

Private sector ready to scale up commercial reforestation as part of forest landscape restoration

Peter Paap and Paul Hol¹

Summary

The initiative 'Forests for the Future, New Forests for Africa' completed its first conference on African soil in the Ghanaian capital Accra on March 16 and 17, 2016. One hundred and fifty (150) participants gathered to discuss, share and propose steps to translate the Paris COP21 commitments on restoring 100 million hectares of deforested and degraded land in Africa by the year 2030 (the AFR100 initiative) into concrete actions. It was concluded that the private sector is a major force that will make large-scale reforestation and forest landscape restoration possible. But rather than just as a "do-good" investment for non-profit environmental and social gains, commercial reforestation companies can and should be enabled to do so from a business perspective.

Introduction

By year 2030, up to 250 million people on the African continent will live in areas of high water stress (Global Water Institute, 2013). Population growth and resource scarcity will inevitably exacerbate water shortage: 65 percent of land in Africa is already affected by degradation, and the continent loses 3 percent of agricultural Gross Domestic Product annually due to soil and nutrient loss on farmland (WRI, 2016). Despite these extreme circumstances, Africa is determined to vigorously work to minimize negative effects of climate change. According to analysis from WRI and the International Union for the Conservation of Nature (IUCN), Africa has the largest opportunity for forest landscape restoration in the world: more than 700 million hectares (1.7 billion acres), an area nearly the size of Australia (WRI, 2015a). In fact many African countries are taking action, focusing on reforestation but also on farmer-managed natural regeneration of trees, agroforestry and management of rangeland and presently non-forested ecosystems.

At COP21 in Paris, African leaders committed themselves to an effort to restore the productivity of 100 million hectares of deforested and degraded African landscapes by the year

2030 in the AFR100 initiative. AFR100 countries have already committed themselves to restore more than 31.7 million hectares and partners, including the World Bank, are earmarking more than \$1 billion in development finance and \$540 million in private sector impact investment to support these activities (WRI, 2015a). "While the priority must remain on preserving our natural forests, the revival of denuded areas through reforestation helps not only Ghana but also the global fight against climate change," says Kofi Annan, who with his Kofi Annan Foundation supports action towards a fairer and safer world. At the climate conference in Paris, he was a strong supporter of the AFR100 agreement.

"The commitments made at the various conferences have so far not been legally binding," notes Mr. Paul Hol, Director of Sustainable Forestry Investments (SFI), which is a Dutch investment company with large scale investments in landscape restoration in Ghana and Tanzania. "The companies have the knowledge, the government can help to designate suitable and appropriate areas and investors can assist with covering the start-up costs," says Hol. Over the past ten years SFI has invested more than 35 million dollars with external support from international investors. In order to increase the number of reforested hectares even further, there is a commitment to have a total of 150 million dollars invested by 2030.

"Reforestation is much more than just planting new trees," says Hol. "Especially the impact on the ecosystem is very important, such as improvement of the soil, micro climate, biodiversity and water management. In addition, employment is a very important aspect of this long-term investment."

¹Peter Paap is Senior Forestry Consultant at Form International; Paul Hol is CEO of Form International. Form international, Bevrijdingsweg 3, 8051 EN Hattem, The Netherlands, tel : +31 38 444 8990,

email: info@forminternational.nl, web: www.forminternational.nl.

²The 21st Conference of Parties of the United Nations Framework Conference on Climate Change; http://unfccc.int/meetings/paris_nov_2015/meeting/8926.php

Forest landscape restoration (FLR) from a commercial angle

Forest landscape restoration (FLR) involves increasing the density of trees across landscapes to boost productivity and ecological functionality, and restoration practices go well beyond simply planting trees. For Africa, the most direct benefits would be to improve soil fertility and food security, facilitate access to clean water, increase natural forest cover to provide ecosystem services, combat desertification, create "green jobs", and bolster economic growth and livelihoods, while at the same time making a substantial contribution to climate change mitigation.

An excellent and at the same time simple approach to restore landscapes is to restore degraded land into mosaic landscapes by integrating trees on private farms, communal lands and public space, either interplanted in crops and pastures, such as in agroforestry, or as specific woodlots/belts/plantation for protection of hydrologically or biodiversity important areas and/or production of timber, fuelwood, fodder, food or other products (see figure 1). When well designed and placed, this set of tree-based restoration practices can increase soil nutrients and groundwater retention, thus improving both food and water security.



Figure 1. Restoring Degraded Land Improves Livelihoods. Source: World Resources Institute, December 2015

Many African communities are already reaping the benefits of restoration. For example farmers in the Ethiopian region of Tigray have already restored more than one million hectares of degraded land through assisted natural regeneration, agroforestry and improved silvopastoral management. By doing so, they have expanded the possibilities of farming long into the dry season, thus increasing food security and economic opportunities. Farmers in Niger and Mali have greatly increased on-farm tree densities by protecting trees and shrubs growing naturally alongside their crops (WRI, 2015b). These on-farm trees increase and help mobilize soil nutrients, increase rainfall infiltration and retention of water, while providing other benefits and ecosystem services, which help boost crop yields, known as re-greening (WRI, 2012).

