



# Unlocking investments for New Forests for Africa

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the Form International  
experience

Rik Sools





# AT A GLANCE

## PRESENTATION CONTENT

- 🌿 Overview plantation investment experience  
Ghana and Tanzania – key elements
- 🌿 Short film Form Ghana
- 🌿 Success factors and challenges
- 🌿 Public sector role to support private sector  
reforestation



# Form International

COMPANY OVERVIEW

## From services to implementation

### 🌿 Forest advisory services (since 1993):

- 🌿 Certification & legality: e.g. 4 million hectares FSC through guidance of Form International (Congo Basin, Indonesia, Brazil, Ghana, Ukraine)
- 🌿 Forest asset valuation, forestry investment & Due Diligence
- 🌿 Market & value chain studies
- 🌿 Silviculture, management planning, RIL

### 🌿 Implementation (since 2007): Investment, Reforestation, Forest Landscape Restoration



# WE NEED TO PLANT NEW FORESTS !

CONTEXT

## We lose 14-16 million hectares of forests each year ! Why don't we plant?

- In Africa planting enormously outpaced by deforestation
- Growing timber supply gap
- According to AFR100 (African Union, WRI) need to restore at least 100 million ha by 2030
- At current rate of 200-300,000 ha/year this will result in at most 4 million ha by 2030
- Form International
  - Moved into forest plantation investments in 2007
  - initiated with partners the New forests for Africa movement to accelerate reforestation in Africa:

[www.newforestsforafrica.org](http://www.newforestsforafrica.org) conferences in 2016 and 2017



# Sustainable Forestry Investments Objectives



## COMPANY MISSION AND OBJECTIVES

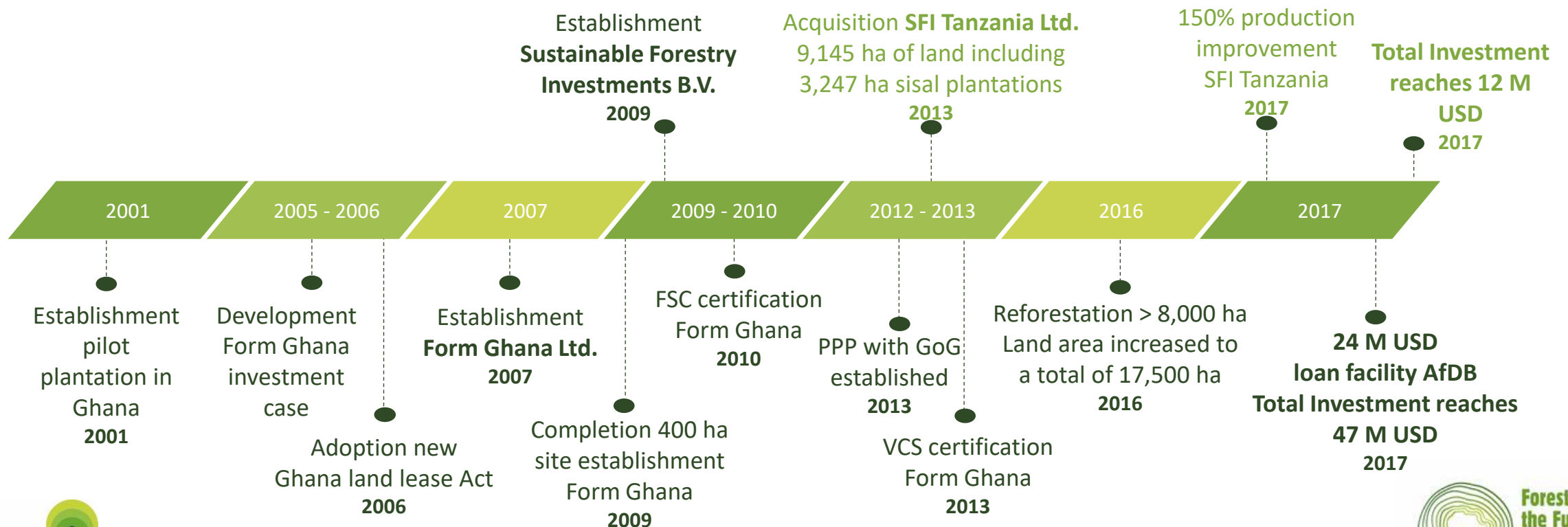
*Mission: "Be the leading landscape restorer and timber producer in Africa through world class sustainable forestry management, environmental impact and stakeholder management, serving our customers with sustainable timber and climate mitigation products and services."*

