Minutes of the Workshop

Date/Venue: Friday, 29th of November 2019, 13:00 to 18:00, Luxembourg’s Fintech Innovation Hub - 9, rue du Laboratoire, L-1911 Luxembourg


Moderation: Elena Dominguez, Minute writer: Inna Bilshchuk

Aim of the workshop and main results

The aim of the workshop is to present innovative FLR projects in WWF priority places, in order to connect the project developer’s with potential investors and partners to mutually move forward. Private financing shall be leveraged to reach the urgent restoration needs and to meet the demand for resources by an increasing population. The workshops shall strengthen the interactions between project developers and investors and support the development of a project pipeline - required by the financial sector.

Contacts

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II. Documentation of the results

1. **Welcome and setting the scene**

   *Yougha von Laer, Inna Bilshchuk, Marcel Dupuis and Elena Dominguez*

   - **Setting the scene**
     WWF is heavily involved to bridge the investment gap by catalyzing a pipeline of bankable projects that improve ecosystems in our landscapes while providing investors with an acceptable return on their investment. WWF uses grant based projects to seed funding for bankable pilot projects tand feasibility studies in order to make them ready for the investment phase. In a next step successful projects shall be replicated and scaled up.
To better visualize the work the following two videos have been created:

- Bankable Projects Intro (1 min)
- FLR Uganda Bankable Project Idea (3 min)

**Update Uganda Case**
The Uganda case adjacent to Greater Virunga was presented at the 2. FLR Investors’ Workshop in 2018. Consequent to the workshop, the 2. Stakeholder meeting took place in Rwenzori in June 2019, where local timber growers, timber companies and an investor representative took part in. As a result, the Landscape strategy was updated, and a bankable project model was proposed and agreed upon. Currently, Uganda Timber Growers Association (UTGA) is establishing a private entity that could take over the role of special purpose vehicle in order to absorb funding and link timber growers’ associations to the market.

Additionally, a joint market study with an investment company was performed. The findings helped to get an overview of the current state and trends in the Ugandan and regional timber markets and focus on most perspective product categories.

*Centralized model of a bankable project idea in Rwenzori, Greater Virunga landscape, Uganda*

**Dutch Fund for Climate and Development (DFCD) Presentation**
DFCD allows for investments in projects aimed at climate mitigation and adaptation in developing countries. The fund seeks to improve the wellbeing, economic prospects, and livelihoods of vulnerable groups – particularly women and youth – and enhance the health of critical ecosystems, from river basins to tropical rainforests, marshland, seascapes and mangroves.

The Dutch Ministry of Foreign Affairs has made available €160 million to be managed by a pioneering consortium of Climate Fund Managers (CFM), World Wide Fund for Nature Netherlands (WWF-NL) and SNV Netherlands Development Organization, led by the Dutch Entrepreneurial Development Bank, FMO. The consortium will utilize the full €160 million of DFCD funding to accelerate the flow of institutional and commercial capital into climate-resilient investments and mobilize over €500 million of private finance. The consortium has signed a contract to operate the fund until 2037 and hence is seeking partnerships with
development finance institutions, philanthropies, corporates, banks and investors to replenish the facilities (see below) and/or co-invest in portfolio companies.

DFCD: three facility lines

2. **Presentation of FLR Projects**

The focus of this year’s workshop has been Latin America and Asia. Four projects at different stages were presented: from a project idea to a ready-to-fund project:

- **Chile Case**: Large scale FLR and diversified agriculture through FLR Fund (Aldo Cerda, Executive Director, Santiago Climate Exchange)
- **Vietnam Case**: Expansion of FSC certified smallholder plantations (Vu Nguyen, WWF Vietnam)
- **Thailand Case**: Transition from monoculture maize plantations to agroforestry (Jonas Aechtner, WWF Germany)
- **Brazil Case**: Large scale FLR in the Atlantic Forest (Roberto Maldonado, WWF Germany & Karim ould Chih, KfW)
3. **Project fair**

The room was transformed into a Project’s Fair where projects were exhibited. The funders had the opportunity to ask for more details of the projects by having small-group discussions.

4. **Business roundtable**

After a “deep dive” project-centered sessions funders had an opportunity to vote for the most interesting / perspective project. In an open conversation among participants, funders had the opportunity to give feedback to the project developers on funding opportunities.

Out of four projects, the FLR Fund in Chile received the most points (7 cones). Chilean project represents an existing fund with a first anchor investor (1,5 million US dollars) secured and national development agency CORFO that will leverage private investments. The Project is very advanced and open for at least 3 further investors with a ticket size 1,5-5 million US dollars.

The other projects are at discover to structure stages, which determined similar results (2 to 3 cones per project).

**Takeaways:**

**Project-related:**

- Pilot projects / early stage projects are generally not very appealing to investors for co-developing but can be included into the pipeline of Technical Assistance facilities. Investors are interested in ready projects. Broader variety of funders is needed to match the funding needs of projects at different stages.
- Projects should have simple structures and focus on one/ few commodities → be “boring” and straightforward.
- Provide more information that is relevant for an investment decision: e.g. ROI, risks, mitigation strategies.
- For potential off-takers and carbon traders a holistic approach is very appealing (e.g. Agroecology approach followed in the Thailand case).
- Financing vehicle should be in place before investors step in and indicate an alignment of interested through a certain percentage of ‘shared investment’.
- Financing vehicle (e.g. in case of a cooperative association) should ensure solid financial management and trek of records.
- Create ownership and “decision power” of smallholders within the intermediary / financing vehicle
- Greater clarity on the role of WWF in the model, beyond its interest in underlying outcomes.
- Scale and role of public leverage of risk capital and the level of private investment needed (e.g. in case of a fund with a public development agency).
Collaboration between and beyond the workshops:

- Provide project two-pagers with detailed information (project model, financial data) to share in the funders' networks
- Establish a way to keep in contact and inform about the project status (e.g. newsletter, webinars), share the contacts
- Share success stories and lessons learned from “failed projects”
- Improve matching investors and projects based on 1) deal size 2) investment type (forestry), 3) geography and 4) willingness to co-invest

III. Next steps and closure

The organization envisages expanding the agenda to create a calendar of events through the year and through the Globe, acting all in complementarity with each other, and culminating on the yearly Investors Workshop.

Agenda 2020:

- **Vietnam and Laos study tour**, 16 - 21 March 2020 - accelerate the project development through convening governments, investors and forest owners for the creation of a multi-stakeholder landscape platform.
- **Brazil study tour**, 29 June, 03 July 2020 - convene the Forestry and Agriculture sector, Civil Society Organizations, Local and Indigenous communities, to accelerate projects development co-creating a sustainable landscape model.
- **Indonesia** encounter, 05-09 October - identify, scan, co-create, co-design projects with Forestry and Agriculture sectors project developers, investors and stakeholders, generating pipeline.
- **FLR Investors’ Workshop** back to back to the GLF Investment Case Symposium in 2020, presenting the project pipeline.