

The State of Forestry Investment in Developing Economies

Responsible Forestry Investment to Meet the Sustainable Development Goals

Indufor North America Launch at the Embassy of Finland, Washington DC

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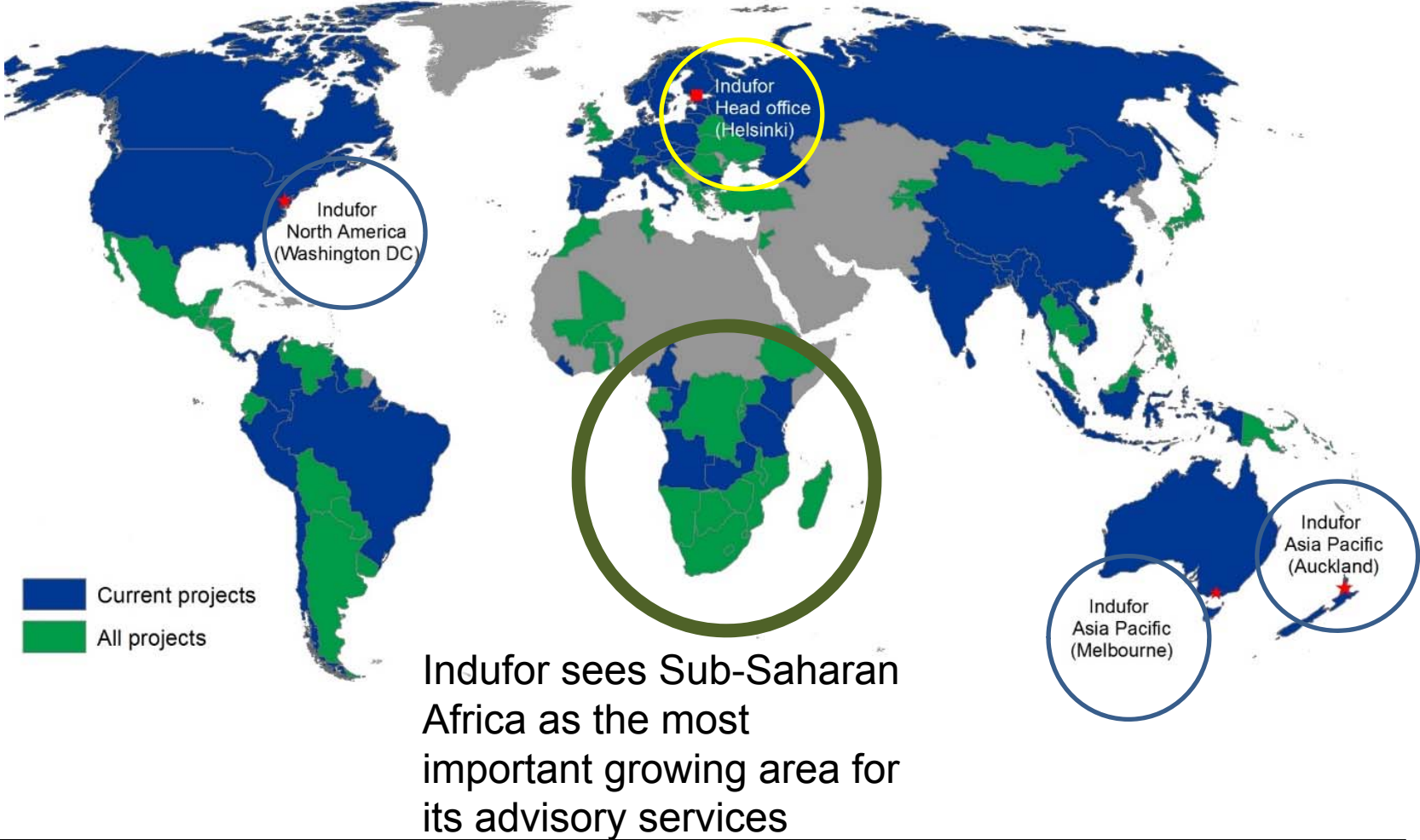
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Indufor's key business driver is sustainable investing in forest and forest industry development in frontier and emerging economies



