



Unlocking Global Gateway investments in nature and the green economy

Brussels, July 7-10





Investing in Forests: Field Realities and Private Sector Needs

Caroline Duhesme, ATIBT

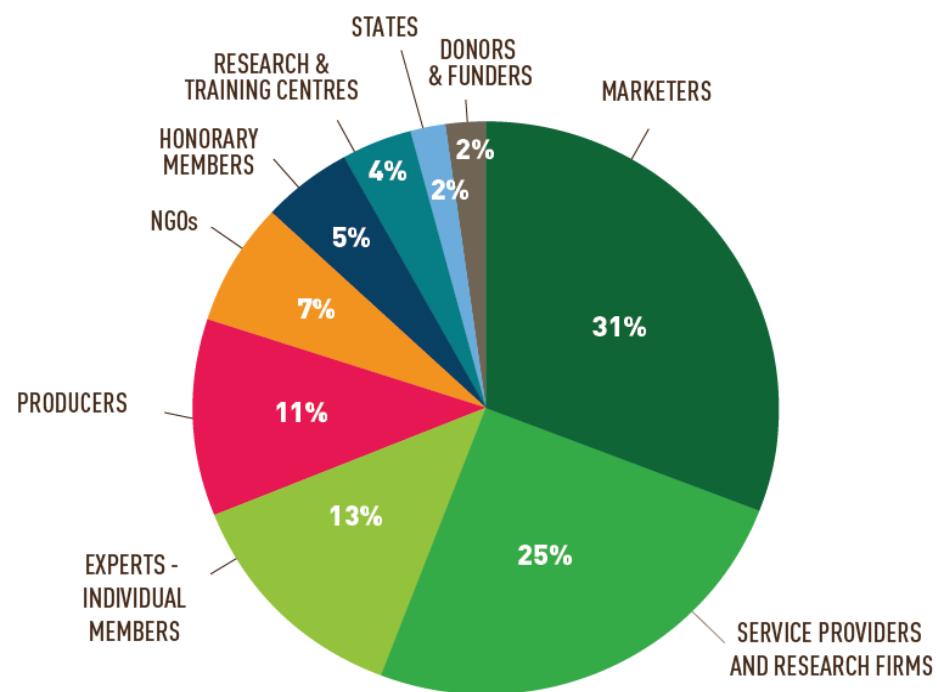


WHO ARE WE?

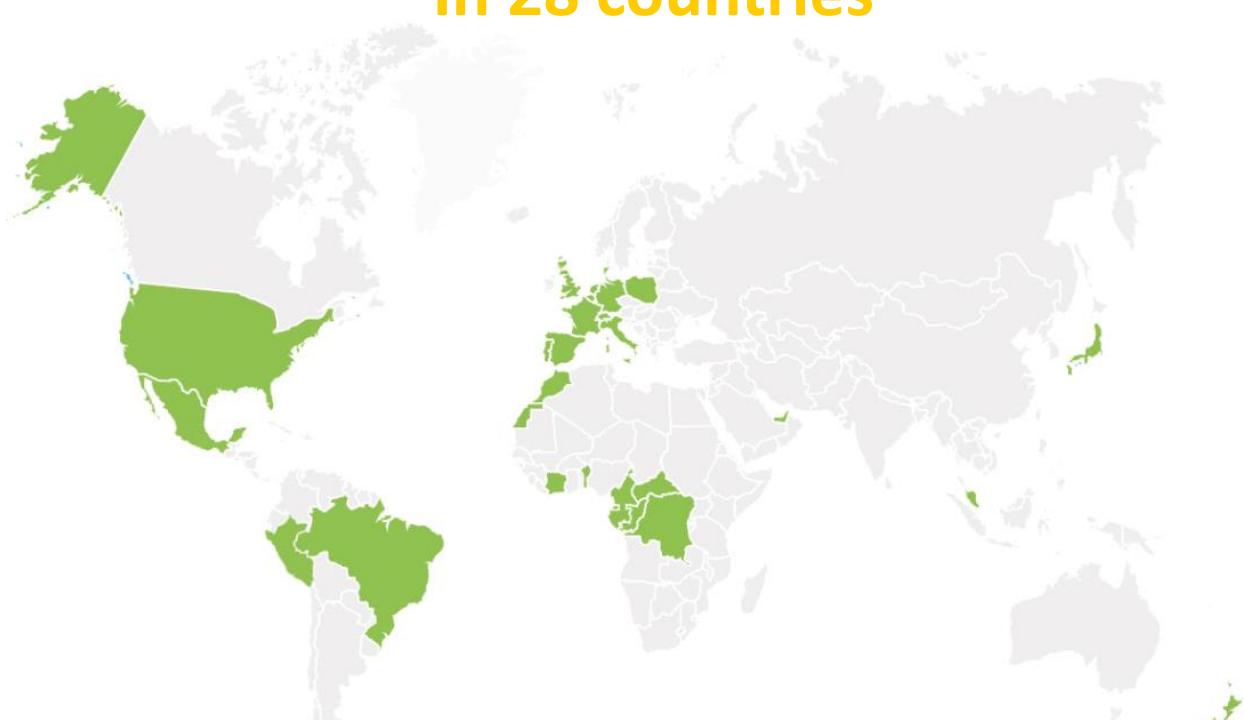
The Tropical Timber International Technical Association

