaction costs for project developers. Cooperatives also ensure the interests of their members are represented in the design of the project through meetings and workshops. Interviewees PD2 & INV4 mention the importance of cooperatives as follows:

“It is key that we work with cooperatives or any other type of producer association as this allows us to get to scale. They are like a vehicle to reach many producers, so we don’t have to manage individual relationships with 2000 producers. This would be unfeasible. The overhead costs of this would be much greater. We need them as allies and they can also convey to us in the design process, what are the real needs of their members.”

“We don’t want to have direct risks because of smallholders. This has two reasons. First, being a bank and putting a heavy financing burden on smallholders is tricky. Furthermore, as a bank, you do not want to have to deal

with 20.000 smallholders in one project simultaneously. For this reason, we engage with traders and large scale manufacturers by which we reach many smallholders."

Cooperatives also play a vital role in supporting farmers to make their transition to agricultural practices that contribute to the restoration of the landscape. This support can either be financial or in terms of advice, workshops, communication and events. The example of interviewee COM2 illustrates this support well:

"The cooperative does the advice for the farms via their farm advisors. Their members have to pay a small annual quote by which they have the right to get three advice sessions. The first is a visit on the farm by which problems are identified: where do you have to improve to start regenerative farming? Later, there are two follow-up visits and if they want to continue, they have to pay for these visits."

Local farmers

Malign farming practices such as monocropping or overgrazing are one of the key reasons for the degradation of the analysed landscapes. Farmers that participate in the LRP bring in their land and expertise. Furthermore, they aim to transition to regenerative or more sustainable agricultural practices. In this transition, farmers sometimes change to practices that are "completely the opposite of what people have been doing over the last centuries" (PD4, personal communication, April 30, 2019). In some cases, farmers "are changing to totally different products like horticultural products" (PD3, personal communication, May 30, 2019). Such transitions require significant investments and efforts related to stakeholder management in terms of convincing farmers of the environmental and economic viability of new way of land management as illustrated by COM2:

"To maintain their motivation, farmers really need to see that there is a sense in our project, that the farm improves and that you have less costs at the end. At the start, you have more costs, you have to invest to improve your farm and invest in machines which they normally don't have. For example, it is not permitted to burn the pruned wood after pruning the almond trees, they have to mix this with the soil so they need this machine right, so this could be a cost of 10.000 euros. They need the extra money at the beginning to invest."

Local businesses

Local businesses generally finance the farmers' transition costs to regenerative agricultural practices, buys and processes the raw materials and then sells the products to (international) markets. Local businesses form an essential part of LRPs as farmers need to have some actor that buys their products and sells it to other markets. Farmers have the possibility to sell their products to the local business, but "also can sell their products independently as they have a quite diversified strategy" (COM3, personal communication, May 1, 2019). Local businesses are usually supported by the project developer, business development entity and other investors through (grant)

funding and business support. In some cases, project developers and business development entities helped in developing the local business and became a (minority) shareholder. Farmers are, in some cases, involved in co-designing the local business and usually have the majority of the shares. As mentioned in a public brochure of interviewee COM1:

“Decision making, value and risks are equally shared between farmers, us and investors through an inventive governance set-up and value sharing mechanism.”

Business development entities

Business development entities, sometimes in collaboration with (conservation) NGOs and project developers, support farmers in identifying which alternative agricultural practices can contribute to the restoration of the landscape whilst being economically viable. Business development entities co-design local businesses together with farmers and project developers. Business development entities have a role in ensuring the continuity of the local business through providing business support as illustrated by COM1:

“We have a department that develops new companies and a department that stays on board with those companies as a director. We also have a kind of support department which offers support to the local businesses we found in terms of HR, financial management, logistics and legal support.”

4.1.3: Actors surrounding the landscape

The group of actors that ‘surround’ the landscape consists of companies whose operations depend on what happens in the landscape, research institutions and the local government. These actors might have operations within the landscape but play a less crucial role or operate outside of the landscape as well.

Companies

Companies such as retailers, supermarkets, water and electric utilities, insurance and tourism companies are usually dependent on or influenced by what happens in the landscape for example because they source the natural resources required for their production in the landscape. Because of this dependency, these companies provide funding for the activities that are carried out in the landscape that can reduce their operation risks or contribute to their corporate social responsibility practices. According to a public document as provided by interviewee PD6:

“The 4 UK retailers, ASDA, Tesco, Marks and Spencer and Sainsbury’s, provide the largest amount of funding to our activities. Their commitments are based on the recognition that risks to their businesses based on reputational exposure and reliability of sourcing of products procured from an unsustainable environment are very real and worth mitigating.”

“Out of their funding, we were able to do the management plan, the sustainable development action plan and to set up the office and put steps in the community projects in the basin that had a major impact in terms of environmental conservation and the livelihoods of these communities.”

Companies that are interested in joining the landscape restoration initiative often do so by providing donations which can be used for non-revenue generating projects such as restoration activities on the ground or building the landscape restoration initiative. The relationship between these companies and the landscape is clearly described by interviewee COM1:

“The bottler of Coca Cola is dependent on the water that comes out of our landscape. The water they use flows to the city in which they operate. Because of this, they have decided to invest in the land restoration to improve their water supply. The biggest insurance company in the region where most farmers inside and surrounding the landscape have their insurance, stated that if the water supply stops due to desertification, we have a problem as well. Thus, we are going to invest in the landscape restoration.”

Besides providing (grant) funding, some collaborations between companies, local actors and/or project developers went beyond providing funding. Within these collaborations, actors worked together more intensively and discovered other areas and activities in which they could join forces as illustrated by interviewee COM3:

“We work together with the foundation of one of the largest travel agencies in Europe. They invested in the cooperative to challenge them to have more farms on board of the regenerative agricultural concept and introduce some agro/eco-tourism in the areas. They also engage with restaurants and top chefs in the coastal areas, where all the tourists are, to use the local and regional products to give the whole regional production with the more sustainable practices a boost. We have started to organise farm visits with them so they can bring tourists to see the other parts of the country. The products we produce will be sold in the restaurants and hotels they collaborate with. There is a strong interchange.”

Research institutions

Research institutions like local, regional or international universities, sometimes within a working group consisting of the local/regional government, cooperative, NGOs and local businesses, do research in various aspects of the project. The areas of research can range from how to implement the landscape plan, biodiversity, quality of the soil related to agricultural practices like compost and ground cover, economic analyses and the measurement and monitoring of social and environmental returns.

Local government

In some cases, local governments were involved in co-designing the vision for the landscape, setting the regulatory framework and a “common horizon” (NGO1,

personal communication, April 5, 2019). Local governments are often involved when a project corresponds to their mandate such as wildlife, water management and economic development. Local governments usually contribute to the project via providing funding for projects that correspond to their programmes and policy pillars. Local public funding can either go to conservation efforts in the region or social projects. As mentioned by PD5:

"We are in constant engagement with the Australian government as well. They gave some funding to an initiative that we support which is the regional regeneration alliance which is a non-profit that tries to stimulate business driven initiatives that will bring jobs back to depopulated rural areas in Australia. This is the local state government."

4.1.4: Investors

There is a wide range of actors that invest in LRPs. Investors differ in terms of their investment mandates, social and environmental goals, fiduciary duty, preferred asset classes, sizes of investments, organisational form and risk-return preferences. Distinguishing between these different types of investors is important as it influences their involvement in LRPs. According to interviewee NGO 4:

"When we did this review of landscape investment models, we found the huge range of what it means to be private sector or profit seeking. It is hard to keep track of what we are talking about here. If we talk about financial institutions, there are a lot of different examples of these actors such as local banks, development organisations or private equity environmental funds. If you bundle this up, it becomes very difficult to say something useful about it."

An important distinction between investors that may invest in LRPs is whether they require projects to generate financial returns next to social and/or environmental returns. Some investors solely invest in financially viable private projects such as sustainable agriculture, sustainable forestry and sustainable livestock management that demonstrate a financial return to investors. This is illustrated by interviewee PD5:

"To me, the whole basis of blended finance is that you need different types of finance and other types of organisations. Finance can be finance that requires a return on capital and a return of capital, so you need money back and you need to make money on a percentage return on that. And there is capital that is seeking to have different types of impacts still demanding a return but not a direct cash return."

Pension funds

Pension funds have large amounts of capital under management by which they generally require a minimum amount of capital or size to deploy in projects and funds. Given the relatively small size of most LRPs to date, pension funds are often not investing in landscape restoration on a large scale. Furthermore, the fiduciary duty pension funds have towards their clients can impede them from investing in new and

innovative sectors such as landscape restoration. The impact of the fiduciary duty has been mentioned by interviewee INV1:

"Because of our fiduciary duty, we must make sure that nothing bad happens and therefore you need people with experience who have done land restoration before. These are the difficulties of investing in something entirely new. There is no big market for land restoration, so for us to make that experiment, I probably don't have a mandate to do so."

Interviewee INV2 also stresses the difficulty for big institutional investors to invest in new types of investments:

"It takes a while before there is a consensus on where new types of investments belong and how it is justified internally and externally. Institutional investors need a certain degree of standardisation. If they divert too much from their own direction by investing 50 million in a landscape restoration fund and 50 million in sustainable oceans, their portfolio becomes too chaotic and they cannot assess the risks anymore."

Banks

Banks ranging from local, national and international banks, usually provide loans and invest in project developers and businesses that operate within the LRP. As is the case for pension funds, banks can also invest in blended finance vehicles for landscape restoration. Banks seek a financial return on investment by providing loans but are increasingly interested in social and environmental returns. Their interest in LRPs has been outlined by interviewee IGO1:

"More actors, including financial institutions, start to realise that in order to reach the climate goals or sustainable development goals, it is necessary to finance in a different way. This applies to the land management sector as well. This is the reason why actors such as the Rabobank and BNP Paribas engage in partnerships with us."

Nevertheless, banks have certain risk-return preferences and time horizons for investments which can impede them from providing long-term loans to LRPs. This has been illustrated by interviewee INV4:

"LRPs often require a long-time horizon as restoring degraded land takes a long time. In the status quo situation, this makes it unattractive for banks to invest. Nevertheless, in blended finance constructions, it may be possible."

Blended finance funds

Most blended finance funds are divided into two facilities: the investment facility and technical assistance facility (TAF) which are managed by different organisations. The investment facility is managed by an investment manager who is responsible for designing, structuring and managing the fund. Fund managers are often in-between

parties as they raise funds from investors and manage several projects. The importance of fund managers is stressed by interviewees INV1 and NGO5:

“What we do mostly is invest via a fund manager, so we invest in a fund that can do many different projects. This needs to be someone who has experience in dealing with institutional investors. That would give us more comfort that there is somebody who is experienced in these things. If you could find somebody who would be interested in managing the whole project and could be the party that can talk to the investors, that would be a shortcut. Otherwise, you would have to set up all this yourself. ”

“The point of giving it to a fund manager is that they know more about it than the investors do. In some cases, investors know a lot about a particular sector and in some cases, they don’t know anything about it rather than that it is a high impact idea. ”

The TAF is generally managed by an NGO. The role of the TAF manager is to help to maximise the positive impacts of projects that are funded by the investment facility, to develop a pipeline of investment-ready projects for the investment facility and support projects in the implementation phase. The TAF is usually funded by foundations, governments, DFIs as illustrated by interviewee INV3:

“So, the technical assistance facility is funded by donor money only and is targeted at project preparation, developing readiness and implementation on the ground.”

Impact investors

Impact investors require both financial, social and or environmental returns on their investments. Impact investors usually look at the impact a project generates first, but also require a financial return of which the amount depends on the specific impact investor. “This could be market rate, but more often than not is below, so for example around a 5% rate for debt and 8-9% for equity” (NGO5, personal communication, May 22, 2019). Impact investors can invest in projects directly via investing in local businesses or deploy their capital into (blended finance) funds. The reasons for investing and risk-return preferences of impact investors often align with LRPs as mentioned by interviewee NGO5:

“We target a mixture of donors, DFIs, private foundations and impact investors. Most of those have risk-return expectations that are in line with what is the landscape of African forestry at the moment.”

Development Finance Institution (DFI)

DFIs can deploy both grant funding as investment capital and usually require both a financial return on investments and social and/or environmental returns. DFIs can invest in projects directly or invest in blended finance vehicles for landscape

restoration. DFIs can both deploy capital in the technical assistance facility to stimulate private sector investments as in the investment facility itself.

Multilateral public funds

Multilateral public funds such as the Global Environmental Facility and the Green Climate Fund are currently one of the mayor sources of LRPs. Their importance mentioned by interviewee NGO5:

“The Green Climate Fund is the largest single pot of money for these types of things. They have great flexibility within the amount of and types of money they can disperse such as grants, guarantees, concessional debt and equity. This is obviously really useful. Nevertheless, the process to get this money is long winded and can get up to two years which is not ideal if you want to mobilise capital quickly and get things done.”

Public funds can be used to finance the multi-stakeholder platform that develops and build the project. Next to direct investments, multilateral public funds can invest in blended finance vehicles in which they back initiatives by being de-risking partners to make the fund attractive enough in terms of the risk-return profile for private investors.

Governments

Government funding can come from both the local, regional and (supra)national level. Government funding can be used for tree planting, establishing and building the initiative and supporting farmers in their transition to regenerative agricultural practices. Governments can invest in LRPs directly or invest indirectly via a DFI, multilateral public fund or blended finance vehicles for landscape restoration. Governments usually provide public funding for projects and initiatives that fall within their mandate such as water management, environmental management, economic development and reducing wildfires as illustrated by interviewee PD6:

“The government is responsible that they adhere to global agreements. For example, if we talk about vegetation cover, the Kenyan government wants to ensure a 10% vegetation cover. Most of what they do lies within their strategic plans and development plans. The government also ensures that our landscape contributes to the promotion of economic development, both at the regional and the national level.”

Foundations

Foundations can range from philanthropic organisations, charities and corporate foundations and provide grants or programme related investments in LRPs that align with their priorities such as conservation or financial innovation. Foundations often make the non-business investments such as seed investments to build ground capacities, salaries of staff of cooperatives and NGOs, research, restoration activities, stakeholder management and other elements that need to be in place to attract other types of funding. The importance of philanthropy is highlighted by PD4:

"We are still completely dependent on philanthropy and subsidies. My team here and also we pay the cooperative, their salaries are all coming from philanthropy."

High-net-worth individuals (HNWIs) and family offices

HNWIs and family offices can both deploy grants and investment capital in LRPs. These investors usually manage "a couple of hundred million, are more flexible, switch more easily and are more opportunistic than big institutional investors" (INV2, personal communication, May 20, 2019). HNWIs and family offices usually invest based on to their personal interests and passion by which they be part of a project for the long-term.

4.1.5: Conclusion

This section described the various roles of the multitude of actors that are involved in and required for the successful blending of investments for LRPs. Project developers are of vital importance for LRPs because they design, develop and operate projects, coordinate with the stakeholders operating within and outside the landscape, ensure funding for the project and aggregate investment opportunities. Project developers are well-suited to bridge the international community and investors with actors on the ground which is important in terms of attracting investments and the outreach and legitimacy for an LRP. Actors that operate within the landscape have in-depth understanding of the local and cultural circumstances and ensure the local presence that is necessary to develop long-term and trusted relationships with communities. Relationships with and trust from the local community is vital for successful LRPs as many smallholder farmers own the majority of the land. Co-developing projects and institutions with them is necessary to successfully enable them to transform their agricultural practices which contribute to the restoration of the landscape. Local actors also play a key role in the organisation of these smallholder farmers via the organisation within cooperatives and producer associations which reduces transaction costs and increases the scale of an LRP. Local businesses and cooperatives enable smallholder farmers to transform their agricultural practices and sell their products. Actors that surround the landscape consists of companies that fund activities in the landscape that helps to reduce operational and reputational risks and research institutions that support measurement and monetisation of social and environmental returns. Investors provide both donor money and investment capital to LRPs either directly to project developers or other actors in the landscape or via blended finance funds. Investors have different risk-return preferences and mandates which correspond to the various activities within the LRP.

