



ORO VERDE  
Tropical Forest Foundation



Global  
Nature  
Fund

# Financing forest restoration with the private sector – Does it work?

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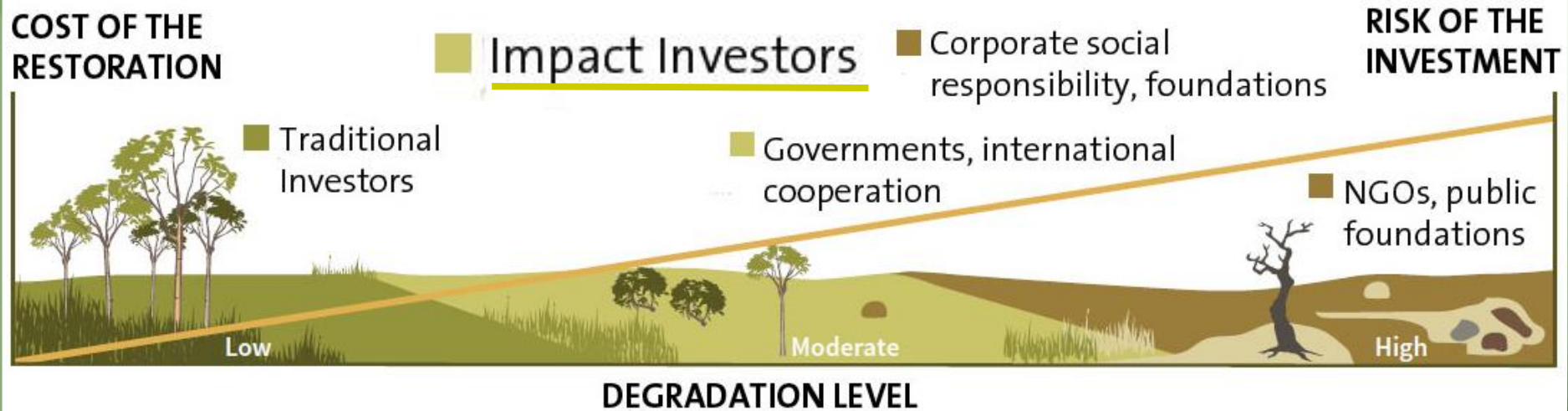


Federal Ministry  
for the Environment, Nature Conservation,  
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Federal Agency for  
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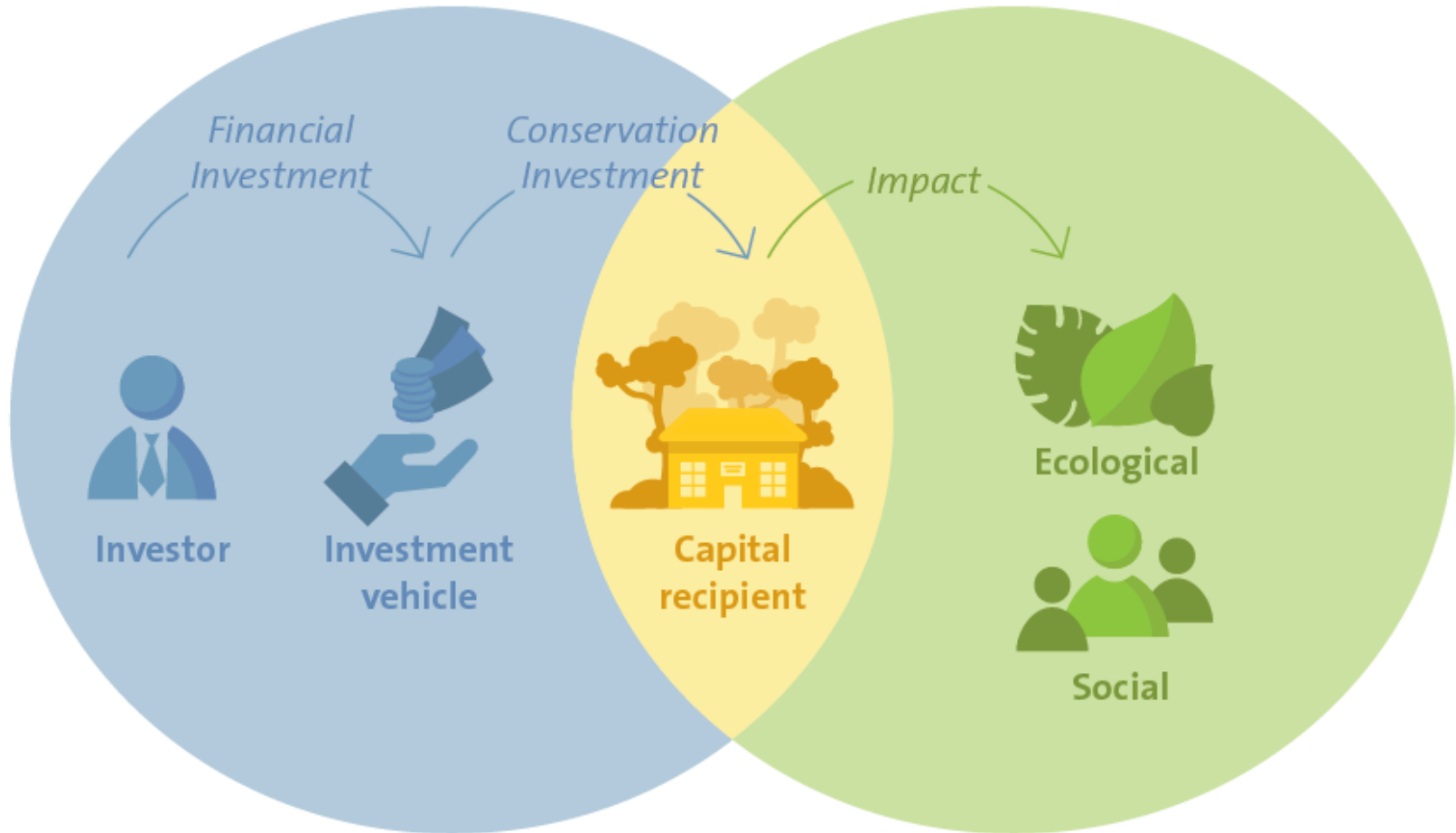
# Impact Investment in FLR