ATIBT promotes the **sustainable management** of tropical forests, the **legal and responsible trade** of tropical timber, and the **economic valorization** of this unique resource

160 members in 2024



In 28 countries



The Forest and timber Sector in Central Africa

- 246,5 millions ha of forests in Central Africa (*OFAC, 2021*)
 - 2nd largest tropical forest basin after the Amazon
 - Around **12.5 million ha** under certification (*ATIBT, 2024*)
- > **50,000** formal direct jobs + > **150,000** indirect and informal jobs in the forestry sector (*ATIBT estimates, 2024*)
- Approx. **9.6 million m³/year** of formally harvested timber (60%) (*OFAC, 2024*)
- **11.5%** – Share of global funding for tropical forest conservation and sustainable management for Central Africa (2008–2017) (*Mongabay, 2024*)

Government Perspectives

COMIFAC countries committed to local transformation and SFM

Log export bans are in place or coming

Need support for:

- Industrial zones
- Energy and infrastructure
- Technical training and fiscal reform

The Forest Private Sector in Central Africa

A mixed landscape:

- **Large European-capital and Singaporean companies** (mostly FSC/PEFC certified)
- **Asian-capital companies** (less engaged in legality, sustainability)
- **Local SMEs** and a large informal sector

Certified actors invest long-term but focus on **exports** (EU, US, Asia)

- Tropical timber EU market share : $\approx 6\%$, decreasing

Domestic markets seen as high-risk, low-profit — for now

What certified companies are saying

Still focused on exports due to market conditions

Domestic demand is growing (e.g. Côte d'Ivoire)

Conditions needed to reorient investment:

- Access to finance and guarantees
- Predictable tax regimes
- Industrial partnerships
- Technical training (e.g. for wood construction)

How EU could support

- Support fiscal reform to incentivise processing
 - Fund industrial wood zones with services
 - Mobilize EU guarantees (EDFI, EIB) for SMEs
 - Support vocational training and tech transfer
 - Encourage EU-Africa technical cooperation
 - Stimulate high value market demand (e.g. public procurement for tropical wood)
- The EU should enable long-term investment conditions

Key Messages

- Africa's domestic market = future of tropical wood
- SMEs are central to transformation and job creation
- Certified European companies are willing to engage
- EU has the tools: use them to structure ecosystems
- Investment in forests = climate and geopolitical interest



EFSD+ Guarantees

Mobilising Sustainable Investment for Nature



EFSD+ in a nutshell

European Fund for Sustainable Development Plus (EFSD+)

Blending

A mix of grants and financial instruments
to reduce **cost**

Budgetary guarantees

(unfunded) guarantees lowering the **risk**
of loans, equity, off-take agreements, etc.



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Update on INTPA-led Open Architecture Guarantees

