



Food and Agriculture Organization  
of the United Nations

# Catalyzing private finance for inclusive and sustainable forest value chains

Report of the expert meeting

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## Background and rationale

Forest finance affects the economic feasibility of sustainable practices, the distribution of costs and benefits amongst different stakeholders along value chains and the provision of the multiple socio-economic benefits provided by forests. In particular, significantly increased levels of finance and investments are needed to make progress on the 17 Sustainable Development Goals (SDGs) of the 2030 Agenda, to mitigate climate change, to meet Forest Land Restoration (FLR) targets and to satisfy a growing demand for forest products. Official development assistance and other public sector financing play an important role. However, in order to support and scale up inclusive and sustainable forest value chains, a significant increase is needed in private financing and investments.

The topic of finance for forestry is being addressed by various organizations, which have given birth to several initiatives and platforms. However, further work is needed as some key barriers still persist (e.g. lack of information, lack of bankable projects, fragmented value chains, high perceived risk, lack of financial literacy in the sector, etc.). Removing these obstacles is an extremely urgent issue because sustainable forestry production and forest conservation strategies are inherently and positively linked, and only reconciling forests' environmental, conservation, social and economic functions it is possible to achieve sustainability.

It is to tackle these unsolved challenges that FAO is proposing the creation of a Forest Finance Information Hub (FFIH) with the aim to address the particular needs of investors, finance providers, managers, producer organizations and governments who are currently hindered by limited communication with each other, limited access to relevant information, analyses and guidelines. The ultimate aim of such a Hub is to increase the flow and quantity of private investments in inclusive and sustainable forestry value chains. This, in turn, is expected to improve sustainability along these value chains, increase incomes and employment levels, improve the provision of ecosystem services and promote more resilient livelihoods.

## Scope

Over the last years, private investments in timberlands in Africa have increased. This growth in private investments in the region offers important opportunities not only to support local development, but also to learn how to promote investments that are inclusive and beneficial for smallholders and SMEs in emerging and frontier markets. In fact, the presented cases illustrated how difficult challenges for private investments can be addressed in countries where investment flows to sustainable forestry are very limited. This is the reason why most of the cases presented at the expert meeting were from Africa, covered mostly timberland investments, and highlighted modalities to leverage private finance for timber value chains. While offering important lessons, special caution should be used in extending the conclusions of this meeting to other regions.

## Objectives of the meeting

The objectives of the Expert Meeting “Catalyzing private finance for inclusive and sustainable forest value chains” were to:

- Discuss how to catalyze private finance for sustainable forestry, and in particular the potential of the value chain approach;
- Present and discuss the FFIH concept proposal; and

- Draft a roadmap for a collaborative approach to implement the FFIH.

**The potential of a value chain approach.** In alignment with the CPF initiative *Sustainable Wood for a Sustainable World*, the meeting also aimed at testing the potential of a value chain approach to catalyze private investments in forestry. Forestry value chain can combine different stakeholders with different objectives – namely production, business opportunities, social benefits and land/forest restoration. Finding ways to combine the interests of multiple stakeholders can be a way to de-risk investments and deliver multiple impacts at the same time. For example, combining commercial value chain development with FLR can increase its sustainability in the long term and increase its contributions to SDGs.



The aim of the present report is to provide a summary of the discussions that took place at the technical meeting, following the structure of the sessions presented in the agenda (Annex 3). After presenting the list of participants, the report provides for each session a brief introduction and a summary of the discussion and key points that emerged.

Annex 1 and 2 provide the results of the surveys sent to the participants of the meeting respectively before and after the meeting, while the Agenda of the meeting has been included in Annex 3.

## Participants

The meeting was attended by a wide range of participants: companies, funds, development finance institutions, small and medium size enterprises (SMEs), producer organizations, development agencies, and sector experts.

Table 1 - List of participants

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## Session 1 – The value chain approach in catalyzing private finance

**Rationale:** *This session, moderated by Paul Ankrah (Winniwood), set the scene for the expert meeting discussing the potential of the forest value chain approach to catalyze private finance. Presentations introduced (1) the potential of the value chain approach to catalyze private finance, (2) the main issues influencing private finance in forest value chains, (3) the relevance of the value chain approach to promote private finance and (4) the challenges and opportunities to promote financial inclusion.*

The following presentations helped set the stage for the expert meeting:

- *Using the value chain approach to catalyze private finance* – **Petri Lehtonen**, Forest Finance Expert, FAO
- *The value chain approach in catalyzing private finance: The Development Finance Institution view.* **Ilkka Norjamäki**, Finnfund
- *Challenges and Opportunities for Investments in the African Forestry Sector* - **Jim Heyes**, Criterion African Partners
- *Catalyzing private finance for sustainable forestry value chains: From the perspective of financial investors* - **Shauna D. Matkovich**, IWC
- *The value chain approach in catalyzing private finance: The Producer organization view.* **Charles Nyanjui**, IFFA and **Jhony Zapata**, FAO

### Key points from the discussion

Smallholders make a critical contribution in helping to increase forest cover and in providing goods and services for the economy, thus playing a critical role for the achievement of the SDGs. In aggregate, they care for millions of hectares of forestland and are responsible for the production of significant amount of food and forest products. However, they often face poor access to finance and markets, which are critical factors for their security and well-being. Even if in some cases associationism and organization help small-scale producers gain a better access to market and enjoy economies of scale, important barriers still remain.

From the financial investor perspective, there is still a huge gap between expectations and current opportunities in the sector. Investments in forestry are not attractive mainly because of (see Fig. 1):

- Lack of data to prove the business case
- Long-time horizons and illiquidity of the investments
- Non-transparency and fragmentation of the sector
- Lack of bankable projects
- Lack of appropriate financial instruments
- Lack of knowledge and data about potential investments
- High (perceived or real) risk
- Weak governance and legal system, underdeveloped infrastructures





Time and risk	Data	Network	Capital
<ul style="list-style-type: none"> <li>▪ Long-time horizons of forest investment and risks not attractive for the private investor nor the small-holder producer</li> <li>▪ Long-time horizons to create structuring of complex arrangements not attractive for the project developer</li> </ul> 	<ul style="list-style-type: none"> <li>▪ Insufficient data available to prove the business case to any party large or small</li> </ul> 	<ul style="list-style-type: none"> <li>▪ Sector is fragmented and non-transparent</li> </ul> 	<ul style="list-style-type: none"> <li>▪ Catalytic capital at scale is required to address long-term sustainability and enable the flow of private capital</li> </ul> 
<ul style="list-style-type: none"> <li>▪ Catalytic funding could provide solutions for both</li> </ul>	<ul style="list-style-type: none"> <li>▪ Multi-lateral / research organizations could support more transparent market and industry data</li> </ul>	<ul style="list-style-type: none"> <li>▪ "one-stop-shop" network for market and industry data, case studies on success stories and lessons learned, platform for deal-flow and cross-sectoral collaboration</li> </ul>	<ul style="list-style-type: none"> <li>▪ Focused catalytic funding mechanism to support early forest value chain investments at the fund, SME and small-holder levels</li> </ul>

Figure 1 - challenges and opportunities for the early part of the forest value chain according to Shauna Matkovich (IWC)

However, successful cases exist and the following ingredients have been identified in the presentations as key success factors or as elements demanded by investors (see also Figure 2):

- value chain perspective and landscape approach are considered to be fundamental to understand the dynamics of supply and demand (deep market intelligence) and to mitigate the risks;
- well-defined investment strategy and solid (segment-specific but with value chain perspective) business plan;
- exit options/strategies when projects become nearly cash flow positive;
- strong partnership network;
- management know-how and capacity; and
- organization of smallholders.