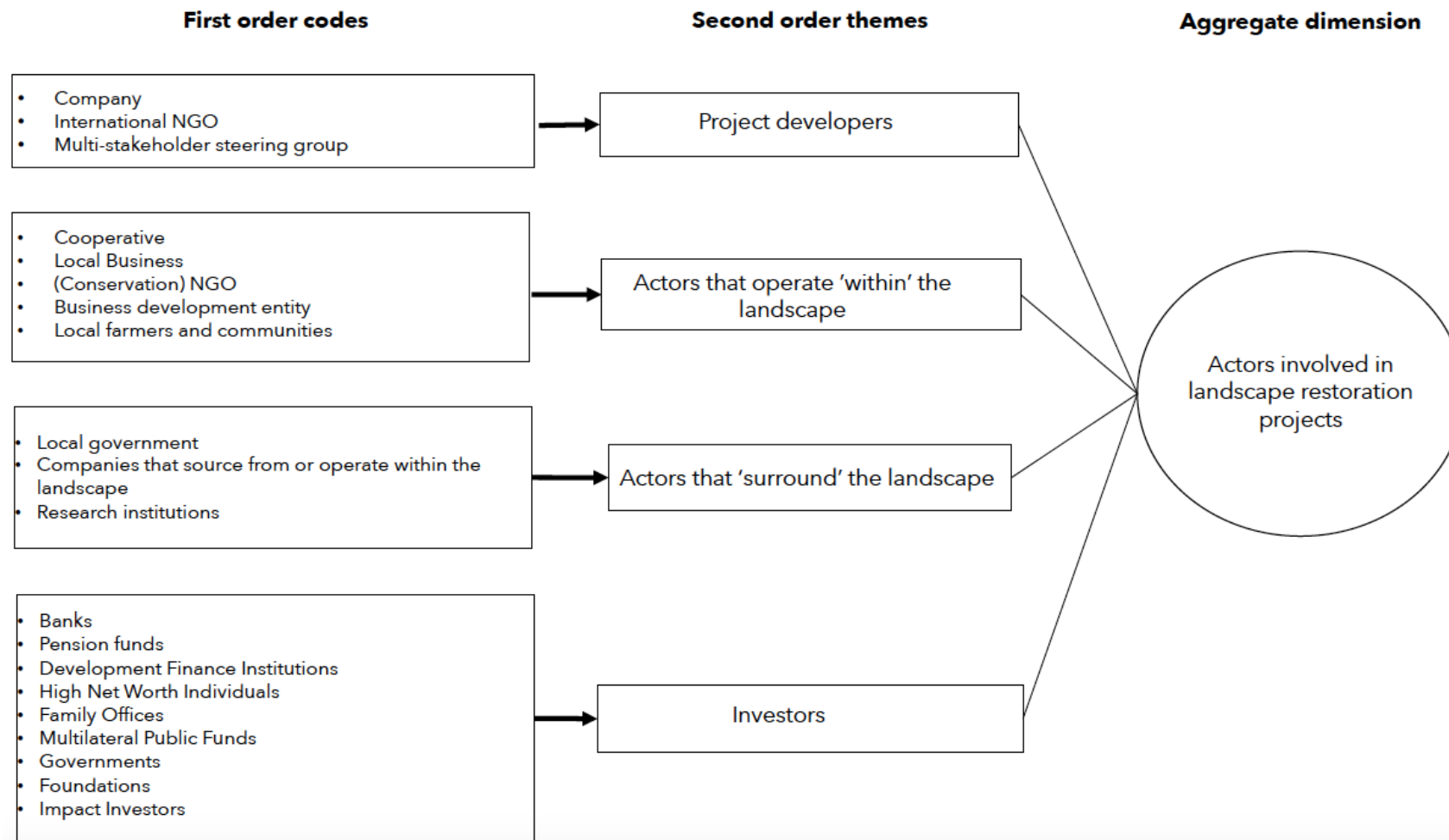


Figure 6: Data structure of actors involved in landscape restoration projects

4.2: Complementary activities within the landscape restoration project

Next to a multitude of actors, LRPs consist of various activities which are implemented and financed by various stakeholders both within and outside the landscape. Activities can be carried out by a single entity, but in some cases are coordinated and financed by various actors. This section demonstrates the complementarity of these activities within a LRP. Activities usually contribute to the overall landscape vision as illustrated by interviewee NGO3:

“Each landscape programme has a vision. All the components within a landscape programme try to contribute to that vision. Four of them are income generating and five of them are enabling which is traditional NGO, government and development work to strengthen communities, have the right policies and so on. It is quite complex, and a lot of things need to happen at once.”

This thesis distinguishes four groups of activities: restoration activities, business development activities, revenue generating activities and activities that contribute to creating an enabling environment.

4.2.1: Restoration activities

Restoration activities include forestation projects, soil and water management vegetation works, fencing, constructing ecological corridors, piloting of new grasses and systems in the agricultural zones and measures that reduce or prevent soil erosion. Restoration activities are mostly coordinated by conservation NGOs and cooperatives but can also be co-developed with the project developer, farmers and communities. Stakeholders contribute to the restoration activities by bringing in various resources such as the expertise around vegetation projects, funding and the time to coordinate and implement the restoration on the ground. As mentioned by interviewee COM2:

“One of our aims for the natural zones is creating a corridor between the natural areas and the natural areas of the farm. This requires money and a lot of time. There are two coordinators in the cooperative and there is coordination between them, the project developer and our biologist that is responsible for natural zone restoration, he knows a lot. We make this plan and at the end it must be supported financially”.

4.2.2: Business development activities

Activities that contribute to the business development for the products and businesses in the landscape include developing business plans, the development of new businesses, business support and the processing and sales of the products of the landscape.

Business plan development

Farmers that transform to regenerative agricultural practices in some cases transform to different products. Business plan development consists of exploring and

developing agricultural/business models that are more profitable and sustainable. This has been mentioned by interviewee COM1:

"We specialise in high-value crops that are selected based on their fit with the landscape and local and international markets. The organic farming system continuously improves the soil quality which leads to both healthier soils and higher quality products"

"You need expertise on the development of a landscape-based economy which consists of identifying what are the main opportunities for this type of landscape. Is it crops, livestock, fishery, tourism, forestry or wild harvesting?"

Business plans are usually co-developed by many actors as mentioned by interviewee COM1:

"We have been founded with 1 mission: to discover a new business model with farmers that operate in the landscape which contributes to the landscape vision that has been co-developed by the project developer, conservation NGO and the farmers".

Development of new businesses

LRPs that are business driven or include revenue generating activities require companies that sell the products that are produced within the landscape. In some cases, these companies did not exist prior to the start of the LRPs. Project developers, cooperatives and conservation NGOs have in some cases co-designed and co-developed these businesses with farmers. As mentioned by interviewee COM2:

"As part of the vision, there is a diverse production system for almonds and there is a private company that has been set up in partnership with others. The project developer has initiated it, but has given the ownership into other hands, it is self-owned, and it is their company and organisation. We have been investing in it to get it all going and hire the right people."

Decision-making, value and risks are in these cases shared between the farmers, the business development entity and the investors. For this reason, farmers often have the majority shares of the company alongside minority stakes of the project developer, business development entity and the conservation NGO. The importance of local ownership of the farmers has been stressed by interviewee NGO6:

"It should not be a company that comes from outside, the farmers need to do it themselves. You found a company together with the farmers that improves their lives. It is not the idea that we enter a region and make money out of it whilst nothing is flowing to the region anymore. The idea is that it improves the landscape and the local economy. It is not the easiest way, but you have to engage with the farmers very intensively."

In most cases, developing new businesses has been quite a recent endeavour resulting in solely founding one new company. Nevertheless, various interviewees stress the potential of developing other business cases and companies within their landscapes as has been illustrated by interviewees PD4 and COM3:

"We foresee a lot of other companies in the landscape, maybe between 50 and 70 companies on composting, fencing, water works, removal of soil, tree planting nurseries. This will be a new way of working on the field, also with the growing market for sustainably produced products in mind".

"It is the first business case where we talk about regenerative almonds. Tomorrow it could be regenerative cereal, regenerative honey or regenerative cheese. This business case is the pilot project or lighthouse that will illuminate the road for all the rest to happen. The project developer has helped the cooperative to build this business case, but also is helping to build up other business cases next."

Business support

Locally owned businesses can receive business support from both the business development entity and the project developer depending on which actor takes this role within the landscape. According to interviewee COM3, business support is provided on "the most pressing issues of local businesses such as finance, financial management, logistics, certifications, contracts, HR and legal support" (COM1, personal communication, May 1, 2019).

4.2.3: Revenue generating activities

Revenue generating activities such as the sales of products, provision of microcredits, eco-tourism, carbon credits, land and farm acquisition and payments for ecosystem services are those that enable an LRP to attract private investments by their ability to deliver a financial return on investment.

Processing and sales of products

One of the mayor revenue-generating activities is the sales of commodities and products that are produced in the landscape, "often at a slight premium with the added traceability and social and environmental benefits" (PD2, personal communication, May 23, 2019). The actors that do the processing and sales of these products are the ones that are able to attract private investments as mentioned by interviewee INV3:

"We are financing, like in the renewable energy space, and all of these funds are doing this, the production actors. We are financing the replanting of trees, the equipment and human resources needed to restore land and implement good agricultural practices and we are paid by the actor that can repay the financing which is done via the sales of commodities and raw materials that are produced such as coffee, coco, timber or whatever."

Project developers and local businesses buy the products from the farmers that produce according to regenerative agricultural practices aligned with the landscape vision and subsequently process, market and sell them to their clients and (international) markets. As project developers and local businesses also focus on the processing level, investments made in the infrastructure such as warehousing facilities can be also revenue generating. Cooperatives usually become shareholders of the infrastructure and invest both in-kind and with money which ensures the long-term viability of the project by gradually transferring the ownership to the cooperatives. The importance of the processing and sales has been stressed by interviewee PD2:

"We are not only intervening at the producer field level, but also at the processing infrastructure level and sales point. We work with the end customers which allows us to build a package and create a win-win-win situation for all these actors along the supply chain. If you design a solution and investment for only one of these clients, the risks that it may not work are much higher."

Project developers and business development entities are better suited than local businesses to tell the overarching story of the products and connecting with international markets. The farmers can in this way "have a collective branding and a way to connect with their buyers" (PD4, personal communication, May 30, 2019) as illustrated by interviewee COM1:

"We work together with farmers to get the best products to the market. As they are produced in a responsible way and thus are of higher quality, we want to get those products to international markets so the farmers have a story to tell, how good the products are and how much of the revenue goes to the farmers."

Microcredits

In some cases, project developers lend money to the cooperatives which in turn lend microcredits to the producers. Over time, farmers pay these microcredits back to the cooperatives and project developers which generate revenues in the form of interests.

Eco-tourism

Eco-tourism can be one of the business cases in the territory. Most cases did not include large scale eco-tourism activities that generated significant revenue for the LRP. Nevertheless, interviewee COM1 stresses the potential of eco-tourism and wildlife as a major source of revenue generation:

"In the landscape, there is a lot of opportunity for tourism. This has to be added to the project. There are many opportunities for a wildlife economy. On the long term, this could generate way more income than the agriculture. For a true sustainable economy, tourism should be added."

Payments for Ecosystem Services: carbon credits and water revenues

Payment for ecosystem services such as carbon credits and water taxes can generate revenues which can be the overarching driver or support other activities within the

LRP. "It is something of a buffering cost and makes the overall investment less expensive" (PD7, personal communication, May 21, 2019). Projects that generate carbon projects are often developed by separate carbon project developers which are coordinated by the project developer as mentioned by interviewee PD7:

"We are intending to develop anywhere between 20 and 50 carbon projects that can be co-developed by international carbon project developers. We don't develop projects on our own, because it is such a huge landscape. We actually seek international project developers, selling them the opportunity and existing structures so they can develop these projects with our local partners. We generate the links and facilitate the conversation."

Project developers can stimulate projects that generate carbon credits by establishing private conservation areas. Carbon project developers buy into the landscape, design a project and sell the carbon credits internationally "for 1 dollar per tree or depending on how they market it" (PD7, personal communication, May 21, 2019). Carbon project developers in turn shares the revenues of the carbon credits with the communities or contribute to the overall LRP. Water revenues can be generated based on (voluntary) taxes based on water usage from households, cities and companies. These revenues can be redirected to conservation and restoration efforts as mentioned by interviewee PD1:

"It's a payment for services contract, so they're paying for some portion of the restoration project depending on what is success to them. We propose payments based on certain water related outcomes, because they are a water agency and electric generating utility from hydropower and flood control. So, we can come up with metrics around sedimentation and increase in flows available for downstream consumptive use and hydropower generation which are their main charges."

Land and farm acquisition

In some cases, project developers acquire farms and land with the aim of transforming the farms and make increase the value of the land by making it more productive. Revenue is either generated by selling the farm and land once it is transformed and more productive. Project developers play a bridging role between the farmers and investors as mentioned by interviewee PD3:

"We find farms that are for sale and we package together the investment deal and then shop that around to investors and once the property is purchased, then we have an overseeing role where we charge a small annual management fee and we serve as a bridge between the investor and the farm operations team."

4.2.4: Creating an enabling environment

Several activities within an LRP contribute to creating an enabling environment for attracting private and blended investments. Interviewee NGO3 stresses the importance of an enabling environment:

“Entrepreneurs should be the drivers of bankable projects, but next to this there needs to be an enabling environment which is traditional NGO, government and development work to strengthen communities and have the right policies in place.”

Activities that contribute to creating an enabling environment range from building the initiative by developing a common vision for the landscape, stakeholder engagement, capacity building and research.

Building the initiative: a common vision

Building the initiative entails designing, developing and operation of the key aspects of a project. In most cases, building the initiative implied the development of a common vision or plan for the landscape including the identification of the area and actions. The importance of such a common vision has been highlighted in the action plan as provided by interviewee PD6:

“The publication of the action plan marks an important milestone in the execution of the mandate of the multi-stakeholder steering group. Namely, to develop a programme to coordinate the activities of various players engaged in the conservation of the landscape. The plan provides the critical foundation stone for a coherent, integrated and long-term programme of work, and thus for success.”

Common visions usually include various initiatives on natural resources management and economic development in the region and address diverse opinions and interests, uncoordinated efforts and conflicting agendas. Such a common vision can serve to mobilise various stakeholders. In this way, trade-offs between competing land uses, interests and policies can be managed as mentioned by interviewee PD7:

“If we challenge our minds to open our thinking to a landscape wide approach, we are able to break these barriers of specific business models and incorporate them under a common vision of regenerative development of a landscape and get those actors talking to each other.”

Visions are often co-developed by various stakeholders such as the project developer, conservation NGOs, local governments cooperatives, local businesses and farmers with differing visions, backgrounds and expertise. The importance of bringing these actors together has been stressed by many, including interviewee COM1:

“The conservation NGO really sat together with the farmers and looked how they could create a vision for the landscape and make it a reality. Subsequently,

it started to form partnerships around this vision. It is important to focus on what connects us and where we want to work towards together."

Stakeholder engagement

Stakeholder engagement consists of identifying key players in the landscape, engaging with them and defining proposals for key elements of the landscape plan. In landscapes with many smallholder farms owning the majority of the land, stakeholder engagement implies significant time and money investments through frequent interaction and gaining the trust of local communities and farmers to convince them of the overarching vision. This has been stressed by both interviewees PD2, PD4 and PD5:

"We are really actively engaged through meetings, meetings and meetings and workshops with the cooperatives. We need them as allies, and they can also convey us in the design process by expressing the needs of their members. Which we then of course cross-check, we don't only talk to the cooperatives, we also go one level lower and talk to the producers."

"You need to maintain and nurture the social processes. To do so takes time and money basically because you need to have the right people to be there at the right moment to talk to the right people to make sure they are aligned with our view".

"When we entered Spain in 2014, we really sat there with the members of the community and developed and helped to sort of sketch out a long-term vision for the entire territory which eventually led to the establishment of the cooperative. If we had taken a more business approach as we did in one of our other projects, we might not have succeeded. We may not have gotten anywhere because within the community in the landscape, there was a distrust of maybe all businesses."

Hence, having a local partner that operates within the landscape and engages with the farmers, talks to them when problems arise and coordinates with other organisations with similar goals is vital. An illustrative example has been provided by interviewee COM2:

"What I think is very important and often lacking is the thing that conservation NGO does super well: landscape mobilisation. A team that is sort of a glue between all actors, the farmers and people that live there. A team that listens, observes how things go and generates information bottom up. This sounds really vague, but it is so valuable if you have people that are relatively independent and detect signals, ideas and the feelings that people have."

Next to the engagement of known stakeholders, efforts have to be made in reaching out to new communities and farmers that will adhere to the vision of the landscape to scale impacts. Facilitating workshops, informal meetings or "agroc coffees" between

experienced and less experienced farmers to interchange ideas and practices are used to engage with other farmers in the landscape (COM2, personal communication, May 23, 2019). Convincing farmers of agricultural measures they are not used to can be a time-consuming effort as expressed by COM2:

“A good farmer, according to the farmers, can’t leave any herbs apart from the crop on the field. Leaving herbs which is not bad, would be bad for them because other farmers would say that you are a bad farmer. To convince farmers of the measures is a big challenge for us and requires a lot of knowledge especially.”

The mobilisation of stakeholders on the ground is oftentimes a prerequisite for institution building and the subsequent development of businesses and cooperatives. Many stressed the importance of having both strong businesses in the landscape which can contribute to financial, social and/or environmental returns and organisations and people within the landscape that focus on stakeholder mobilisation. An illustrative example has been provided by interviewee PD5:

“You need those organisations and people in the landscape that focus on bottom-based stakeholder mobilisation and driving that shared and long-term vision. Both a movement and capacity have to be created so that businesses can ultimately flourish. We have to recognize that businesses themselves are only one aspect of a healthy landscape.”

