



Food and Agriculture
Organization of the
United Nations



Sustainable Wood for a Sustainable World Investment Forum in Africa

Setting the scene

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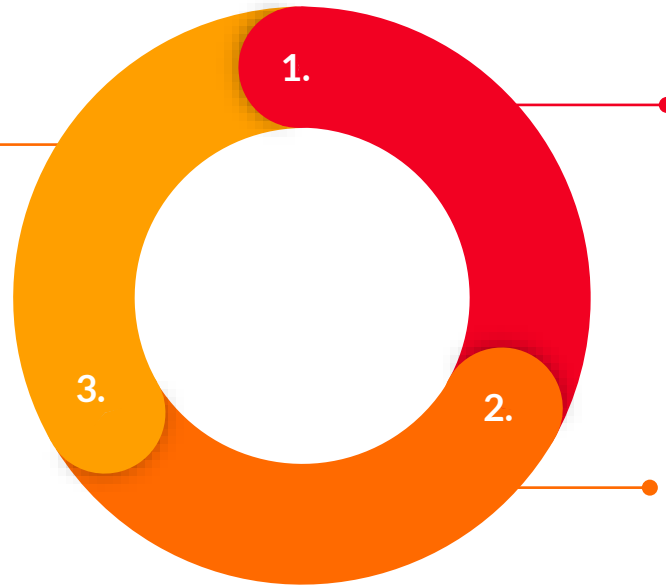
Forest Investment Forum

Aims to catalyze investments in sustainable and inclusive forest value chains in the region

- platform for market participants
- share best practices, learn from peers
- greater exposure of bankable projects in the region to interested investors

Vicious circle of forestry

- Investments in value added production are too risky
- Resources continue degrading
- Trade deficit of wood products increasing
- Employment and income generation stagnated



Demand of wood products and bioenergy is growing

Potentially expandable resource base to generate energy, variety of products and services is in place

Why investments in forestry are not taking place?

Lack of knowledge and data on potential investments

Lack communication among different market participants

Unfavourable policy environment

Weak governance

Limited universe of bankable projects

Lack of appropriate financial instruments

Underdeveloped industrial infrastructure

Weak linkages between forest producers and value chains

Lack of a holistic approach to deliver integrated solutions

All these factors are related to the business environment

De-risking investments

Investments in value added production are too risky

Resources continue degrading

Trade deficit of wood products increasing

Employment and income generation stagnated

Improving business environment

Improving market participant's capacities and information

Increasing opportunities for capital markets with bankable projects

Investments in value added production accelerated

Resources maintained and expanded

Trade deficit of wood products turning to surplus

Employment and income generation increased

Rationale

International and local capital markets

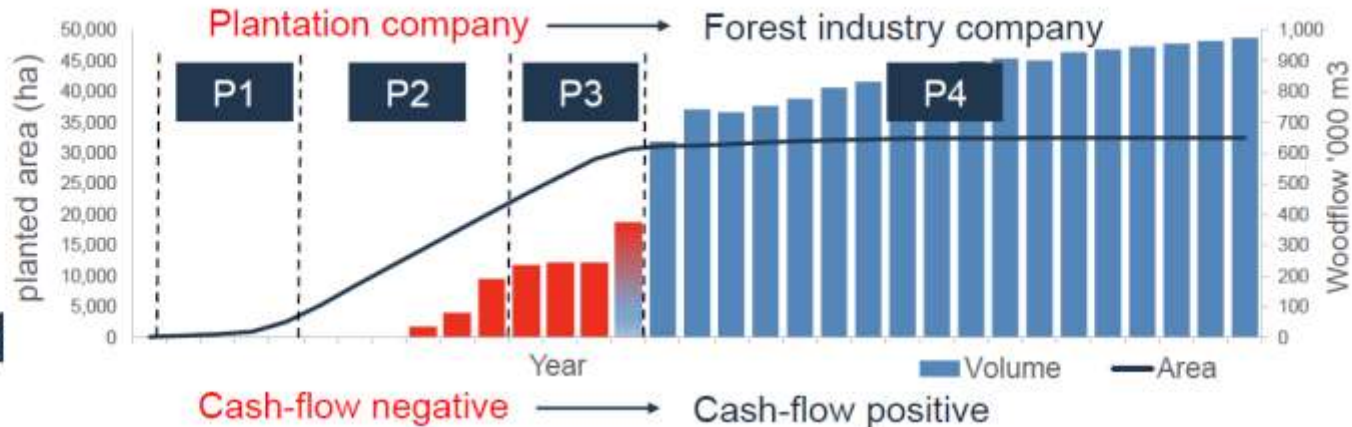
- A growing share has strategic target to promote sustainable investments
 - Limited deal flows of potential business cases especially in forest sector
 - Many project proposals they encounter do not meet their investment criteria
- *Risks and particularly the perceived risks are too high to overcome the investment criteria*

Smallholders, producer organizations and SMEs

- Access to land, labour and ability to organize local production
 - Potential local and regional markets for their products
 - Lack of technology, access to markets, poor integration to local or global value chains, capital and inability to scale up the production
- *Limited capacities to create bankable projects that comply with investor's criteria*

Financing a private sector driven value chain

P1: Proof of concept	P2: Plantation expansion	P3: Industrial development	P4: Industrial expansion
Management competence Land security Tree planting started Value chain strategy	Scale-up of planting R&D; proven growth Smallholder expansion Market visibility	Value chain development Markets, products Infrastructure Processing facilities	Significant investments to industrial processing (vertical integration or JVs?) Sales and marketing
Founders Family offices, HNWs Philanthropic (Grants)	Development financing Impact investors (Climate funding) (Private funding)		Financial investors Strategic investors Project financing Banks
Critical phases with insufficient funding			



Source:
finnfund

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Thank You

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