

# Scaling up commercial reforestation as part of forest landscape restoration: some key factors to success

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*What has happened since the launch of the initiative 'Forests for the Future, New Forests for Africa', in 2016? How far have we got with the ambitious plan to replant 100 million ha of African forests?*

*Sustainable Forestry Investments (SFI), is a Dutch investment company with large-scale investments in landscape restoration in Ghana and Tanzania. It has about 30 000 hectares under management and is still expanding with the support of new investments, such as a loan from the African Development Bank (AfDB). There are tangible results and key factors to success to share, that prove that it is possible to create change.*

## Introduction

Climate change, population growth and predicted resource scarcity has led to insights that deforestation, and the tragedy of the commons that had been used as an excuse for too long, had to stop. In 2016, the African Forest Landscape Restoration Initiative (AFR100) was launched, a country-led effort to bring 100 million hectares of deforested and degraded landscapes across Africa into restoration by 2030.

Africa is determined to minimize negative effects of climate change. According to World Resources Institute (WRI) and the International Union for the Conservation of Nature (IUCN), more than 700 million hectares (1.7 billion acres) in Africa, have

potential for restoration (WRI, 2016). 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.

*"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,"* were the inspiring words of Kofi Annan, strong supporter of the AFR100 agreement, in the documentary **Forests for the Future – New Forests for Africa**, which can be found on the website [www.forminternational.nl](http://www.forminternational.nl)

At the start of the AFR-100 initiative, the private sector was identified as a major

force that will make large-scale reforestation and forest landscape restoration possible. The 'do-good approach' was developed, meaning that commercial investments simultaneously improve the environmental integrity of the landscape and the livelihoods of the people living there, while also making a profit. Commercial reforestation companies can, and should, be enabled to do so from a sustainable and inclusive business perspective, including financial independence of the project.

At a special session at the latest Global Landscape Forum in Bonn, December 2017, *scaling up* investments that benefit smallholders and the landscapes they live in, was the main topic. *"There is nothing wrong with making profit from saving the planet"*, said Erik Solheim, Executive

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Director of UN Environment, in his opening address. *“What is wrong is making profit from destroying it”*.

## Doing good business, on the ground

In reforestation projects we distinguish three phases. First, financial preparations need to be made, by defining a bankable proposal, building a business case and finding investors. Then, the project is being implemented. Right from the start, the project should be embedded in the local context by building a balanced stakeholder framework and forming public private partnerships. Many projects end here, but this is where the landscape challenge begins: starting from one or several successful projects, further extension of impact beyond company boundaries should be created, including an improved governance structure for the whole landscape. At this stage, an inclusive commercially viable business model is applied, which is also beneficial to low-income communities.

## Unlocking capital flows for forest development in Africa

Over the past ten years, Sustainable Forestry Investments (SFI), a Dutch investment company with large scale investments in landscape restoration in Ghana and Tanzania, has invested more at large scale with support from private impact investors. In 2017, a 24 million-dollar loan was approved by the African

Development Bank (AfDB), which was considered a breakthrough in climate financing, as part of the investment is ‘concessional loan’ from the Climate Investment Funds’ Forest Investment Program (CIF FIP), complementing the AfDB co-financing.

For the AfDB, the loan to SFI destined for the Form Ghana<sup>1</sup> reforestation initiative, represents the first Private Sector direct investment in restoration of degraded forests, of the Forest Investment Program (FIP). The AfDB loan will be used for restoration and extension of the area of sustainably managed forest in Ghana. The AfDB loan enables growth of the plantations from 7 500 hectares in 2016 to 11 700 hectares by 2020 and assist Form Ghana to maintain and bring to maturity the existing plantations until positive cash flow. In this period the company can expand the work force and provide jobs to over 1 200 staff. By 2040, these plantations will have sequestered approximately 3.5 Million tons of CO<sub>2</sub>. In order to increase the number of reforested hectares even further, SFI aims to have a total of 150 million dollars invested by 2030 in Ghana, Tanzania and other African countries.

## Forest landscape restoration (FLR) from a commercial angle: enhancing value, benefits and services

Forest landscape restoration (FLR) involves increasing the density of trees across landscapes to boost productivity

and ecological functionality. Restoration practices go well beyond simply planting trees. For the African continent, the most direct benefits would be to improve soil fertility and food security, facilitate access to clean water, improve micro climate conditions, combat desertification, create “green jobs”, and bolster economic growth and livelihoods, while at the same time making a substantial contribution to climate change mitigation.

As population growth and resource scarcity is putting tremendous pressure on African forests, the demand for timber, poles, charcoal, fuelwood and wood fibre cannot be met by just sustainably managing the remaining tropical forests. With so many degraded lands in the region, the concept of commercial scale reforestation, as promoted by the AFR-100 initiative, 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.