In turn, sound businesses are vital for project developers and investment decisions of investors as has been stated by interviewees PD2 and INV1:

“At the moment we are only investing in cooperatives and producer organisations that are actually quite good and are already at a certain level of volume, capacity, financial management and that have good people in place and are relatively solid. They are definitely not the weakest because then our investment would bear too much of a risk”

“There must be an institution behind the project in terms of administration, risk management teams, compliance issues. We could invest directly in a company, but it has to be a proper company.”

Capacity building and proof of concept

Capacity building activities such as workshops and trainings can be used to ensure strong governance of institutions on the ground such as cooperatives and conservation NGOs. This enables cooperatives to strengthen their capacities and those of their members and better manage their finances. Project developers and TAF managers also provide capacity building activities to local communities and government agencies to train and support them in protecting and managing forests and addressing deforestation drivers. This enables these conservation actors to manage large-scale conservation projects in terms of reporting, management,

governance and how to attract long-term finance. The importance of capacity building in attracting subsequent investments has been stressed by interviewee PD7:

"We are doing a seed investment which boil down to donations for which we do not expect any return. The return we expect is the increased capacity of the initiative to be able to drive impact. The ground capacities contribute to the requirements that we need for the second step for finance actors."

Developing LRPs requires money and time to show the projects is working and has potential to scale. Capacity building and establishing a proof of concept can be an important enabling factor for other types of investments to flow into the landscape on a later stage, as expressed by interviewee NGO4:

"In a given deal, there is the idea that you need to build, if you get a number of farmers to transition to a certain type of agroforestry system such as coco agroforestry, before a private investor would come in, there could be a series of sensitisation efforts, training programmes, an effort to help to organise the farmers in a cooperative that would be a pre-investment that would not be profit seeking. It is more to prepare the ground for these particular deals."

Building a proof of concept can in most cases not be financed by investment capital because of the inherent risks as has been expressed by interviewee PD1:

"In the early stages, there need to be grants because you really don't know what is going to happen and how it is going to look. Programme related investments are a good stepping stone to prove a concept and scale it and then market rate capital can be used for much larger projects which can actually afford to be financed in that way."

Research

Research consists of various activities such as baseline, risk and feasibility studies, the measuring, monetising and monitoring of targets and social and environmental returns, cost-benefit analyses of proposed measures and research into the impact of agricultural practices on for example the water retention capacity of the land and soil quality. Many argue that research is an essential part of the LRP to ensure the scientific base of the operations that are implemented within the landscape. As mentioned by interviewee NGO6:

"We collaborate a lot with Dutch and South-African universities to actually know how to implement our measures. There is so much knowledge available within the universities, we have to facilitate this. We have to keep on innovating".

Furthermore, monetising and monitoring social and environmental returns is often required by certain types of investors which "need to prove our investment is a sustainable one" (INV1, personal communication, April 11, 2019). Monetisation of

social and environmental returns therefore has an impact on investment decisions as illustrated by interviewee PD2:

"Our investor has three core indicators and we are expected to monitor those and report on those within our project. Some are indicators that we planned to do anyways, such as land cover change, but carbon productivity we did not plan to do. The technical assistance facility will finance the monitoring of these indicators."

Certification of commodities is "the easiest example" for investors to demonstrate that they are investing responsibly (INV3, personal communication, May 27, 2019). Certification makes a project more attractive for investors, but does require monitoring efforts. This has been illustrated by interviewee PD2:

"The cooperatives we work with are Fairtrade and organic certified. This reduces the management we need to do because that is already a stamp of guarantee that there is some organisation within the cooperative in terms of collecting data from their producers. For the fund, this reduces the risks as well because they know that they are not allowed to use bad pesticides."

Cost-benefit analyses can serve to engage stakeholders such as companies that source from the landscape or are dependent on the landscape for their operations such as water and electricity utilities. These analyses help project developers in "making a compelling economic case" to these actors (PD1, personal communication, April 29, 2019). The role of research has been illustrated by interviewee PD1:

"The research institutions will do ecosystem service modelling to really understand what the benefits are. We also work with the World Resources Institute to do a full economic analysis that says hey, water utility, you could invest in this natural infrastructure project. How would the economics of that look? And that's an incredibly helpful thing when you are engaging with the board of these utilities"

4.2.5: Conclusion

The various activities within the LRP complement each other in terms of the common vision for the restoration of the landscape. Sales of products, microcredits, eco-tourism, PES, and land/farm acquisition are the projects for which blended and private investments can be attracted as these generate (financial) revenue. Nevertheless, other activities within the landscape enable such revenue generating activities in various ways. Before a company or business can generate both financial as social and or environmental returns, an enabling environment needs to be in place. This has been illustrated by interviewee PD5:

"A business cannot undertake all the necessary interventions required to make landscape restoration a reality. If you have the pressures of having to generate a direct financial return, then you cannot be necessarily hosting facilitating

workshops absorbing those costs internally into your business model, because your business you know, you might actually not generate a return."

This enabling environment is created by various other activities that are part of the LRP. Capacity building leads to strong institutions and governance processes of cooperatives which reduces the risk perceived by investors. Better governance processes enhance the probability that cooperatives repay the loans and microcredits because of "better management of finance" (PD2, personal communication, May 23, 2019). Business development activities lead to the development of new business plans and businesses that can buy and process the products and commodities. Business development activities thereby indirectly lead to revenue generating activities as the cooperatives and local business are the ones in which private investments will be made. Restoration activities reduce the overall risk of operations for farmers and can contribute to the overall productivity of the land. Restoration activities also ensure the continuity of revenue generating activities in the landscape as has been expressed by interviewee PD4:

"We can plant a lot of forests and restore water catchments, so the natural systems connect with each other which is very important, so we are able to keep every drop and every particle of the soil into the system. The recharging of groundwater levels, for example, can help to expand agricultural production even in drought years, providing food security and incomes."

Activities that contribute to stakeholder engagement are necessary to develop a common vision for the landscape that aims to restore the landscape. Significant time and money should be invested in ensuring that farmers, communities and organisations that operate in the landscape feel aligned to that vision and make the transformation to regenerative agricultural practices. Engaging with other farmers in the landscape and mobilise them to transform to regenerative agricultural practices is necessary for scaling revenue generating activities that contribute to the restoration of the landscape. Research activities are necessary for monetising social and environmental returns which is required for investors that seek these types of returns in their investment decisions as well. Thus, activities that are in itself non-revenue generating usually create the enabling environment for activities that generate revenue and are thereby suitable for attracting investment capital. Land restoration activities, business development activities and activities that create an enabling environment need to be in place for activities to generate revenue in the first place whilst ensuring social and environmental aspects of the landscape are not compromised.

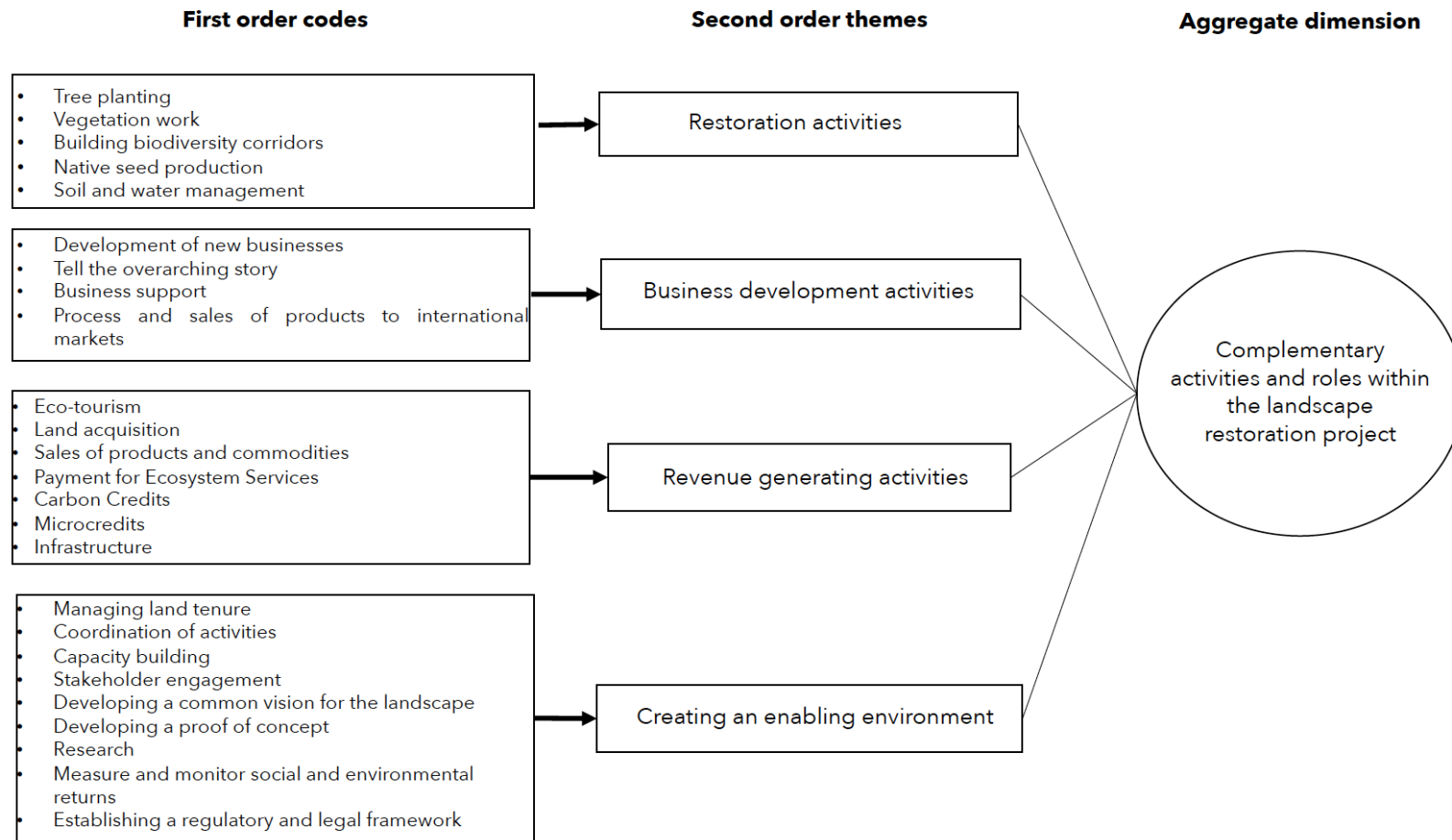


Figure 7: Data structure of complementary activities and roles within landscape restoration projects

4.3: Coordination of investments

The different groups of activities can be financed with different types of investments provided by investors with different mandates and risk-return preferences. Although being more complex in terms of coordinating and activities, landscape approaches also “open the door to many more sources and types of finance beyond grant money, transforming conservation into a bankable opportunity with return on investment” (NGO3, personal communication, April 11, 2019). According to an annual report provided by interviewee NGO3:

“Landscape approaches cut through siloes, bring together industries, governments, civil society, investors, corporations and global entities like the UN and Global Funds. The rationale behind landscape approaches is that the landscape, finance, market and business do not happen in isolation from each other. This allows us to identify multilateral public funds such as the Green Climate Fund, but at the same time analyse what other sources of (private) funding are available.”

As indicated in figure 5, this section argues that blending and coordination of investments happens at two levels: on project and fund level. The level at which the blending takes place affects the stakeholders involved, how they collaborate and most importantly, how and by whom the blending is coordinated. This has been illustrated by interviewee PD5:

“To me, this is the whole basis of blended finance, that you need different types of finance and other types of organisations. Finance that requires a return on capital and return of capital and capital that is seeking to have different types of impacts, but still demanding a return although not being a direct cash one. This can be done within a fund structure, or separate cashflows from or to different entities”

4.3.1: Blending at project level

Blending at the project or landscape level involves attracting both donor money and investment capital, the aggregation of smallholder farmers and producers and a certain coordination between investments within the landscape. The importance of various types of finance has been mentioned by interviewee PD7:

“We bring a finance mix into the landscape in which we have different sub-revenue streams, each of course contributing a small percentage to the overall management of the landscape”.

There are various actors in the landscape which can have a coordinating role in terms of attracting and structuring investments. Nevertheless, the project developer is often key in supporting actors in the landscape to attract funding and coordinate the funding over the various activities that happen within the landscape. Therefore, it can be considered as an intermediary for blending investments at the project level.

Attracting donor money

For most cases analysed, attracting donor money in the form of subsidies, grants and programme related investments was vital to ensure several activities within the LRP such as the early stages of a project, coordinating and implementing restoration activities, stakeholder engagement and research, as highlighted by interviewee COM1 and NGO6:

"A lot of these activities cannot be financed with investment capital as we do not pay for water, wind and fresh air. This is starting to emerge, but it is very difficult. As long as we do not pay for nature, you need grant money for landscape restoration. There is no one that will invest in elephants or an elephant corridor in Zambia."

"We need a lot of money for the physical implementation, for the restoration of nature. These are our mayor costs. We do not attract investment capital or impact investments, because we always spend all of the money and then there is nothing to invest anymore. That is basically our model."

According to interviewee NGO6, donor money also ensures a long-term commitment of an LRP:

"The support from the project developer ensures a 20-year commitment. It is very complicated what we are trying to do, and the transitions takes a lot of time. The philanthropic money is a sort of basis that we can hold on and besides that we attract donor money from other parties."

Donor money is often used in the early stages of an LRP which "are essentially enabling a project rather than ensuring returns for commercial investors" (NGO3, personal communication, April 11, 2019). Donor money can in this way allow for experiments, testing solutions and "answer all the crucial questions that we need for the requirements for the second step of finance actors" (PD7, personal communication, May 21, 2019). The importance of attracting donor money for early stages has been stressed by interviewee PD1:

"So, our work has been entirely philanthropically funded from the federal government, private foundations and families. I think that's a really important first step because what we're doing is inherently risky. We failed dozens of times right. If we had taken on private investors early on and pushed on partnerships too hard, we could have started a project despite it was the right project or not."

Investors which require financial returns on their investments usually do not invest in these early stages and step in on a later stage as mentioned by interviewee INV3:

"We are not financing the early stages of the project. We finance the scale up of what has been working and often the initial phases have been funded by philanthropy and project developers themselves. After the first financing that

has been proven that there is a real track record or ability to deploy more, then we can commit finance to the scale up. Our fund aims to fill the missing middle where there is a lot of money available for early stage pilot phases, but there is no one else that can help the investment afterwards."

Attracting donor money is often done by the project developer which then coordinates the donor money with other actors in the landscape such as the cooperatives or conservation NGOs. Nevertheless, these actors also play a role in attracting donor money themselves as mentioned by interviewee PD5:

"The conservation NGO is the vehicle within the landscape that attracts donor or large institutional grant funding towards the work that they do. It's all about trying to find that balance, it is not black and white".

Project developers can also attract donor money to create more attractive risk-return ratios for private investors as mentioned by interviewee PD5:

"We have also made a working capital loan to the local business. We were sort of like the first mover and we rank below all the other loan providers. So, it's another two or three private investors that stepped in which provided working capital because we're the first loss buffer because we rank our loan below the loans from the other parties."

Attracting investment capital

Although project developers are the main actors in attracting investment capital, investments can also be made in local businesses and cooperatives directly. Instead of a project developer that coordinates all the investments within a landscape, direct investments are also a key feature of LRP as mentioned by interviewees NGO4 and PD3:

"The way it plays out in reality is a deal by deal situation. The landscape has come up with a vision about what the mayor investments should be. The deals themselves take a life of their own. Nevertheless, it is potentially compelling for a finance institution to know that there are symbiotic investments happening over time."

"We do not direct funding to other projects, we just direct funding for our own projects. We are seeking direct investments into our farm projects. It is very direct and one to one. There are not a lot of cases when we pulled money and distributed it to other people."

Project developers will attract investment capital such as debt, equity and microcredits for the activities that can demonstrate a financial return alongside achieving social and environmental benefits. Project developers can do this by designing 'bankable' projects through the combination of several revenue streams as mentioned by interviewee PD2:

"The key was to combine four revenue streams. Sometimes these projects have one or two revenue streams. By combining more, you reduce the risks, because if one of them fails or is below expected returns, you can compensate with the others."

Coordination of investments

In most cases, project developers had a certain coordinating role by which they channel investments to different actors in the landscape or align funding with the several activities that are planned for the landscape. An illustrative example is provided by interviewee PD6:

"We act as a hub to coordinate and orchestrate financing through the development of proposals for cross-cutting objectives, helping to align sectoral activities into the integrated plan and engaging the government and development partners to seek financing."

In some cases, these funds are pooled and allocated to finance development projects that align with the common vision and to cover the operational expenses of the project developer. In such cases, the project developer acts as a "landscape investment facilitator" by attracting and aggregating funding from diverse sources and by overseeing and coordinating of investments from outside investors (PD6, personal communication, May 14, 2019). Such coordination can lead to reduced competition for funding of actors that operate in the landscape and increase the efficiency of the investments as has been illustrated by interviewees PD6 and PD7:

"We help to ensure there is less wasted in terms of resources. Each of the institutions can complement each other. The resources that are available can be used without multiplicity where various institutions are doing almost the same thing which requires double the resources available".

