

FMO

Entrepreneurial
Development
Bank

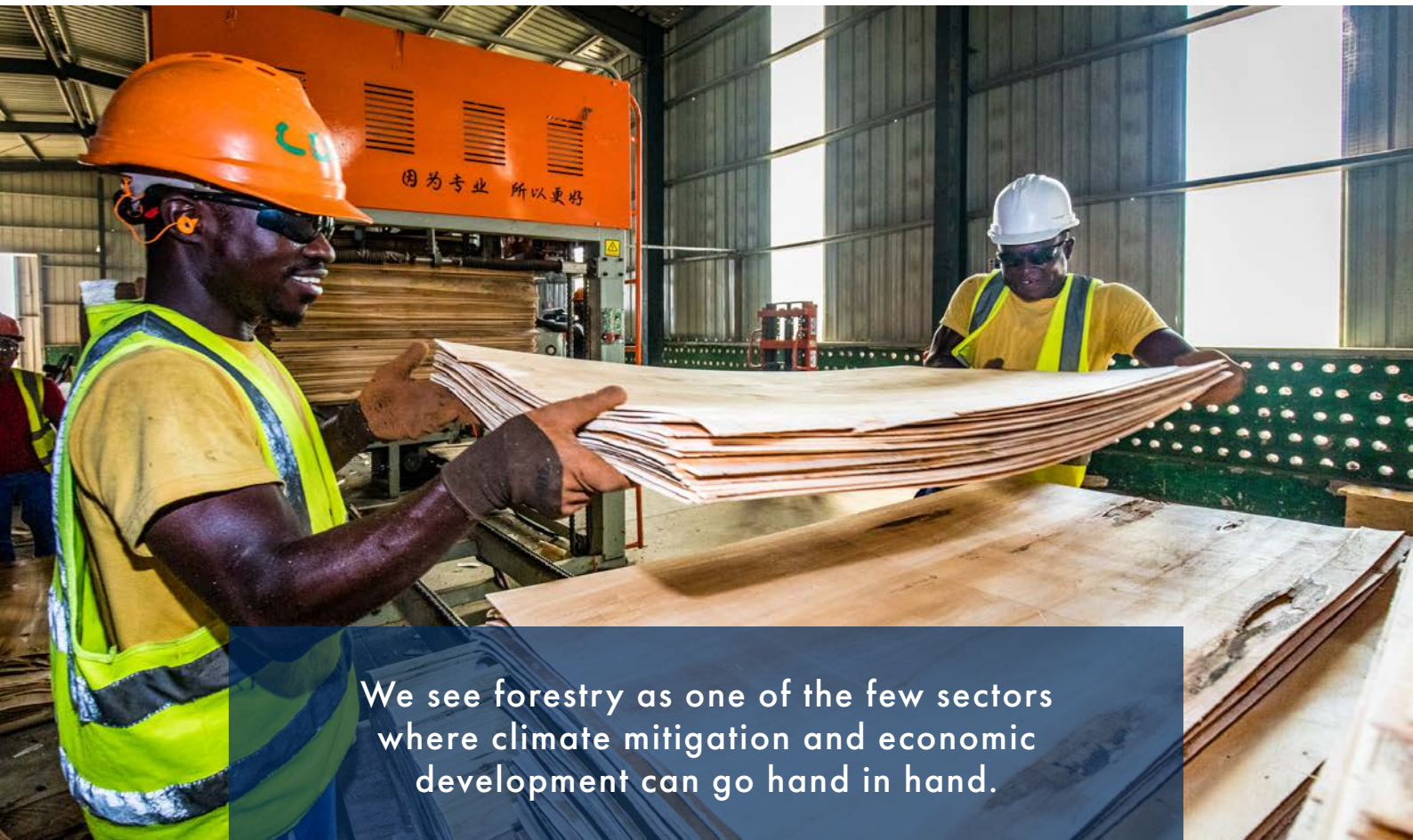


FORESTRY FINANCE WITH IMPACT

Sustainable forestry is vital for economic development in the Global South – critical to fighting climate change and key to protecting high conservation value areas.

FMO MAKES SUSTAINABLE FORESTRY INVESTABLE, BY TURNING VISION INTO ACTION AT SCALE.





We see forestry as one of the few sectors where climate mitigation and economic development can go hand in hand.

The challenge:

Why forestry matters

Deforestation is one of the biggest drivers of climate change and biodiversity loss, accounting for almost 25% of carbon emissions caused by changes to land use, and hitting vulnerable communities in emerging markets hardest. At the same time, demand for timber is rising, driven by population growth, urbanization, and the shift to a bio-based economy.

Today, around half of industrial roundwood still comes from natural forests – an unsustainable drain on the world's most precious ecosystems. To protect natural forests and reverse net deforestation, the world urgently needs to better manage natural forests and allow for more forest plantations to produce timber.

With favorable growing conditions, tropical and sub-tropical regions can supply timber efficiently while creating jobs and opportunities for rural communities. But investments in sustainable forestry fall short, mainly as a result of the high operational and political risks in these markets.