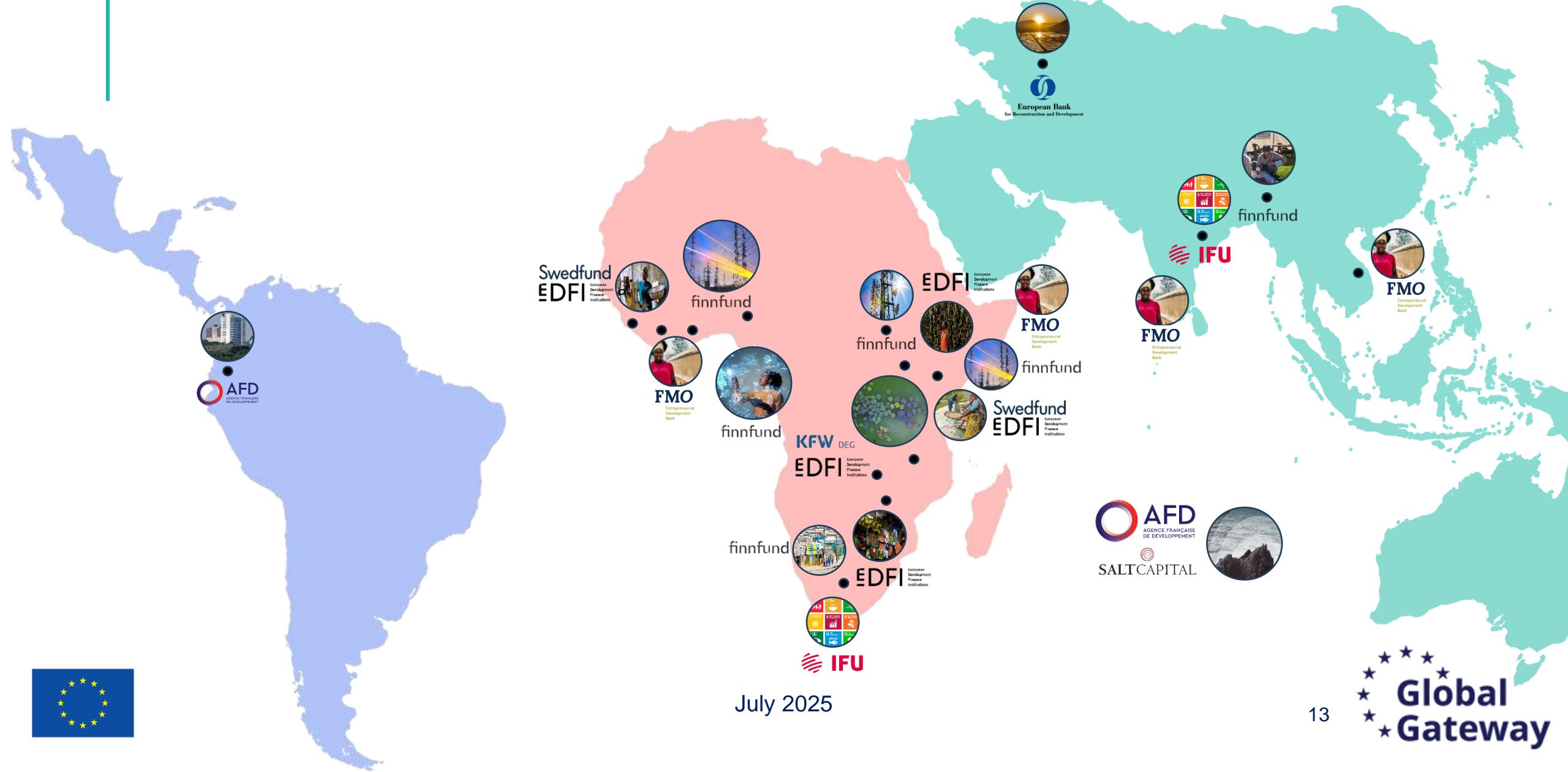
- **Contracting status:** >25 active guarantee programmes are open for investments
- **Investment Period:** 3-5 years (ie, the time during which investments can be added)
- **Portfolio & Pipeline Review Meetings:** new format since November 2024
- **Top ups:** On 19 June, the EFSD+ Board approved the top up of three programmes
 - Finnfund's Africa Connected: geographical expansion towards AsiaPacific & Latin America & Caribbean
 - EBRD's Hi-Bar: geographical expansion towards Sub-Saharan Africa
 - KfW – Green Energy for Africa and Asia: top up to support CRM project in Uzbekistan



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EFSD+ Open Architecture ongoing operations



Nature-oriented guarantees have the potential to mobilise investment for Global Gateway Flagships

Forest Partnership (UG) and NaturAfrica (KE)

- **Goals:** Support biodiversity conservation and socio-economic development; promote landscape conservation and sustainable land use; unlock private finance such as via carbon markets
- Engagement between INTPA and the partner DFIs has resulted in two guarantee programmes that are geared to mobilise the investment needed for these Flagships.



