

A person wearing a cap and a jacket is riding a bicycle away from the camera on a dirt road. The road is flanked by dense green trees and foliage. The scene is captured from a low angle, emphasizing the path ahead.

**AFRICAN SOLUTIONS
FOR AFRICAN CHALLENGES:
AN ACTION AGENDA
FROM THE NGP 2019 ENCOUNTER
MAPUTO, MOZAMBIQUE
19-20 NOVEMBER 2019**

In November, 100 people from 20 countries came to Maputo, Mozambique, for NGP's annual encounter. Representatives from companies, communities, NGOs, governments, finance institutions and academia spent two intensive days discussing the future of plantation forestry in Africa – the huge opportunities, the formidable challenges, and the possible ways forward. This document presents some of the highlights.

PLANTATIONS IN AFRICA – CHALLENGES AND OPPORTUNITIES

Sustainable plantations could contribute to solving some of the greatest challenges facing Africa today – but there are major barriers to establishing them at the scale and speed required. The private sector, governments, finance institutions and civil society all have a role to play in meeting these challenges and realizing the opportunities.

RISING POPULATIONS

Africa's overall population is projected to more than double by 2050, and in some countries populations are rising even faster.

DISAPPEARING FORESTS

The deforestation rate in Africa is double the rate of the rest of the world, according to UNEP. In the last 100 years, West Africa has lost about 90% of its forest coverage.

FUEL NEEDS

Almost 90% of people rely on wood as a primary source of energy for cooking or heating, and fuelwood makes up over 90% of wood production on the continent. It's a major driver of deforestation and forest degradation.

RESOURCE DEMANDS

The rapid rates of urbanization and construction, increases from current low levels of paper and tissue use, continuing demand for fuel wood and other domestic uses will place additional pressure on Africa's forest resources. FAO and others predict that total global forest product use will triple by 2050. .

UNTAPPED POTENTIAL

While Africa holds 17% of global forest cover, its share of the economic value of forestry globally is just 2.8% (US\$17 billion out of US\$606 billion). It attracts relatively low foreign direct investment compared to Latin America and Asia. Only South Africa has a globally competitive wood-based industry, derived from plantations.

“The sobering reality is that focus on plantations is increasing as natural forests are disappearing.”

Finn Jacobsen, APSD

NGP AFRICAN PROJECTS

Apart from in South Africa, where the plantation-based forest industry directly employs 160,000 people, commercial plantations are struggling to take hold in Africa. But some NGP participants are attempting to buck the trend, with projects at various stages of maturity:

MONDI, SOUTH AFRICA

South Africa has a well-established plantation forest industry, and Mondi is a global leader in packaging and paper. It has two mills in South Africa, and manages around 250,000 hectares of land, of which just over two-thirds is plantations. The company directly employs 1,500 people.

In recent years, Mondi has returned thousands of hectares of its plantation landholdings to community ownership to settle claims from people who were dispossessed under apartheid. The company also invests in enterprise development through its subsidiary Mondi Zimele, which supports small business development in the forestry value chain, for outgrowers, and in the communities around the company's operations.

PORTUCEL, MOZAMBIQUE (SOUTH-EAST AFRICA)

A joint venture between The Navigator Company and the IFC, Portucel Mozambique's project is one of the largest and most ambitious plantation developments on the continent. The company acquired a concession of 350,000 hectares – but since many communities already live and farm in the area, only a fraction of it is available for planting. Portucel is committed to investing in good relationships with local communities, and has a social development programme. Its vision is of a mosaic landscape that combines commercial plantations, conserved and restored natural ecosystems, and community land. To date, around 13,500 hectares of eucalyptus has been planted.

The long-term plan for 2030 is to build a pulp mill, an investment of around US\$2.5 billion, which would require around 120,000 hectares of eucalyptus plantations. In the medium term (by 2023) the plan is to develop a US\$260 million woodchip plant. This will have the capacity to produce 1 million tonnes per year, worth around US\$100 million, and will require about 40,000 hectares.