The AFR100 Initiative is designed to help expand such efforts across the continent. But the challenge to reach the target which African nations have set themselves – restoring 100 million hectares of degraded forest landscapes by 2030 – is ambitious. To realize this goal, African leaders see the need for sustainable forestry projects based on a long-term approach and ensuring multi-stakeholder benefits. They particularly recognize the benefits of intensifying the cooperation with the private sector which has the resources, innovation and the ability to deliver results.

Conference 'Forests for the Future – New Forests for Africa'

To explore the contribution that private sector could make to realising the AFR100 commitments and to stimulate and drive large scale reforestation in Africa, the initiative 'Forests for the Future – New Forests for Africa' has been established. Recently, as a first step in furthering this initiative, the working conference 'Forests for the Future – New Forests for Africa', was held in Accra on the 16 and 17th of March 2016. The conference was organised by Nyenrode University and Form International in partnership with the Forestry Commission of Ghana, the Dutch Entrepreneurial Development Bank FMO, the Finnish development fund FinnFund and the World Resources Institute.

The aim of this conference was to discuss the need to establish new forests for Africa to meet COP21 agreements regarding forests and climate change mitigation and adaptation. "We want to take the next step and that is why we are bringing the larger commercial reforestation companies, and community forestry organisations of Africa, government officials and international investors together in

Accra," said Paul Hol. The conference audience and speakers consisted of African leaders and representatives of various institutions such as development funds, commercial scale reforestation companies, national forestry commissions, NGO's and representatives of local communities.

In presentations and panel discussions held during the conference, representatives of important stakeholder groups shared information and their views. In plenary sessions and break-out groups on specific themes, the stakeholders explained their business models and called for more flexible investment, incubation financing (covering the gap between pilots and large scale impact investments), and secure land-tenure rights. All parties (re)confirmed their commitment to play a part to realize the AFR100 objective of restoring 100 million ha of degraded forest land in Africa by the year 2030.

³In the current context, "private sector" includes all private sector stakeholders intervening in agroforestry and forestry value chains. This would include smallholder agroforestry and forestry entrepreneurs as well as SMEs and large commercial reforestation companies. Many countries have smallholder producers well organized in landscape restoration activities involving reforestation, and subsequent value chains related to timber production, poles and wood fuel. They process and market their products.

Role of private sector commercial reforestation stakeholders acknowledged

“The task of greening 100 million hectares of (degraded) land in Africa by 2030 is a task of mammoth proportion,” said Ghana’s Minister Nii Osah Mills in his speech when addressing the audience. There is a tendency among international organizations involved in sustainable development, climate change, reforestation and natural resource management to rely on governments alone. This is evidently not sufficient as governments cannot carry out this task alone; opinions are however changing. “I notice that such organizations are now more open to private sector involvement. This will make a difference,” stated former UN Secretary-General Kofi Annan, keynote contributor to this conference.



Photo credit: © Form International

Photo 1. Former UN Secretary-General H.E. Kofi Annan, delivering a speech at the conference

A large number of reforestation companies and community forestry initiatives have already set up (or are working on developing) sustainable forestry projects based on a long-term approach and multi-stakeholder benefits, often adopting environmental, social and governance requirements of certification schemes such as the Forest Stewardship Council (FSC). These companies involve forestry experts and Research and Development (R&D) institutions, engage with local communities and authorities and have benefit sharing contracts on basis of which part of the revenues of harvests flow back to the local communities. They also regularly set aside areas for conservation and their reforestation efforts take place for the most part on degraded land. These companies build their business on a sound and sustainable basis, and create employment. Through innovation and efficiency, they have the ability to restore vast areas of forest landscape.



Photo Credit: Form International

Photo 2. "Monitoring training" exercise by Form Ghana

Box 1: Quotes by organizing partners with regards to the role of commercial scale reforestation in forest landscape restoration.

Box 1

Paul Hol: "After 20 years of growth, part of the trees, the part with the largest value, is ready for felling. The freed space is replanted again as part of the sustainable cycle. The timber is brought into the market. The return on investment of approximately 10-15% a year will only then be released. We are, therefore, looking for long-term investors. The presence of the Dutch Entrepreneurial Development Bank FMO and its Finnish counterpart FinnFund at the conference in Accra is, therefore, encouraging."

Long-term Senior Investment Officer Gerhard Engel (FMO) says the following about investing in reforestation: "Investing in reforestation is a long-term matter. If we want to reforest and finance in a sustainable manner, we must start the work with passion and commitment. The impact of forestry is huge for the reduction of CO2-emissions and for realizing local, especially rural, employment. Forestry will thus give people a future and more opportunities to plan and act."