African frontiers are a growing opportunity for investments in forestry, forest industries and energy generation

LAND AND PEOPLE

Significant areas are under unproductive and unsustainable use that could be developed for productive and sustainable forestry and agriculture integrated with downstream processing and growing urban markets

DEMAND

Local growing demand for energy, construction materials and other wood products is the main business driver for forest investments – not global exports as such



Forest assets, local wood processing industries and woody biomass based energy production can be a key development vehicle for rural economies

POVERTY REDUCTION

When local communities and other stakeholders are committed and involved their benefits are significant

PROFITABLE INVESTMENTS AND VALUE ADDED

Different kind of investors can achieve attractive returns in comparison with global alternative and competitive business environments

IMPROVED ENVIRONMENT AND CLIMATE CHANGE MITIGATION / ADAPTATION

Environmental benefits for water, land and biodiversity and overall climate change adaptation and mitigation can be significant



However, there are many obstacles, and forest investments have not been able to create significant forest based economies with sustainable wood production and industrial infrastructure in Africa (excl. RSA) so far

LOCAL INVESTORS are opportunistic, short-sighted after short term returns and are not capable for long term investments

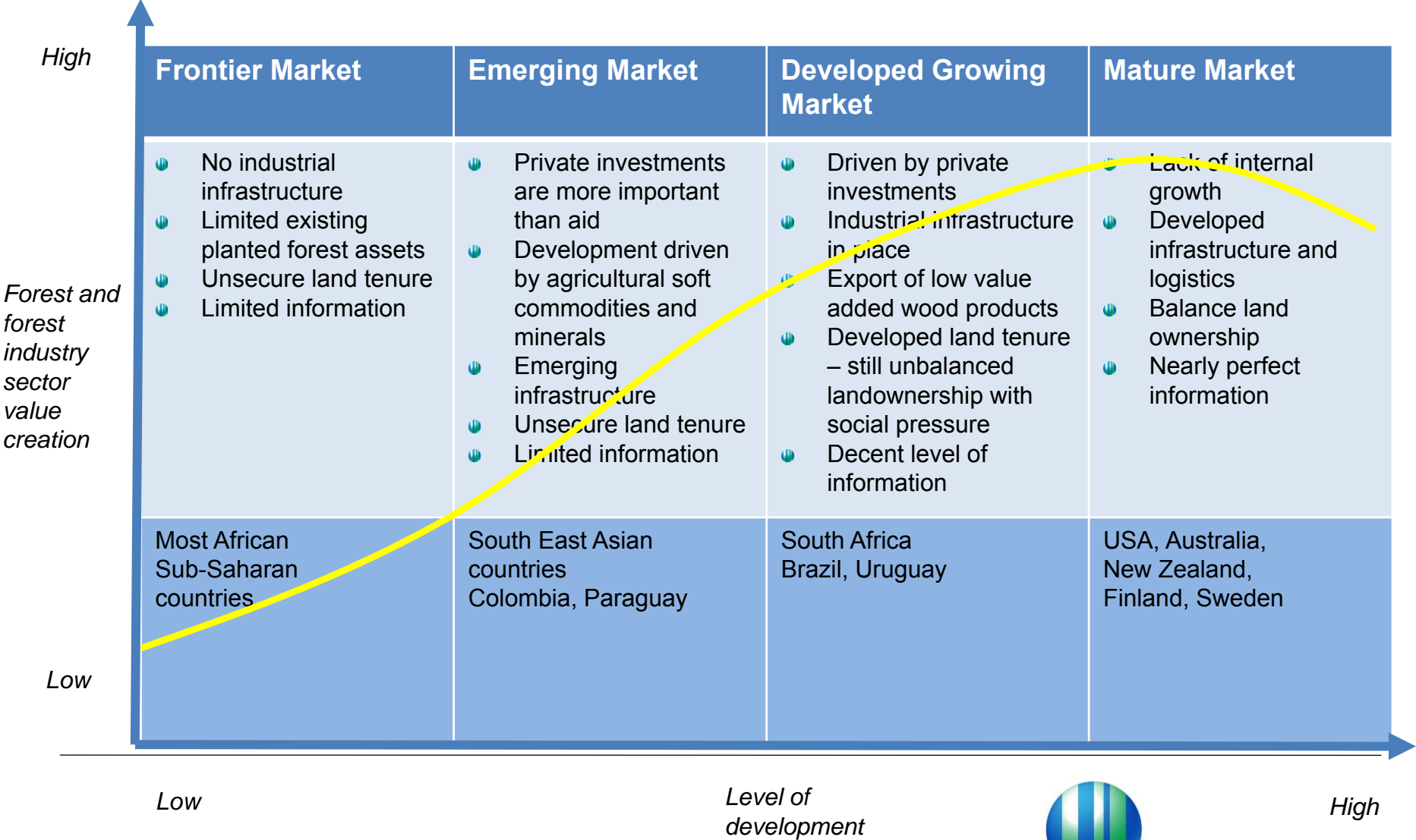
STRATEGIC INVESTORS have main obstacles with local policies and land tenure to enter the markets