NEW FORESTS COMPANY (EAST AFRICA)

The New Forests Company (NFC) manages just over 40,000 hectares across Uganda, Rwanda and Tanzania. Around two-thirds of this is plantations (the company has planted 28 million trees to date), with most of the rest set aside for conservation. The company also has around 7,000 outgrowers who have planted a further 11 million tree seedlings around its plantation areas. Currently, the company's core business is in producing electricity poles: these have helped build an estimated 66,570km of the region's growing electricity grid.

The company makes significant investments in local communities. One of its innovative approaches is to pay communities for performance-based risk management, such as reducing fires. In two years, incidents have reduced by two-thirds, and communities around one plantation have earned almost US\$20,000 to invest in development projects.

AFRICAN PLANTATIONS FOR SUSTAINABLE DEVELOPMENT (APSD), GHANA (WEST AFRICA)

APSD has three concessions totalling 33,000 hectares, around 55% of which is available for commercial planting. The company was founded in 2007, but didn't start planting until 2011 due to the extensive consultations with local government and communities. To date, around 9,000 hectares have been planted, mainly of eucalyptus.

While growing conditions are excellent, the company continues to face many challenges – including little government support for plantation forestry, weak law enforcement and a lack of infrastructure. ASPD has to compete against mostly illegal timber products with lower costs, in a market where there are no advantages for certified timber. Changing the mindset of local communities has also been challenging – many people still use fire to clear their land, and show little respect for conservation areas and riparian zones



GOVERNMENT

Governments have a crucial part to play in enabling plantations to flourish in Africa, in cooperation with the private sector, civil society and the donor community. Key government roles include:

Land access: Government needs to take a clearer role in regulating access to land and recognizing the land tenure rights of communities. Often a company is granted access to land by a national or regional government – but is then faced with managing and negotiating individually with people on that land.

Regulation: The majority of forest products are traded on the grey market – roadside sales of charcoal, fuelwood and sawn timber are very common. This puts timber producers who want to trade legitimately at a price disadvantage, as well as depriving governments of tax revenues.

Infrastructure: Transport links are vital for all industries but especially forestry, which needs to move large volumes of relatively low value products. Companies cannot be expected to shoulder all of the cost of building road and rail links, or negotiating all the consultations and access issues this involves.

Customer: Governments are often the biggest consumers of construction timber due to large-scale development projects that are usually funded by external aid budgets. Governments and funders could encourage the development of the local timber products industry by showing a clear preference for locally grown sustainable timber.

Community development: While companies that follow NGP principles invest in socio-economic development in communities, this should complement, not replace, government support. Empty schools built by a company but without state-funded teachers provide a clear demonstration of this relationship not working.

Industry support: Gabon provides an example of how strategic government policies can enable the forestry and forest products sector to develop, by facilitating the establishment of a special economic zone and supporting the creation of a wood-based processing industry. The country is now the fifth largest global exporter of veneer.

“Everyone needs greater clarity around land access and land tenure. Government, communities and companies – we all need to work together to build trust and resolve this complex challenge.”

Luis Neves Silva, WWF

“Local knowledge is vital – of local cultures, of local site-specific conditions. The major opportunity is working with local people and developing a successful outgrower model.”

Patrick Mugenyi, CEO, New Forests Uganda

“There need to be better incentives to support the development of forest product supply chains in Africa. This will then create the conditions for better forest management.”

Harrison O Kojwang, Director, FSC Africa

“Logistics and infrastructure are crucial for plantations development. We need to continue our open and transparent relationship with the government to help us work together to deliver on these challenges.”

Joao Lé, CEO, Portucel Mozambique



BANKING AND FINANCE

An industry which can predict that demand for its products will triple by 2050 should be an industry that can attract significant investment. The challenge for the forest sector in Africa is that, despite its huge potential in the years ahead, plantation development is perceived as a high-risk activity.