EDFI Carbon Sinks



- DEG invested EUR 19 million into large-scale restoration and conservation via the “**Carbon Nature Based Fund**” (fund target EUR 400 million).
- The fund invests in a portfolio of agro-forestry and grazing projects in Kenya and Uganda.



ndia

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DFCD Aya Scalable Solutions FMO

Entrepreneurial Development Bank

- FMO invested into the [Hivos-Triodos Fund](#) and the [Helios CLEAR Fund](#), which invest into adaptation, food security, and climate resilience.
- EUR >40 million in investments will be mobilised (in the region and beyond).



FMO – DFCD* Aya Land Use Facility



Objective:

1. Mobilise EUR 2 bn of private capital towards climate adaptation and mitigation in developing and emerging markets
2. Strengthen food security and climate resilience of vulnerable populations and ecosystems



Asia-Pacific, Sub-Saharan Africa, Latin America & Caribbean

- **Sector:** environmental protection, agriculture, forestry, water & sanitation
- **Total guarantee volume:** € 105 million
- **Types of investments:** debt and equity investments
- **Ticket size:** between EUR 6 and 21 million
- **Technical Assistance:** EUR 7.6 million



GG Flagships/TEIs: NaturAfrica, Forest Partnership, Great Green Wall, Green Pact for Sierra Leone, Green Initiative TEI in Partnership with ASEAN/South-East Asia, GGIA on supporting Caribbean biodiversity and fighting ocean pollution, Five Great Forests of Mesoamerica



*Dutch Fund for Climate and Development
14/07/2025

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HOW DOES IT WORK



+ Criteria match

**BANKABLE
PROJECTS**

**ORIGINATION
FACILITY**



Can also be directly sourced

HANOVER

**LAND USE
FACILITY/
DFCD AYA**

FMO

Entrepreneurial
Development
Bank

**WATER
FACILITY**

**CLIMATE
FUND MANAGERS**

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**THIRD-PARTY
INVESTORS**

DFCD Aya Land Use Facility Operations covered



Operation Title	Description	Country/Region	Signed Amount (in million EUR)	Covered by EFSD+ (in million EUR)
<u>Camimex</u>	Processing company of organic seafood (e.g. organic shrimp produced in integrated mangrove farms)	Vietnam	15	6.6
<u>Dvara KGFS</u>	Microfinance focused on women-led MSMEs in sustainable agriculture	India	7	3.1
<u>Miro Forestry Developments Ltd</u>	2-year pilot project of the first micro-forestry scheme	Ghana, Sierra Leone	1.1	0.5
<u>Helios CLEAR Fund*</u>	PE fund, provide growth capital to companies with meaningful climate mitigation and adaptation impact	Pan-African	10	4.1

*Climate, Energy, Adaptation and Resilience Fund



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Further reading on DFCD Aya

FMO

Entrepreneurial
Development
Bank



- [Guarantee overview on INTPA.E5 SharePoint](#)
- [Information package for EU Delegations \(including overviews of the regional project origination facilities managed by SNV & WWF\)](#)
- [Current investment pipeline](#)
- **Contact: Aart Mulder (A.Mulder@fmo.nl) & Pien Nijs (p.nijs@fmo.nl)**



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Global
Gateway

EDFI Carbon Sinks



EDFI

European
Development
Finance
Institutions

Objective: Provide critical support for Carbon Sinks ecosystems via investments into natural forests and marine ecosystems, outgrower schemes, smallholder forestry, blue carbon, algaculture, plantation forestry and processing industries.



Asia-Pacific, Sub-Saharan Africa, Latin America & Caribbean, Western Balkans

- **Sector:** agro-forestry, carbon sinks ecosystems, blue economy
- **Total guarantee volume:** € 366 million
- **Types of investments:** long term equity & quasi-equity investments into FRAC* companies and funds that invest into FRAC* companies
- **Ticket size:** between EUR 2 and 30 million (avg. guarantee coverage of 60% for lower risk and 85% for higher risk operations)
- **Technical Assistance:** EUR 25 million



GG Flagships/TEIs: NaturAfrica, Forest Partnership, Great Green Wall, Green Initiative Team Europe Initiative in Partnership with ASEAN/South-East Asia, GGIA on supporting Caribbean biodiversity and fighting ocean pollution, Five Great Forests of Mesoamerica, Amazon Basin TEI