Form Ghana Ltd. is a forest plantation management company based in central Ghana that provides services in the field of reforestation of degraded Forest Reserves and plantation management. The company was established in 2007 and is an affiliate company of Sustainable Forestry Investments B.V. in the Netherlands. Form Ghana currently manages over 20 000 hectares of degraded

<sup>1</sup> Form Ghana Ltd is an offshoot of Sustainable Forestry Investments (SFI) – Netherlands; Form International is a forest management and services company that delivers a range of technical and financial services to Form Ghana and other clients worldwide.

land in the Ashanti and Brong Ahafo region of Ghana, of which about 10 000 hectares has already been replanted since 2007. Form has agreed a Public Private Partnership with traditional landowners and the Forestry Commission of Ghana. It is very important to achieve a balanced stakeholder framework between the company, local people and the government. The vision of Form Ghana is that restoration of degraded land is only feasible when based on highest standards of sustainable management, where ecological, social and economic components are developed simultaneously. Form Ghana holds the Forest Stewardship Council® (FSC®) certificate for sustainable forest management since 2010. Commercial tree sales are the financial backbone of this initiative: In about 5 years' time, this reforestation project will provide timber, and with the timber revenues the AfDB-loan will be paid off. Commercial reforestation is not a temporary solution. At the end of the rotation of about 20 years, the harvested area will be replanted again, in order to provide a continuous and sustainable contribution in mitigating climate change. Besides facilitating continued growth and harvest of the commercial teak species *Tectona grandis* also native species are actively grown in nurseries and planted for long-term nature conservation purposes and for soil protection, especially along creeks and waterways and in high conservation areas. These species will not be harvested

but will remain the basis for biodiversity development.

The reforested parts in the Forest Reserves in Ghana (Afrensu Brohuma, Asubima, Tain II) are considered as 'aggregators', that can serve as a nucleus for development of these wider forest landscapes, and link groups of smallholders to investors.

### Scaling up: the landscape around the Tain II forest reserve

In the severely degraded landscape in and around the Tain II Forest Reserve (Brong Ahafo region, Ghana), Form Ghana works towards the restoration of the degraded landscape to its former production function, with the support of DOB Ecology. DOB Ecology is a Dutch foundation, providing support to partners that work to protect and restore forests and wetlands in Africa and South-America, and (re) build the conditions for resilient livelihoods of local communities. The already established plantations of Form Ghana, near Berekum, are the starting point for upscaling and outreach towards other stakeholders in a broader landscape.

Collaborating with smallholders and other stakeholders is an appropriate method to reach scale. The overall goal is integral management of a landscape with all stakeholders to improve livelihoods, productivity and the protection of biodiversity. Since the landscape is currently

heavily fragmented with little coordination between land users, the extended partnerships will focus on development of a governance structure for sustainable regional development, promote and pilot commercial tree and perennial crop planting and catalyze economic development and investment.

Through a participatory process this project will assist neighboring stakeholders with restoring their environment, engaging in climate smart agriculture and forestry outgrowing activities, thus providing good social and economic perspectives to them. Support will be given to smallholders and communities to raise land productivity, generate more income and become stewards of the land. In different parts of the landscape, restoration activities will take place through various pilots, such as the restoration of the threatened Eastern Guinean lowland forest along the Tain River, providing an ecological corridor. Community controlled land within the forest reserve will be restored and off-reserve smallholder farmers will receive support to develop sustainable and climate-smart agriculture, woodlots and perennial crops. Although activities are concentrated in the Tain Forest Reserve (9 000 ha), and over 2 200 hectares outside the Forest Reserve, the benefits will be felt in a much bigger landscape, comprising more than 100 000 ha.

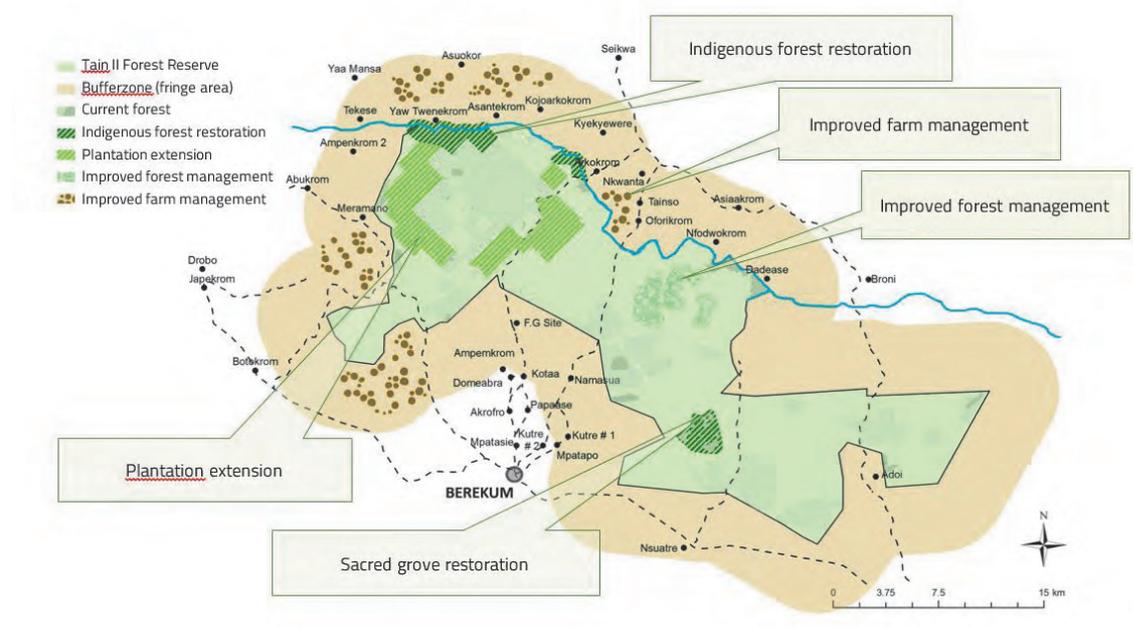


Figure 1. Sketch of the future landscape around the Tain II Forest Reserve; proposals for restoration and upscaling