Forestry is a long-term business. It takes at least 10 years to receive a return on investment, and sometimes much longer for large-scale projects. Relying on “debt finance” or borrowing is expensive for such a long-term commitment and can lead to companies pushing forward with projects too quickly – for example, before fully understanding land access issues or securing the consent of local communities. Possible opportunities to unlock the investment needed to establish plantations at scale include:

- **Equity financing and joint ventures:** national or local governments, or other companies in the forest products value chain, could become investors in plantation enterprises – whether larger private companies, SMEs or community cooperatives.
- **Blended finance:** for example, with commercial investment combined with finance from development institutions, climate funds, impact investors focused on social projects, or environmental NGOs delivering native forest restoration.

Blended finance and joint venture approaches reduce the risk for an individual funder or investor and spread the benefits and opportunities. Speakers at the Encounter included representatives

from the African Development Bank and the International Finance Corporation (IFC), both of which have been showing an increase interest in plantation forestry in Africa because of its social and ecological benefits as well as the long-term market opportunity.

As well as investment in plantations themselves, Africa needs investment in the forestry value chain – but investing in sawmills, board mills and the like is risky too, and requires a consistent supply of timber at an economically viable price. While in the rest of the world up to 80% of the forestry sector’s economic value derives from value-added processing, Africa remains focused on primary production. At the same time, despite the increasing global demand for forest products, growers in Africa are concerned about limited local markets and competition from the grey economy.

Another challenge at the heart of these issues is a basic lack of data – how many hectares of plantations are there, where are they, what species, what volume per hectare, how are they managed, what is the state of the local and regional market and forest products value chain? Without this information, getting an investor to commit is a huge ask.

“We need to ensure SMEs and the whole supply web are included in the thinking, at the very beginning of plantation development projects. We need to look beyond our landholdings, and engage with wider stakeholders and that will help us to work better with communities within our landholdings.”

Milagre Nuvunga, MICAIA

“Badly designed plantations are not uncommon. There is an urgent need to mainstream social, economic and environmental good practice”

Mark Lundell, World Bank

“How do we make commercial investment in African Forestry happen? The number one solution is to work with communities. This will provide the best option to access land, and maximize the socio-economic benefits.”

Vera Assad, IFC Africa

“For Mozambique the forestry sector can be one way to diversify away from oil and gas.”

Fernando Carvalho, Millennium BIM



GROWING A BIOECONOMY

So much of what we produce from fossil fuels and other non-renewable resources today could be produced from trees tomorrow. There is an increasing imperative to shift to a sustainable bioeconomy, replacing products made from fossil fuels and greenhouse-gas-intensive materials like steel and cement with renewable resources like wood and the countless products that can be derived from it.

Over the 20th century our use of materials increased tenfold, and demand in Africa particularly is set to increase over the coming decades as the population grows and economies become increasingly industrialized. The continent is expected to gain half a billion new urban residents between 2020 and 2050: using locally grown wood in place of steel and cement to construct homes, buildings and infrastructure in these booming cities would benefit the climate and national economies.

Despite the limitless potential, Africa has finite forest and plantation resources: squaring an increased demand for timber for construction, fibre, modern bioenergy and other materials with Africa's huge consumption of fuel wood and charcoal is a major challenge. At the same time, the need to produce timber to serve growing economies could give added impetus to efforts to restore and reforest degraded land as part of a landscape approach.

Africa has an opportunity to leapfrog into a 21st century bioeconomy – but this won't happen without strategic planning, cross-sectoral policies and clear market signals favouring sustainable production and responsible consumption. Again, investment is needed not just in plantations but in the value chain: even today, Africa is a net importer of sawn wood and wooden panels, with a trade deficit of US\$100 million and growing. By-products such as sawdust are often sent to landfill, when they could be used to produce useful products like fibreboard or briquettes for fuel. Processing plants and biorefineries could add significant value to timber crops, particularly benefiting small-scale growers.

Smallholders and community-based forestry projects need to be part of this bioeconomy revolution. But whether their forests are for new or more traditional markets, the key challenges remain of access – to land, to finance, to markets.