"Conservation NGOs have a very specific way of surviving. That is by getting money, mostly from international resources. It is very difficult to go regional while having different NGOs and very limited resources. We start with the most advanced NGOs and facilitate investor conversations. We facilitate opportunities for on the ground partners and in this way acts an intermediary."

Such coordination of investment within a landscape enhances activities that complement to the operations of other stakeholders in the landscape. For example, grant funding attracted by a conservation NGO can be used to support the establishment of regenerative agricultural programmes for farmers. This contributes to a more resilient production system which benefits the business that buys their products. In this way, funding that is used to support certain kinds of projects and activities can have positive spillover effects to the operations of others in the landscape. An example of this has been provided by interviewee PD5:

“The conservation NGO utilised grant funding to support the local business. They established regenerative agricultural programmes on the fields of the farmers that are producing essential oil crops which will be sold to the local business. They are doing this with grant funding so ultimately, they are making a more resilient business. Now who is doing the business development then? The conservation NGO is de-risking the production side of the local business but at the same time uses the funding to improve soil health, improve water retention capacity and in this way achieves its natural capital returns.

In some cases, the project developer had a role in developing more indicators and add activities to a project in order to raise funding from certain investors. This is another way how the project developer functions as an intermediary for attracting and coordinating blended finance investments. This has been illustrated by interviewee PD2:

“One of the investors which is likely to invest has gender and women’s empowerment as a focus area. We did not design the project to benefit women specifically but to contribute to reducing deforestation, land restoration and to benefit the communities of smallholders. Some of them are women, most of them are married to women, but this was not our explicit goal. We had to kind of repackage the project and develop like an add-on document that shows all the impacts that we have on women just for them. We will probably have to develop more indicators and on our impact on women and maybe add on some activities that we had not done otherwise. This is not negative, but a very concrete example of that you have to coordinate and adjust to get more investors on board.”

Aggregation of smallholder farmers

Project developers also play crucial role in the aggregation of smallholder farmers which reduce transaction costs and allow projects to reach a scale that is more attractive for private investors. Project developers aggregate smallholder farms by providing loans to cooperatives which in turn provide microfinance to the farmers and producers. In this way, smallholder farmers can finance their transformation to sustainable agricultural production. Aggregation can be done by project developers who collaborate with several cooperatives which aggregate many smallholder farms. This aggregation allows the project developers to reduce the transaction costs of operations as the management of microcredits is done by the cooperatives themselves. Project developers that collaborate with cooperatives can reach many smallholder farmers which is crucial in the restoration of landscapes according to interviewee INV3:

“In many cases, it is hard to find land available, so we need to work with smallholders. One of the financing gaps is that money is not flowing to the smallholders and this is a major cause of land degradation. However, if you don’t have a project developer that plays a role in aggregating and coordinating for everything, then it will not work.”

Joint representation and interaction with investors

Actors in the landscape can represent themselves as a consortium and jointly engage with investors. Project developers, cooperatives, conservation NGOs and local businesses collaborated by acting as a consortium to access finance from multi-sectoral proposals, either coordinated by the project developer or local actors as illustrated by interviewees COM1 and NGO6:

“When investors come, we always present ourselves as a consortium. The local business eventually makes the proposition for attracting investment capital. However, when investors come, the consortium will be emphasised. This makes it difficult sometimes, but also has a lot of advantages as you have actors with different types of expertise. The partnerships in this sense makes for a better story to the investors.”

“We are all organisations with a different focus. Not all the money that enters the landscape goes to us and we allocate this, but we do ensure that the money we get is well distributed. The local business also gets its own money. Over the last couple of years, we have given as much funding to the local business as the local business gave to us. Now we receive a part of their funding, but three years ago we gave a part of the funding we got from UN Environment to them. I have a list of like 20 contracts in which we channelled funding to each other, but we mainly operate based on trust. We jointly apply for proposals because we see the values in each other’s projects.”

4.3.2: Blending at fund level

Blending of investments also takes place at the fund level in which donor and public investments are used to de-risk transactions for private investments, there is a TAF, fund managers align the different requirements of investors, and there is a certain type of coordination and brokerage between the various investors. The fund manager, sometimes supported by an actor that acts as a broker between various capital providers, is key in blending investments at the fund level. These two actors can be considered intermediaries for coordinating blended investments at a fund level.

Donor and public money to de-risk transactions

Blended finance vehicles/funds blend both donor money and investment capital provided by various investors from public, private and philanthropic sectors. Donor money, provided by governments, multilateral public funds, foundations, philanthropists and DFIs, “de-risking partners” is amongst others used to “secure the risks taken by private investors” (INV3, personal communication, May 27, 2019). Reducing the risks through using donor money is necessary to incentivise some private investors with certain risk-return preferences to deploy capital into the fund as has been illustrated by interviewees NGO4, NGO5 and INV1:

“I see blended finance as mixing for profit and non-profit funding together to reduce risk for profit investments within the context of a certain deal. Hopefully,

in this way you can make a compelling case that reduces the risks for other investors."

"The way how it is probably going to work, is that we will likely have a debt layer in this with relatively low interest and long-term debt. Ideally, we want to get this backed by guarantees and have an equity layer in this as well where there are potentially double digits returns available. These do come with a significant risk associated with them and some of those might not work."

"A potential solution is blended finance. You have other types of investors who have different expectations, different goals. If they are able to make the risk lower so we don't have to expect such a high-return, then something can move. I find that a good solution. I must say we haven't done anything like that yet."

Fund managers play an essential role in attracting blended investments and pooling these for risk diversification and sharing which is necessary for attracting private sector investments. This has been illustrated by interviewee INV3:

"The two layers of the fund, junior and senior are meant to bring in the private sector to invest in senior tranches. The risk is designed as a scheme where there are two different de-risking mechanisms or support from junior tranches that would allow us to get senior money. By pooling capital, we diversify and share risks."

The main reason for the necessity of donor money that has a de-risking function is because of a lack of track record or unfamiliarity from the investors' side to invest in a certain model or sector. This has been illustrated by interviewee IGO1:

"We aim to incentivise banks and investors to allocate more capital towards sustainable land-use. They will say that this entails risks that they are not used to analyse and/or fund. Unless there is a party that takes away all or parts of the risk, nothing will change. Financial institutions have a certain cold feet because they don't know a certain model."

Technical assistance facility

Next to reducing the risk for private investors, donor money is also used for the TAF of a blended finance fund. The technical facility is usually operated by an NGO and "funded by donor money only" (INV3, personal communication, May 27, 2019). The size of the TAF is usually smaller than the investment facility as has been mentioned by interviewee NGO5:

"The technical assistance facility is usually an order of magnitude less than the investment side of things. For example, a 100-million-dollar fund might expect to have a 5-10 million technical assistance facility."

There is close collaboration between the fund manager and TAF manager with regards to the interaction with the project developers and investees. This has been illustrated by interviewee INV3:

"The technical assistance facility manager is really coordinated with us and it is jointly that we go to the project developer and say, the fund will finance you and the technical assistance facility of the fund will help investments to support the implementation on the ground."

The TAF complements the investment facility of the blended finance fund through to "mitigate risks and maximise impacts of the fund" (INV3, personal communication, May 27, 2019). It does so by increasing the preparedness of projects, supporting implementation on the ground, supporting the monitoring of social and environmental impacts and support to reform policies and the sector. Project developers often face barriers in bringing forward "investor-ready" project proposals to the fund, "particularly in more challenging enabling environments" (project document as provided by interviewee NGO1). Interviewee NGO1 stresses the importance of providing technical assistance as provided by the TAF:

"Without the provision of technical assistance in the area of landscape restoration, many promising project proposals will not reach investor ready stage and go un-funded. This would be more likely to impact the projects with the greatest development impacts as for example in risky countries and complex projects with smallholder farms."

A project document, provided by interviewee NGO2, outlines the need for technical assistance due to the lack of time and resources of project developers to deliver innovative LRPs which leads to a lack of funding and dependence on donor money:

"Many project developers, particularly in lower capacity regions, lack the required time and resources to conduct research, analytical capability and report writing that are necessary to deliver innovative sustainable land use management and LRPs. Instead, they need to focus on their immediate business needs. As a result, a significant number of potential projects suited for investment will not make it through the project selection and funding process. This will mean they go without finance, are under-financed or continue to rely on grant-funding cycles and donor support which makes it difficult for planning and implementation over the long-term."

The TAF can "alleviate this bottleneck" by supporting projects in becoming "bankable" (INV3, personal communication, May 27, 2019). The TAF does so by supporting the design of a project, delivering advice on "where there are potential weaknesses that need support" and provide donor money to initiatives that are not ready for investment capital (INV3, personal communication, May 27, 2019). The following quotes of interviewees NGO5 and IGO1 illustrate the role of the TAF in supporting project preparedness:

"The technical assistance facility will also be able to provide early stage grants to promising partnerships and companies that have as good idea and approach but are not ready for equity and debt investments."

"Some groups, like smallholder holder farms do not have an official bank account. These issues need to be solved first, so it is possible afterwards to finance something commercially. That is the eventual goal."

By supporting the project preparedness of projects that can eventually be funded by the investment facility of the blended finance fund, the TAF "builds a strong and balanced portfolio of bankable projects and "develops a pipeline for the fund" (project document as provided by NGO2; NGO5, personal communication, May 22, 2019).

Once the investment facility has invested in a project, the TAF can deliver "post-investment assistance" which helps project developers in delivering projects with "higher technical standard and/or with increased positive social and environmental impacts" (project document as provided by NGO2). This assistance consists of increasing the technical and operational capacities of project developers in the implementation phase to "avoid or reduce new degradation" (project document as provided by NGO2). It can also assist project developers in capacity building, landscape planning and ensuring best practices in site species selection. This has been illustrated by interviewee PD2:

"We receive support from the technical assistance facility in the capacity building for the producer cooperatives, so their governance is stronger. Better governance and management of the finances of the cooperatives reduces the risks for the project."

The TAF can also enhance implementation on the ground by funding studies and fostering collaboration and synergies between stakeholders of the LRP as has been illustrated by interviewee PD2:

"There are two business cases which will be funded by the technical assistance facility. One is a study on a specific type of coffee plant that will analyse whether it is worth investing in that type of coffee in the region. The other one is a market study for timber from producer's parcels."

"The technical assistance facility required us to organise a workshop with the government to link what we are doing with their national targets for landscape restoration."

Last, the TAF ensures the social and environmental returns are maximised through developing guidelines for environmental, social and governance (ESG) factors and assisting and monitoring project developers towards the ESG components of their

projects. The support in impact monitoring allows project developers and the fund to “better monitor their impacts and practice adaptive management more effectively” (project document as provided by NGO2). By providing these services, the TAF ensures that “the ESG stuff of each investments are equipped with the right environmental and social safeguards” (PD2, personal communication, May 23, 2019). In this way, the TAF does not only support the measurement of how projects contribute to landscape restoration, but also encourages that the social and environmental returns of projects are maximised rather than compromised.

Aligning different requirements of investors

A blended finance fund or vehicle implies the inclusion of different types of investments provided by investors with different risk-return preferences, investment mandates and priorities. The fund manager has an intermediary role in aligning these different requirements of investors. To represent the interests of different types of investors, it is crucial that a blended finance fund is managed by an independent and neutral fund manager. Fund managers also play a crucial role in monitoring, reporting and auditing projects on their financial, social and environmental returns to ensure investors get what they expect. This has been illustrated by interviewees INV3 and INV4:

“That is a challenge of blended finance vehicles that combine different investors with different objectives, a challenge is to align them. It is a good thing that the SDGs are now common denominators in terms of objectives, as everyone is aligned in terms of restoration and land degradation neutrality. The SDGs and the European Investment Bank helped to refine the standards and the environmental and social management of the fund. It was a bit of work to coordinate the two. And then the other investors needed to be convinced including the private ones that were not experts of ESG factors. Having small talks with key persons to confirm the environmental and social aspects has been the most challenging part.”

“The fund manager really needs to represent the interests of the investors. Its neutrality is essential in preventing conflicts of interests. We are a bank, we have our clients and we want to ensure a return on our loans and create a positive impact, but the fund manager needs to represent the interests of investors. If there is a discussion between us and an investor in how the risks and returns are distributed. If we need a certain percentage of financial return and an investor also requires a certain percentage, then you need a neutral fund manager who indicates what is reasonable and needed.”

The role of the fund manager sometimes supported by a neutral third-party broker is essential, as there is often a mismatch between the interests and requirements of investors. This mismatch can be caused by different priorities of investors, strict requirements public investors and multilateral funds and the reluctance of public investors and foundations to subsidise the private sector. This mismatch requires a fund manager to find a certain compromise and balance. Fund managers need to

balance the different priorities of investors and provide investors with an overall picture. This has been illustrated by interviewee NGO5:

"One of our funders is particularly interested in energy and another is particularly interested in carbon and forests. Trying to align those is often tricky as you are often pulled in different directions. Trying to manage between those competing primary drivers between different funding organisations is definitely a challenge. Ideally, you want to bring them in on the vision that is all integrated and need to work together. But it can be challenging because investors are not always aligned. It is then our job to propose the best indicators and present the integrated picture."

Fund managers who are responsible for raising funds for the blended finance vehicles and aligning the requirements of investors, can present such an "integrated picture" via the monetisation of the social and environmental returns of the projects a fund would invest in. This has been illustrated by interviewee NGO5:

"We try to present the social and environmental returns all together on 1 killer slide. We present them by demonstrating that this investment will yield X amount of carbon, X amount of trees, X amount of livelihoods and give you a X percent return, the classic three pillars."

Mismatches between investors can emerge as a result of the strict requirements of public investors and multilateral funds. This can serve as a bottleneck to make blended finance transactions at fund level a reality. This has been illustrated by interviewees NGO5 and IGO1:

"The public funders are a nightmare in comparison to the private ones. They require so much extra reporting and monitoring and there are just so much more transaction costs associated with the public funders because they have such a high level of scrutiny because it is public money which they are investing. This is good but creates a lot more bureaucracy than with a private investor that is more hands off and wants to see the impact and outputs every quarter. As an example, we have, to get this set up, funding from one public institution and private institution. The public institution requires a report every quarter and you have to submit every single receipt and even if you hit the milestone, what you have not spend, they demand back. It is just a whole bureaucratic process. The private investors just would say: have you hit the milestone? Here is the money."

"I often see a mismatch between what a public party can offer and what a private actor asks. As long as this mismatch exists, a fund can have capital, but when our criteria do not align with the requests of a client, the money won't be spend. That has been the case in a lot of instances. The demand from the government to allocate capital in a certain way is often not realistic enough as what a bank or client can do. This is a reason why money often does not flow, because objectives are often too strict. When these objectives remain too strict, the

money won't flow and the situation will remain business as usual, then nothing will change."

The strict requirements in some cases requires the fund manager to spend significant time on raising these funds as has been illustrated by interviewee PD2:

"Getting this money entails spending a lot of energy getting this public finance and grant money too. It is not money that comes for free in a sense, you need to look for it, develop proposals, write reports and convince people. That in itself is a full-time job."

Public investors can be reluctant to subsidise private sector investors that would make a profit out of the blended finance transaction. This has been illustrated by interviewees INV3 and NGO3:

"A government does not want to subsidise the private sector too much. It was a matter of finding the right compromise and there was respect because it was related to the perception of the risks of the underlying aspects for which there is a very limited track record. This was the most critical part, to find the right balance between target returns, risk protection and risk allocation between junior and senior capital."

"As I see it, most donors are quite reluctant to subsidise the returns of commercial investors. Some of them are tied by their governments and especially foundations are quite inflexible when it comes to this. Still a lot of donors are either unwilling or unable to do what theory is suggesting. They need to more trust to understand that, subsidies are essentially enabling a project rather than ensuring returns for commercial investors."

Brokerage between investors

The successful blending of investments between capital providers requires a certain type of brokerage as has been mentioned by interviewee NGO3:

"Assuming there is no rethinking of values, assuming that they play the same game as they are doing right now, the key in improving blended finance vehicles is better cooperation between various capital providers".

Interviewee IGO1, who functions as an "impartial broker", argues coordination between investors is required to stimulate the blending of investments (concept note as provided by interviewee IGO1):

"We are busy with all of these different actors to get this off the ground. In my opinion, blended finance platforms and vehicles are a milestone and something that is hopefully temporary. However, they are necessary to get this off the ground. Without them, a bank will definitely not change."

"The difficulty lies in the eventual transaction. I just had a call about one transaction which we have been working on for 20 months already. If I see how much money and time we devote to this while it is still not 100% sure that it will actually work. This is both frustrating and interesting. For me, this is the whole point and reason why started it. I am convinced that we should not solely observe but collaborate very actively with these parties."

Interviewee IGO1 mentions that providing this support does not mean investment decisions are overtaken from private investors. Furthermore, brokerage requires a certain degree of commitment from both investors and project developers. These aspects of brokerage are illustrated with quotes from interviewee IGO1:

"I find it naïve to think that UN institutions, NGOs or a thinktank is capable of telling private investors in which projects and funds they should and should not invest. You could make suggestions, but eventually you should prescribe the decisions they have to make. They are the ones that make the decisions to invest in something or not."

