Creating opportunities, changing lives
1. About the AfDB

2. Background to the Form Ghana Transaction

3. Key Terms and Financing Structure

4. Future Interventions by the AfDB
AfDB: Your Business Partner.

Africa’s Premier Development Finance Institution

Established in 1964


Mission - To spur sustainable economic development and social progress in Africa thus contributing to poverty reduction

Key Facts
  • AAA Credit Rating
  • Authorized Capital > USD 90 billion
Strong Global Shareholder Support to Fulfill its Development Mandate.

(54 Regional Member Countries & 27 Non-Regional Member Countries)
AfDB - At the Center of Africa’s Transformation.
Long-Term Strategy 2013-2022

Two objectives to support transformation

Inclusive growth
- Age
- Gender
- Geography

Gradual transition to green growth
- Building resilience
- Managing natural resources
- Sustainable infrastructure

Five core operational priorities
- Infrastructure Development
- Regional Integration
- Private Sector Development
- Governance & Accountability
- Skills & Technology

Three areas of special emphasis

Fragile states
- A continuum & regional approach

Agriculture & Food security
- Supporting value chains

Gender
- Economic empowerment
- Legal & property rights

Supporting value chains
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Building resilience
- Gender
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Sustainable infrastructure
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Gradual transition to green growth
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Inclusive growth
- Age
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- Geography

Two objectives to support transformation
High-5 Priorities for African Transformation.

1. Power and Light Up Africa
2. Feed Africa
3. Industrialize Africa
4. Integrate Africa
5. Improve Quality of Life of Africans
One Bank Approach

Public Sector
• Loans, credits, and grants to countries or with sovereign guarantee
• Concessional terms

Private Sector
• Financing of private sector projects without a sovereign guarantee
• Commercial terms

Financing Instruments
- Equity
- Guarantees
- Senior Debt*
- Subordinated Debt
- Technical Assistance

Technical Assistance
Forest Investment Program (FIP) – A Snap Shot

- A $758 Mn funding window of the CIF,
- Provides direct investments to benefit forests, development and the climate through grants and low-interest loans,
- Supports developing countries’ efforts to reduce deforestation and forest degradation (REDD+) and promotes sustainable forest management.
- Channels its support through its partner MDBs
FIP Countries and Partner MDBs

FIP COUNTRIES

[Image of a map showing various countries highlighted in green, indicating FIP countries and partner MDBs. The map includes countries such as Brazil, Mexico, and others.]
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Africa’s development is closely tied to nature, and economic growth is not sustainable without preserving the continent’s natural capital, land, water, marine, forests and energy resources.

African countries have experienced the world’s most extreme land degradation through deforestation and this is seriously impacting Africa’s economic development, and compromising the continent’s resilience to climate change.

It is projected that up to two thirds of Africa’s arable land could be lost within the next 15 years if current Climate Change trends are left unchecked.

To deliver on its Long-term Strategy of achieving inclusive growth and helping Africa gradually transition to green growth, the Bank is fully committed to supporting a more climate resilient and greener Africa.
Form Ghana - Background

2012 USD 50 million set aside by the FIP to contribute to the financing of innovative programs and projects that engage the private sector in reducing emissions from deforestation and forest degradation and promote sustainable forest management in its eight pilot countries.

2013 Form Ghana selected amongst top 5 projects by the FIP Sub-Committee (Governing Body of the FIP)

2014 AfDB received the transaction through the CIF Secretariat based in the Bank

2015 Private sector financing concept developed by AfDB in collaboration with the FIP, and presented to AfDB Management – AfDB

2016 AfDB Board of Directors & FIP Approval
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Investment Criteria

**AfDB**
1. Strategic alignment
2. Commercial viability
3. Development outcomes
4. Additionality

**FIP**
1. Minimum Concessionality
2. Avoiding Distortion and Crowding Out
3. Leveraging
4. Long-term Financial sustainability
# Financing structure & Key Terms

<table>
<thead>
<tr>
<th>Investment Cost = $46.6 Mn</th>
<th>PF Structure</th>
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<tbody>
<tr>
<td></td>
<td>48% Equity = Form Ghana</td>
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<td>52% Long-term Loan = AfDB/FIP</td>
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<thead>
<tr>
<th></th>
<th>AfDB</th>
<th>FIP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>$14MN</td>
<td>$10Mn</td>
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<tr>
<td>Terms</td>
<td>Commercial</td>
<td>Concessional</td>
</tr>
<tr>
<td>Tenor</td>
<td>15 years</td>
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<tr>
<td>Moratorium</td>
<td>7 years</td>
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<tr>
<td>Repayment (Principal/Int)</td>
<td>Highly Customized to match Project Cash Flows Profile</td>
<td></td>
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<tr>
<td></td>
<td>Existing Forest as pilot phase and collateral</td>
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<td>FIP terms Improved Bankability*</td>
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4. Replicability & Future Interventions
Replicability & Future Interventions

A unique Public Private Collaboration that demonstrates potential PPP effectiveness in attracting international private sector investments to the forest plantation sector.

1. Scaling up in Ghana to increase impact. Approximately 300,000 ha of degraded forest land available
2. Replicability in the sub-Region [e.g. Cote d’Ivoire, which faces similar challenges as Ghana]
3. Could set standards for future international investments in Ghanaian plantation forests especially in terms of socioeconomic and environmental co-benefits
4. Concept demonstrates how a close collaboration between the public and private sectors can contribute in transforming the future outlook for private sector participation in this vital sector of the economy.
5. The combined FSC and VCS certifications form an excellent demonstration of successful implementation of sustainable forest plantations in West Africa.
Replicability & Future Interventions

- AfDB interventions have mainly been through its Public Sector window (e.g. Congo Basin Forest Fund) and indirect private capital mobilization through PE Funds (e.g. GEF Africa Sustainability Fund, Agri-Vie etc, Moringa Agroforestry Fund).

- This groundbreaking transaction is the Bank’s first direct intervention in forestry through the Private Sector window.

- Potential pilot in setting the pace for further engagement of the Private Sector in Sustainable forest investments in the future.

- As part of its top 5 priorities, AfDB is keen on supporting new initiatives aimed at the development and strengthening of value chains particularly in agriculture, forestry, and other niche sectors.

THANK YOU!

More on www.afdb.org &
www.climateinvestmentfunds.org/fund/forest-investment-program