- Grow to 150 M USD investment by 2022 for large scale timber and agro plantations in Africa
- Sound returns on investment (10-12%) in combination with value creation
- Management in a sustainable way through afforestation of degraded land
- Sustainability certified according to the 10 Principles of FSC
- Climate change mitigation impact certified according to VCS or equivalent carbon certification
- Landscape restoration in neighbouring community areas



# Milestones

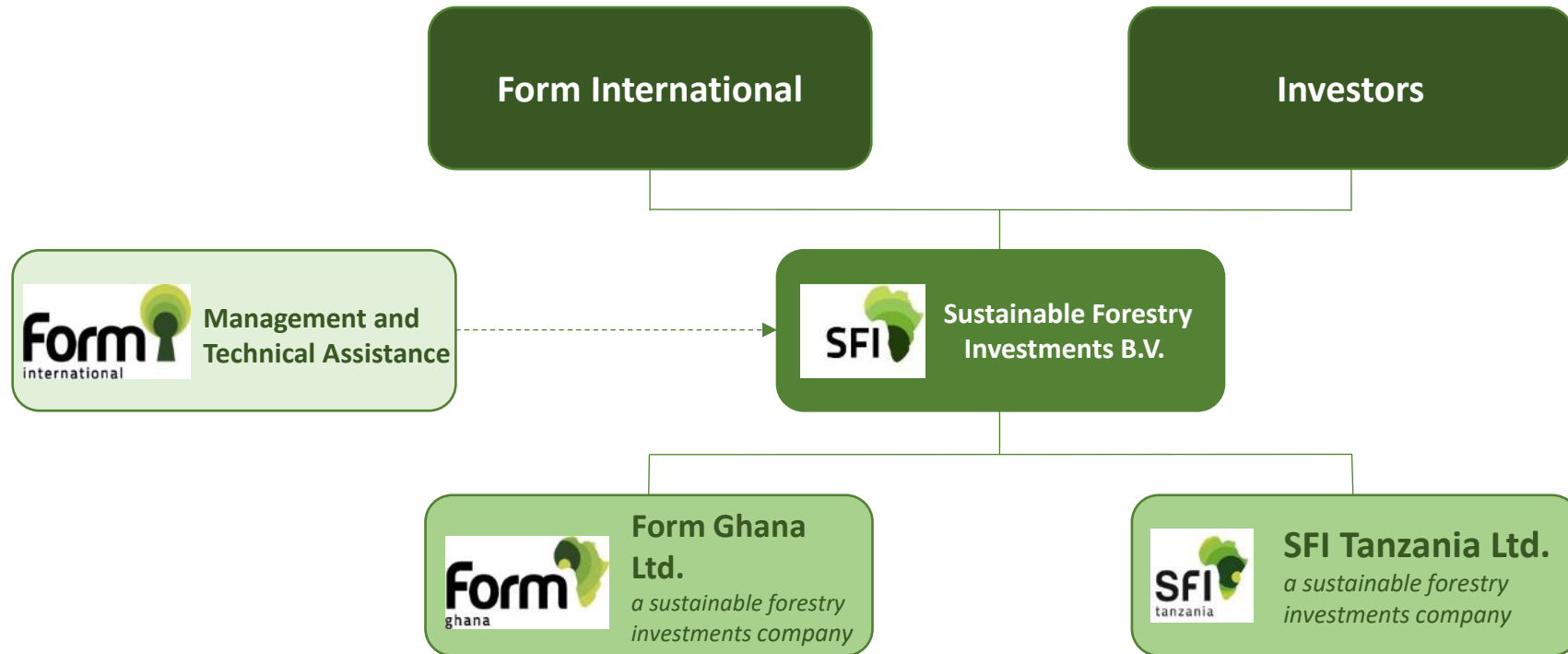
## COMPANY OVERVIEW





# UNIQUE APPROACH

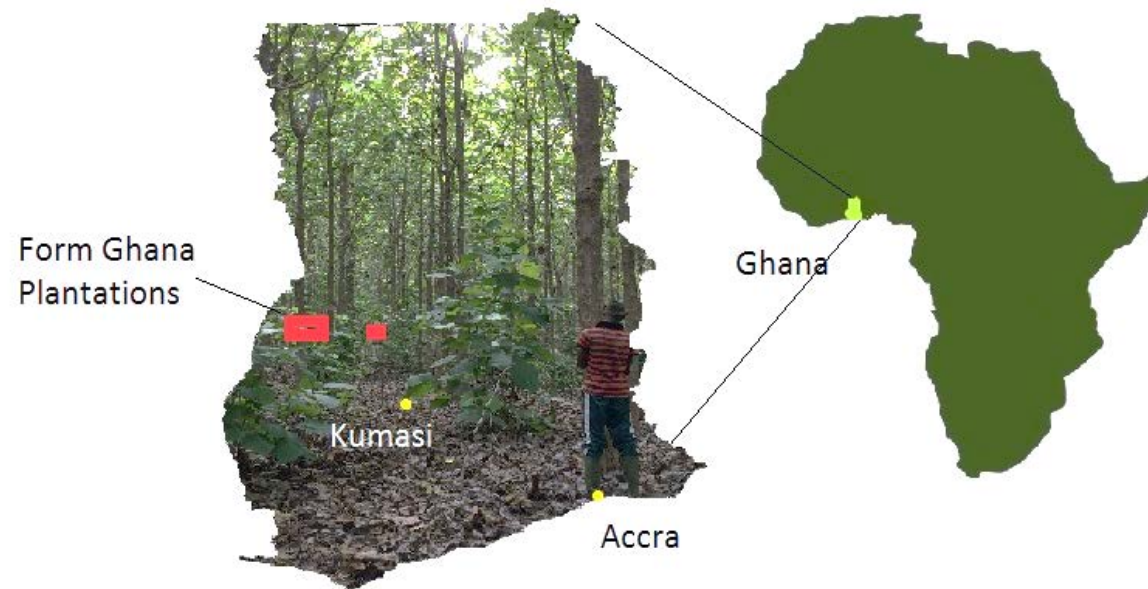
## COMPANY OVERVIEW





# FORM GHANA

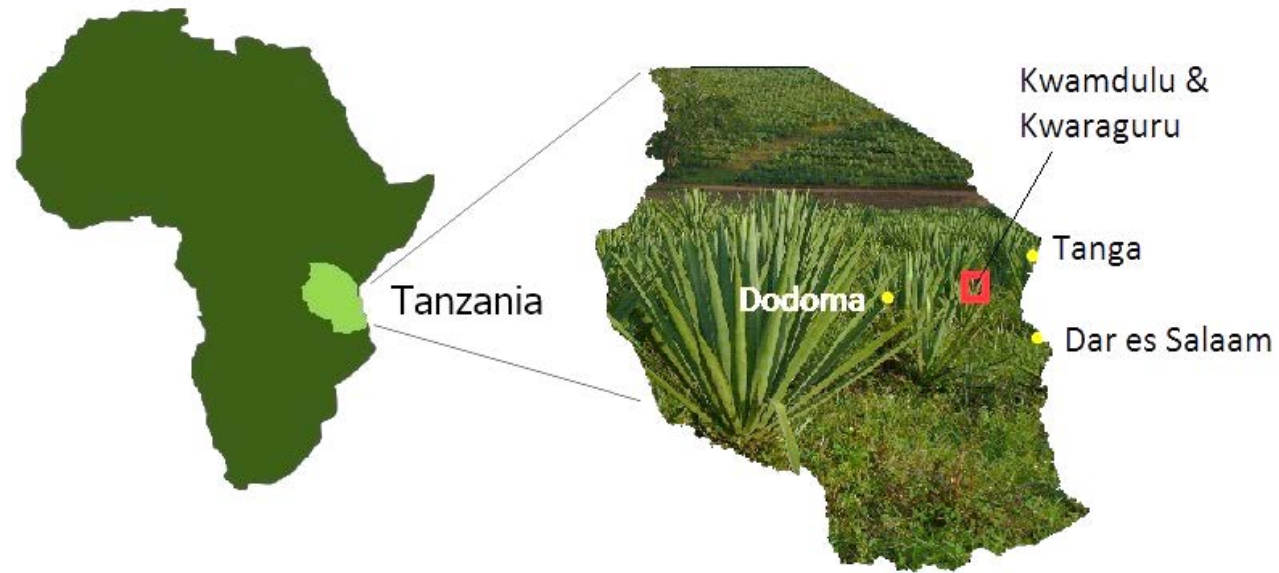
## PLANTATIONS OVERVIEW





# SFI TANZANIA









## PLANTATIONS OVERVIEW





# SFI OPERATES IN GHANA AND TANZANIA TOTALLING OVER 30,000 HECTARES OF LAND

## PLANTATIONS OVERVIEW

Country	Teak	Eucalyptus/ other	Indigenous spp.	Sisal	Total Planted Area
	7,436 ha 		833 ha 		8,269 ha
	207 ha 	231 h 	2 ha 	3,331 ha 	3,769 ha
<b>TOTAL</b>	<b>7,643 ha</b>	<b>231 ha</b>	<b>835 ha</b>	<b>3,331 ha</b>	<b>12,038 ha</b>



# Blended finance

Finance

Capital investments in period 2007-2017

- 🌱 Equity investment 33 M USD
- 🌱 Public grants 2 M USD – crucial for initial phases (de-risking, innovation, capacity building)
  
- 🌱 In 2017 Form Ghana secured unique blended loan facility with AfDB 24 M USD
  - 🌱 Forest Investment Program 10 M USD (concessional)