“Scale is crucial. We have small projects which are successful – we now need to scale them up and we need to do that quickly and sustainably.”

Eurico Cruz, MozFIP (Mozambique Forestry Investment Project)

“There is an uncontrolled market among smallholders. We need to get small growers to work together to take greater control of the market. Growers need accurate information to encourage them to venture into farm forestry as a business. Timber prices are crucial part of that information.”

Charles Nyanjui, Chair, Farm Forestry Smallholders Association of Kenya

“We need to extract more value from the timber we are harvesting, either by converting that timber into high value products using a biorefinery and/or ensuring that we sell all parts of that tree, for example in the form of sawmill co-products such as sawdust and bark.”

Professor Bruce Sithole, Director, Forestry & Forest Products Research Centre

“Extraction of raw materials increased 10 times during 20th century and will double again by 2050. Well-managed plantations and forests are a great way to address this huge demand.”

Pierre Bouillon, FAO Forestry



NGP 2020 ACTION AGENDA

Participants also discussed NGP's role, and how the NGP "Ecosystem of Collaboration" can help co-create and co-develop an environment where a new generation of sustainable plantations can thrive in Africa and worldwide. The most popular ideas from these discussions are collected below.

INCUBATION AND FINANCE

- Use the NGP "ecosystem of collaboration" as an incubator for integrated forest management and innovative business solutions, and develop an NGP Accelerator offering incubating, financing and technical assistance to create a pipeline of NGP landscape projects.
- Engage the whole supply chain to build the case for landscape stewardship (not just plantations) and develop a portfolio of landscape case studies – e.g. Maputaland case study of integrated forestry, agriculture, water and climate change.
- Promote the development of insurance and credit facilities for plantation owners (e.g. a credit circle), support smallholders/forest owners to establish and develop cooperatives (possibly supported by crowd funding), and work with local stakeholders to develop a strategy that rewards local communities for protecting natural resources.
- Working with WWF and other NGOs, engage with investment funds and international financial institutions providing climate and development funding to develop blended finance models for plantation development.

INCLUSIVE LANDSCAPE APPROACHES

- Co-create outgrower models with local communities, and, support value-adding activities for outgrowers and smallholder farmers (e.g. harvesting and haulage businesses).
- Promote extension services to conduct skills training for smallholders and plantation owners on e.g. business, skills, silvicultural knowledge.
- Replicate the NGP model with existing agricultural platforms, at both general and commodity-specific levels, and support existing stakeholder dialogue initiatives, helping them grow into platforms for collaborative governance.
- Look to include more public sector forest agencies in NGP and engage retailers and other value chain players to bring their needs to the solutions.

PLANTATIONS, PEOPLE AND TIMBER NEEDS

- Demonstrate the social impact (as well as environmental/ economic impact) of plantations through shared platforms by identifying common metrics and developing a standardized reporting framework, in collaboration with IUFRO and social NGOs.
- Work with IUFRO on a literature review of existing decision support tools/models to integrate indicators/measures to optimize the landscape mosaic and forest management towards the provision of ecosystem services (including timber production).
- Strengthen timber statistics and analysis to understand the regional demands for timber and forest products, the capacity of harvestable semi-natural forests and plantations to supply them (for example through remote sensing surveys and academic research), and the financing and capacity gaps in the forestry value chain.

COMMUNICATIONS AND MESSAGING

- Ensure consistent messaging on plantation forests across the WWF network, and explore the intersection of different “landscape stewardships” – biodiversity, land, water and forest.
- Understand and communicate fast-growing plantations’ contribution to carbon sequestration and how this can support plantation development on the African continent, by collaborating on research into carbon calculation and certification methodologies. Investigate the potential of a collaborative carbon scheme under the NGP banner.
- Improve communication and knowledge exchange on the benefits of plantations and promote a mindset shift – towards a long-term approach to using natural resources for conservation while supporting local communities.

Andrew Heald was Tweeting throughout the event. Read his Twitter thread [here](#).



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