"We are not interested in leveraging public money without the bank providing something in return. We demand a certain type of investments from their side and that they mobilise a real team. This accounts for a rubber or palm oil producers as well. To really get this off the ground, we need a certain commitment. One thing is what they say in their policies and publications. The other side is what you see on a daily basis. If there is no commitment, we do not have to talk any longer."

Brokerage between investors consists of support in connecting with governments and multilateral funds, overcoming barriers related to the different backgrounds of stakeholders and supporting the development of funds and private investments by reducing transaction costs and supporting the development of frameworks for social and environmental returns. The broker can connect private investors with governments and leverage money from public investors and multilateral public funds. This has been illustrated by interviewee IGO1:

"We open a lot of doors. For example, for a particular fund, we have leveraged capital from the Global Environment Facility. The same accounts for BNP Paribas, we help them to mobilise capital and raise funds. Capital can flow via us or directly from the public institution to a bank, for example."

"We aim to provide support banks and companies to figure out what need to be the social and environmental conditions of an investment, what are the indicators that can be measured and how expensive is this? Then we think about what can we do to link them with potential investors such as public finance institutions, impact funds or foundations."

Brokers can facilitate transactions and collaborations between investors because of their connections with governments and financial institutions. This is mentioned in a concept note as provided by IGO1:

"We have strong links with governments and financial institutions. We have a strong track record of working with governments and the financial sector. Our regional and national offices have a range of activities on sustainable land use, agriculture, forest and LRPs."

"Our contacts with governments at (sub)national levels that have a strong political will to carry out forest and landscape restoration can be key to create and maintain political support."

Through its connections with governmental institutions, brokers can increase the political support for landscape restoration initiatives which can provide a certain legitimacy to blended finance transactions for LRPs. This has been illustrated by interviewee INV4:

"The involvement of the neutral broker works as a kind of certification for investors. Investors trust the neutral broker, so are more willing to invest in our fund because of the involvement of the neutral broker."

Furthermore, brokers can be a key factor in overcoming barriers related to the different backgrounds of the stakeholders that are involved in a blended finance transaction for LRPs. This has been illustrated by interviewee IGO1:

"They all come from a different angle. I just had a call in which I noticed the big gap between an agri-producer, a bank, a UN institution and a public financial institution like a climate fund. The challenge is to bridge these differences and investigate whether there is enough of a basis to finance a project from all different angles. This is what we try, and we try to actively broker and mediate within specific transactions. Those are not small transactions; in this case it was about 120 million dollars."

Fund managers who are responsible for designing funds and raising investments are in some cases supported by third-party companies that can structure blended finance funds. This has been mentioned by interviewees NGO5 and INV3:

"We are kind of piecing it together and understand how it works. To design this, we are working with a company that has actually helped us to structure 20 different blended finance funds. They always help and advice on different structures you can use and the different tranches within one particular fund."

"Blended finance can be supported by showcasing more and more examples and tools to refine the design of this instrument. Companies that know about management and can say what are the market practices, are very important"

because donors that are natural first-loss providers do not really know how to allocate and don't know what is acceptable and what is not. They need more market formation about this".

A broker can also have a supporting role in the development of funds for landscape restoration by which they stimulate private sector investments in landscape restoration. The broker thereby assists investors that are active in the landscape restoration sector but experience significant upfront costs as a barrier to deploy private capital. This has been illustrated by interviewee IGO1:

"The objective of our service is to increase the number of funds that invest in LRPs by providing support to investors on a cost-sharing and co-financing basis for pipeline and early stage development."

The broker also plays a role in ensuring the right social and environmental standards for blended finance funds and transactions as mentioned by interviewee INV4:

"The role of the broker is to ensure that investments really contribute to sustainability. We have developed an environmental and social framework which allows for impact measurement on three themes: sustainable and efficient agricultural production, preventing deforestation and stimulating reforestation and improving rural livelihoods. The neutral broker provides knowledge, expertise and guarantees the quality of investments."

4.3.3: Conclusion

The blending of investments takes place at both the project and fund level. At the project level, project developers can be seen as an intermediary organisation in coordinating investments. Project developers play a key role in attracting both donor money and investment capital which they coordinate and distribute over the various actors and activities in the landscape. Project developers can fund cooperatives and local businesses both in terms of donor money, investment capital and through providing technical assistance and business support. Furthermore, project developers play a role in aggregating smallholder farmers through collaborating with cooperatives. Last, project developers can support joint representation to and engagement with investors by presenting the landscape actors as a consortium. At the fund level, the fund manager and neutral broker can be seen as intermediary organisation in coordinating investments. Fund managers attract both donor money and investment capital to diversify and lower risks for private investors to incentivise them to deploy capital in funds for landscape restoration. Technical assistance facilities of blended finance funds provide donor money to support capacity building and monitor social and environmental returns. This enhances the development of "investment-ready" projects, mitigate risks and maximises social and environmental returns. Fund managers play a vital role in aligning the various requirements and priorities of investors by which they bridge mismatches between stakeholders and investors.

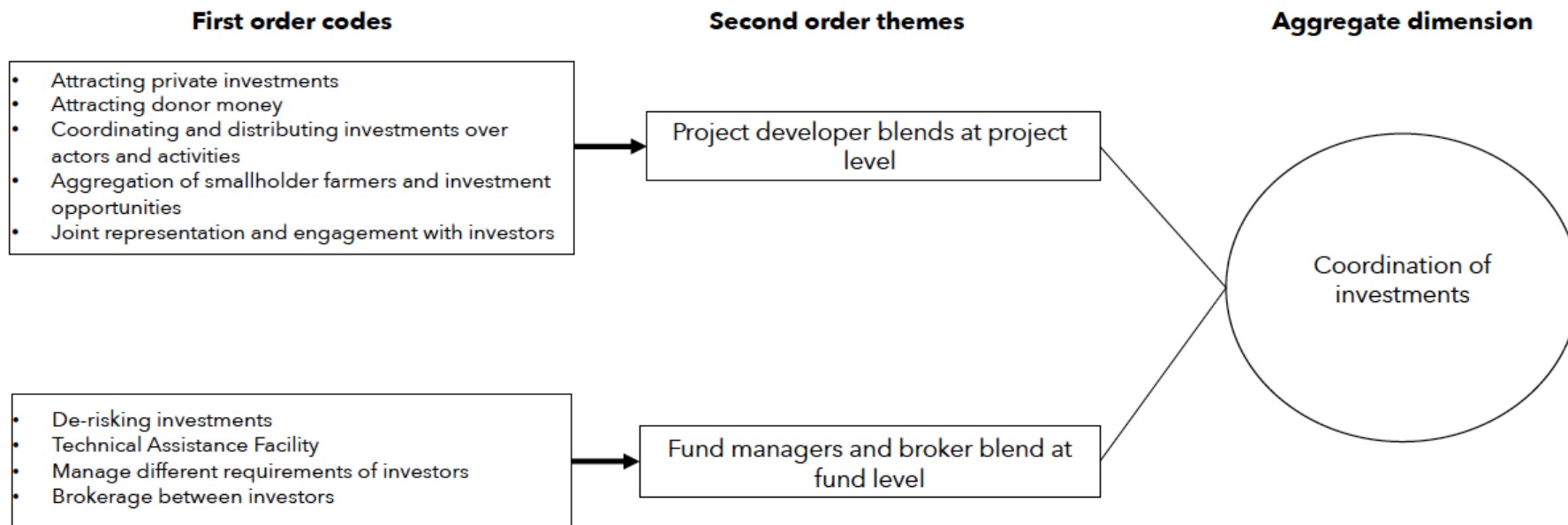


Figure 8: Data structure of coordination of investments

5. Discussion: the prerequisites, process and outcomes of successfully blending investments at fund and project level

Given the importance of the role intermediaries in the process of blending investments for LRPs on both the fund and project level, this chapter contrasts the findings of this thesis with scientific literature on CSPs, impact investing and SIBs on intermediary organisations specifically. Figure 9 outlines the role of intermediaries at both fund and project level and distinguishes between antecedents, process and outcomes. The antecedents comprise prerequisites and actors that are necessary for (hypothetical) success of blending investments for LRPs. These prerequisites are mostly outlined in the first two sections of the findings chapter. The process outlines how intermediaries operate in the blending process whereas the outcomes refer to the results. Process and outcomes mostly correspond to the third section of the findings chapter. Next to describing figure 9, this section refers to scientific literature on intermediaries and thereby discusses similarities and differences. Next, the blending process and roles of intermediaries will be contrasted with the CC of Austin & Seitanidi (2012) to demonstrate the differences in collaboration and blending at the fund and project level. Last, this section will outline the ambiguity with regards to the implementation of concepts such as blended finance and landscape restoration.

5.1: How do intermediaries blend?

This thesis distinguishes between blending at fund level in which the fund manager and broker act as intermediaries and blending at project level in which the project developer acts as an intermediary. Figure 9 shows which prerequisites in terms of actors and critical success factors are required for (successful) blending, the blending process and outcomes for both levels.

5.1.1: Blending at fund level

Antecedents

Successful blending at fund level requires an experienced fund manager, investors with various mandates and risk-return preferences, a commitment of investors and project developers and structured blended finance funds and know-how on blending.

A 'champion' fund manager needs to have experience in dealing with both (institutional) investors and project developers and have connections with both groups. Through designing, developing and managing funds, fund managers with experience in a certain region or sector can invest in various LRPs which allows investors to invest in sectors or regions they are unfamiliar with due to a lack of knowledge or experience. In this way, the fund manager has a certain bridging or connecting function by which it "spans the gap among diverse constituencies to enable coordinated action" (Brown, 1991: 808). By connecting investors with project developers and investment opportunities, fund managers play an essential role in "organising the problem domain" and connecting various actors that are unable to coordinate directly due to tradition or logistical problems (Gray, 1989; Westley & Vredenburg, 1991). The role of intermediaries in bringing together partners that are not used to work together on a transactional basis such as financial institutions and non-profit organisations has been highlighted in the literature on SIBs as well (Palandijan & Hughes, 2014). The central position of the fund manager allows it to establish "bridging ties" between global funds, investors and stakeholders at the local level through engaging with project developers (Sanyal, 2006).

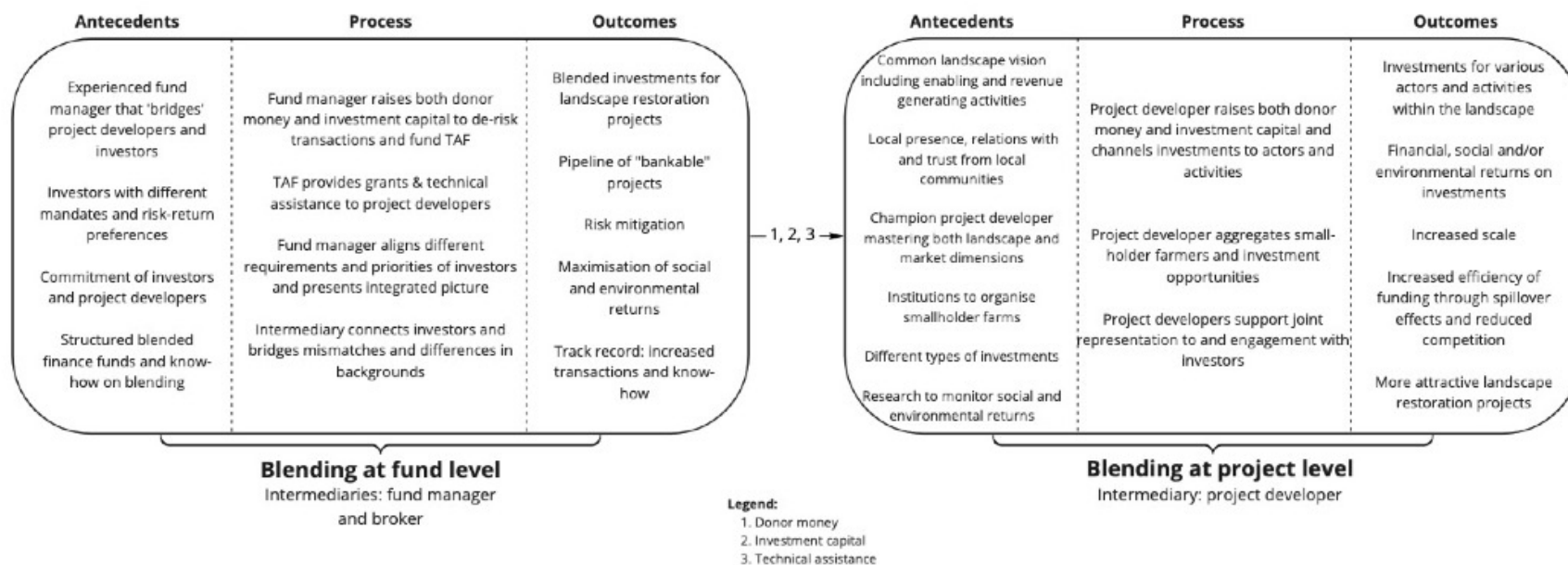


Figure 9: The role of intermediaries in blending investments at fund and project level

The bridging function of an intermediary contributes to market development for landscape restoration and enables actors to overcome a certain “disconnect in the system” (Scherr & Shames, 2014). Scherr & Shames (2014) argue that such a disconnect exists in the landscape restoration market where investors lack understanding and awareness of financing opportunities for landscape restoration and experience a lack of “bankable projects” while project developers and businesses struggle to find finance for their projects. Fund managers can act as the vital link between the various stakeholders that need to be involved for blending investments for LRPs by aligning expectations and developing a common language among stakeholder groups that is necessary to structure blended finance transactions (Bouri & Mudaliar, 2013). In this way, fund managers can contribute to a “yet to be institutionalised” market in which “significant institutional gaps such as a lack of a track record, networks deals and knowledgeable investors” lead to high transaction costs and discouragement for investors to invest in LRPs (Moore et al., 2012: 127, Wood et al., 2013, Wilson, 2014). As stated in the literature on CSPs, an intermediary organisation must enjoy convening power by which it can activate stakeholders to collaborate and facilitate relationship building and joint problem solving (Gray, 1989; Kaleongakar & Brown, 2000). Fund managers ensure such convening power by having experience in managing funds, a region or sector that (institutional) investors are unfamiliar with and through linking investors with project developers and businesses that may not be used to interact with each other or speak different languages. The legitimacy of fund managers is derived from informal authority based on their expertise, knowledge and track record of working with both investors and project developers (Stadler & Probst, 2012; Van Hille et al., 2019; Almog-Bar & Schmid, 2018).

Donor money provided by foundations, governments and philanthropists that do not necessarily require a financial return on their investments, is needed to reduce or take away the risks that impede investors that do require a financial return on investments from investing in the blended finance fund. Furthermore, donor money is necessary to finance the TAF which plays an essential role in the successful blending of investments for LRPs. A certain commitment by investors and project developers, such as installing proper teams to develop funds and transactions is a prerequisite for successful blending. Without such commitment, successful intermediation and blending of investments is unlikely. Fund managers are responsible for designing structured blended finance funds which are a prerequisite of successfully blending investments with different types of risk-return preferences. Fund managers are usually supported by private companies who advise them on how to structure funds based on market practices. In this way, fund managers contribute to a certain standardisation in the marketplace as has been argued by Nicholls (2008). Standardisation can provide essential information to investors which is a “prime need” for the development of effective blended finance transactions (Nicholls, 2008: 26). For example, donors which usually provide guarantees and first-loss protection may not know what appropriate standards are for providing such de-risking capital. By structuring funds, fund managers can contribute to the familiarisation of investors with landscape restoration and in this way facilitate transactions and contribute to market building.

Process

Fund managers blend investments at fund level by raising both donor money and investment capital, fund the TAF which provides grants and technical assistance to LRPs and aligns the different requirements and priorities of investors. The neutral broker connects investors and thereby bridges potential mismatches between them.

Fund managers are responsible for raising both donor money and investment capital for their blended finance vehicle. By bringing multiple investors together, pooling their resources and aggregating investment opportunities, fund managers play an essential role in risk-sharing and diversification for investors. Furthermore, fund managers can provide economies of scale and reduce transaction costs which makes it attractive for investors to invest in blended finance funds (Emerson & Spitzer, 2007, Nicholls, 2008). Next to enabling a diversification and sharing of risks, fund managers can lower the risks for private investors by attracting donor money that has a de-risking function. Capital that reduces risks for private investors such as loan guarantees or first-loss protections are necessary to incentivise private sector investors to deploy capital into blended finance funds. When investors experience risks due to investing in sectors that lack a track record or deem the risk-return profile of certain deals not to be attractive enough, fund managers can use donor money to make these transactions sufficiently attractive by lowering the risk or increasing the risk-return profile (Freireich & Fulton, 2009). Through structuring the fund, the fund manager can bring together various investors with different mandates and risk-return preferences that are necessary to finance different aspects of LRPs. Next to de-risking transactions for private investors, the fund manager channels donor money to the TAF.