FINANCIAL INVESTORS have such investment criteria and exit targets that do not allow green field investments

DEVELOPMENT FINANCING is needed to develop the forest assets and industrial infrastructure – however its nature has been risk averse not able to catalyze the potential forestry and forest industry development



Development curve of successful forest and forest industry based economics



Role of local entrepreneurs, governments and donors

Frontier Market	Emerging Market	Developed Growing Market	Mature Market
Role of government, donors and development financing			
<ul style="list-style-type: none"> Improving the infrastructure and governance 	<ul style="list-style-type: none"> Catalyse development with incentives Reduce need for development financing 	<ul style="list-style-type: none"> Turning from developer to regulator Key driver of sustainability 	<ul style="list-style-type: none"> Regulator
Role of local entrepreneurs			
<ul style="list-style-type: none"> Tap local investment opportunities Establish associations 	<ul style="list-style-type: none"> Establish partnerships with strategic investors in technologies and market access 	<ul style="list-style-type: none"> Growing position in supply chains 	<ul style="list-style-type: none"> Important players in solid wood product industries



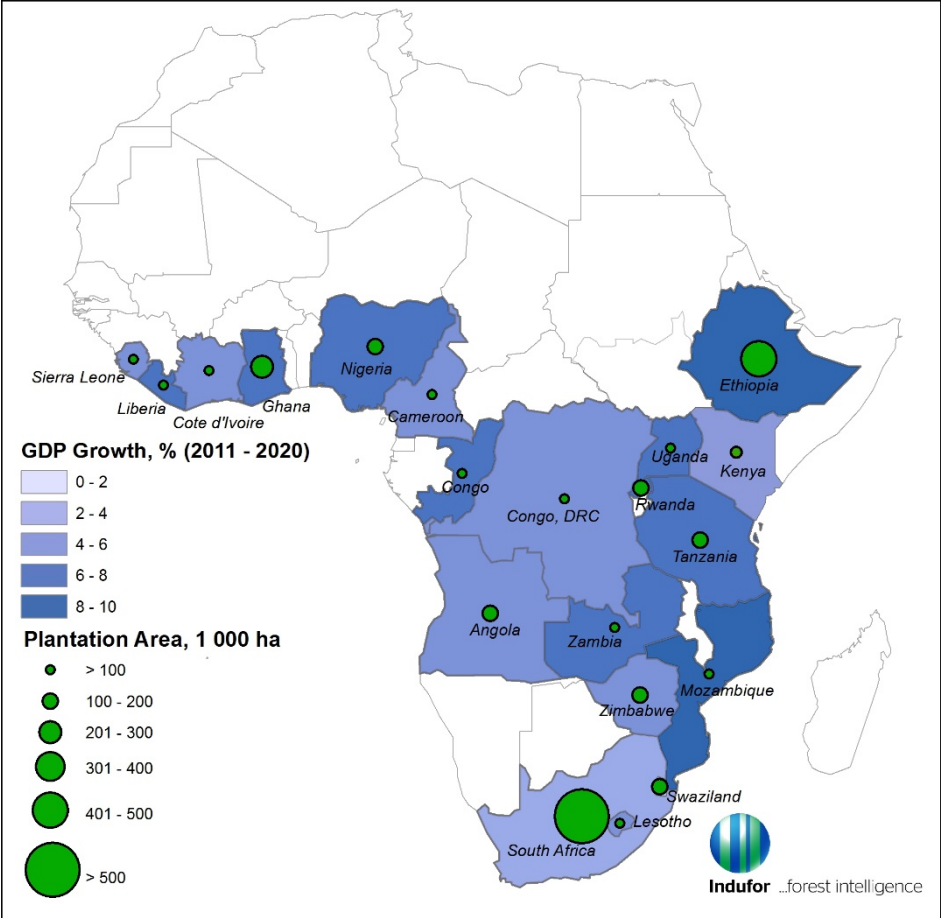
Role of strategic and financial investors as well as impact investors