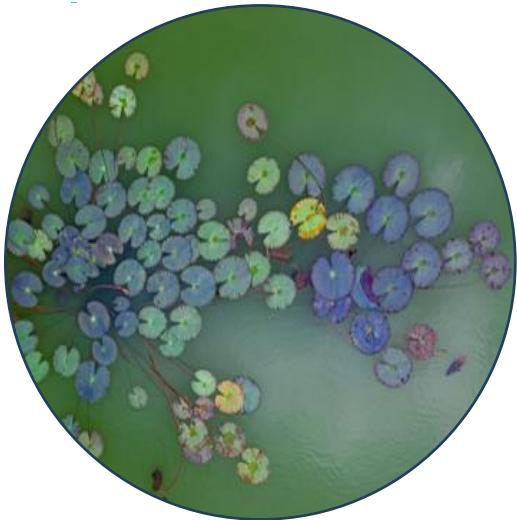


*Forest and Regenerative Agribusiness Companies (FRAC)

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EDFI Carbon Sinks - Nature Based Carbon Fund



EDFI
European
Development
Finance
Institutions

KFW DEG



Foster carbon sequestration and promote sustainable land management practices

SSA, Asia, LAC

- **Sector:** conservation, biodiversity, forestry and other nature-based projects
- **Signed amount:** € 20 million
- **Fund:** target € 409 million

GG Flagships: Forest Partnership Uganda/ NaturAfrica Kenya

Large scale nature-based restoration, conservation and biodiversity

Enhance sustainable agroforestry practices in Bhutan

Bhutan

- **Sector:** agroforestry
- **Signed amount:** € 5.1 million
- **Covered amount:** € 4.6 million
- **Total :** € 48 million



Sustainable agriculture value-chain

-
- EU interest: involvement of European Companies:
 - Natixis
 - 14 EU off-takers identified (e.g. chocolatiers)

EDFI Carbon Sinks – Mountain Hazelnuts in Bhutan



EDFI
European
Development
Finance
Institutions

finnfund

Climate Fund Managers – Ocean & Climate Finance Facility*



CLIMATE
FUND | MANAGERS



*Active upon completion of pillar
assessment

Objective: use innovative financial mechanisms such as sustainability and impact linked loans/bonds and equity investments to mobilize private sector capital for climate, ocean and nature-based solutions in emerging markets



Sub-Saharan Africa

- **Sector:** natural assets and species protection, conservation, local community livelihoods, marine and terrestrial protected areas
- **Total guarantee volume:** EUR 205 million
- **Types of investments:** debt (e.g., impact loans & sustainability-linked bonds) and equity investments (into CFM-managed funds)
- **Ticket size:** between EUR 10 and 105 million



