



GLOBAL
ENVIRONMENT
FUND

Africa Sustainable Forestry Fund

INVESTING IN A BETTER AFRICA

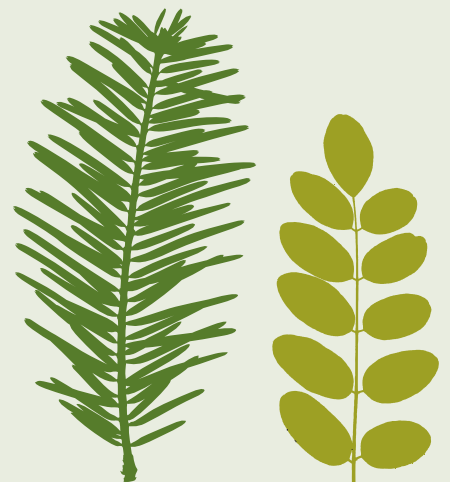


A photograph of a pine forest with a semi-transparent text box overlaid on the left side. The text box contains the following text:

Global Environment Fund (GEF) is seeking partners for environmental, social, and governance initiatives in the communities of interest of GEF's African forestry companies.



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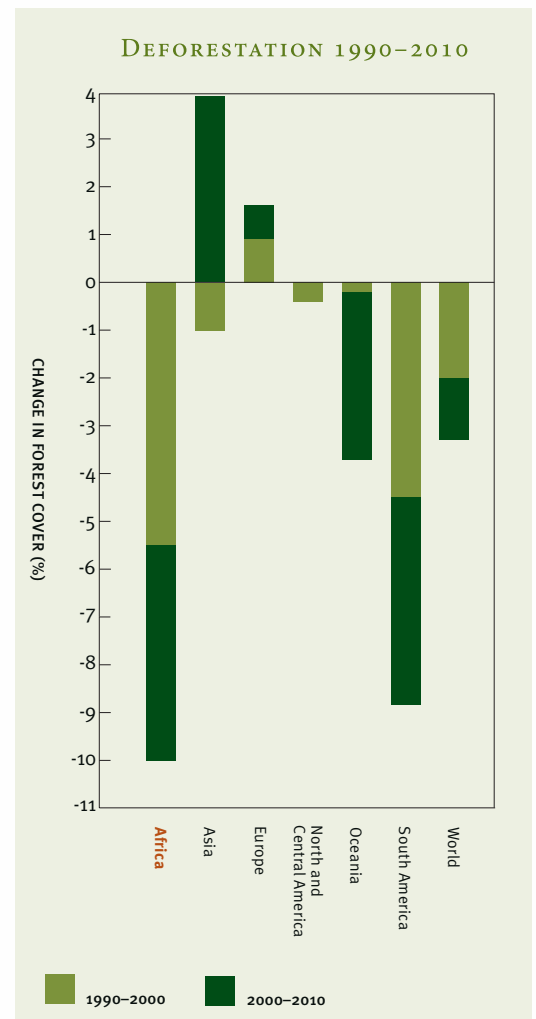


WHY AFRICA?



The existing pressure on Africa's forests is unsustainable. In the past several decades, Africa has experienced significant deforestation as a result of population growth and rising demands for food, fuelwood, and illegally harvested logs for export. Deforestation has led to a host of associated environmental problems, including accelerated rates of biodiversity loss, desertification, and soil loss. It has also created a fuelwood crisis, a significant social problem, since 80% of Africans rely on wood or charcoal fuel to meet their cooking and heating needs.¹ Consequently, Africa desperately needs efforts that promote the sustainable use of forest resources.

The implementation of responsible forest management also creates economic growth opportunities within rural communities. Through job creation, technical training, increased access to markets, improved infrastructure, and value-added processing, integrated forestry businesses generate a significant economic multiplier effect, thus improving the livelihoods of those directly and indirectly involved. Furthermore, responsible forest management has the potential to reduce urbanization, increase the availability of fuelwood, protect water quality, enhance carbon sequestration, and reduce the pressures on biodiversity.



Source: FAO (2011). *State of the World's Forests 2011*. Rome.

¹ <http://beta.worldbank.org/news/biomass-meeting-sub-saharan-africa%E2%80%99s-energy-needs>

GLOBAL ENVIRONMENT FUND: 20 Years of Responsible Investing



Global Environment Fund (GEF) is a private investment firm, established in 1990 and dedicated to supporting businesses around the world that provide cost-effective solutions to environmental and energy challenges. For more than 20 years, GEF has been investing in a broad array of sectors including clean technology, environmental infrastructure and services, and sustainable forestry.

“GEF has a long history of investing in sectors that make a positive impact on the environment and quality of life.”

GEF is a pioneer and one of the premier global private equity groups investing in responsible forestry. Within the communities where its businesses are located, GEF strives to catalyze significant improvements in the environment and quality of life.