To address the above-mentioned challenges and take the opportunities of the sector, the Hub could:

- improve transparency and provide data to prove the business case, with explicit mention of pricing and market information;



- be useful to share success stories and lesson learnt, forge partnerships, favor cross-sectoral collaboration; and
- help to combine the different risk acceptance and return expectations of different stakeholders along the value chain;

while, at the same time, it has been suggested to reduce the cost of the investments, especially in the first and middle-phase, by:

- enforcing appropriate tax/incentives schemes;
- developing a catalytic funding mechanism;
- reforming the policy and legal framework;
- creating tailor made insurance products (to reduce risk); and
- improving access to finance (long-term credit, seed capital).



Figure 2 – Key ingredients for success in Africa – Jim Heyes

## Session 2 – Raising finance for forestry investments

**Rationale:** this session, moderated by Steve Gretzinger (GreenWood Resources), provided the opportunity to learn from concrete success cases of forestry investments where finance have been obtained by multiple sources, therefore exploring the potential of blended finance.

The session was informed by the following presentations:

- Investing in sustainable forestry in Latin America and Sub-Saharan Africa - **Hanna Skelly**, Arbaro Fund
- Sustainable Forestry Investments - **Paul Hol**, Form Ghana

- 12Tree - **Oliver Hanke**, 12Tree Finance
- Smallholder Farmers are the future of African forestry - **Tomonobu Kumahira**, Komaza

### Key points from the discussion

From the presentation of these concrete success case studies, the following key points emerged:

- Different investors have different risk-return profiles and time horizon requirements. This implies that they may want to invest in different activities (greenfield project development versus harvest of standing forest and subsequent replanting), or different parts of the supply chain (plantation management versus manufacturing).
- Blended finance (private + public; longer + shorter term & more/less risky investments) is proving to be a logical tool that various TIMOs and timberland managers have used to facilitate investments
- Mixed revenue approach (timber + services + carbon + other forest products) is beginning to show positive impacts on risk mitigation for certain investors in certain scenarios.
- Problems or obstacles with land acquisition and relationships with local communities can be resolved through proactive engagement and empowerment of local population (which can provide ownership, labor, security, land use, etc.)
- Need to prove the business case to potential investors and effectively communicate the same that:
  - Positive socio-ecological impacts and carbon sequestration can be real components of an investment strategy in forestry
- Concessional capital may play a crucial role during both the first development phase of the business model (the initial “proof of concept”) and the following upscale of impact (allows to leverage more commercial capital) (Figure 2).

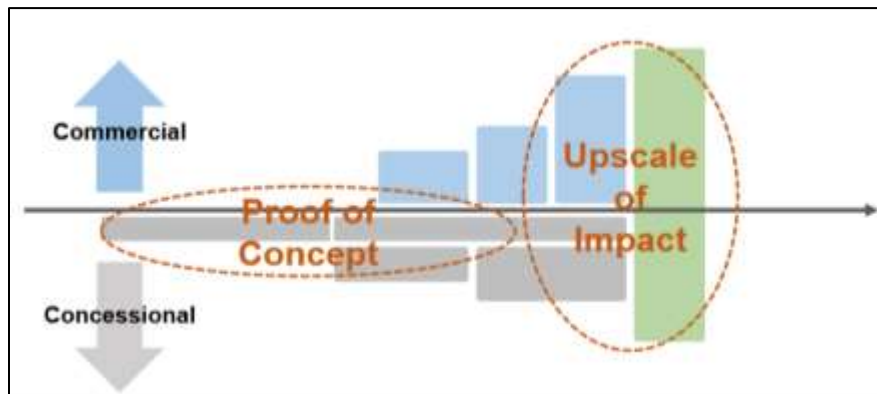


Figure 3 - the T-shaped evolution model of blended financing presented by Tomonobu Kumahira (Komaza)

## Session 3a – The Forest Finance Information Hub (FFIH)

**Rationale:** this session introduced the concept proposal of the FFIH, highlighting (1) the rationale, (2) objectives, (3) expected results and (4) outputs.

The following presentation introduced the FFIH concept:

- *The Forest Finance Information Hub: A tool to catalyze private finance for inclusive and sustainable forest value chains* – **Petri Lehtonen** and **Marco Boscolo**, FAO

### Key points from the presentation

The main points of the presentation, illustrated in Figure 3, can be summarized as follows:

1. **Rationale:** In order to advance sustainable forest management and unlock all forest contributions to sustainable development, key finance challenges remain:
  - how to leverage private finance and expertise in the countries and landscapes where it is most needed?
  - how to ensure that finance reaches and benefits all stakeholders along the value chain (including smallholder and producer organizations as well as SMEs)?
  - how to promote vertical and horizontal integration as strategies to reduce value chain fragmentation and improve access to finance?
2. **Objectives:** the three main objectives proposed by FAO were:
  - share actionable finance intelligence by providing relevant and updated information at regional and country level on forest value chains, especially on market and prices;
  - actively disseminate guidelines, tools, datasets and success stories on forest finance; and
  - promote business models for investments and market development
3. **Expected results:** the expected results of the proposed Hub were:
  - scaled up and improved sustainability of forest-based value chains, with generation of employment and income; and
  - more resilient livelihoods and improved ecosystem services.
4. **Outputs:** the outputs initially proposed consisted in:
  - web-based portal linking users to datasets, tools, guidelines, case studies, outlook studies and business models;
  - capacity building and mentoring activities to forest managers, policy makers and individual stakeholders groups in developing countries regarding their needs for scoping, negotiating and accessing forest finance; and
  - forest finance dialogues at the local level to foster partnerships and collaborative work, including harnessing public-private partnerships to increased finance.

It is expected that the Hub will interact with the existing platforms delivering added value in terms of intelligence, mentoring, outreach, dialogues and partnerships.



Figure 4 - Key points from the presentation (adapted from Lehtonen and Boscolo's presentation).

## Session 3b-c – Group discussion on the Hub

**Rationale:** Session 3b, moderated by Marco Boscolo (FAO) provided the opportunity to discuss four questions related to the Hub: (1) what significant functions can the Hub perform to contribute to catalyze private finance? To whom? (2) What should the contents and structure of the Hub be? (3) How should the Hub interact with the other existing portals? (4) What are the first key steps to implement the Hub?

Participants discussed the four questions above in groups.

### Key points from the discussion

#### 1. What are the most significant functions/contributions that the Hub can play/make to catalyze private finance? To whom? – discussion facilitated by Michael Brady (CIFOR)

All the groups agreed that the Hub should provide actionable intelligence for better investment decisions, such as market data, prices by product, species and/or region, targeted outlook studies, standards, time series, specific information, and benchmarks. It was also highlighted that much information is available but costly to access and use. A possible function of the hub could also be to make existing information more readily usable, for example by making elaborations, charts, etc.

Another important function of the hub would be to build awareness by sharing success stories and lessons learnt as well as evidencing the impacts of sustainable forestry to SDGs. Participants considered that success stories and lessons learn could inform capacity building material as well as promote dialogues and policies more conducive to sustainable investments.