Adopted from FAO 2015

# INVESTMENT

# IMPACT



↑ *Financial return*    ↑ *Repayment*

↑ *Monitoring and Reporting*

↑ *Risks* ↑

# Case studies: Impact Investments



WONG GROUP: MADERACRE

Foto: L. Brotto, ETIFOR



OIKOCREDIT: ALDEA GLOBAL

Foto: M. Schwarz



WALDMENSCHEN AG:  
FUTURO FORESTAL



VERDE VENTURES:  
FINCA IRLANDA



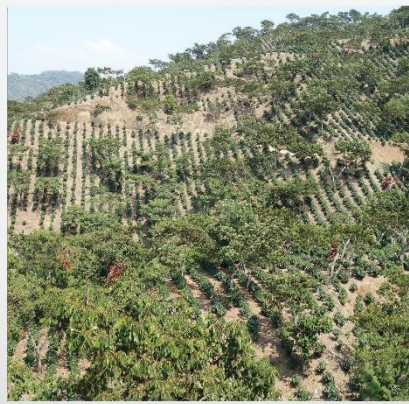
ECOENTERPRISES FUND II:  
RAINFOREST EXPEDITION

Foto: L. Brotto, ETIFOR

# Investment of Verde Ventures Fund: Coffee Farming in Guatemala and Mexico



FINCA IRLANDA



FINCA MONTEGRANDE



FINCA LOS ANDES



KOOPERATIVE COMON  
YAJ NOPTIC



FINCA HAMBURGO

# Results: Positive outcomes



Investors



Investment vehicle



Examined capital recipient



Social



Ecological

Alternative  
to traditional  
investments

Promotion of  
economically viable  
FLR Projects

Reduced  
pressure on  
protected  
areas

Improved access to  
capital and markets for  
sustainable businesses

Living wages;  
employment  
generation

# Results: Challenges



Investors



Investment vehicle



Examined capital recipient



Social



Ecological

Due Diligence cannot compensate monitoring

Most of investments are made in existing projects

Potential risk reduction through ecological and social impact is not considered yet

Missing Track Record

# How to enhance the impact?



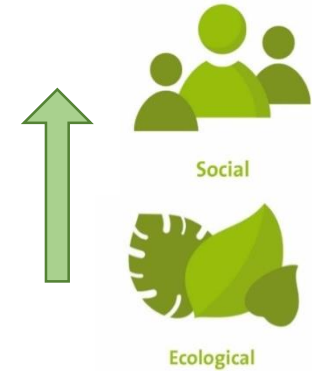
Investors



Investment vehicle



Examined capital recipient



Support capacity building to increase the number of “bankable” projects

Define ecological and social minimum requirements

Analyze the effect of public capital



# How to enhance the impact?



Establish a monitoring system

Payment of loans in local currencies

Credit conditions reflect positive ecological & social impact

# How to get the money to the local level?

## Impact Investors

- High investment risk vs. return potential
- Lack of investments opportunities
- Short time horizons demanded
- Transaction cost

## Capital recipient

- Limited funds for readiness investments
- Aggregate small landowners to reach economy of scale
- Legal requirements
- Technical knowledge to generate expected returns

**Gap**

Adopted from FAO 2015

# Addressing the needs

- Create „bankable“ projects
- Capacity building for local organizations
- Raising awareness of win-win opportunities
- Cost-benefit analysis of investments in FLR



Research on  
investments in  
FLR Projects

Valuation of ES for  
private sector  
engagement in LA

**„ForestValue“ project  
in Guatemala**



**ORO VERDE**  
Die Tropenwaldstiftung



**DEFENSORES**  
DE LA NATURALEZA



**HEIFER**<sup>®</sup>  
INTERNATIONAL  
GUATEMALA

# ForestValues

Productive Alliances for the Restoration of  
Forests

Supported by:



Federal Ministry for the  
Environment, Nature Conservation,  
Building and Nuclear Safety

based on a decision of the German Bundestag

2006



2007



2012



2014



2016



# Project areas





Objective 1:  
Regeneration,  
Conservation and  
sustainable Use of  
Forests









## Objective 2: Implementation of local value chains







## Objective 3: Development of financial mechanisms



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# Addressing the needs

- Create „bankable“ projects
- Capacity building for local organizations



„ForestValue“  
project in  
Guatemala



**Development and Dissemination of concrete criteria for the cooperation with the private sector for forest restoration**



# Challenges



- Low production rates per hectare
- Transportation
- Partially missing infrastructure
- So far, no certification
- regulation in protected areas
- Previously unknown product
- Missing organizational structure

# Potentials and advantages for new financial mechanisms

- Restoration of forest
- Biodiversity conservation
- Unique protected areas
- Reduced risks due to social and environmental safeguards
- Diversification of income
- New products and markets







**Win-Win-Win for Farmers, Investors und Biodiversity**

# Thanks for your attention!

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