— COMMONWEALTH DEVELOPMENT CORPORATION GROUP

GEF’s Investment in Responsible Forestry

Through the years, GEF has invested in the forestry sector in many places. The firm has implemented responsible forestry practices on nearly 300,000 hectares of timberland in its successful businesses in Africa, Asia, and South America. GEF’s involvement has improved the management of these lands and created increased market value for timber products. These companies also helped create significant positive environmental, social, and economic benefits within local communities, and supported biodiversity and conservation activities through the management of permanent protected areas.

GEF’s **mission** is to be the premier alternative asset management firm in the domain of energy and environment by delivering favorable risk-adjusted investment returns to its limited partners over multiple vintage years and through varied macroeconomic climates.



LONGEVITY

SYNERGY

LEADERSHIP

INTEGRITY

PARTNERSHIP

COMMITMENT

SUSTAINABILITY

INNOVATION





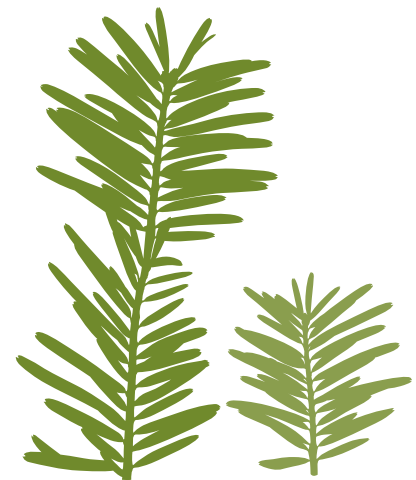
GEF'S AFRICA SUSTAINABLE FORESTRY FUND

Given the increasing global demand for forest products and alternative sources of energy, GEF recognizes the growing opportunity for advancing responsible forestry in emerging economies. To pursue this opportunity, GEF launched the Africa Sustainable Forestry Fund (ASFF), a 12-year investment fund targeting \$150 million in commitments for investment in Sub-Saharan Africa. ASFF grew out of the success of GEF's first African forestry investment in 2001, Global Forest Products-South Africa (GFP).

GEF seeks to capitalize on one of the world's fastest growing markets by producing and supplying responsibly-produced, quality forest products.

ASFF expects to pursue investments in multiple business types, including existing timber plantations, greenfield plantations², natural forest management, bio-energy generation, and value-added wood processing. GEF's commitment to investing in a better Africa, its dynamic team, and its interest in forming local partnerships make it a model among responsible forestry funds.

GEF's vision for ASFF is to assist with reducing, and ultimately reversing, the longstanding destruction of Africa's forest resources by 1) providing support to responsible forest management businesses owning plantation and natural forest assets 2) meeting growing regional and global demand for forest products and bio-energy, and 3) providing an attractive risk-adjusted return to its investors. This support comes in the form of capital, technical expertise, and market intelligence.



²The term "greenfield plantation" broadly refers to the establishment of new plantations on marginally used, often degraded land best suited for growing trees. In each of the African countries where GEF will invest, Environmental Impact Assessments (EIAs) are carried out before these plantations are established in order to help manage the environmental and social impacts of the projects.

INVESTING TOGETHER IN A BETTER AFRICA



Given its long history of forestry investing, GEF is well aware of the consequences created by poor forestry practices. The adverse effects of large-scale development of tree plantations—using poorly selected species, on inappropriate sites, and without the involvement of local communities—provides lessons learned for responsible forestry management in Africa. GEF is committed to the philosophy that responsible business practices produce long-term value, while helping to reduce potential negative environmental and social impacts, thereby mitigating investment risk. GEF understands that an investment model that focuses on environmental, social, and governance (ESG) principles can increase the health and efficacy of employees, build local economies, and enhance a company’s license to operate. The GEF Team believes that the benefits derived from the business must also accrue to local stakeholders. These benefits include jobs, infrastructure improvements, career training, biodiversity protection, and access to non-commercial forest products found in the timberlands. GEF’s past projects have already helped improve the lives of tens of thousands of people through direct employment of individuals and their improved ability to support dependents, as well as the downstream businesses that develop to support the portfolio companies and utilize their products.

“ESG is an integral part of GEF and the ASFF. In Africa, if you do not focus on people and the environment, businesses are not viable for the long-term.”

— GEF, ASFF ESG MANAGER

Responsible Forest Management is a term used to describe forestry management frameworks that include:

- Sound financial viability
- Sustainable resource management
- Consideration for social benefits
- Environment stewardship

In addition to creating environmental and social benefits, ESG practices support GEF’s investment objectives. These practices can increase productivity and enhance employee satisfaction, thereby building investment value. ESG activities can also help GEF minimize potential misunderstandings with local communities, increase civil society awareness and support for projects, and solidify long-term lease and concession processes.





What is ESG?

ESG is a set of investment principles and practices that take **Environmental** (carbon emissions, water quality and supply, biodiversity protection), **Social** (human rights, social justice, economic equality, employee health), and **Governance** (transparency, legal behavior, decision-making) issues into consideration.

While no universal standards exist for ESG several sets of guidelines have been developed by businesses and financial institutions.