Initiative firmly established

In order not to lose momentum for the vision shared during the conference, the organizing partners are discussing establishment of the platform 'New Forests for Africa!' (NfFA). NfFA is a multi-stakeholder platform of forest plantation companies, financial institutions, governments, NGO's and local communities who will actively set up projects and initiatives to boost reforestation with a focus on degraded lands. The NfFA conference is seen as a first step in this movement. Participants at the conference in Ghana endorsed the value of the Movement and pledged their commitment to collaborate in order to realize the ambitious task of the AFR100 conference. The enthusiasm for this Movement was shown by Tanzanian Minister of State H.E. January Makamba. He indicated that he was impressed by the design and set-up of the Movement and hence invited all participants to come to Tanzania in a similar setting in November 2016, to show progress, share best practices and plan for the next steps.

Next to the conference report and a video report, a final statement of sorts - the NfFA declaration - was elaborated by the conference organizers in order to consolidate the discussions and presentations at the Conference. In the declaration, the conference organizers and their key partners emphasize that in order to reach AFR100 targets, upscaling of reforestation and forest restoration is needed urgently. They also urge for recognition that the private sector, with strong support of other stakeholders, is a main driver of successful and sustainable reforestation and forest restoration and should be supported and facilitated in upscaling of their activities. Among several urgently needed steps, the organizers outline a significant first step to be taken to implement these steps through development of a (NfFA) Fund, allocating significant funding for greenfield investments that can be used as incubator funds for larger impact investments. The conference report, a conference video report and a declaration by the organizers can be downloaded from the website www.newforestsforafrica.org

Sustainable management of commercial scale reforestation in Africa: Enhancing value, benefits and services

Sustainable Forest and Wildlife Management in Africa will have to go hand in hand with commercial scale reforestation if AFR100 commitments are taken seriously. The demand for timber, poles, charcoal, fuelwood and wood fiber cannot be met by just sustainably managing the remaining tropical forests. With so many degraded forest reserves under government or community control in the region, the concept of commercial scale reforestation, as promoted during the conference in Ghana, can help contribute to counteract forest landscape degradation. It can even provide necessary stepping stones in restoring ecological networks in the region that offer refuge and migratory paths for wildlife and promote adaptation pathways for flora and fauna in the face of climate change.

The restoration of degraded forests and forest lands in Africa will greatly contribute to the earth's health. To ensure that it is done in a sound and sustainable way the following considerations are important:

a. Allocation of the most appropriate lands to commercial scale reforestation concessions: degraded forest reserves have already been allocated to forestry activities - no agricultural land is 'grabbed' for these purposes;

b. The forest landscapes to which the concessions pertain are considered as 'soft' management units, where the concessions are seen as nucleus for development of these wider forest landscapes, from which landscape management is coordinated. This would include looking for options of intercropping with agricultural crops in newly planted forest areas of the concessions, carried out by local communities; and outgrower schemes to enhance commodity production in the surrounding regions. Outgrowers contracts should focus on timber (preferably of locally preferred and/or indigenous species), non-timber forest products (NTFP) or even tree-based commodities, such as cashew or cocoa. Fire management will be done on a landscape level, wherein both concession and community lands are included in protective and remedial measures;

c. Concession holding commercial scale reforestation companies will establish benefit sharing agreements with other stakeholders in the region, stipulating the regulations and conditions under which the companies operate and the support that can be expected from the other stakeholders. This collaborative effort could perhaps tap into funding for Reduction of Emissions from Deforestation and Forest Degradation (REDD+);

d. Those landscapes allocated to forest concessions will be reforested using the FSC principles, which includes the setting-aside of a significant proportion of the area for forest restoration, protection of pockets of indigenous trees and blue corridors (waterbodies such as streams, rivers, marshes, lakes), thorough social and environmental impact assessment, etc.

e. In order to present a positive business case for the commercial scale reforestation programmes, the degraded forest landscapes are initially planted with commercially

valuable tree species that do well in plantations and currently have a high market value (often exotic species) - this is a transitional situation. By enrichment planting in and along the corridors and in 'hotspots', a commercially valuable secondary forest can be created that can gradually replace large parts of the original plantations and offer a steady supply of high value timber from local/indigenous species, expelling the need for plantation of exotic species. In the surrounding areas, the private sector can work more with communities, preferably to plant native rather than imported exotic species;

f. Over time, the commercially valuable secondary forest can be managed using sustainable forest management principles, with a multipurpose perspective: optimization of the overall productivity of the forest, where timber and non-timber forest products and environmental services (water retention, protection of biodiversity, mitigation and adaptation to climate change) are optimized as economic, social and ecological drivers in the broader rural landscapes.

It is clear that asset creation can take place in the areas under commercial scale reforestation, where the standing value of the forests is increased - from a productive point of view and a potential ecosystems viewpoint (carbon credits, payment for water, biodiversity and eco-touristic services). A broad stakeholder community will thus benefit from the management of these newly created or restored forests, through employment generation, possibilities for intercropping and outgrowing, and contributions to socio-economic development through benefit sharing agreements. The regenerating or restored forest landscapes will retake a crucial place also in delivering services such as adaptation to climate change, enhanced sequestration of Green House Gas emissions and reduced emissions from deforestation and forest degradation. There is a future for the forests in Africa.

List of references

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⁴An asset is an item of economic value that is expected to yield a benefit to the owning entity in future periods.