EIB in action: realizing the commercial and environmental potential of forest resources

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EIB financing to forestry sector
Covering the entire forest value chain

➢ EIB Priorities
- Climate and Environment (Climate Action: mitigation/adaptation)
- Innovation and Skills (RDI)
- SMEs & MidCaps

➢ Supporting EU policy objectives & achievement of SDGs
- EU Strategies (e.g. Forest, Bioeconomy, CE, Biodiversity)
- EU Directives (e.g. RE, EE, IED, Habitat & Birds)
- EU Rural Development (EAFRD)
- EU Economic, Social and Territorial Cohesion
- European Fund for Strategic Investments (EFSI)
- Paris Agreement (UNFCCC), REDD+, EU FLEGT, SFM (Forest Europe process), EUTR, Forest Certification (e.g. FSC/PEFC)
EIB financing to forestry sector
EIB-financed forestry projects target

- **Improved forest and watershed management and flood control:**
  - afforestation, forest rehabilitation, erosion control, forest fire prevention/mitigation and implementation of RDPs

- **Restoration after major natural hazards**
  - earthquakes, flooding, sleet, forest-fires, wind-throws

- **Support sustainable renewable wood-based materials production:**
  - Primary and secondary processing, renewable energy and energy efficiency (upgrading industrial facilities), biomass/CHP plants
EIB financing to forestry sector

EIB Products

- **Direct investment loans**
  - Large private sector industrial investments and RDI programmes

- **Multi-annual investment programmes (Framework Loans)**
  - Public sector, National/Regional Investment Programmes
  - Afforestation/ Forest Rehabilitation/ Erosion Control/ EU RDPs

- **Intermediated loans**
  - Credit lines to banks targeting forestry sector activities/projects

- **Private equity funds**
  - Strengthening sustainable forest management
  - Creating added value upstream/downstream the forest value chain
  - New jobs and diversification of sources of income (local farmers and SMEs) → Rural Growth
Enforcing Environmental and Social safeguards

- Resilience against climate change (site preparations, species matching)
- From no net biodiversity loss towards net biodiversity gains

1. Assessment and Management of E&S Impacts and Risks
2. Pollution Prevention and Abatement
3. Biodiversity and Ecosystems
4. Climate-Related Standards
5. Cultural Heritage
6. Involuntary Resettlement
7. Rights & Interests of Vulnerable Population Groups
8. Labour Standards
10. Stakeholder Engagement
EIB approach to forestry sector

- **Excluded activities**
  - those activities that the Bank will not engage in supporting, because of their expected negative environmental and social impact and their associated risks

- **Investment guidelines**
  - principles guiding EIB financing in the forestry sector, which may be indicative of prescriptive according to the financing instrument used;
  - all projects → technically sound, environmentally sustainable, socially acceptable, and economically viable/profitable

- **Eligibility criteria**
  - criteria applied to identify the activities of an investment/project that can be supported by EIB funding (i.e. eligible project costs for EIB financing)
EIB financing to forestry sector
Investments 2014-2018: EUR 6.1 bn

200 000 ha of new forests planted each year

350 000 ha of degraded or damaged forests rehabilitated each year

4 800 kt of CO2-equivalent emissions sequestered each year

200 000 FTE temporary jobs created during implementation of projects signed 2014-2018

60 000 FTE permanent jobs created from projects signed 2014-2018
Co-financing EAFRD / ERDF

- **Regional**: Castilla la Mancha, Castilla y Leon, Andalucia, Galicia
- **National**: Forestry & Coastal Management

**Total EIB loans**: EUR 0.7 billion

**Total mobilized investments**: EUR 1.7 billion

<table>
<thead>
<tr>
<th>OUTCOMES</th>
<th>Unit</th>
<th>Value</th>
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<tbody>
<tr>
<td>Forest fire mitigation and prevention</td>
<td>ha</td>
<td>390,000</td>
</tr>
<tr>
<td>Reforestation</td>
<td>ha</td>
<td>60,000</td>
</tr>
<tr>
<td>Afforestation</td>
<td>ha</td>
<td>70,000</td>
</tr>
<tr>
<td>Biodiversity conservation</td>
<td>ha</td>
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<tr>
<td>Forest road infrastructure</td>
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<tr>
<td>Temporary jobs created (Implementation)</td>
<td>FTE</td>
<td>36,000</td>
</tr>
<tr>
<td>Permanent jobs created/enhanced (Operation)</td>
<td>FTE</td>
<td>10,000</td>
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</tbody>
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Preventing & mitigating forest fires

- Clearing flammable undergrowth
- Surveillance and monitoring systems
- Forest fire prevention/mitigation teams and brigades (including aircrafts)

Success Stories: (A) Spain

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Success Stories: (B) Ireland
Greening of Ireland: a vision of the country

- Since 1979 the EIB joined to implement the Irish vision
- Financing 12 forestry projects in Ireland (about 40% of the Irish forest cover)
  - Afforestation: ~ 80,000 ha
  - Reforestation: ~ 190,000 ha
  - Total loan amounts: ~ EUR 420M
- Pioneering wood processing technology in the EU (financing the 1st MDF production facility: Medite - subsidiary of Coillte State Enterprise)
- Long term financing and value creation for the society

Strategic forestry objective by 2035: 1.1m ha mixed forests

Source: Ireland’s Forests – Annual Statistics 2016
Success Stories: (B) Ireland
Examples of recent financed projects

→ **Coillte Sustainable Forestry, Ireland (2016):**
  → A new chapter in the story of EIB’s support to the Irish forest value chain.
  → Replanting of existing forest stands: ~ 35,000 ha.
  → Sustainable forest management: 440,000 ha (fully FSC certified)

→ **SLM SILVA Fund, Ireland (2018)**
  → specialized fund in Continuous Cover Forestry (or ‘close to nature’ forestry)
  → promoting biodiversity conservation and environmental sustainability
  → Unlocking private sector finance for increasing financial flows to Climate Adaptation and the EU’s/Irish Biodiversity Strategy
  → Financed under Natural Capital Financing Facility (NCFF), including TA/NCFF
  → Aggregation of forests into a professionally managed portfolio of ~5,000 ha.
Thank you!

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