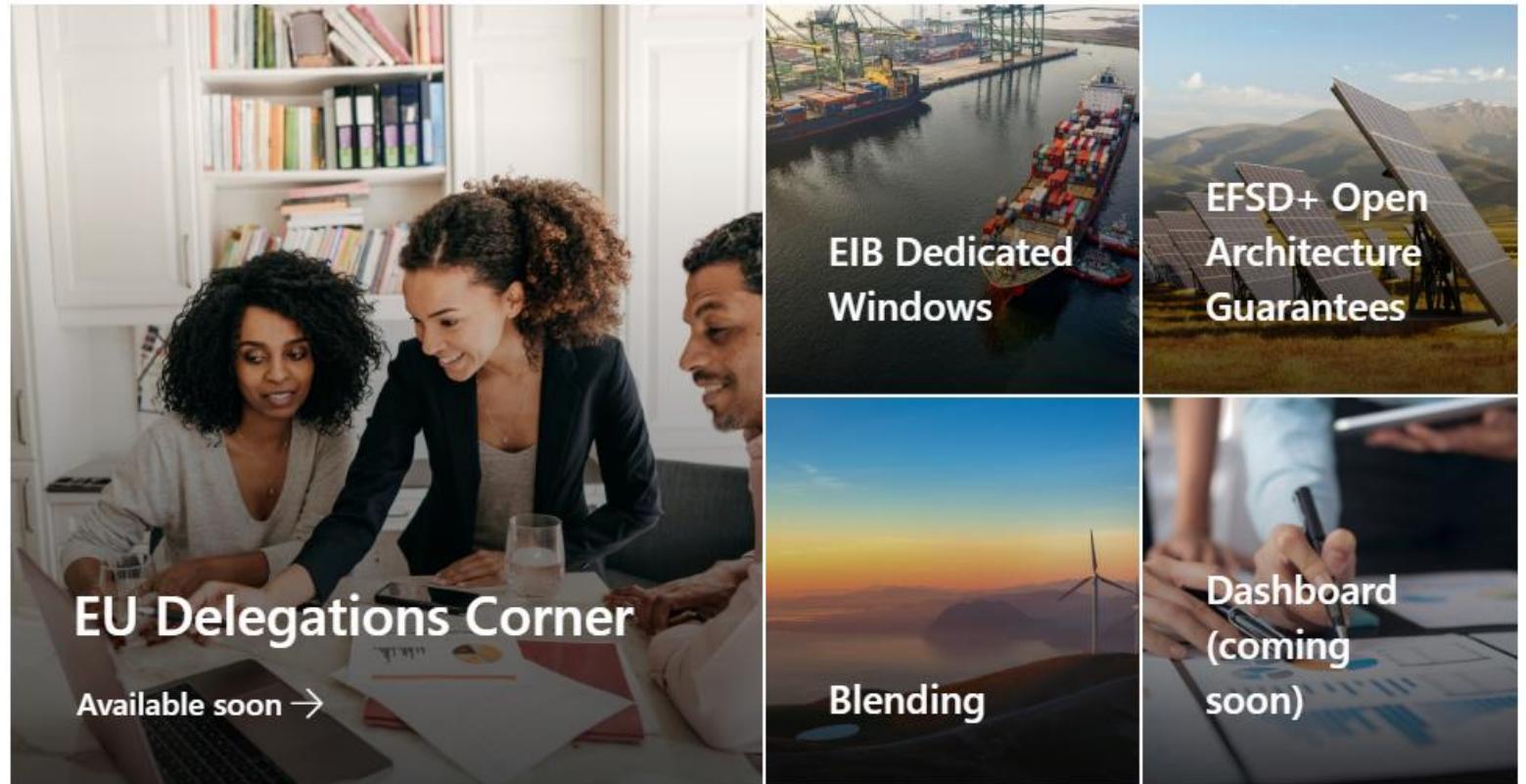
GG Flagships/Team Europe Initiatives (TEIs): NaturAfrica, Forest Partnership, Great Green Wall, Green Economy TEI in Nigeria, Low Carbon TEI in Côte d'Ivoire, Green Deal TEI South Africa, Green Deal TEI Kenya

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Do you want to know more about the EFSD+?

- **New comprehensive EFSD+ Training Package**
- **Resources: EFSD+ Sharepoint** provides many useful documents
- **Reporting: EFSD+ Dashboard** soon to be launched



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Carbon Sinks – by EDFI MC

Workshop DG INTPA F2 – July 2025





About Carbon Sinks

The programme is designed to support DFIs and their private and public co-investors to scale up equity investments investing in Carbon Sink Projects:

- a) natural forests and natural marine ecosystems;
- b) outgrower schemes and smallholder forestry and algaculture;
- c) agricultural and other carbon sink investments (including blue carbon projects);
- d) plantation forestry; or
- e) forest and ocean related product processing for prolonged carbon storage.

Direct and Indirect (via. funds) Equity and Equity-like investments in companies that invest in Carbon Sink Projects	
Total Guarantee Limit: EUR 366m <ul style="list-style-type: none"> • Window 1 (FRACs) : EUR 266m (FRAC/FRAC HoldCo) • Window 2 (Special FRACs): EUR 100m (Special FRAC/Special FRAC HoldCo) 	Geographic Coverage <ul style="list-style-type: none"> • Sub-Saharan Africa (EUR 180m) • Latin America & the Caribbean (EUR 70m) • Asia, the Middle East and the Pacific (EUR 104m) • Western Balkans (EUR 12m)
Guarantee Cover <ul style="list-style-type: none"> • Up to 70% for Window 1 (target portfolio average 60%) Guarantee fee: 200bps/year • Up to 90% for Window 2 (target portfolio average 85%) Guarantee fee: 400bps/year 	Single Guarantee Limit <ul style="list-style-type: none"> • A single guarantee request shall not exceed €40 million. • However, an EDFI can request an amount higher than EUR 40 million, as long as sufficient justification is provided.
Guarantee fee discount 75% <p>The policy discount applies to all equity/equity-like deals that meet the Carbon Sinks eligibility criteria:</p> <ul style="list-style-type: none"> • Approved Country • FRAC/Special FRAC • Invest in Carbon Sink Projects 	Implementation Period <ul style="list-style-type: none"> • 3 years (October 2027), potential to extend by an extra 2 years Guarantee Tenor <ul style="list-style-type: none"> • October 2042 (18 years from Effective Date)