FMO's commitment:

Scaling up responsible forestry

FMO has committed to invest up to €1 billion in forestry and sustainable land use by 2030. We see forestry as one of the few sectors where climate mitigation and economic development can go hand in hand.

We have been active in forestry since 2011, building a portfolio that includes brownfield plantations, vertically integrated companies, and processing facilities. In 2022, we expanded our strategy to include greenfield plantations and innovative nature-based solutions, such as reforestation and conservation.

Our forestry investments directly contribute to FMO's 2030 Strategy: Pioneer-Develop-Scale and to our long-term aim of supporting the Sustainable Development Goals: Climate Action (SDG 13), Reduced Inequalities (SDG 10), and Decent Work and Economic Growth (SDG 8).

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How we invest:

Finance as a tool for impact

Forestry is complex and long-term. Trees take decades to grow, and returns take patience. That's why FMO provides not only equity and debt but also concessional finance, blending public and private capital to make forestry investments viable.

Every investment is screened against rigorous ESG standards: FMO applies the IFC Performance Standards, which require certification (where FSC is strongly preferred), and Free, Prior and Informed Consent (FPIC) with Indigenous Peoples. Environmental and Social Action Plans are embedded into legal contracts and closely monitored throughout the lifecycle of each project.

Through the Mobilising Finance for Forests (MFF) program – funded by the British and Dutch governments and managed by FMO – we support higher-risk and higher-impact projects. MFF provides concessional capital (including first-loss and subordinated positions), enabling commercial investors to enter forestry deals with confidence.

We also provide technical assistance and thought leadership within the forestry industry, from biodiversity credits to carbon market integrity. This combination of finance, safeguards, and expertise enables FMO to drive high standards across the sector.



Why partner with FMO

FMO works with a broad range of partners – from companies and private investors to public institutions and civil society organizations – each with distinct needs that we address through tailored solutions.

FOR COMPANIES:	FOR PRIVATE INVESTORS:	FOR PUBLIC PARTNERS:	FOR CIVIL SOCIETY ORGANIZATIONS:
Long-term, flexible financing tailored to the realities of forestry. Access to our global network of experts, investors, and repeat capital. Support in navigating voluntary carbon markets and building future-proof business models.	De-risked entry into forestry through blended structures. Managed risk, competitive returns, and clear exit strategies. A 20-year forestry track record, with dedicated investment teams.	Trusted, government-backed DFI with the ability to deploy concessional funding at scale. Strong focus on managing environmental and social risks, including community engagement and protection of biodiversity. Proven channel for achieving SDGs through private-sector engagement.	Constructive dialogue and partnerships with conservation NGOs. Willingness to listen and adapt, striving for investments that deliver lasting benefits for communities and nature.

What we deliver:

Real impact

FMO's forestry investments deliver tangible impact across communities, the economy, biodiversity, and climate.

For **communities**, forestry can be a catalyst for inclusive growth. Projects supported by FMO generate jobs across the entire value chain – from nurseries and plantation management to logistics and industrial processing – providing steady income in rural areas where opportunities are scarce. At the same time, we recognize that forestry operations can also pose risks for local communities, which is why FMO applies rigorous ESG safeguards to prevent and mitigate potential adverse impacts. Many of our investees also contribute to wider community development by supporting infrastructure, public health, education, and alternative livelihoods such as agroforestry and ecotourism. Forestry not only creates employment but also reduces inequalities by expanding access to resources and opportunities in marginalized regions.

On the **economy**, forestry supports the global shift toward a bio-based economy. As demand grows for sustainable materials to replace carbon-intensive products like steel, concrete, and plastics, responsibly managed forests provide renewable resources for construction, energy, and other industries. In tropical regions, where yields are far higher than in temperate zones, forestry offers strong economic potential – positioning emerging markets as key suppliers of sustainable bio-based products for the future.

On **biodiversity**, FMO does not finance any activity involving the destruction of high conservation value areas; instead, our clients are required to conserve and restore natural ecosystems. Alongside these protections, FMO is exploring new mechanisms such as biodiversity credits and nature-positive business models, designed to safeguard habitats while creating investable opportunities.

On **climate**, responsibly managed plantations are powerful carbon sinks, particularly when established on degraded land. They play an essential role in sequestering large volumes of CO₂, while also supporting adaptation by improving watershed management, reducing fire risk, and building resilience against extreme weather events. Forestry projects supported by FMO are also helping to shape the development of high-integrity voluntary carbon credits, ensuring credibility and long-term value in emerging carbon markets.

FORESTRY'S TIME IS NOW

Partner with FMO to scale climate-smart, nature-positive forestry. Together, we can unlock impact with returns – building a future where forests thrive, communities prosper, and capital flows where it matters most.

Ready to make an impact? Contact FMO:

Anton Timpers - Manager, Agribusiness, Food & Forestry
A.Timpers@fmo.nl - www.fmo.nl/forestry | www.fmo.nl/mff