  - 🌱 AfDB agribusiness 14 M USD (commercial terms)
  - 🌱 15 years tenor, 7 years grace period, highly sculpted to match project cash flow profile
  - 🌱 Enables closed business case 12,000 ha until positive cash flow
  - 🌱 3.5 years to reach financial closure



# PUBLIC PRIVATE PARTNERSHIP GHANA



A joint effort between Forestry Commission,  
traditional land owners and investor



# FORM GHANA AND PPP

- New PPP concept established in 2013 for reforestation of the TAIN II Tributaries Forest Reserve
- Benefit sharing with government, traditional leaders and communities (20% of standing tree value)
- Form Ghana (private sector) role:
  - reforestation, management, investment
- Forestry Commission (public sector) role
  - Land access & demarcation
  - Facilitate regulations and formal processes: e.g. harvesting, log conveyance, exports, imports, etc.
- Traditional Council (public sector) role
  - Community support and relations
- Partnership FC-FG to develop young forestry plantation sector in Ghana: e.g. pilot to improve regulations and processes for chain-of-custody
- PPP model successful, replicated with other companies in Ghana



## Social focus areas and successes

- 2200 jobs: pension, social security, collective bargaining, skills development
- Intercropping : in Ghana 500 farmers/year
- Relationship chiefs, communities,
- Health & Safety
- Environmental awareness raising in region
- Outgrowing (pilot scale)