Lastly, Hub could play a role as a meeting and collaborative space, where different players can meet, exchange information, and find opportunities to collaborate (a sort of tendering platform).

As regards the target audience, the prevalent opinion pictured the audience of the Hub as a multilevel and heterogeneous group. Therefore, the hub must be able to communicate with different stakeholders: POs, small producers, local communities, companies, funds, investors, governments, development organizations, local banks, and end consumers.

**2. What are the key contents and structure the Hub needs to have to deliver value to this group? – discussion facilitated by Bas Louman (Tropenbos International)**

It was stressed that the content will also depend on the function of the hub and the intended audience/participants: In general, it was felt that information should be tailor made for specific audiences and national/ regional contexts.

It was also stressed that the Hub should combine action with information, working pro-actively on disseminating the information and strengthening possible user groups in working with the information.

Two major types of content were identified to which all could more or less agree, although SMEs would require support to be able to use this content:

- Data that can help reduce the transaction costs (e.g., to carry out of due diligence reports, prepare business plans, negotiate business/financial agreements, etc.) and for which integrity can be ensured (e.g., data collection and management standards, protocols, etc.). Participants mentioned production data, export/import data, prices and price trends, cost structures, growth and yield projections for different species and conditions, CO2 stock and flow models. A concern was voiced about the importance of continuity. Some of the information suggested is very dynamic and requires continuous updating: who will support the Hub in the long term is still an unanswered question.
- Success stories and lesson learnt

Additional content that was mentioned, and that may differ depending on the specific user groups:

- A form of glossary of terms to achieve a common understanding of the terminology used in finance and inclusive finance
- Mapping of investor and donor mandates, identifying what their geographic scope, size, project development stage, time scale and sector that they prefer to invest in and what the financial instruments they use are
- Information on legal and policy framework; including landownership/rights
- The landscape of institutions and companies active in the sector
- Investable opportunities
- High quality capacity building opportunities (this was particularly mentioned by SME)
  - Roadmaps/guidelines for accessing finance by SME
  - ESG guidelines and attributes for measuring impacts
  - Supported by impact investment advisory firms

In general, participants underlined that the contents should be generated in a collaborative way and then prioritized according to intended users. The Hub should have actor specific sections and provide information for different scales.

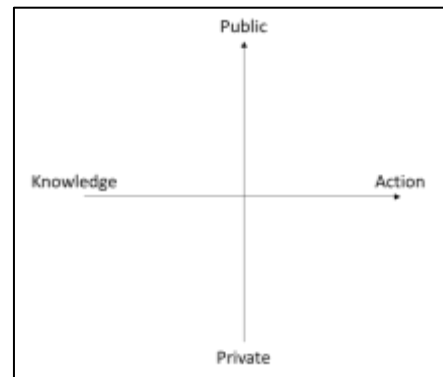
It was suggested that the development of the hub should proceed in steps. Initial activities could focus on the preparation of 10 business cases that can illustrate the largest number of ingredients of proposed hub, and on the compilation/linking to qualified databases/portals.

On this basis, it should provide capacity building/mentoring based on lessons learned from case studies (that should be localized). After that, it should leverage commitments of additional case studies to build up the data base and strengthen capacity building materials.

**3. How can the Hub interact synergistically with other hubs and portals?** – discussion facilitated by Natalia Krasnodebska (WWF Landscape Finance Lab)

As a starting point, it has been suggested to update the list of portals (12 were listed in the concept note) with some additional ones such as [GLF online resource](#), [CPIC](#), and [Convergence](#). This information should be brought into a single webpage, providing links and short summary of each portal.

Then, in order to understand how to collaborate, the participants highlighted the necessity to clarify whom the Hub will collaborate with and why: therefore, it is necessary to what the other portals and hubs offer and then figure out what the complementary actions might be. This can be done, ideally, by mapping the existing resources on a chart with two axes as illustrated in Figure 1 and then complementing or collaborating with the existing portals.



*Figure 5 - The chart to map the existing portals*

However, the participants agreed that the Hub should be an identifier of investment opportunities and should provide impact data and should be user friendly (a Business Intelligence SQL-style query system has been proposed). On the other hand, some questions remain open:

- Will the Hub serve just investors or SMEs too? Investors and SMEs have different needs: a choice of positioning is to be made and will be crucial in defining what structure and functions the Hub will have
- Will the Hub be local, regional or global? Is there the opportunity to start in one region and then scale?
- Should be focused just on finance or also help facilitate the mapping of actors along the value chain?
- Should the Hub be built just for investors or also for SMEs (in this second case, the risk is to make it too cumbersome)
- Is there the possibility to learn from other industries (e.g. infrastructure industry) which also rely on a public-private partnership for investments' potential?

**4. What are the key first steps to implement the hub?** – discussion facilitated by Simon Rietbergen (FAO)

There is general agreement that poor data is the major constraint (see results of the survey in Annex 1) and that large amounts of good quality information is needed. This information could be provided, following a collaborative approach, by companies (in a de-personalized and/or aggregate way to avoid

the sharing of sensitive data). However, it has been underlined that mentoring is equally important, as it is essential to practically use the information at the local level.

Once again, it has been stressed that it is fundamental to identify the unmet needs and unfilled gaps, and consequently to structure a solid and detailed business plan for the Hub behind it.

## Session 4 – The role of the Hub in catalyzing private finance: Harnessing synergies and complementarities (seeking win-win solutions)

***Rationale:*** After a recap of the main points that emerged during the previous day by Petri Lehtonen (FAO), some participants shared brief reflections on the content of the discussions for their work. Reflections were offered by Adrian Enache (European Investment Bank), Ben Sulus (SMEs), Lucy Garrett (FAO), Jhony Zapata (FAO), and Kastory Matembele (Tanzania Apex organization). Following these reflections, this session – moderated by Thais Linhares-Juvenal (FAO) – provided the opportunity to identify a possible strategy and roadmap to develop the Hub.

### Key points from the discussion

To begin with, it has been stressed that the Hub should not be just an “information Hub”, but rather it should be an “action Hub”, engaged in concrete action (e.g. aggregate existing projects available for investments, provide support to make them scalable, etc.) other than in dissemination of information. The observations shared during the discussion can be summarized as follows:

1. Information that is relevant for investment decisions is either lacking or exists is scattered in multiple places. The aspiration is to make it usable and to translate information into intelligence
  - (Big companies can hire consulting firms. But what about the small producers?)
2. It’s important to increase the transparency of the market and of VC linkages, especially at the local level, thus
  - Supporting investments decisions (clear business case)
  - Reducing the risk of the investments (reduce due diligence costs)
  - Supporting SMEs and producer associations to understand (1) market dynamics, (2) requirements of financial organizations and (3) the process of accessing private finance.
  - Make value chains more dynamic and organized (multiple actors)
  - FAO was invited to play a role in strengthening standards and guidelines for data collection and to facilitate data collection, where possible, through projects, programmes, and partners. It was emphasized that data should not be limited to **market prices and volumes** (e.g. import/export of wood, average prices, etc.) or **biophysical aspects** (e.g. forest conditions, etc.), but should also **include other relevant aspects to the business environment** (e.g. regulation, institutions, taxes and incentives, ownership, and human rights aspects).
3. We need success stories: It’s important to share examples of business models and associated financing instruments



- Different segments within VC
  - Interlinkages and transaction costs
  - Diff types capital and finance modalities/ financial products
  - Different risk tolerance/objectives/profiles, demand/returns
  - **Blended finance** fits well into this – public finance can pave way to receive more \$, de-risking investments, support “enabling investments”, etc.
4. Mediating and facilitating (rather than retail) investments
- Bring stakeholders together. Different categories of actors (e.g. government, producers, industries, commercial markets and final consumers) have little information about each other and are not familiar with the other needs, rationale or even use of language. The Hub could help in facilitating communication.
5. Mentoring and capacity building
- Mentoring and capacity building are needed in order to fill the gap between what investors require and what smallholders can offer (e.g. helping smallholders to make their projects bankable, etc.).