The fund manager closely cooperates with the TAF manager in its interaction with project developers in which investments have been made. Donor money within the TAF is used to supporting the preparedness of projects, supporting the implementation of projects on the ground and monitoring social and environmental returns. The TAF complements the activities of a fund manager by providing grants and technical assistance to promising projects and partnerships. In this way, the TAF allows projects to become 'investment-ready'. The TAF contributes to the development of a pipeline of projects with sufficient "absorptive capacity" by supporting the enabling environment in regions and sectors where investments can create impact (Freireich & Fulton, 2009; Moore et al., 2012, 117). Furthermore, the TAF also serves to mitigate risks for investors by ensuring strong governance processes and technical and operational capacities of project developers through providing capacity building and technical assistance.

Fund managers need to understand and align the "unique investment preferences and regulatory conditions" of the various investors that invest in the blended finance funds (Convergence, 2018: 34). The differences in investors' risk-return preferences and social and/or environmental requirements can lead to continuous negotiation processes which, in turn, can lead to deals and collaborations falling apart (Convergence, 2018). For example, governments and foundations may not be willing to subsidise private investors too much or public investors have strict requirements which impede blended finance transactions to occur. Fund managers broker between different types of investors by presenting an integrated picture and finding a certain compromise and balance between investors. The alignment of

interests of investors corresponds to the mediator role of intermediaries as proposed by Stadler & Probst (2012). Fund managers take time to talk to investors and understand their positions. They thereby filter and interpret information and aim partners to recognise mutual interests and interdependencies such as the increased impact public and philanthropic investors can make by de-risking private sector investments which can lead to additional investments which generate social and environmental returns (Manning & Roessler, 2014). The neutrality of the fund manager in terms of being “separate and distinct in terms of resources and personnel from the core organisations it serves to link” is essential in preventing conflicts of interests between investors (Westley & Vredenburg, 1994: 68). Fund managers can prevent conflicts of interests between investors by setting reasonable standards for blending, laying the ground rules which facilitate collaboration, offering mediating services during conflicts of interests and creating an enabling environment to solve conflicts and address problems (Stadler & Probst, 2012). For example, blended finance funds usually include steering/investment committees with representatives from various organisations. Furthermore, fund managers align investors’ interests by framing an integrated vision that appeals to a wide range of stakeholders. In this way, fund managers can bring “unaware, unsure and sceptical” actors to the table to explore possibilities for cooperation (Dorado & Vaz, 2003: 141; Manning & Roessler, 2014). For example, fund managers can present LRPs to private sector investors as an additional “profitable asset class which allows for diversification of their portfolio” and focus on the social and environmental returns for public and philanthropic investors (Huwylar et al., 2016).

Neutral brokers have a role in the coordination between financial institutions and governments. Neutral brokers connect financial institutions with governments and multilateral public funds by which they support financial institutions in mobilising public funding that is necessary for de-risking transactions or ensuring the right social and environmental conditions of transactions. They can do so by for example developing social and environmental frameworks for monitoring the impact of projects in which blended investments have been made. A neutral broker derives its legitimacy from its connections and track record of working with governments and financial institutions. This corresponds to the convenor role of intermediaries as proposed by Stadler & Probst (2012). Being an IGO, the neutral broker analysed enjoyed significant legitimacy due to its commitment to development, track record in successful projects and links to national governments (Stadler & Probst, 2012). The neutral broker is able to connect financial institutions with governmental initiatives for forest and landscape restoration and ensures political support for landscape restoration initiatives. Such a political mandate can reduce the risks for investors by which the neutral broker offers some sort of risk management services as has been argued by Nicholls (2008). Furthermore, the neutral broker, is able to connect financial institutions with LRPs due to its regional and national offices by which it bridges existing gaps between project developers and financial institutions. In this way, the neutral broker can “synchronise activities across geographic and institutional distances” (Manning & Roessler, 2014: 528). The neutral broker has similar characteristics as the fund manager in bringing together actors that are not used to work together. By connecting these parties, reducing transaction costs, providing

information and facilitating transactions, the neutral broker contributes to the development of the market for LRPs.

Outcomes

The mentioned prerequisites for successful blending and the role of the fund manager and neutral broker result in several outcomes such as an increased total amount of blended investments, a pipeline of 'bankable' LRPs, risk mitigation for investors, maximised social and environmental returns and the building of a track record for LRPs. By raising both investment capital and donor money, the fund manager blends investments with different types of risk-return preferences and social and/or environmental returns. These blended investments can be channelled to project developers of LRPs which use these investments to finance their own operations and the different activities and actors in the landscape. Through both diversifying, sharing and reducing risks for private investors, fund managers are able to leverage additional private investments for LRPs which leads to increased total investments in LRPs. Furthermore, the TAF of blended finance funds leads to an increased number of projects that are able to attract private and blended investments. In this way, the TAF contributes to overcoming the bottleneck of a lack of 'bankable projects' as perceived by investors. Furthermore, through ensuring capacity building, supporting implementation on the ground and capacity building, the TAF contributes to risk mitigation for private investors. TAF also plays a role in the maximisation of social and environmental returns by (financially) supporting in implementation on the ground and monitoring of social and environmental returns. Last, successful blended finance transactions for LRPs, increased experience and standardisation of the sector contribute to the development a track record which increases experience and familiarity of investors with the sector. This in turn, can lead to additional interest from private investors in LRPs.

5.1.2: Blending at project level

Antecedents

Successful blending at project level requires a champion project developer, a common landscape vision, a local mandate, institutionalisation/organisation of small-holder farmers, different types of investments and research to monetise social and environmental returns.

Champion project developers often have a bridging function between investors and actors in the landscape. A project developer needs to design and understand the project and landscape approach. This entails having good established relationships with local actors in the landscape (e.g. cooperatives, local businesses and communities), enjoying their trust, having experience with sustainable agriculture and land-use and having an understanding of local conditions. Furthermore, project developers need to be able to bring the produced products and services to the market, be an expert in the supply chain and have relationships with financial institutions. A project developer must be able to 'speak the language of investors' and have an understanding of how to engage, report and work with them. Thus, project developers must enjoy a certain convening power which they derive from the combination of having an understanding of and relationships with both local actors

and international actors and investors (Stadler & Probst, 2012; Van Hille et al., 2019). In this way, project developers are able to “span gaps among diverse constituencies to enable coordinated action” (Brown, 1991: 808). Project developers are able to overcome a lack of engagement between local communities, business, cooperatives and financial institutions which are not used to work together and talk a different language. Furthermore, a lack of trust between these stakeholder groups can impede them from working together (Commonland, 2017). This accounts for financial institutions specifically as they are not seen as “obvious partners” by other actors in the landscape and their political power might even be perceived as threatening (Shames et al., 2014). Project developers are also well-positioned to provide the LRP with a certain outreach and legitimacy. By both understanding what happens at the local and global level, project developers can ‘translate’ what happens on the ground to the language of the international community and investors. This corresponds to the convenor role as proposed by Stadler & Probst (2012). Project developers are able to connect insights and actors from the local operations level (i.e. cooperatives, farmers, conservation NGOs) with the global strategic level (i.e. global funds, international NGOs). By understanding the “problem’s symptoms” (i.e. how land degradation affects farmers and communities on the ground) through working with local actors and the “roots of the problem” (i.e. how the international community deals with the problem of land degradation), project developers can promote systemic solutions (Stadler & Probst, 2012: 37). Being positioned at the “centre stage of development discourses” is crucial for attracting investments from for example multilateral public funds (Sanyal, 2006: 68). In this way, project developers link larger international funds that have resources but lack the local connections to implement projects with local communities that need financing but lack the ‘financial literacy’ to develop ‘bankable’ projects (Scherr & Shames, 2014).

Successful blending at project level requires a common landscape vision or plan which includes the identification of the area, actions and key stakeholders. A common vision serves to coordinate the activities of various actors that are engaged in the restoration of the landscape. Common visions that compromise both enabling, and revenue generating activities have the ability to bridge various regional initiatives on natural resource management and economic development and provide a long-term perspective for the restoration of the landscape. In this way, a common vision manages trade-offs between competing land uses, interests and policies and can serve to mobilise various stakeholders in a landscape. Common visions that are co-developed with local actors can serve to organise a problem domain and enable stakeholders to develop a common language and bridge their diverse perspectives. This corresponds to the mediator role as proposed by Stadler & Probst (2012). Through co-developing a common vision for the landscape with local actors, project developers can translate “complex and ambiguous conditions” into collaborative opportunities (Manning & Roessler, 2014: 528). By initiating the project and co-developing the common landscape vision, project developers facilitate initial discussions, help partners build relationships which helps in facilitating mutual understanding (Stadler & Probst, 2012). It is the task of a project developer to “frame visions” to appeal to a wide range of interests and concerns of the actors in the landscape (Dorado & Vaz, 2003: 141).

To be able to design and develop such a common vision, project developers must have an in-depth understanding of the local and cultural circumstances and ensure the local presence that is necessary to develop long-term and trusted relationships with communities. With regards to LRPs, a significant amount of land is owned by smallholder farmers. Successful restoration of the landscape requires the trust and conviction of local farmers and communities that the common landscape vision will benefit them. Significant time and money should be invested in ensuring that the local actors who operate in the landscape feel aligned to that vision and support the transformation to regenerative agricultural practices. Mobilising additional farmers in the landscape to transform to regenerative agricultural practices is necessary for scaling revenue generating activities that contribute to the restoration of the landscape.

Successful blending of investments also requires a certain organisation or institutionalisation of smallholder farmers. Cooperatives play a crucial role in organising farmers and producers. Cooperatives allow for the aggregation of many smallholder farmers which lead to reduced transaction costs and allow an LRP to scale. Co-designing the common landscape vision with cooperatives ensures the interests and needs of individual smallholders are represented. In this way, many smallholder farms can be mobilised under the common landscape vision. Furthermore, cooperatives can support smallholder farms in their transition to regenerative agricultural processes through providing information, (financial) support and technical assistance. A prerequisite for successful blending a project level entails a strong institutionalisation of business activities as well. Local businesses or project developers that are able buy, process and sell products from the farmers and cooperatives are necessary to ensure farmers can sell their (regenerative) products to (international) markets and finance their transformation to regenerative agricultural practices. Furthermore, local business and project developers are the most likely actors to attract private investments by ensuring both financial and social and/or environmental returns. Business and cooperative need to have strong governance processes, have a certain volume, capacity and financial management which mitigates risks for investors.

Successful blending at project level requires different types of investments for the various activities in the landscape. Revenue generating activities such as the processing and sales of products, eco-tourism, PES and microcredits are more likely to attract investment capital from investors that only invest in financially viable projects. Business development activities, restoration on the ground, capacity building and stakeholder management can be financed solely by donor money due to the absence of financial returns. Different types of investments require various investors with different risk-return preferences and social and/or environmental goals. Donor money is required to finance the activities that are required for creating an enabling environment by which revenue generating activities have lower risks, benefit local communities and do not compromise social and/or environmental returns. Attracting different types of investments requires research to monetise social and environmental returns that is required by investors that seek those returns in their investment decisions. Project developers need to demonstrate they fulfil to the criteria of investors and demonstrate their activities contribute to the social and

environmental requirements of investors. Project developers have to measure, monitor and report on these returns which can be done via research or the certification of the products that are sold to (international) markets.

Process

Project developers play a key role in attracting both donor money and investment capital which they coordinate and distribute over the various actors and activities in the landscape. Project developers support cooperatives and local businesses with donor money, investment capital and through providing technical assistance and business support. Furthermore, project developers play a role in aggregating smallholder farmers through collaborating with cooperatives and support joint representation to and engagement with investors by presenting the landscape actors as a consortium.

Project developers attract donor money for the LRP to finance activities that are not suitable for attracting investment capital such as restoration of the landscape, building a proof of concept, technical assistance and stakeholder management. Donor money can also be used to create more attractive risk-return profiles of investments for private investors by providing de-risking capital as is done within blended finance funds. Next, project developers attract investment capital to finance activities that can demonstrate both financial and social and/or environmental returns. Project developers are able to attract these different types of investments by designing projects with (various) revenue streams (e.g. sales of products, microcredits, PES) and activities that align with the social and environmental goals of investors. Project developers distribute these investments over the different actors and activities within the LRP that align with the common landscape vision. Investment capital and donor money can be used to cover the operations of the project developer in supporting local actors on the ground such as cooperatives and businesses. Project developers also support local actors financially by providing (soft) loans or becoming shareholders of local businesses. In cases where these institutions are not existent, project developers can play a role in the design and development of cooperatives and local businesses. Project developers often co-design these institutions with farmers, local communities and NGOs as part of the common landscape vision. Project developers are essential in providing funding for the development of these organisations as they cover the operational expenses and hiring of personnel at the beginning. In the development of these institutions, project developers can play an essential role in overcoming barriers to collaboration due to tradition or mistrust (Gray, 1989). For example, project developers can bring together various stakeholders to jointly form cooperatives or businesses in a setting where there is a perceived lack of trust of any type of business activity.

Project developers play an important role in aggregating smallholder farms through working with cooperatives. Project developers aggregate smallholder farms by receiving designated funds from (international) investors and subsequently providing loans to cooperatives which in turn provide microfinance to the farmers and producers. This enables smallholder farmers to finance their transformation to sustainable agricultural production. Working with cooperatives enables the project developer to reach many smallholder farms whilst ensuring their interests are

represented. Project developers are able to aggregate various cooperatives and, in this way, reach a certain scale that is attractive for certain types of investors. Project developers play a key role in facilitating transactions by linking these cooperatives with investments they otherwise would not easily have access to due to a lack of familiarity or connection (Nicholls, 2008). Furthermore, aggregation allows the project developers to reduce the transaction costs of operations as the management of microcredits is done by the cooperatives themselves.

The variety of actors in the landscape may represent themselves and the various activities in the landscape to investors as a consortium. By joint representation and engagement with investors, actors are able to draft a more compelling story towards investors by emphasising potential synergies and the complementarity of the activities in the landscape. Actors may jointly apply for proposals as they see the value in each other's projects and in this way increase the chances of getting funding for their activities. Project developers may play a role in facilitating conversations between these actors and aligning their interests under the common landscape vision.

Outcomes

The (successful) blending process leads to various results. First, through designing an LRP and blending different types of investments, the project developer is able to attract and distribute investments which support the various actors and activities within the landscape. Non-revenue generating activities such as stakeholder management, building a proof of concept, the restoration of the landscape and capacity building are financed with donor money. These activities contribute to creating an enabling environment for attracting (larger scale) private investments on a later stage. Activities that create an enabling environment, such as capacity building for cooperatives which leads to enhanced governance processes and management of finance, mitigate the risks for investors which makes for more attractive LRPs. Local actors who may not be able to attract certain types of investments are supported by the project developer which has connections to these investors and provides the project with a certain outreach and legitimacy. Second, the various activities within the LRPs contribute to both financial and social and/or environmental returns. Revenue-generating activities ensure a financial return for investments while contributing to social and environmental goals while the non-revenue generating activities generate social and/or environmental returns directly or ensure the revenue-generating activities do not compromise these types of returns. Next, by aggregating smallholder farmers through working with cooperatives, project developers are able to design a project with a certain scale that is appealing to certain types of investors. Some investors are solely willing to invest a minimum amount of capital due to high transactions costs for smaller investments. By reaching many smallholder farmers, project developers can design a project with a scale that corresponds to the preferred investment sizes of certain investors. This allows for larger amounts of investment capital to flow in the project. The combination of a certain scale, reduced risk and enhanced social and environmental returns makes for more 'attractive' LRPs. Last, by coordinating and distributing investments, project developers can support increased efficiency of funding, reduced competition between actors applying for same types of funding and positive spillover effects of activities that happen in the landscape.

5.2: Collaboration dynamics of blending at the fund and project level

The process of blending and the way actors collaborate at fund and project level differ in terms of commitment, complexity and value creation. The blending processes can be placed in different stages of Austin & Seitanidi's (2012) CC. This section argues that blending at fund level has more characteristics of a transactional collaboration while blending at project level is more transformative in nature.

Blending at fund level allows investors to indirectly invest in projects in regions or sectors they are unfamiliar with via a fund manager. The fund manager is entrusted with both investment capital and donor money of various investors to invest in projects that correspond to their risk-return preferences and social and/or environmental goals. Collaborations between fund managers, investors and project developers provide clear benefits to each party involved. Furthermore, actors are dependent on each other for successful value creation with regards to investing in projects that generate both financial and social and/or environmental returns (Austin, 2003, Austin & Seitanidi, 2012). Investors are able to invest in projects that correspond to their risk-return preferences and social and/or environmental goals without having expertise in a certain sector or region. Investing via a fund manager connects investors with projects developers which may not be experience or familiar in working with each other. Fund managers ensure the monitoring of social and environmental returns and thereby ensure investors invest in projects that correspond to their criteria without having to monitor a multitude of projects themselves. In this way, fund managers make use of their core competencies rather than solely facilitating a monetary transaction. Nevertheless, the relationships between investors, fund managers and project developers are primarily focused on a monetary transaction of donor money or investment capital. The relationships are built upon the wish or necessity of investors to deploy capital in projects that require both financial and social and/or environmental returns and the financial needs of project developers to sustain their operations and finance the various actors and activities in the LRP. This type of collaboration corresponds to the resource-dependence platform as conceptualised by Selsky & Parker (2010). Resource dependent collaborations are built upon organisational needs, are used by organisations to sustain their activities and are easily dissolved when objectives are met.