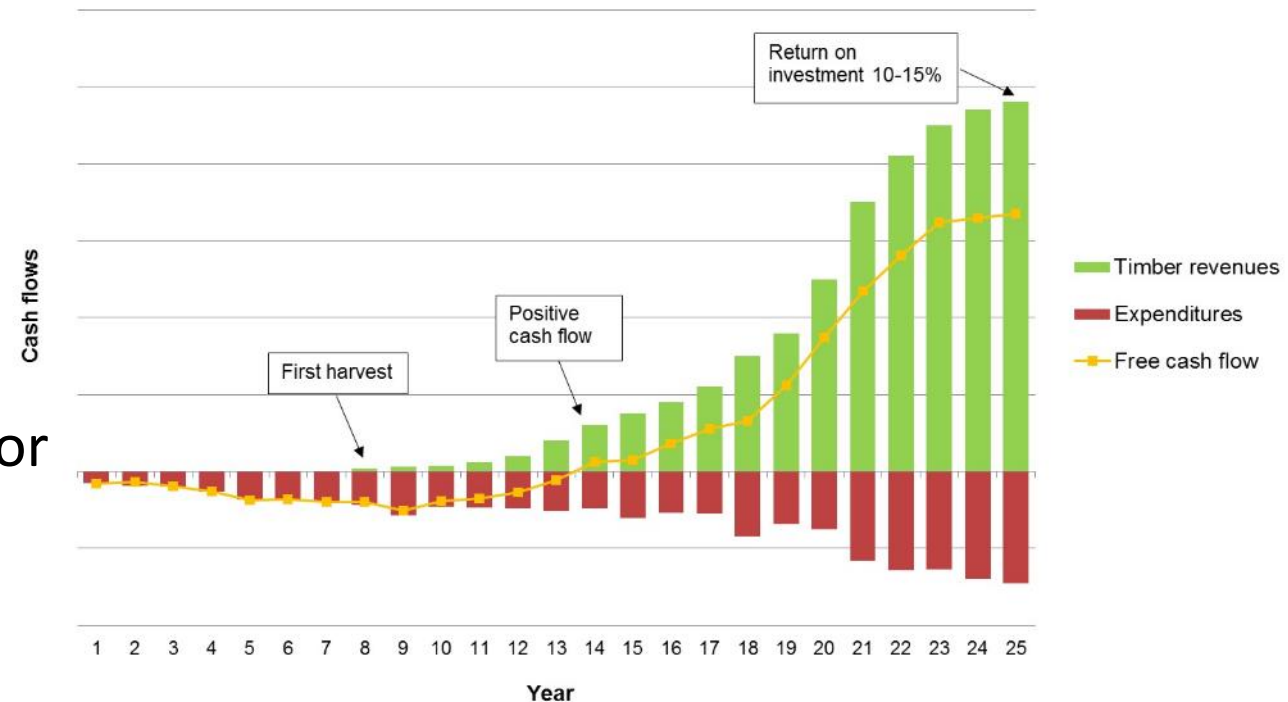


# Mixed revenue model

## COMPANY OVERVIEW - HISTORY

- **Medium & long term:**
  - Teak & Eucalyptus timber
- **Short and medium term:**