## Session 5 – Exploring the way forward on building the Hub

**Rationale:** session 5, moderated by Gabrielle Kissinger (Lexeme Consulting) and Bas Louman (Tropenbos International), provided the opportunity for participants to suggest how to move forward with the implementation of the Hub. In particular, (1) participants prioritized the activities to be undertaken by the Hub, (2) activities already planned or implemented by participants that potentially can be connected to the Hub were identified and (3) the willingness to continue the collaboration to implement the Hub was confirmed, with some specific offers of concrete collaboration advanced by some participants.

### Key points from the discussion

The following conclusions are based on the expert meeting, the pre-meeting survey and the final evaluation.

#### **Is a hub needed?**

Participants agreed that significant gaps exist to catalyze private finance in sustainable forestry value chains and that a Hub would help fill these gaps. The hub could be seen as a collaborative endeavor.

#### **What is the target audience of the hub?**

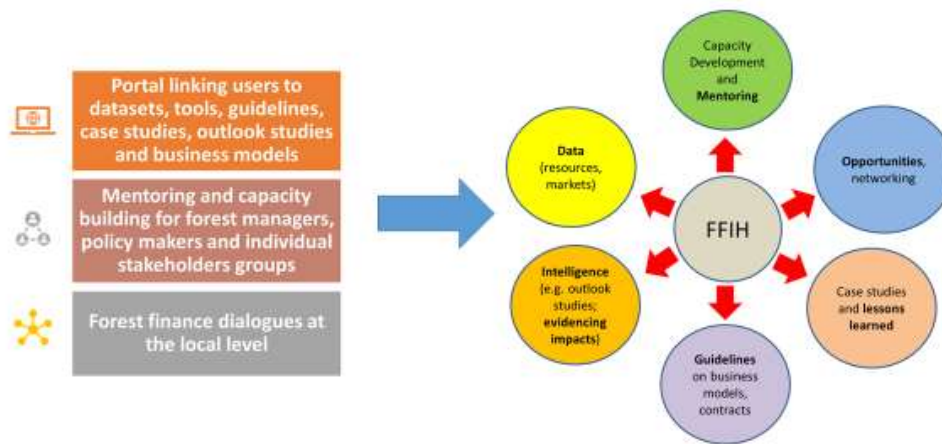
Decisions about the target audience are related to the functions to be prioritized. Participants expressed differing views regarding the target audience of the hub, some emphasizing the importance to facilitate asset investments while others advocating for attention to all the players along the value chain, with special attention to SMEs and producer organizations. The main emphasis should be at local level, however, with the piloting of priority actions in a few countries in the beginning.



- At local (country level): the government (FAO’s coordinating role), smallholders, SMEs and producer organizations
- At global level investors including larger players

### What key functions should the hub perform?

Interviews and exchanges prior to the meeting to the identification of the following possible functions of the hub, to:



- **Provide “intelligence”** for better investment decisions. E.g. targeted outlook studies
- **Build awareness and broaden possibilities for private finance to contribute to development goals.** E.g., exchanges, dialogues, and evidencing of investments’ impacts
- **Reduce transaction costs for all value chain participants.** E.g., Costs associated with due diligence by making more easily accessible key information to assess profitability and risks.
- **Financially empower small producers/POs.** E.g., make affordable to SME/POs information/intelligence/services that are now available only to companies that can afford it.
- **Be a collaborative space.** A “meeting space” where different players can meet, find opportunities to collaborate.

In small groups, participants highlighted key functions that are needed in order to promote inclusive and sustainable forestry value chains. All the functions above were deemed as important. However, the most highlighted function was the **provision of data and intelligence** to address scarcity of market information and market connectivity. Inadequate market intelligence hinders business development, financing and investments.

Another important role that the hub can play/facilitate is to **support more vulnerable actors** along the value chain, for example through mentoring and capacity development of selected target groups. It was

mentioned that a wide range of information is available but how to put that information into practice requires mentoring and the packaging of information in more useful forms.

Finally, it was emphasized the potential role of the hub as a “**collaborative, meeting place**”. In addition to those who participated to the Meeting, it has been suggested to include in the development and implementation of the Hub the following actors and institutions: IUCN, WRI, trade associations to complement the market data, national forestry authorities, The World Bank, The Global Impact Investor Network.

### **What structure should the hub have?**

Participants mentioned that some of the functions of the hub could be delivered at **national level** (e.g., collection and dissemination of market and value chain information), with a **global hub** performing a supportive role. For example, a global hub could serve in the development and dissemination of data collection standards and procedures, and in the consolidation of lessons learned, principles, guidelines, visibility/storytelling. Material generated and collated at the global level could, in turn, be used for capacity development of multiple actors (e.g., national agencies, investors, POs/SMEs).

In other words, the global hub could serve as a “service provision facility”. Partners such as WWF, CIFOR, and TNC offered to take some responsibility for hub development and maintenance.

### **What should the contents of the hub be?**

Discussions highlighted the need for the following type of information:

**Market data.** The need for market data and trends, including local information, was practically agreed by all participants as a high priority. This information would be useful to companies, SMEs, and POs in the preparation of business plans and to access finance. It would increase transparency on market opportunities along the value chain. This information could be collected as part of value chain assessments (Moringa). It was noted that market data information is also provided by ITTO and commercial providers. ITC also provides some information on international prices. However, local level data in frontier areas is lacking. Further steps on this item should be discussed with the forest products team and ITTO.

**Success stories, lessons learned, case studies.** The second most cited information need was for success stories and lessons learned. It was mentioned that success stories can be helpful to:

- demonstrate that “it can be done”,
- illustrate the ways that small holders can access private finance, engage with the whole value chain, and generate significant co-benefits,
- describe business models, associated financing instruments, and how value chain integration has been supported and the role of diverse investors/financiers
- give visibility to promising initiatives (which, in turn, can help with fund raising),
- give evidence of the impacts of these investments (e.g., SDGs, climate mitigation),
- support the development and delivery of capacity development materials, and
- complement mentoring activities.

The cases could illustrate both successes and failures/setback, and be illustrative not only of the business model chosen, the blend of financing sources and instruments used, the policy/institutional support received (and challenges encountered) or the impact achieved, but also of the importance of the human/social dimensions: the role of leadership, how trust was built, how setbacks were processed, etc.

Appropriately prepared, these case studies can be educational for producer organizations, investors, companies, and government agencies. They should be able to demonstrate how access to and use of information (including market information) has helped or is limiting the small holders to become successful and thus may lead the way for the design of a useful information hub at national or international scale. Partners expressed that they may be able to allocate some funding this activity.