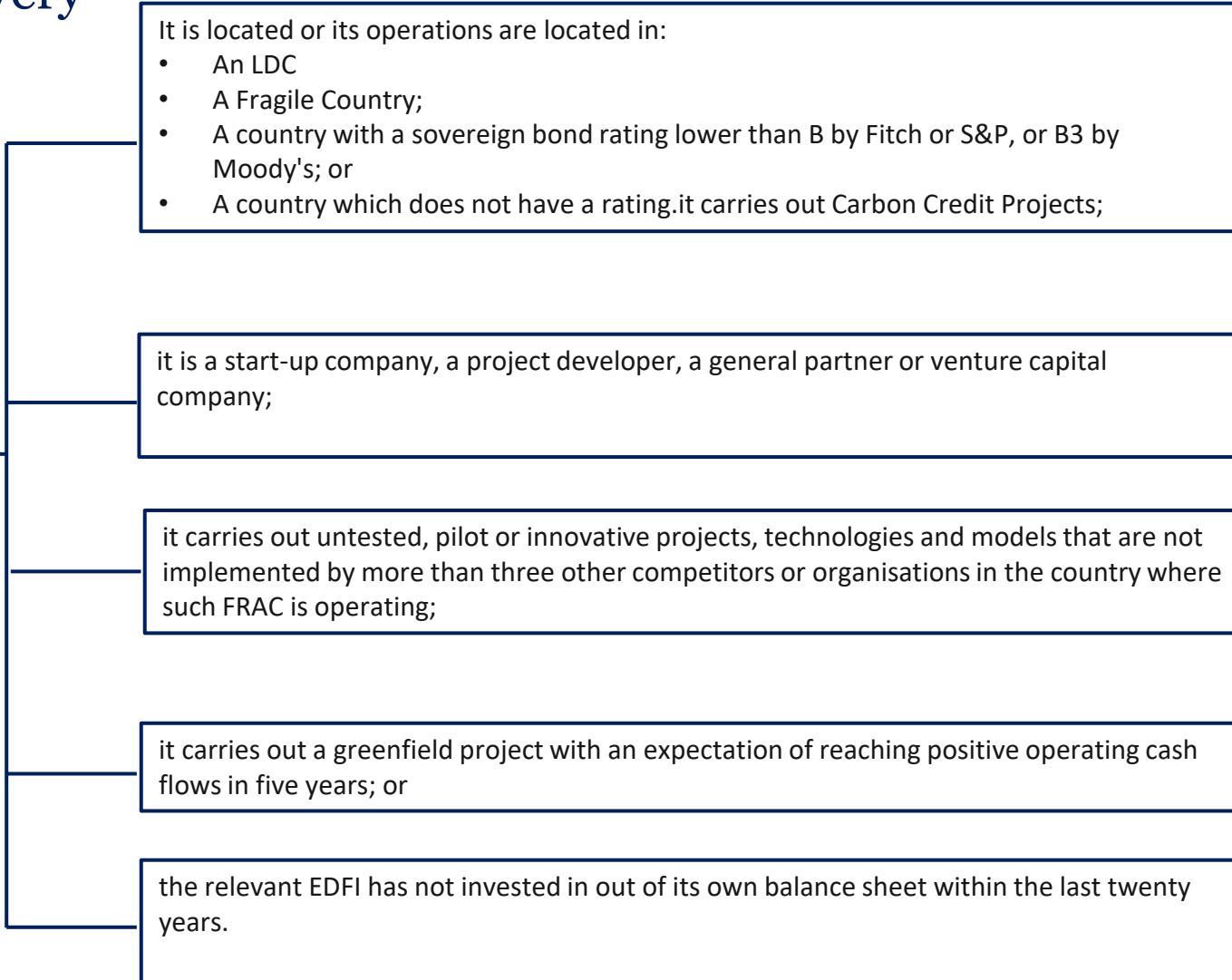
"Equity-like Instrument" means an investment which is a hybrid form of finance with characteristics of both debt and equity investments, excluding speculative investments and stand-alone financial derivatives.