  - Sisal, carbon credits, services (e.g. Reforestation & Landscape Restoration for GOs/NGOs/Companies)

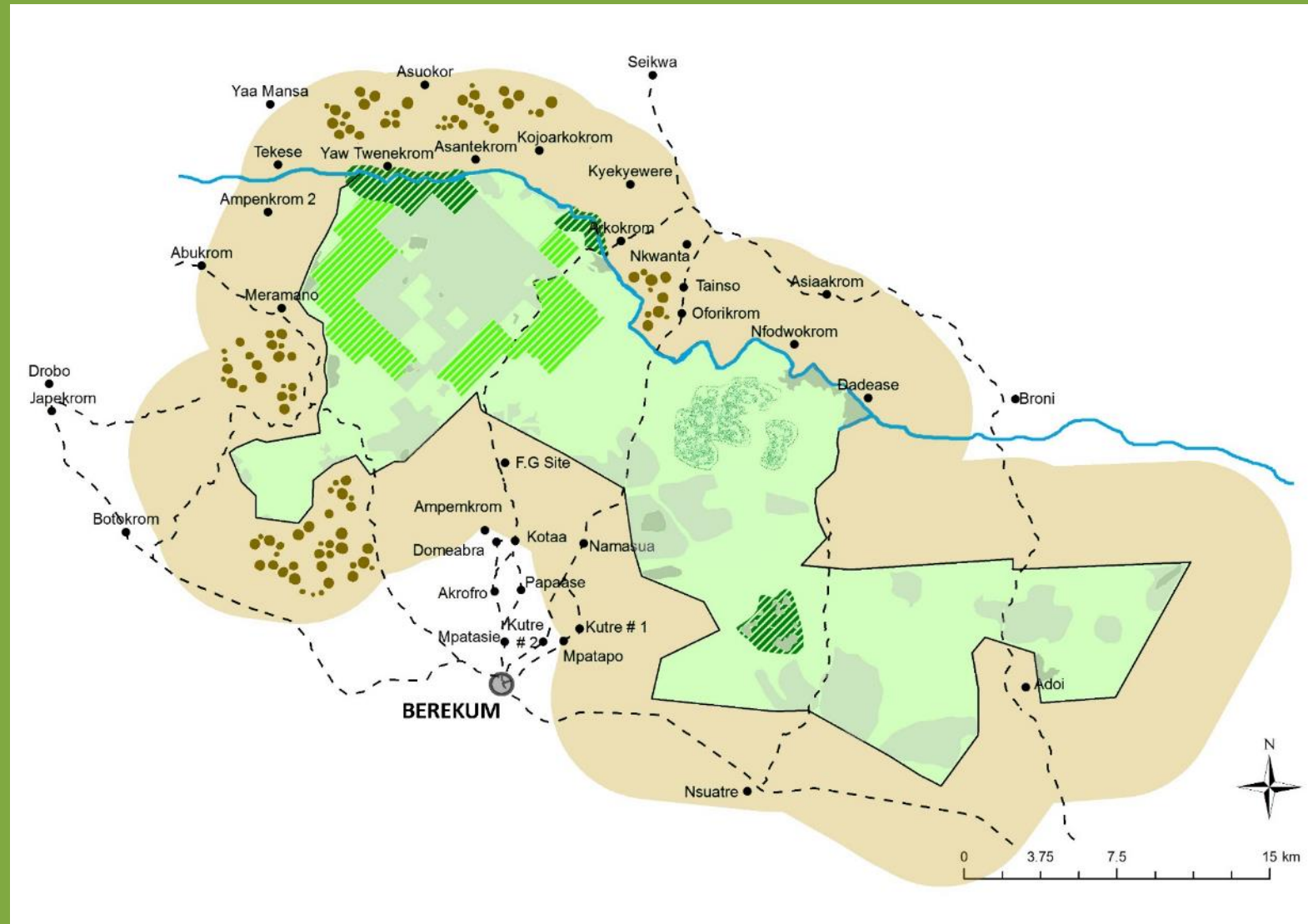
Teak Plantation Investments and Return in 25 years