**Dialogues and country level coordination.** Participants highlighted that there is value in bringing stakeholders in one place and that FAO is uniquely placed to be a convener for such dialogues.

**Support an enabling environment for investments,** through better policies, strengthening public institutions, providing information, capacity building and mentoring, etc.

**Organize information and make it more readily “usable”.** Forest finance could learn from the way information and opportunities on climate finance are being made available.

**Mapping of value chain actors at the country level.** This activity could be carried as part of value chain assessments.

#### **How should development and implementation of the hub proceed?**

A two level development and implementation process was proposed: (1) learning-by-doing starting soonest possible, (2) bigger program that may need to mobilize resources. It was also suggested that catalyzing private finance for sustainable forestry value chains could be promoted by global hub supporting national hubs. A global hub could build on existing hubs/portals including FAO or the WWF landscape finance lab. Local hubs could provide information and support in local context.

## **Next steps and proposed actions for FAO**

Some of the next steps included the following:

- It was suggested that a **taskforce** be established with the mandate to support the development of the Hub. This task force would be comprised with FAO and non-FAO volunteers-members. Participants who expressed interest included: (within FAO) Marco, Petri, Christophe, Jhony, Lucy; (outside-FAO): Bas, Michael Brady, and possibly Gerhard Engel and Steve Gretzinger. Some of the initial activities would include: (1) the revision of the concept note taking into account the feedback received at the meeting, (2) the preparation of a roadmap, (3) resource mobilization to cover short, medium and long term activities. The concept could seek further feedback in events that are planned in the next few months (e.g., UNFF14, Kenya dialogue on “Food, Forests, and Farming for the Future”, etc.).
- **Case study development.** Several presenters expressed willingness to share cases, e.g., IWC, 12TreeFinance, Form Ghana, Komaza, KVTC (Criterion African Partners), Ecosystem Services, Arbaro, TNC (Naturvest, WaterFunds, TreeFund), etc.

Cases could be prepared or further elaborated. Selected interviews can be envisioned to gather historical backgrounds and development journeys. The FLRM could support case study/success story development by (1) providing feedback on what contents would be most useful, and (2) providing case study material. The FLRM besides offering to contribute to the generation and dissemination of knowledge also mentioned that they could facilitate some data collection through ongoing and pipeline projects. Other partners like TBI could also support case study development.

- **Webinars, short articles and other dissemination/interaction.** FLR and IES are part of a community of practice and collaborating in facilitating discussions/dissemination of relevant information. A webinar is planned for 15 May where some cases will be discussed. This could be an opportunity to ask the audience also what information would be most they would like to see in cases.
- **Testing the concept of local hubs.** It was suggested to select 1-2 countries where the ideas mentioned in the meeting could be tested. Because of ongoing projects and activities by FAO and partners, these countries could be Kenya, Ghana, Tanzania or Mozambique. A concrete possibility exists in Kenya where FFF/TBI are organizing a dialogue on “Food, Forests, and Farming for the Future” on 23-25 April. The objective of the dialogue is to better understand the needs of smallholders/POs to improve market and finance access. This dialogue could be an opportunity to (1) share the outcome of the expert meeting, (2) validate/expand on the recommendations, and (3) help identify initial concrete steps that will offer the opportunity of “learning by doing”. FAO is implementing a GEF project in Kenya (through the FLRM) that could help with the collection of some market information and value chain assessments for target areas/products (e.g., moringa, gum Arabic).
- **Synergies with other hubs and portals.** Further work is needed to explore how the hub could complement other initiatives and, in particular, contribute to the Global Forest Financing Facilitation Network (GFFFN) established by the UNFF in 2015.
- Some partners (e.g., TBI, FFF, FLR) expressed interest in the applicability of these ideas at the **landscape** level. A decision should be made on the scope of the hub.

A non-exhaustive list of the actors that expressed availability for collaborations is summarized in the following table:

<b>Object of potential collaboration</b>	<b>Actor potentially available</b>
Capacity building and mentoring	Winniwood, PFP, Tanzania APEX, SMEs, CIFOR, CGIAR
Sharing of market data/ information	FAO, IWC, FMO, INBAR, CIFOR, CGIAR, Komaza
Provision of case studies/ lesson learned	FAO, IWC, GreenWood Resources, FMO, Komaza, TNC (Naturvest, WaterFunds, TreeFund), Form International, Tropenbos, SMEs
Other	<ul style="list-style-type: none"> <li>• WWF (web hosting, case studies collection and collation)</li> <li>• FMO (benchmarking, coordination with other Development Finance institutions)</li> <li>• Criterion African Partners (feedback on methodology for price indexing)</li> </ul>

	<ul style="list-style-type: none"><li>• CIFOR, CGIAR (support to communication activities and platform)</li><li>• IFC (benchmarking on prices, efficiencies, capacities)</li><li>• Lexeme Consulting (matchmaking and dissemination)</li></ul>
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## Annex 1: Results of the pre-meeting survey

### Q: What is your motivation to attend this meeting?

Top motivations:

- To be part of the sharing of best practices, experiences and updated information of forest finance
- Networking
- To find new opportunities and partnerships
- To promote forest finance and investments in sustainable forestry
- The meeting and its contents relate to my work



Figure 6 - the word cloud for the question related to the motivation to attend the meeting

### Q: What are your expectations?

TOP 3 expectations:



To share knowledge, ideas, real stories of success, best practices

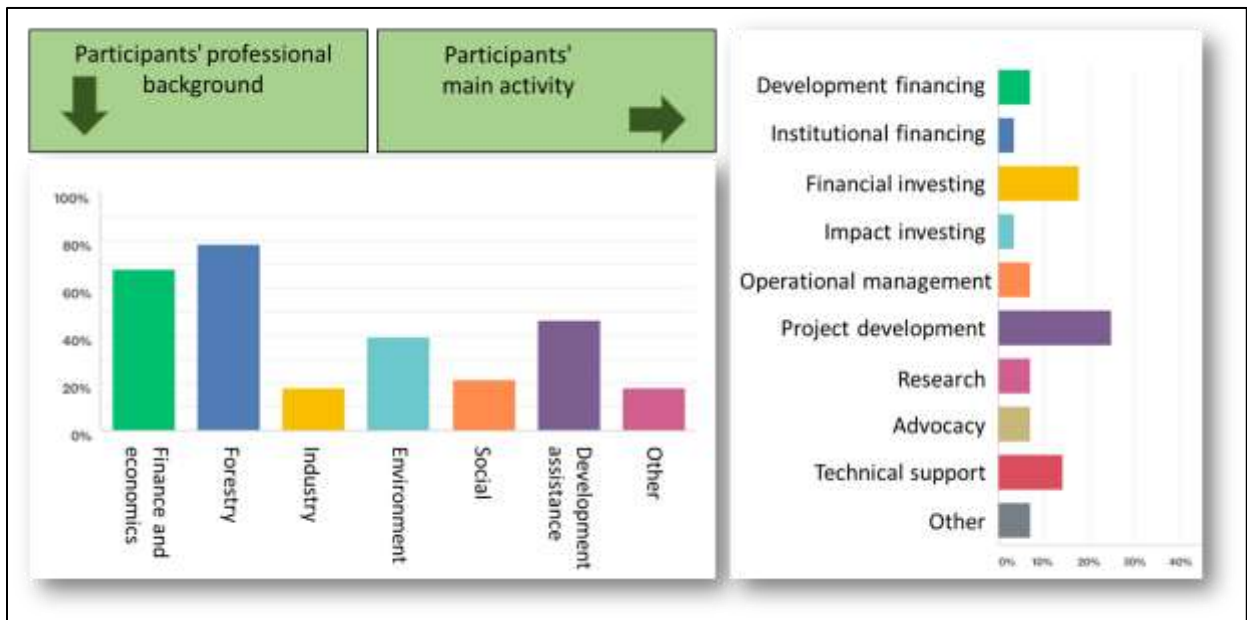


To find new opportunities for collaboration, co-investments and networking

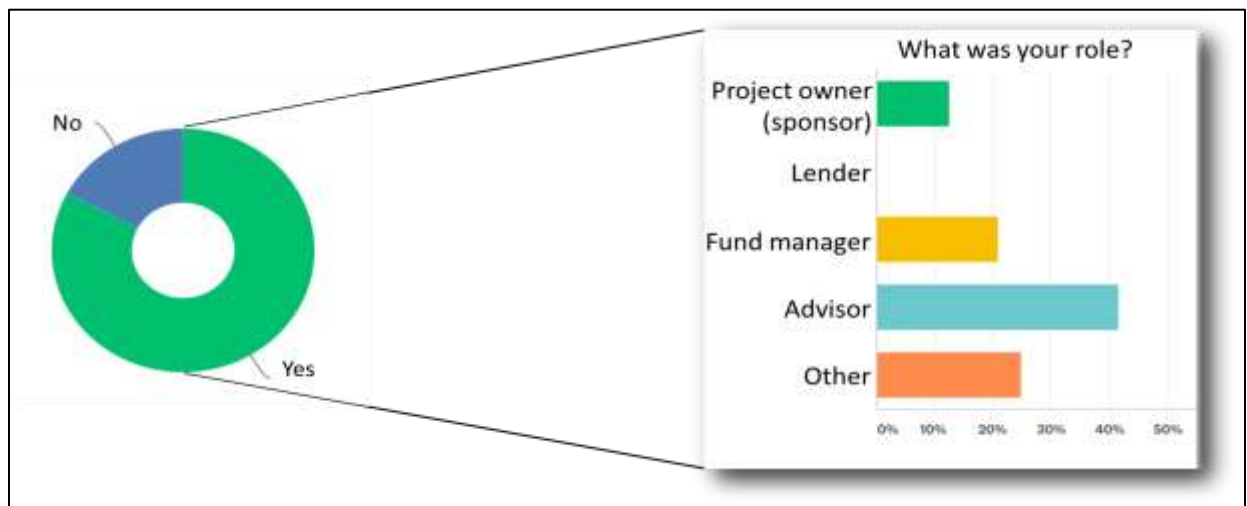


To develop the HUB to promote new financing methods for sustainable forestry

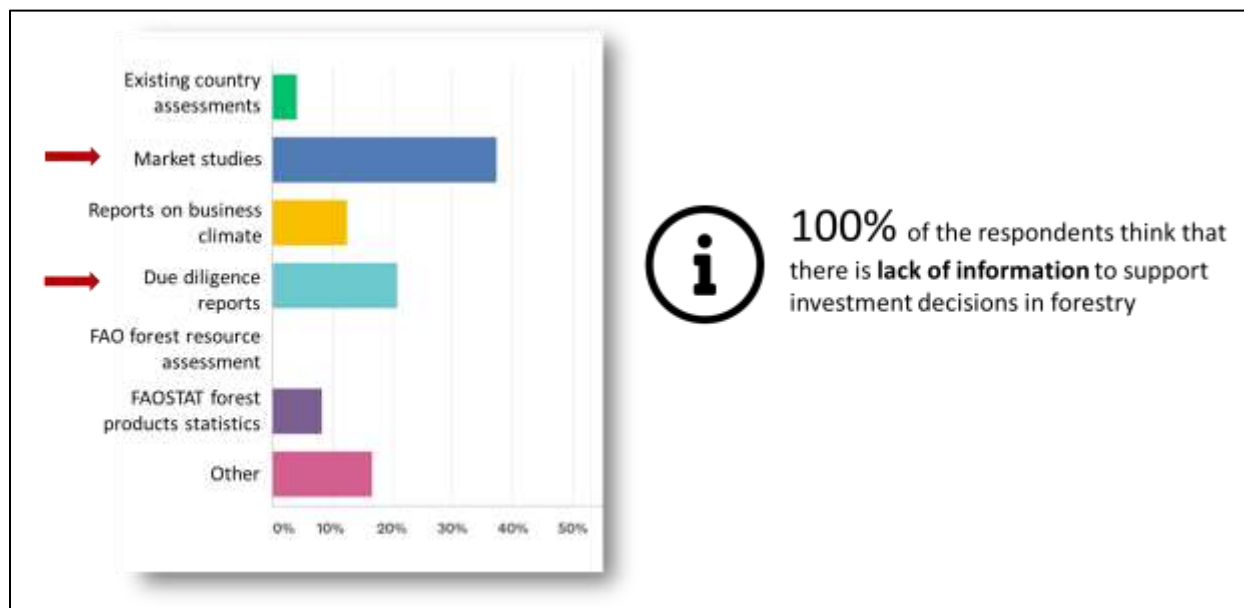
**Q: Professional background and main activity**



**Q: Have you recently actively participated in supporting or implementing investments in forestry or sustainable landscapes? What was your role?**



**Q: What information did you find useful when supporting, deciding or implementing this investment?  
Do you think that there is lack of information to support investment decisions in forestry?**



**Q: What were the main obstacles for the investment you mentioned?**

TOP 3 reported obstacles:

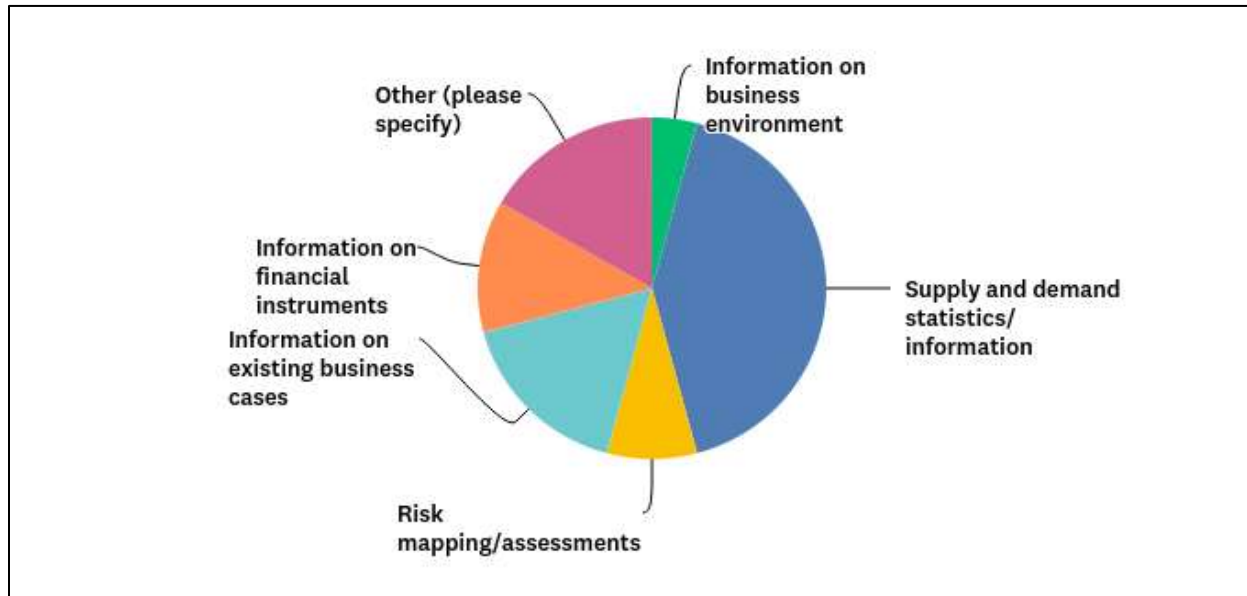
1. Evidence for the business case
2. Market assumptions
3. Available financing