GEF incorporates rigorous ESG practices into its business and investment activities. The Team is dedicated to operating consistently with the International Finance Corporation (a member of the World Bank Group) and Forest Stewardship Council™ (FSC™) standards, which cover practices related to workplace health and safety, biodiversity conservation, and fair labor standards, among others, within the context of a for-profit business.

Beyond these international best practices, GEF hopes to do more. However, GEF cannot pursue these efforts alone, and partnership with local and regional non-governmental organizations (NGOs) is an integral part of ASFF's strategy for improving environmental and social conditions.

Working in conjunction with local partners, GEF aims to build local capacity, encourage sustainability, and promote long-term social and economic benefits within communities. Specifically, GEF will work to make progress toward four primary environment and community development goals in the areas surrounding its portfolio company sites:

1. Assist in alleviating poverty through the support of sustainable economic activities for local stakeholders;
2. Assist in the improvement of health and human services in the influence shed of ASFF projects, for example, by supporting treatment and prevention of HIV/AIDS and health care delivery to children;
3. Promote and expand biodiversity protection and conservation of critical habitat in managed and contiguous watershed areas; and
4. Identify, develop, and institutionalize long-term sustainable financing mechanisms for local environmental and social initiatives.

GEF will pursue these goals through a variety of strategies, including direct outreach and education with community members, technical training and life skills development, partnerships with local non-profits and government agencies, engagement with community leaders, and the facilitation of external funding opportunities.





ESG: A Passport for Doing Business in Africa

GEF is committed to an investment approach in Africa that considers implementation of positive ESG standards and investing practices. This approach can help to mitigate or reverse potential negative environmental impacts, and yield significant positive effects on the communities surrounding ASFF projects.

Environmental Benefits

- Forest certification
- Biodiversity and conservation
- Watershed protection
- Climate change mitigation and adaptation
- Renewable energy
- Natural forest preservation

Social and Governance Benefits

- Job creation (direct and indirect)
- Health and human services
- Improved access to wood fuel
- Training and education
- Community empowerment
- Improved infrastructure
- Local enterprise development

Commitment to Partnership

The GEF Team views partnership with local, regional, and international NGOs as an opportunity to work together to address the most significant environmental and social issues facing the Sub-Saharan Africa region, and specifically within the communities surrounding each of its portfolio companies. GEF believes that partnerships can yield better results when compared to acting alone. To date, GEF has worked closely with a number of environmental and social NGOs. Building on these relationships, GEF seeks to develop strong ties to promote ESG principles and meet ESG goals for each company in which it invests. Ideally, GEF and its partners will work towards a common set of goals for improving the livelihood of employees, dependents, neighbors, and the surrounding natural environment over the long-term.

Benefits of Partnership with GEF

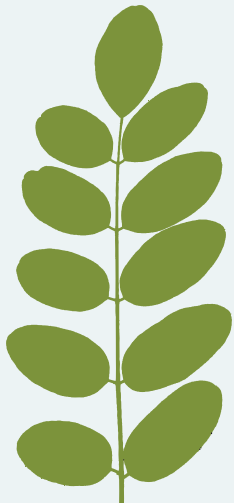
- Stability through its enduring presence and long-term commitment to Africa
- Access to related partnership networks
- Reduced transaction costs through access to multiple sites and numerous communities
- Assistance in building monitoring and measuring systems
- Advice on creating efficient management systems
- Technical assistance for employees and stakeholders
- Use of infrastructure and equipment
- Access to high numbers of stakeholders (due to the large scale of GEF's forestry projects)
- Assistance to leverage funding through GEF's connections to international development investors





Examples of areas for collaboration between NGO partners and GEF may include:

- Securing a sustainable supply of fuelwood (charcoal and/or wood) to meet local communities' basic needs for cooking and heating. This may involve access to more efficient stoves to prevent long-term health damage while also providing economic benefits.
- Assisting to better control and protect wildlife, reducing risks to the local community while supporting biodiversity and animal protection, and potentially creating jobs through eco-tourism initiatives.
- Engaging the community to mitigate fire risks and improve fire damage control for the benefit of all stakeholders.
- Helping to secure adequate clean water supplies for local communities.
- Constructing educational and health facilities for local communities, and supporting the establishment of educational and health services to employees and community members, including access to medication as well as HIV awareness and prevention.
- Working with the local community to assist and promote the development of entrepreneurship and small enterprises.
- Developing and maintaining basic infrastructure shared by the ASFF portfolio companies and the local community such as roads, communication, bridges, and ferries.
- Supporting local farmers to improve efficiency of their production, including accessing better methods, equipment, and materials to increase agricultural output.
- Introducing agro-forestry and farm forestry out-grower programs.



GEF's commitment to partnership, coupled with its seasoned forestry investment team, makes it unique among forestry investors. GEF believes that through aligned values, clear communication, transparency, and respect, our companies — along with local and regional partners — can achieve important social and environmental outcomes in Africa now and in the future.

CONTACT US

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