# Tain II FR landscape restoration project Ghana 2017-2021

- 100,000 ha landscape - PPP
- Pilots
  - 1200 ha smallholder woodlots & climate smart agriculture
  - 1000 ha restoration natural forest
  - Inclusive finance
  - Smallholder organisation
  - Collaborative fire management
- Grant funded 5 years
- **Attract further investment** to scale up smallholder timber and agri plantations & business





# Outlook

## COMPANY OUTLOOK

### 🌿 Ghana

- 🌿 Become largest private teak company in Africa by 2018
- 🌿 Grow from 7,500 to 20,000 hectares teak plantations in next 8 years,
- 🌿 Landscape restoration in neighbouring community areas on 100,000 hectares
- 🌿 Develop timber processing with strategic partners

### 🌿 Tanzania

- 🌿 Successfully develop innovative mixed agroforestry model sisal+forestry
- 🌿 Grow from 3,500 to 8,000 hectares sisal+forestry plantations in 8 years (50% forestry)
- 🌿 Improve sisal plantations and factories



# Success factors

## CONCLUSIONS & RECOMMENDATIONS

- Phased development: pilot, expand, consolidate (grow at the right pace)
- Sound sustainable model – social and environmental (restore degraded land, social benefits, landscape approach, strong stakeholder involvement)
- High biological growth (species-site matching, climate)
- Mixed revenue model(s): timber, agro, services, carbon
- Blended finance: important role public finance for de-risking, innovation, training and R&D
- Management (track record, implementation capacity)
- Entrepreneurship (business cases, financing, market development)
- Enabling environment (PPP, land lease, benefit sharing, political and business climate)



# Challenges

## CONCLUSIONS & RECOMMENDATIONS

- Access to finance:
  - Young plantation sector in Africa, high risk perception (few projects, poor benchmarks, uncertain exit strategy, small industry):
  - Africa and forestry unknown to investors
  - Translation climate commitments to climate finance slow
- Image plantations not good (land grabbing, forest conversion)
- Limited skilled staff for plantation forestry: university training focused on natural forest management, vocational level training lacking



# Support from public sector needed Key role to provide an enabling environment

## CONCLUSIONS & RECOMMENDATIONS

- Support sustainable private sector projects as implementing partners for national and international commitments
- Facilitate land access (degraded land for restoration!)
- Human resource development: training capacity and curricula for plantation forestry
- Improve plantation regulations: e.g. smooth chain-of-custody for competitiveness of sector (legal compliance in cost-effective manner)
- R&D for country specific improved growth, quality and genetic base of commercial species
- Subsidies and tax incentives for reforestation (de-risk investment, innovation, R&D, training)



Thank you for your attention

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