EDFI Carbon Sinks

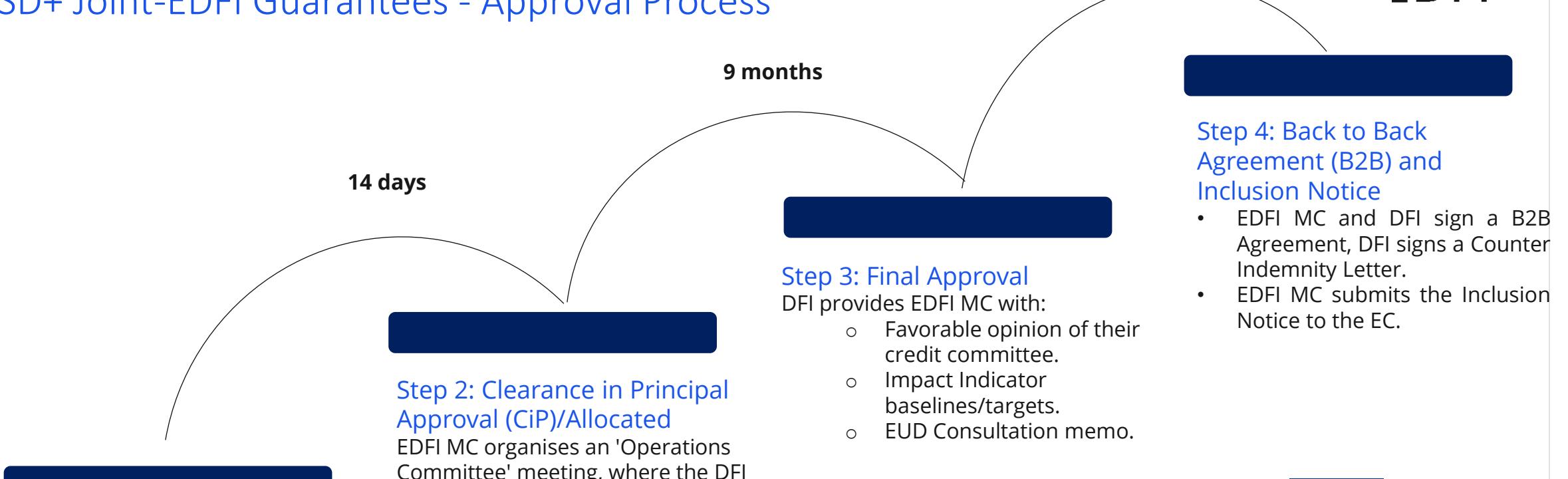
Window 2: Special FRAC (very high-risk projects)



Meets at least **two** of the following criteria



EFSD+ Joint-EDFI Guarantees - Approval Process



Role of EUDs

EDFI MC communicates to DFIs the EU policy priorities and encourages them to speak to the EUDs

DFIs will generally contact the relevant EU Delegation when they do their on-site Due Diligence.

The DFI by this stage is obliged to contact the EUD as it is one of the pre-requisites to obtain EDFI MC's Final Approval, which will then lead to the Inclusion Notice.

The DFI is already in good contact with the EUD. The EUD can follow the progress of the investment and collaborate with the DFI to facilitate a smooth deployment

Real life examples of Carbon Sink investments



Type of Investee	Guarantee Amount (EURm)	Country/Region	Sectoral Focus	Status
Mountain Hazelnuts	4.59	Bhutan	Mountain Hazelnuts is a social enterprise that partners with smallholder farmers in Bhutan to produce premium-quality hazelnuts for international export. The project supports climate-resilient farming initiatives, empowers rural communities, and promotes sustainable agriculture practices.	Inclusion Notice sent to EC
Nature Based Carbon Fund	12.72	Existing investments so far in Kenya, Malawi, Uganda	Investments which will contribute removing and avoiding greenhouse gas emissions while also building climate resilience, protecting biodiversity, and improving the livelihoods of local and indigenous communities.	Inclusion Notice sent to EC
Global Investment Fund	17.00	Global	The fund will help in supporting the growth of the voluntary carbon market as it scales by funding projects that produce high quality carbon removal credits	Clearance in Principal
HoldCo	21.25	Uganda, Benin, Mexico, Kenya, Cambodia, Brazil	Equity platform to finance the scaling up of forestry and Nature-based solutions projects beyond the development stage, primarily relying on the sale of carbon credits as the core revenue model, with additional revenue generated from the sale of timber.	Clearance in Principal
Global Investment Fund	9.68	Global	The fund will acquire deforested and degraded lands to restore and permanently protect natural forest as well as plant FSC certified (Forest Stewardship Council) commercial timber plantations. Timber will be sold to the processing industry, with a focus on long-term carbon storage products.	Clearance in Principal



EDFI Management Company - Guarantees

Website: EDFI Carbon Sinks - EDFI MC

Contacts

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