### Turning each challenge into success

What is a challenge in the first place, can become a success

factor once a solution has been designed. Probably the biggest challenge of each landscape restoration project is to start connecting with partners with

an open attitude, not being restricted by prefixed solutions on beforehand, create motion and motivate others to stay with the group.

Challenges & Success factors
<p><b>Who takes the lead?</b> In the case of Form Ghana, the company has been working for quite some time on its own plantation and restoration project. During this time, relations with public entities and other stakeholders are already developed. Once there is a basic level of trust, there is room for expansion. Landscape restoration initiatives are best led by a trustworthy entity, with a clear agenda, driven from their own interests and ideals. This kind of initiatives must have grass roots support, rather than be imposed from above.</p>
<p><b>Long-term investments:</b> as for trees, a minimum of 10 years of growth is needed before the timber can be harvested and sold, the return on investment of approximately 10-15% a year will only then be released. Long-term investments are needed to make this possible. However, long-term investments imply high risks for investors. It is a challenge to mitigate risks in the project design to acceptable levels.</p>
<p><b>A long-term sustainable and integrated approach:</b> highest standards of sustainable management, where ecological, social and economic components are developed simultaneously. Long-term thinking is a challenge as well as a key to success. Different aspects of the project have to be integrated and can be conflicting. Unfortunately, there is no recipe for the right proportions of ingredients.</p>



**Development of a business case / bankable proposals:** The economic aspects of the project need to be tackled, in the development phase. Some activities will have costs, other will generate revenues. There should be a balance in costs and expected revenues on the overall scale of the project. Commercial restoration has the aim of creating a productive landscape, which can generate revenues and sustain itself and safeguard long-term environmental and social sustainability.

Sharing costs is a challenge, and so is sharing revenues and benefits. It requires a high level of transparency and trust between partners. The creation of **Public-Private Partnerships** provides a solid basis for stakeholder involvement and benefit sharing. The process of defining the content and conditions of a formalized partnership can be seen as a 'negotiation', in which good relations are forged.

Most threats and problems (e.g. wild fires, but also poverty and climate change) cannot be solved by isolated entities and ask for **cross border collaboration**. Identifying all stakeholders in the local context of land tenure and their user rights, is the basis for strong relations and good landscape governance. Each stakeholder needs to be heard, and the group as a whole needs to agree on priorities. The total has to be more than the sum of the parts and each partner should see his benefits reflected. All stakeholders should be admitted taking part in the process and formulate their interest. In the upscaling phase, stakeholders cannot be treated as a homogenous group. Variations in characteristics need to be known in order to further lay-out the project. Rethinking your strategies in accordance with these characteristics is vital.

**Design of a productive 'mosaic' landscape:** Every stakeholder should have a clear benefit to participate and an eye for balance in the bigger picture. This means recognition of your own needs and your neighbours'. The challenge is not only to identify and solve conflicting land use issues but to find 'win-win solutions': finding optimum tailor-made solutions for every land use unit and integrating trees in the current local context, using different commodities including timber, cash and food crops, to be sold commercially or for domestic consumption.

Stakeholders cannot be asked to participate and be involved in a project if they have no income. But generating employment can only be done if there is a sound commercial element in the landscape project. **Creating green jobs:** Form Ghana not only generates employment for over 1 000 people. The nature of the company's activities also makes employees aware of challenges related to forest and landscape restoration.

Proven **due diligence:** In the case of SFI, FSC certification has helped to prove to the investors that environmental, social and governance requirements are covered. Environmental, social and governance requirements inside and outside the landscape project should be assessed. Not all of them can be influenced by the project and should be considered as pre-conditions.

**Innovative attitude** is needed: R&D, constant optimization of approaches and techniques. It takes time and money to develop new techniques. Testing of new techniques has a certain risk to it but can yield dividends when good results are implemented.

## More than the sum of parts

Government's support and cooperation in this kind of projects is essential. At the same time, the private sector's involvement is crucial to drive success. They are needed to attract much-needed investments, to lay-out the third component of sustainability: increase the financial independence and improve the financial position for all stakeholders involved in order to make change on regional level. Forest & Landscape Restoration

is one of the answers to climate change. However, in most cases 'changing the climate' will not be the ultimate motivation for participants, it can even be different for each land user. To make FLR projects successful, we need each other, and every single partner, whether a company, authority or a farmer, needs to see the added value of participating.

### List of references

- World Resources Institute (WRI), 2016. "Restoring Africa's Degraded Lands by Improving Farmers' Rights"
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