Arguably, the three most quoted obstacles are linked with one other: the lack of evidence for the business case forces to make market assumptions. Then, investors find it more difficult to rely on market assumptions rather than on evidence, thus making it difficult for the forestry sector to obtain financing.



**Q: What information or other support would help you carry out (or scale up) these activities better?**

The Hub may contribute to overcome the abovementioned obstacles:



**Q: How did you overcome them?**

In the absence of the Hub, the actors undertake the following activities:

- Ground research and engagement with local partners
- Due Diligence and further market research
- Blended/alternative finance
- Capacity building

but more than 20% of the actors reported that the obstacles remain.

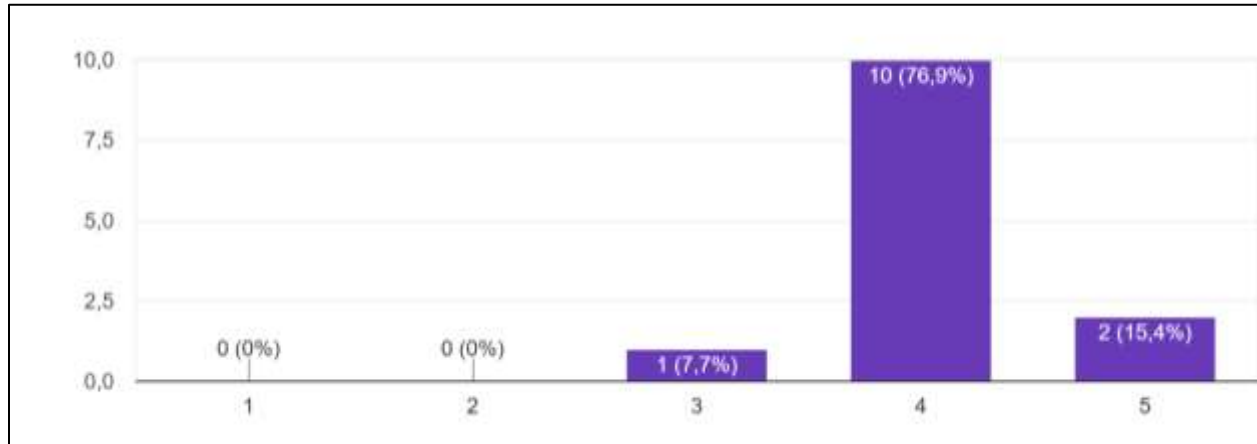
**Q: If a Forest Finance Information Hub would be implemented what type of information would you like to see in it?**

TOP 3 reported answers:

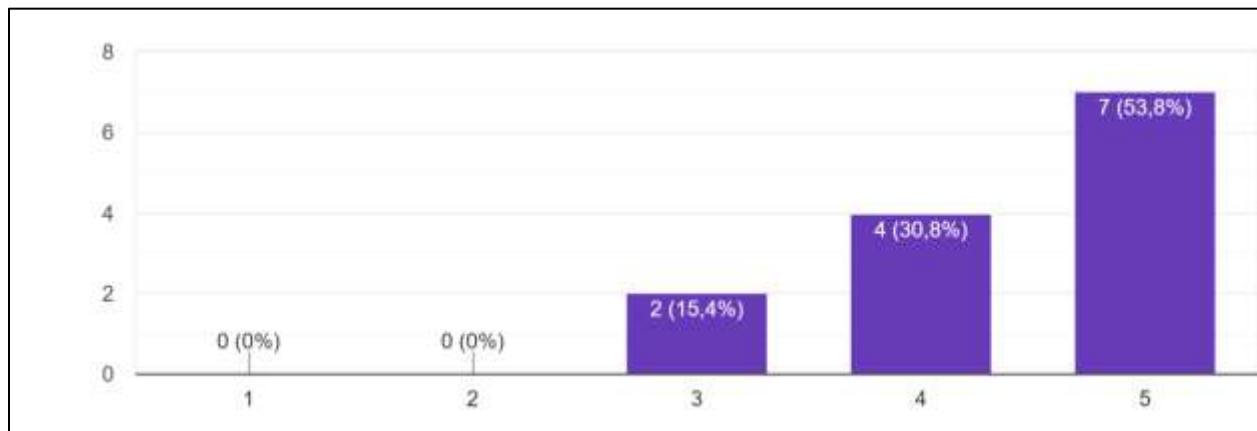
1. Descriptions of effective business cases/models
2. List of available financing sources
3. Lists/descriptions of project opportunities

## Annex 2: Result of the follow-up survey

Q: Overall level of satisfaction (1 = not satisfied; 5 = very satisfied)



Q: Was the event relevant for your work? (1 = not relevant; 5 = very relevant)



Q: What is the most important take away of the meeting?

- Growing importance of climate finance
- market information, data and connectivity is missing
- the need for more transparent market data is common across the whole value chain, from institutional investors to smallholders
- There is consensus that we need the hub to better leverage private finance
- Participants showed willingness to support the development of the Hub
- Mobilization of resources especially funds for the sector is a collective effort process, expensive and needs commitment networks and passion
- There are some innovative approaches to timberland and forestry investing that are not well-

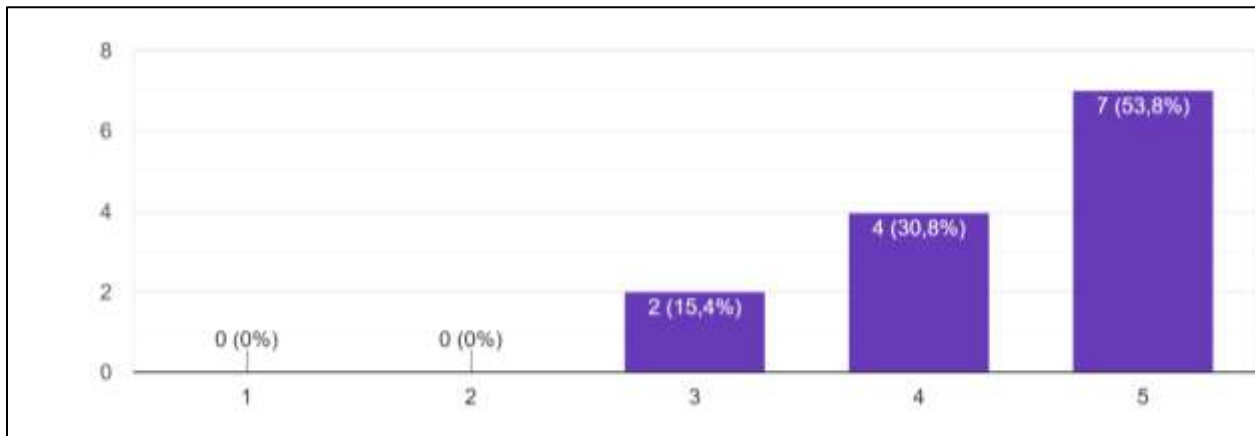
known and that should be disseminated

- The chance to hear what various members of the chain were doing was extremely useful
- Information needs are broad and vary according to stakeholders but an integrated approach through a few well selected and thoroughly implemented case study may be a good base for development of a multifunctional information hub
- The gap between the views of forestry investors and those of forestry SMEs
- Still very difficult to grasp how this hub could work in practice and what level of commitment FAO can bring to the table
- FFIH concept still need to be improved within FAO