Blending at project level corresponds to an integrative or transformative type of collaboration which is characterised by increased complexity, mission alignment, deeper relationships and higher level of trust and interaction (Austin & Seitanidi, 2012). At the project level, project developers collaborate with a multitude of stakeholders from various societal process such as cooperatives, local businesses, investors, smallholder farmers and governments. The involvement of such a variety of actors makes for a complex collaboration as they potentially speak different languages, are not used to collaborate with each other and may have different interests in the landscape. As Gray & Stites (2013) argue, issues that are more complex and urgent are usually characterised by the involvement of actors from many societal sectors. The urgency and complexity of landscape restoration for smallholder farmers, communities, (local) governments and companies that source products or have operations in the landscape explains the involvement of the multitude of actors involved in LRPs. By jointly developing a common landscape vision, actors with diverse

interests articulate and identify the social problem of landscape degradation. The drafting of such a mission allows smallholder farmers, cooperatives and businesses to discover linked interests which lays the basis for further collaboration (Austin & Seitanidi, 2012). Furthermore, such a vision emphasises the relevance of the restoration of the landscape for each individual organisation or stakeholder group (Selsky & Parker, 2010). The common landscape vision, including various activities, also provides actors with more specific roles and requirements in terms of addressing the issue of landscape degradation. In terms of the mission alignment of the collaboration and its partners, the outcomes of the LRP are of direct relevance for the actors that solely operate in the landscape such as local farmers, cooperatives and local businesses. For these actors, there is a direct connection with the common landscape vision and their own missions. Collaborations at the landscape level are characterised by high levels of interactions between the project developer, (conservation) NGO, cooperative and local business. These interactions can lead to the development of new organisations such as local businesses and cooperatives that were not present before drafting the common landscape vision. The development of entirely new hybrid organisations such as local business of which both smallholder farmers, the project developers and the (conservation) NGOs are shareholders can be seen as a result of a transformative collaboration (Austin & Seitanidi, 2012).

6. Conclusion

This chapter provides an answer to the research question: *"How do stakeholders collaborate to blend investments for landscape restoration projects?"* by referring to the various sub-questions on the required stakeholders and their roles, the various activities within LRPs and the role of an intermediary organisation. Furthermore, this chapter highlights the limitations of this thesis and provides avenues for future research. The chapter will conclude this thesis by outlining its scientific and managerial implications.

6.1: How do stakeholders collaborate to blend investments for LRPs?

Successfully blending investments for LRPs requires the involvement of actors from various societal spheres which each have specific roles in the various activities that fall under the LRP. Based on an analysis of seven cases and insights from various experts, this thesis distinguishes between four stakeholder groups. Project developers (e.g. private companies, NGOs, microfinance institutions or multi-stakeholder steering groups) design, develop and operate the main aspects of an LRP. Project developers function as an intermediary at project level by attracting both donor money and investment capital, coordinating and distributing these investments over the various actors and activities within the LRP and aggregating smallholder farmers through collaborating with cooperatives. Actors that operate within the landscape such as (conservation) NGOs, cooperatives, business development entities, local businesses and smallholder farmers are required for having the social license to start LRPs as they are crucial in the organisation and mobilisation of smallholder farmers and communities. Local actors are responsible for various activities within the LRP such as restoration activities, the processing and sales of products, capacity building, supporting farmers in their transition to regenerative agricultural practices and the development of new organisations such as cooperatives and businesses. Actors that surround the landscape may have operations in the landscape such as the sourcing of natural resources and raw materials but play a less crucial role than local actors or have operations elsewhere as well. This group of actors may provide funding to stimulate activities within the LRP that reduce their operational or reputational risks or carry out research activities to monitor progress in the restoration of the landscape and measure and monitor social and/or environmental returns. The group of investors consists of investors with different mandates, risk-return preferences and social and/or environmental goals. Investors can invest directly in the LRP through investing in project developers, local businesses, (conservation) NGOs and cooperatives or deploy capital in a blended finance fund that invests both donor money and investment capital on their behalf. Within blended finance funds, different types of investments are blended to either mitigate risks for private investors or finance the TAF which provides donor money and technical assistance to promising projects and partnerships and supports implementation on the ground.

The various value generating (e.g. sales of products, microcredits, PES, eco-tourism and land acquisition) and non-value generating activities (e.g. capacity building, restoration of the land, stakeholder management, business support) that are part of the common landscape vision complement each other. Revenue generating activities allow project developers and businesses to attract blended and private investments. Activities that create an enabling environment increase the risk-return profile of the LRP, (in)directly support the revenue-generating activities and ensure the maximisation of social and environmental returns of the LRP.

The blending of investments for LRPs requires intermediation as the multitude of stakeholders required for successful blending are not connected, do not speak the same language or are not used to work together. Intermediaries play a crucial role in organising the problem domain by bringing these actors together and aligning their interests. This thesis distinguishes between blending at fund level in which the fund manager and neutral broker act as intermediaries and blending at project level in

which the project developer acts as intermediary. The necessary actors, critical success factors, as well as the blending process and outcomes differ given the level of blending. Blending at fund level requires a fund manager that is able to connect project developers with institutional investors. Fund managers need to be able to bridge the gap between investors that may not be used to invest in LRPs and project developers that lack the financial literacy to develop 'bankable' projects and struggle to attract large-scale private investments besides public and donor money. Next, blending at fund level requires investors that do not only seek financial returns on their investments as certain aspects of LRPs and activities required to develop 'bankable' projects can solely be funded with donor money. Next, successful blending at fund level requires a certain commitment from investors and project developers as well as structured blended finance funds and know-how of investors what are appropriate standards for blending. In the blending process itself, the fund manager attracts both donor money and investment capital. Donor money is used to mitigate or eliminate the risks that impede private investors from investing in landscape restoration or make return profiles of transactions more attractive. Donor money is also used to finance the TAF which monitors social and environmental returns and financially supports projects that are not 'investment-ready'. Investment capital is pooled to share and diversify risks for investors and reduce transaction costs. In this way, a fund manager allows investors to invest in LRPs that align with their risk-return preferences and social and/or environmental goals without having expertise in the sector or the ability, connections or willingness to engage with project developers directly. Fund managers align the different investment mandates and risk-return preferences of investors by investing in various projects, presenting an overall picture and find a certain balance and compromise between investors. Next to fund managers, neutral brokers play an essential role in connecting different types of investors and facilitating transactions. Through having relationships with both financial and governmental institutions, the neutral broker is able to leverage public and philanthropic funding for LRPs that is necessary to de-risk transactions, ensure the political support for landscape restoration initiatives and ensure the right social and/or environmental conditions of transactions. Through their connections and international offices, neutral brokers can connect financial institutions with project developers and landscape initiatives on the ground. Successful blending at fund level leads to an increased amount of blended investments to LRPs, a pipeline of 'bankable' LRPs, mitigated risks, enhanced social and/or environmental returns of LRPs and the building of a track record by increased transactions, know-how and standardisation of blended finance transactions for LRPs.

Blending at project level requires a champion project developer that through its experience in dealing with investors and having an understanding of the local conditions of the landscape, is able to bridge the gaps between these stakeholder groups. Successful blending at project level also requires a common landscape vision that overarches the various activities, a certain institutionalisation or organisation of smallholder farmers and different types of investments that can be used to finance the various activities of the LRP. In the blending process, project developers attract both donor money and investment capital which they coordinate and distribute over the various actors and initiatives in the landscape. Project developers can support local actors in the landscape financially and via capacity building activities, institution

building and through providing business support. An important aspect for blending at project level is the aggregation of smallholder farmers within cooperatives. Such aggregation enables project developers to reach the many smallholders that are necessary to restore the landscape and reach a scale that aligns with the preferred investment sizes of some (institutional) investors. Last, blending at project level can be done by local actors that jointly engage with investors while bidding for proposals and attracting funding. Successful blending at project level leads to donor money and investment capital for the various activities that are part of the LRP which create both financial and/or social and environmental returns for investors. The aggregation of smallholder farmers ensures a certain scale of the LRP that reduces transaction costs for both investors and project developers and makes the LRP more attractive for certain types of investors. Last, coordinating and blending investments at project level lead to increased efficiency and reduced competition of funding as activities for which funding is attracted complement each other and can lead to positive spillover effects to other actors and activities in the landscape.

6.2: Limitations

The various limitations of this thesis need to be kept in mind while interpreting the main findings and conclusions of this thesis. These limitations include the variety in the cases analysed, lack of in-depth participant observation, the analysis of the role of the neutral broker and potential bias of the researcher.

First, this thesis analysed various cases including some that strongly varied in terms of actors involved, types of investments and scale of blending. The differences in the cases result from the ambiguity in the implementation of concepts such as blended finance and landscape restoration. With regards to blended finance, different actors and initiatives that blend investments use different definitions interchangeably as mentioned by Pereira (2017). Some LRPs solely made use of public investments as there were no (major) revenue-generating activities that were part of the LRP. The presence of revenue-generating activities within an LRP strongly influences the actors involved, the types of investments that are attracted and the process of blending investments. Some practitioners and scholars may not characterise these projects as projects which attract blended finance when their definition and understandings of blended finance requires the goal of leveraging private capital for impact investments (Pereira, 2017). The ambiguity on the implementation also applies to the concept of landscape restoration. Actors and LRPs that were analysed as part of this thesis showed different understandings of landscape restoration and used various definitions (e.g. sustainable land-use, ecosystem restoration and integrated landscape management). These different understandings have an influence on how projects are financed or implemented on the ground. For example, various interviewees expressed the lack of experience with or clarity of landscape approaches as illustrated by interviewees IGO1 and NGO5:

"I find the idea of a landscape a very vague concept. An investor usually does not invest in a landscape, but in a company or a certain amount of land."

"I hear some people talking about landscape scale blended finance. I think that there is a lot of talk about it, but I have yet to see or really understand what this exactly means. This obviously means taking like a county and develop an integrated plan in which investments can be made in private actors and others that need grant money. I am yet to really see one of this operating at a big scale. The biggest ones you see are nested under REDD+ projects whereby the sale of carbon is the overarching thing which drives the landscape scale project. I think these projects do not even include any type of private investments."

Not having a landscape approach strongly affects the collaborations between stakeholders and the blending process. Many of the mentioned activities in this thesis such as drafting a common landscape vision which includes various activities that are implemented by a variety of actors whilst being financed and coordinated by a project developer, would not necessarily correspond to projects that do not adopt a landscape approach. Furthermore, the cases analysed also strongly differed in terms of institutionalisation and degree of landscape degradation. For example, one case solely invested in cooperatives with a certain volume, capacity and financial management. This allowed the LRP to deploy large amounts of private capital without the necessity of substantial donor money to finance activities that created an enabling environment for these types of investments. In cases with severe landscape degradation, a lack of trust between stakeholders and the absence of institutions such as cooperatives and local businesses, significant donor money was required to develop a common landscape vision, mobilise and organise actors on the ground. Several years of building a proof of concept and stakeholder management are necessary before investments that require a financial return on investment can be attracted. This has been illustrated by interviewee NGO6:

"Our landscape was very productive 50 years ago. However, as it is completely degraded, almost nothing is possible anymore. If we can successfully restore nature and agricultural production sites, there is potential. But, is the potential as big as in landscapes where soil is really fertile and there is three times as much rain? If I would be an investor and had to choose between our landscape where it barely rains and where the land is completely degraded, or between a region in South-America where they just cut down rainforest and will start to produce corn or palm oil? I would invest in that region if I would solely seek financial returns. The production in these landscapes is many times higher, but that is not the investment we are looking for. One has to realise that there is a reason why the land is so degraded. To generate financial returns on investment, we first have to repay the ecological and social debts and then there is a potential to earn something."

As some cases in hindsight did not necessarily adopt a landscape approach, solely involved the blending of public and philanthropic investments or differed strongly in terms of 'readiness' or institutionalisation, the framework as provided in figure 5 and blending processes at project and fund level in figure 9, do not demonstrate the specifics of all cases analysed. For example, most cases also involved a great amount

of direct investments made in local actors in which the role of an intermediary is absent or limited. Having this limitation in mind is important as it makes the reader realise the presented frameworks and figures do not represent blueprints for blending investments for all LRPs. There are different actors, collaborations and blending antecedents, processes and outcomes for each specific LRP. Nevertheless, this thesis provides an overview of the most important actors, activities and a general impression of the blending processes and the role of intermediaries in blending investments at both fund and project level. The generalisability of the findings of this thesis to all LRPs is thereby limited. Nevertheless, the inclusion of multiple cases and units of analysis within thesis, which corresponds to a more positivistic case study design, does enhance the robustness of the findings (Yin, 1994).

Second, although this research triangulated various data sources, it lacks 'in-depth' participant observation as a data source. This thesis aimed to prevent potential biases from solely using a specific data source such as interviews. Through triangulating various data sources such as interviews, documents and participant observation, findings were cross-checked which has led to a more complete and holistic understanding of how investments are blended for LRPs. Nevertheless, participants have solely been observed in one meeting and conference call. These meetings served to exchange information on attracting private investments for conservation and sharing and disseminating best practices for the sake of knowledge development. No actual behaviour between stakeholders in the blending process at fund or project level has been observed due to privacy issues and a lack of time and resources. Attending meetings which concerned the actual blending of investments such as negotiations, meetings between fund managers, investors and project developers or meetings of the project developer with actors that operate in the landscape might have led to a more nuanced view of the reality of blending investments at both fund and project level.

Third, this thesis only conducted one interview with and gathered documents from one actor that performed the role of a neutral broker. Furthermore, its role has solely been analysed on a general level rather than in a specific transaction or LRP. Analysing the role of various neutral brokers or the role of a neutral broker in a specific transaction may have led to more in-depth insights in the role of the neutral broker in blending investments at fund level. The role of the analysed IGO as a neutral broker within a specific transaction has not been analysed thoroughly due to time constraints and the fact that the importance of brokerage at fund level came to the researcher's attention at a fairly late stage of the research process. Including cases in which the neutral broker connected different investors and facilitated transactions may lead to different and more in-depth insights than have been found within the scope of this thesis.

Last, researcher bias may have had an impact on the findings of this thesis. The analysis and interpretation of the data is undeniably influenced by the personal involvement of the researcher with stakeholders during participant observation, the type of questions asked and the language, models and theory that structured the study in the first place (Saldaña, 2015). For example, personal definitions or understandings of blended finance and landscape restoration may have influenced the coding process in which some aspects were emphasised, and others were

deemed less important. Researcher bias may have resulted in leaving out some aspects of the blending of investments which may be considered as relevant for others. As the coding process resulted in structuring the most important findings and conclusions of this thesis, the “subjectivities, personalities and predispositions” of the researcher may have had a large influence of the outcomes of this thesis (Saldaña, 2015: 7). A specific example may be the researcher’s definition on landscape restoration. This thesis has been produced in collaboration with Commonland which has its own understandings and conceptualisations of what landscape restoration means and how it is best implemented. By collaborating with Commonland from the beginning, the researcher may have been influenced in its understanding of landscape restoration which may have led to a biased processing and coding of documents and interviews.

6.3: Future research

The mentioned limitations provide avenues for future research. First, future research may adopt a stricter definition of blended finance and landscape restoration and solely compare similar LRPs. This would increase the measurement validity of the found results as such a research design would start with a greater consensus on the definitions for landscape restoration and blended finance. This would affect the subsequent selection and exclusion of specific cases. In this way, research can generate more specific insights on different types of LRPs. For example, ones that adopt similar landscape approaches, have similar degrees of institutionalisation and involve blending of both public and private investments. Such a research design may generate relevant insights in the differences in blending processes between these different types of LRPs. A potential interesting research could compare the effectiveness of projects that strictly adopt a landscape approach and ones that do not. An investment in land restoration without the necessity of involving many different actors and drafting a common landscape vision may potentially require less time and resources to develop but may generate less social and/or environmental returns. Such a study could compare landscape restoration projects with land restoration projects and compare the differences in required input (e.g. actors, resources and time) and output (e.g. financial, social and/or environmental returns). This may be done both qualitatively and quantitatively. Comparing land restoration projects with LRPs may generate interesting insights in whether adopting a landscape approach is worth devoting additional time and resources to generate potential additional social and environmental returns. Next, including more in-depth participant observations as a data-source could lead to additional insights in the role of actors in blending investments for LRPs. Through attending meetings, researchers might gain increased understandings on how stakeholders collaborate by experiencing how the blending of investments is coordinated in reality. Such a research may focus on the role of intermediaries exclusively and use the insights from this thesis as a starting point for analysing the role of an intermediary at fund and project level more in-depth. Last, as mentioned in the limitations section, future research could focus on including more specific cases in which a neutral broker had a clear influence on the blending process. Such a research design could generate additional insights on the importance and role of a neutral broker in blending investments at fund level.