Frontier Market	Emerging Market	Developed Growing Market	Mature Market
Role of Strategic investors			
<ul style="list-style-type: none"> Limited access Possibility to create long term unique position 	<ul style="list-style-type: none"> Creating industrial infrastructure, providing technology and market access 	<ul style="list-style-type: none"> Need to outsource assets Partnerships with other forest owners 	<ul style="list-style-type: none"> Entering less mature markets
Role of financial investors			
<ul style="list-style-type: none"> Few possibilities without strategic investors and industrial infrastructure 	<ul style="list-style-type: none"> Opportunities for high risk/returns assuming that strategic investors are entering 	<ul style="list-style-type: none"> Increasing opportunities and transactions 	<ul style="list-style-type: none"> Established presence
Role of impact investors			
<ul style="list-style-type: none"> Fill the gap between development financing and private investments 			



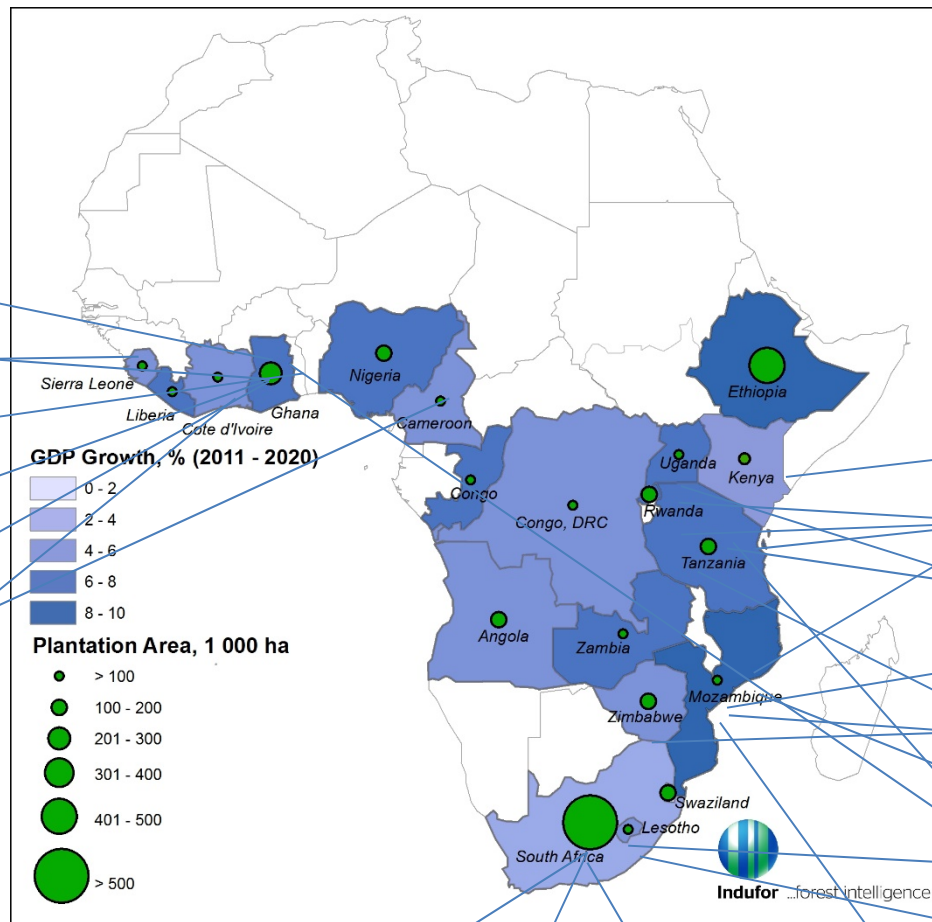
Opportunities in Sub-Saharan Africa

Area of current plantations and GDP growth by countries



Some cases of interesting forest investments with local development impact

- Form Ghana
- Miro
- APSD
- Africa Renewables
- UPM
- Moringa



- Komazi
- Green Resources
- New Forest Company
- Private Forestry Project
- Rift alley
- Portucel
- GEF
- BGT Pacual

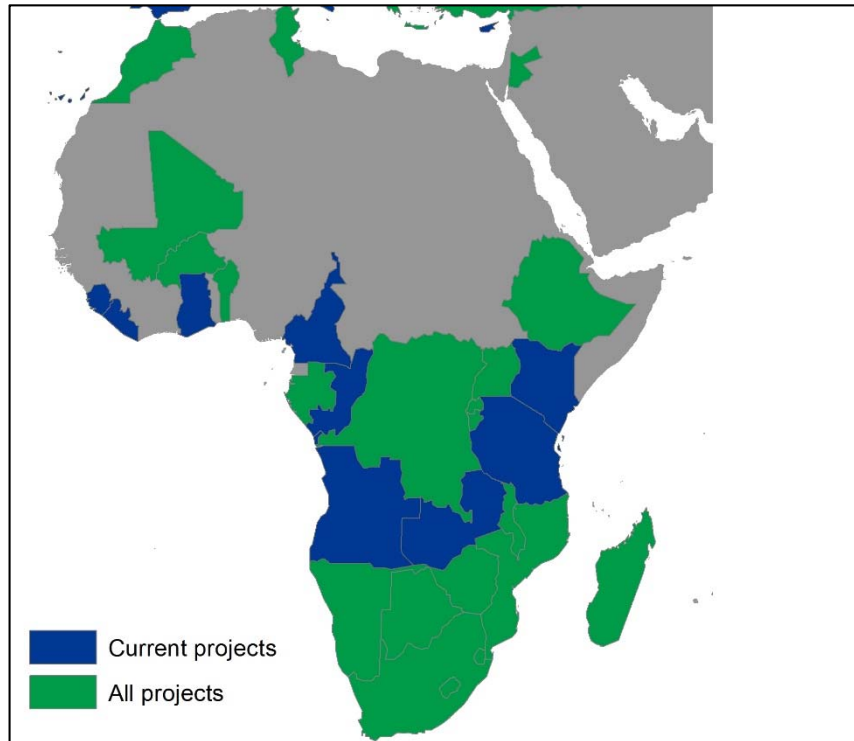
- Strategic investor greenfield
- Financial investor brownfield
- Company / fund green field
- Public / cooperative / green field

- Sappi
- Mondi
- NCT
- Moz tree growers



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Role of Indufor in Africa



- Critical advice in catalysing forest and forest industry based development
- Advice in bringing together local stakeholders, development financing, strategic and financial investors and social impact investors
- Overall advice in forest investing and financing



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