**Q: How relevant did you find the sessions? (Number of responses out of 13 responses)**

Relevance Session	I did not attend this session	Not relevant	Relevant	Very relevant
1			10	3
2			5	8
3a		1	8	4
3b			7	6
3c		1	8	4
4	1	2	8	2
5	1	1	7	4

**Q: Would you participate in a follow up expert meeting in 9-12 months? (1 = very unlikely; 5 = very likely)**



## Annex 3: Agenda of the Expert Group Meeting

Tuesday, 2nd April 2019

9:00-9:15	Welcome to participants and opening ( <b>Mette Wilkie</b> , Director, FAO Forest Policy and Resources)
9:15-9:45	Introductions, objectives of meeting and overview of agenda ( <b>Marco Boscolo</b> , FAO)
9:45-10:15	Background and rationale ( <b>Thais Linhares-Juvenal</b> , Team Leader, FAO)
10:15-10:45	Coffee break
10:45-11:45	<p><b>Session 1. The value chain approach in catalyzing private finance</b> Session moderator: <b>Paul Ankrah</b>, Winniwood</p> <p><b>Rationale.</b> This session will set up the scene for the expert meeting. It aims to assess the potential of the forest value chain approach to catalyze private finance. The session will discuss (1) the main issues influencing private finance in forest value chains; (2) the relevance of the value chain approach to promote private finance; (3) Challenges and opportunities to promote financial inclusion.</p> <p>Presentations: Using the value chain approach to catalyze private finance – <b>Petri Lehtonen</b>, Forest Finance Expert, FAO (<i>&lt;10 minutes</i>) The Development Finance Institution view. <b>Ilkka Norjamäki</b>, Finnfund (<i>&lt;8 minutes</i>) The Company/Sponsor view. <b>Jim Heyes</b>, Criterion African Partners (<i>&lt;8 minutes</i>) The Financial investor view. <b>Shauna D. Matkovich</b>, IWC (<i>&lt;8 minutes</i>) The Producer organization view. <b>Charles Nyanjui</b>, IFFA and <b>Jhony Zapata</b>, FAO(<i>&lt;8 minutes</i>)</p> <p>Plenary Q&amp;A</p>
11:45-12:45	<p><b>Session 2. Raising finance for forestry investments</b> Session moderator: <b>Steve Gretzinger</b>, GreenWood Resources</p> <p><b>Rationale:</b> This is an opportunity to learn from concrete cases from panelists. The panel will discuss existing cases of forestry investments where finance have been obtained from multiple sources</p> <p>Presentations: <b>Hanna Skelly</b>, Arbaro Fund (<i>&lt;10 minutes</i>) <b>Paul Hol</b>, Form Ghana (<i>10 minutes</i>) <b>Oliver Hanke</b>, 12Tree Finance (<i>10 minutes</i>) <b>Tomonobu Kumahira</b>, Komaza (<i>10 minutes</i>)</p> <p>Plenary Q&amp;A</p>
12:45-14:00	Lunch break
14:00-14:10	Take away from morning sessions – TBC
14:10-14:40	<p><b>Session 3a. The Forest Finance Information Hub FFIH</b> Introductory presentation – <b>Petri Lehtonen</b>, <b>Marco Boscolo</b>, FAO (<i>10 minutes</i>)</p>
14:40-15:40	<p><b>Session 3b. Group discussions on the Hub</b> Session moderator: <b>Marco Boscolo</b>, FAO</p>

	<p>What are the most significant <b>functions/contributions</b> that the Hub can play/make to catalyze private finance? To whom? (Moderator: <b>Michael Brady</b>, CIFOR)</p> <p>What are the key <b>contents and structure</b> the Hub needs to have to deliver value to this group? (Moderator: <b>Bas Louman</b>, Tropenbos International)</p> <p>How can the Hub <b>interact</b> synergistically with other hubs and portals? (Moderator: <b>Natalia Krasnodebska</b>, WWF)</p> <p>What are the key first steps to implement the hub? (Moderator: <b>Simon Rietbergen</b>, FAO)</p>
15:40-16:00	Coffee break
16:00-16:45	<p><b>Session 3c. Opportunities for the FFIH to deliver more value.</b> Moderator: <b>Gabrielle Kissinger</b>, Lexeme Consulting</p> <p>Results of the group discussions</p> <p>What are the most significant <b>functions/contributions</b> that the Hub can play/make to catalyze private finance? To whom? - <b>Michael Brady</b>, CIFOR (<i>10 minutes</i>)</p> <p>What are the key contents and structure the Hub needs to have to deliver value to this group? - <b>Bas Louman</b>, Tropenbos International (<i>10 minutes</i>)</p> <p>How can the Hub interact synergistically with other hubs and portals? - <b>Natalia Krasnodebska</b>, WWF (<i>10 minutes</i>)</p> <p>What are the key first steps to implement the hub? – <b>Simon Rietbergen</b>, FAO (<i>10 minutes</i>)</p>
16:45-17:00	Wrap up and closing of day 1 ( <b>Thaís Linhares-Juvenal</b> , FAO)

### Wednesday, 3th April 2019

9:00-9:15	Recap of day 1 ( <b>Petri Lehtonen</b> , FAO)
9:15-9:30	<p><i>Reflection: How do you see the discussion so far in the context of your work?</i></p> <p>Moderator: TBC</p> <p>Reflections by: <b>Adrian Enache</b> (EIB), <b>Ben Sulus</b> (Tanzania), <b>Lucy Garrett</b> (FLRM), <b>Jhony Zapata</b> (FFF)</p>
9:15-10:30	<p><b>Session 4. The role of the Hub in catalysing private finance. Harnessing synergies and complementarities (seeking win-win solutions).</b> Session moderator: <b>Thaís Linhares-Juvenal</b>, FAO</p> <p>Opportunities for collaborative work to support: Portal linking users to datasets, tools, guidelines, cases, outlook studies and business models Mentoring and capacity building for forest managers, policy makers and individual stakeholders groups Forest finance dialogues at the local level</p>
10:30-11:00	Coffee break
11:00-12:20	<p><b>Session 5. Exploring the way forward on building the Hub</b> (plenary discussion) Session moderators: <b>Gabrielle Kissinger</b> and <b>Bas Louman</b></p> <p>Key milestones in 2019 and 2020</p> <p>Possible collaborations</p>
12:20-12:30	Closing: <b>Mette Wilkie</b> and <b>Thais Linhares-Juvenal</b>