6.4: Scientific implications

This thesis generated various insights that can contribute to theory on CSPs, SIBs and impact investing. Findings of this thesis mainly contribute to the scientific debate on the role of intermediaries as they expand our knowledge on the requirements and roles of intermediaries in blending investments for LRPs. As mentioned, much scientific attention has been devoted to the importance and requirements of intermediaries in facilitating effective collaboration (Gray, 1989; Dorado & Vaz, 2003; Selsky & Parker, 2005; Stadler & Probst, 2012; Manning & Roessler, 2014, Hille et al., 2018). Findings of this thesis confirm the several requirements intermediary organisations should have. First, both project developers, fund managers and neutral brokers have a certain convening power to activate stakeholders and facilitate relationship building (Gray, 1989, Stadler & Probst, 2012; Almog-Bar & Schmid, 2018). Project developers, fund managers and neutral brokers enjoy such convening power through their large networks with actors from various societal spheres, commitment to landscape restoration and links to key organisations such as the United Nations and national governments (Almog-Bar & Schmid, 2018). Project developers, fund managers and neutral brokers derive their legitimacy based on the ability to connect stakeholders that are normally disconnected and not used to work together. For example, project developers and fund managers derive their legitimacy through combining their expertise on landscape restoration with their experience in dealing with (institutional) investors. The positions of project developers, fund managers and neutral brokers allow them to establish “bridging ties” between stakeholders at various levels and “fill the crucial structural gap” that is created by separating local NGOs with global funding agencies (Sanyal, 2006: 68). For example, through having an understanding of the world of (international) investors and the local actors and circumstances in the landscape, project developers are well positioned to connect investors that seek investments with both financial, social and environmental returns and projects that “urgently need financing” for their projects (Scherr & Shames, 2015: 26). Fund managers ensure convening power by having experience in managing funds, a region or sector that (institutional) investors are unfamiliar with. The legitimacy of fund managers is derived from informal authority based on their expertise, knowledge and track record of working with both investors and project developers (Stadler & Probst, 2012; Van Hille et al., 2019; Almog-Bar & Schmid, 2018). Second, this thesis confirmed that intermediaries are expected to have a neutral position to successfully intermediate (Van Hille et al., 2019). For example, fund managers play a key role in aligning the interests of investors within blended finance funds by setting standards for reasonable blending and offering mediating services in case of conflicts. Nevertheless, fund managers have “vested interests” in the blending of investments as well (Van Hille et al., 2019: 318). Fund managers need to balance between their own interests, ensuring successful blending of investments for LRPs, and the interests of investors that invest in the blended finance fund. This thesis thereby confirms the “neutrality-stake-holding tension” of Van Hille et al. (2019) which state that intermediaries experience tensions when being a partner in the CSP itself instead of being a neutral third-party. Third, the findings of this thesis confirm the notion of Manning & Roessler (2014) that the process of intermediation should be studied as a collective activity rather than an individual endeavour. This thesis found that various

organisations can have the role of an intermediary within the same CSP. The process of intermediation is characterised by an implicit division of labour between different intermediaries (Manning & Roessler, 2014). Project developers, fund managers and neutral brokers have different roles in the blending of investments which are complementary to each other. The intermediaries analysed within this thesis were both part of the CSP and neutral third parties. This confirmed the notion of Westley & Vredenburg (1991) and Van Hille et al. (2019) that intermediaries can either be neutral third parties which are separate and distinct in terms of resources and personnel from the core organisations it serves to link or part of the partnership itself. Neutral brokers are separate and distinct in terms of resources and personnel from the organisations in the CSP while project developers and fund managers are more directly involved. Fourth, this thesis shows that intermediaries are of vital importance in organising the problem domain and span the gaps between “diverse constituencies” when organisations are unable to span the entire problem domain (Brown, 1991: 808; Stadler & Probst, 2012; Van Hille et al., 2019). Due to the multitude of actors required for successful blending of investments for LRPs and the gaps between them in terms of connections, experience in working together, cultures and language, project developers, fund managers and neutral brokers play a key role in organising the problem domain of financing landscape restoration. By framing visions that appeal to a wide range of stakeholders, for example through developing a common landscape vision or aligning the interests of investors, intermediaries can bring “unaware, unsure and sceptical” actors together to explore possibilities for collaboration (Dorado & Vaz, 2003: 141). This thesis thus validated the importance of the role of intermediary organisations in collaborative contexts between actors of various societal spheres. Last, as has been mentioned by Stafford et al., the role of intermediaries in environmental sustainability has “typically been ascribed to governmental institutions and environmental groups” (Stafford et al., 2000: 28). Less is known on the role of intermediary organisations from the private sector. This thesis analysed the role and requirements of intermediaries from the private sector (i.e. fund managers and some project developers). Nevertheless, no significant differences in the role and requirements have been found for these types of intermediaries. The roles and requirements largely correspond to what has been proposed by CSP scholars (Gray, 1989; Dorado & Vaz, 2003; Stadler & Probst, 2012; Manning & Roessler, 2014; Van Hille et al., 2019).

The findings of this thesis confirm the various roles intermediaries can have within CSPs such as the initiator of the CSP and the convenor, mediator and learning catalyst as proposed by Stadler & Probst (2012). First, project developers often have an initiating and driving role within the LRP by designing and managing LRPs and co-developing common landscape visions (Maillard & Cheung, 2016). Second, this thesis confirms the convening role that intermediaries have within CSPs. Both project developers, fund managers and neutral brokers play an essential role in connecting different stakeholders. Through their network and connections with governments, global funds, investors and local actors, fund managers, project developers and neutral brokers can identify and bring relevant stakeholders to the table. For example, based on their position at the “centre of development discourses”, project developers are able to connect insights and actors from the local operations level (i.e.

cooperatives, farmers, conservation NGOs) with the global strategic level (i.e. global funds, international NGOs). By understanding the “problem’s symptoms” (i.e. how land degradation affects farmers and communities on the ground) through working with local actors and the “roots of the problem” (i.e. how the international community deals with the problem of land degradation), project developers can promote systemic solutions (Stadler & Probst, 2012: 37). The position of both project developers and fund managers is crucial for attracting investments from for example multilateral public funds and investors that are not used to invest in LRPs. In this way, project developers link larger international funds that have resources but lack the local connections to implement projects with local communities that need financing but lack the ‘financial literacy’ to develop ‘bankable’ projects (Scherr & Shames, 2014). The neutral broker also has a convening role by connecting investors, fund managers and project developers with other initiatives and programmes. For example, the neutral broker analysed has been able to leverage capital from multilateral public funds for private investors that aimed to invest in LRPs. The neutral broker also linked investors with governments, projects and national and regional offices by which it “synchronises activities across geographic and institutional distances” (Manning & Roessler, 2014: 528). Project developers also have a convening role by co-developing common landscape visions with local actors. In this way, project developers can translate “complex and ambiguous conditions” into collaborative opportunities (Manning & Roessler, 2014: 528). By initiating the project and co-developing the common landscape vision, project developers facilitate initial discussions, help partners build relationships which helps in facilitating mutual understanding (Stadler & Probst, 2012). It is the task of a project developer to “frame visions” to appeal to a wide range of interests and concerns of the actors in the landscape (Dorado & Vaz, 2003: 141). Third, this thesis confirmed the role of a mediator primarily through the role of the fund manager in aligning the interests of investors and acting as a neutral party within the blended finance fund. Through engaging with investors, filtering and interpreting information, fund managers have a role in discovering mutual interests and interdependencies such as the increased impact public and philanthropic investors can make by de-risking private sector investments (Manning & Roessler, 2014). The neutrality of the fund manager in terms of being “separate and distinct in terms of resources and personnel from the core organisations it serves to link” is essential in preventing conflicts of interests between investors (Westley & Vredenburg, 1994: 68). Fund managers can prevent conflicts of interests between investors by setting reasonable standards for blending, laying the ground rules which facilitate collaboration, offering mediating services during conflicts of interests and creating an enabling environment to solve conflicts and address problems (Stadler & Probst, 2012). For example, blended finance funds usually include steering/investment committees with representatives from various organisations. Last, fund managers and project developer showed some characteristics of a learning catalyst (Stadler & Probst, 2012). Fund managers can provide investors with knowledge on the landscape restoration sector and region-specific context information based on research, expertise and experience in dealing with a wide range of investors and project developers. This enables fund managers to identify relevant investment opportunities that correspond to the requirements of investors that are lacking expertise and

experience of investing in landscape restoration or a specific region. Furthermore, project developers are well-positioned to disseminate best practices and lesson-learned within the LRP to a wider audience as project developers provide a certain outreach and legitimacy to LRPs (Stadler & Probst, 2012). By having an understanding of what happens on the ground, project developers can translate this to the language of the international community and investors. Endorsements from the international community and international NGOs can be relevant for international recognition and corresponding investment opportunities.

Next to the role and requirements of intermediary organisations, this thesis validated the conceptualisation of different types of collaborations as proposed by Austin & Seitanidi's (2012) CC. This thesis found that collaborations between actors who are involved in blending investments at fund level show characteristics of a transactional partnership. Although actors within such collaboration increasingly use their core competencies and the collaboration goes beyond a monetary transaction, blending at fund level is focused on 'channelling' investments or deploying capital from investors via fund managers into LRPs. The collaboration is inherently built upon the wish of investors to invest in funds and projects that generate financial, social and/or environmental returns and the financial needs of project developers to sustain their operations and finance the actors and initiatives within the LRP. The collaboration is thus merely built upon organisational needs to sustain activities rather than transforming the way of social value creation (Austin & Seitanidi, 2012). Blending at project level shows more characteristics of a transformative collaboration as the collaboration is more complex, urgent and has a greater focus on social value creation. This leads to higher levels of interaction between actors, the creation of new hybrid organisations and the strong alignment of missions from individual organisations and the CSP. This thesis has found that within CSPs that work towards the same ends, there can be a difference in the nature of collaboration in terms of commitment, complexity and social value creation. In this way, it validated the notion of Austin & Seitanidi (2012) that collaborations are multifaceted and can have characteristics of various stages of collaborating.

6.5: Managerial implications

Through combining insights from seven cases and various experts on landscape restoration and blended finance including investors, NGOs, fund managers, project developers and an IGO, the findings of this thesis contribute to our understanding on how stakeholders can successfully blend investments for LRPs. This thesis has generated relevant insights with regards to real-life practicalities of blended finance, the role of project developers, fund managers and neutral brokers as intermediaries and the ambiguity related to the implementation of projects on a landscape scale. The section concludes with various critical success factors for successfully blending investments for LRPs. Although the idea of blended finance, making more efficient use of public and philanthropic resources to leverage large-scale private investments that generate social and/or environmental returns, may sound compelling to many actors, the market for blended finance and landscape restoration is at a very early stage of development (Maillard & Cheung, 2016). Blended finance transactions still represent a small percentage of the total financing needs for the SDGs, the amount of

transactions is limited and there is a lack of data, results and coordination (GIIN, 2003; Blended Finance Taskforce, 2017). The nascent state of blended finance has been mentioned by interviewees IGO1 and NGO2:

"It is good that we talk about blended finance, but eventually there are very few transactions that have been done in this field. I know about a transaction of one fund. However, blended finance as such is really almost nothing yet. There mainly is some interest and commitment from governments and banks, but in terms of transactions there is almost nothing."

"There is a lot of talk on blended finance, but not a lot of action. There are funds being established, but the amount of investments is very small. Furthermore, the concept of crowding in of private capital has not been proven to be very successful yet."

Difficulties in the actual realisation of blended finance transactions result from differences in expectations between capital providers, a lack of common language and the broad range of stakeholders that can be involved in blended finance structures. This thesis contributes to our understanding on how the more conceptual idea of blended finance plays out in practice. It shows that investments can be blended at both fund and project level. For each level, this thesis shows the prerequisites in terms of actors and critical success factors that are necessary for successful blending, how the intermediary coordinates investments and what the outcomes of this blending process are. By delineating the prerequisites and blending processes for various cases that successfully attracted blended investments for LRPs, this thesis may increase the awareness and understandings of investors of the financing opportunities in the landscape restoration sector. This thesis provides an overview of the stakeholders that are involved in the blending processes and the activities they undertake to make LRPs more attractive for (institutional) investors. Increased awareness and understandings of LRPs from the investor's side may lead increased familiarisation of LRPs. In this way, investors may perceive investing in LRPs as less of a risk. Furthermore, this thesis can benefit project developers and landscape restoration partnerships that struggle to design bankable projects and financing plans as this often is not their core business. Through providing an overview of the different types of investors, their requirements and motivations and how investments are blended at both fund and project level, this thesis may contribute to their knowledge on critical success factors for blending investments and effective models for LRPs.

This thesis highlighted the importance of intermediaries in organising the problem domain for financing landscape restoration. The importance of project developers and investment managers in raising capital and designing and managing landscape restoration projects has been stressed by Maillard & Cheung (2016). Maillard & Cheung (2016) argue that the scaling of the landscape restoration market requires an understanding of what motivates project developers and investment managers and what challenges they face. This thesis focussed on project developers and fund managers and outlined their characteristics, motivations and critical success factors for blending investments. An increased understanding of these intermediaries

and how they operate can thus contribute to the development of the landscape restoration market given the importance of these actors. Last, various interviewees mentioned the ambiguity of projects that adopt a landscape approach. Given the lack of clarity and track record of projects that both operate on a landscape scale and aim to attract both public and private investments, this thesis contribute to our understandings on the variety of actors that are involved and how they collaborate to attract and coordinate investments on a landscape level.

The findings and conclusions of this thesis lead to the following seven critical success factors for successfully blending investments for LRPs:

1. Project developers are vital in connecting (international) investments with projects and stakeholders on the ground. By combining their expertise in dealing with investors and understanding the local conditions, sustainable agriculture and how to connect the landscape with the market, project developers fulfil an important bridging function between investors that aim to achieve both financial and/or social and environmental returns through investing in LRPs and local actors and landscape restoration partnerships that need financing for their activities. Additional investments to finance the operations of project developers can strongly enhance the development of the market for landscape restoration.
2. Fund managers are essential in aligning the different requirements of investors that deploy both donor money and investment capital in blended finance funds. With expertise and experience in a certain region or sector, mitigating, sharing and diversifying risks for private investors and reducing transaction costs, fund managers can successfully channel investments to project developers that need financing for their operations while ensuring financial and/or social and environmental returns for a wide variety of investors. The development of an additional number of blended finance vehicles can contribute to the development of the market for landscape restoration.
3. The continuous availability of donor money to finance certain aspects of LRPs (such as building a proof of concept, on-the-ground restoration of the landscape, stakeholder management and capacity building) is necessary to mitigate risks for private investors, allowing a project to reach an 'investment-ready' stage and ensure social and environmental returns are not compromised. Donor money can be provided by public and philanthropic investors directly or via the TAF of a blended finance fund.
4. Public and philanthropic investors can be reluctant to subsidise the profits of private investors and often have strict requirements for their investments. This can lead to continuous negotiation processes, deals falling apart and a lack of donor money to finance non-revenue generating activities of LRPs. Increased know-how on appropriate standards for blending through information provision and structured blended finance funds can reduce this reluctance and increase public and donor money to de-risk private investments and support the development of a pipeline of 'bankable' projects that have the potential to generate significant social and environmental returns.
5. A common landscape vision is essential to align trade-offs between competing interests and land-uses of stakeholders that operate within the landscape. A

common landscape vision that is supported by various stakeholder groups and includes various revenue-generating activities and activities that create an enabling environment can open up possibilities for different types of investments and ensure the activities of stakeholders in the landscape complement, rather than compete with, each other.

6. Successfully restoring land on a large scale requires the involvement and mobilisation of numerous smallholder farmers, as they often own the majority of the land within a landscape. Mobilising smallholder farmers requires project developers to have a certain authority, either by having a local presence or collaborating with local actors who are trusted by local communities. Significant amount of time and resources should be devoted to convincing and mobilising smallholder farmers and local actors under the common landscape vision. Successful mobilisation of smallholder farmers is key in restoring landscapes and ensuring investments reach on the ground activities and projects.
7. The aggregation of smallholder farmers is key in reaching many smallholder farmers which allows the project to reach a certain scale that aligns with the investment sizes of some (institutional) investors. Working with cooperatives that aggregate smallholder farmers is key in reducing transaction costs for project developers and attracting large-scale private investments for LRPs.

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8. Appendix

8.1: Interview guide

Introduction

- How did you get involved in this initiative?
- What is your role or position in the initiative?
- What problem is the initiative aiming to solve?

Actors and activities

- Can you describe the actors that are part of the initiative?
- Can you describe their motivations to join the partnership and the role that they have within the initiative?
- Can you describe the scope of activities of the initiative?
- What kind of resources do partners bring to the initiative? (e.g. types of resources, related to core activities)?
- How do these resources complement each other?

Coordination of investments

- How is the engagement with investors?
- How is the project designed in such a way to attract investments, or make it investable to attract private finance?
- How is the coordination of investments? Who are involved and what are their roles?