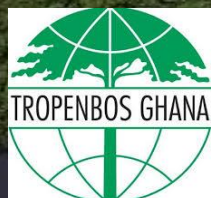


Protecting forests through the financial inclusion of local and indigenous communities

European Microfinance week, 16 November 2022, Luxembourg



Tropenbos International Tropenbos Ghana

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Active in 10 countries
Searching for sustainable land-use solutions for frontier landscapes
Focus on landscape-level solutions
For local people and the global community
Balancing the needs of all stakeholders



Background


- Agriculture causes 70% of global deforestation, predominantly through land for agrocommodities.
- Deforestation and forest degradation cause over 30% of climate change.
- 70-80% of farmland is occupied by family farms, producing >80% of the world's food.

Ref: FAO (2018) The State of Food and Agriculture - Innovation in family farming. FAO, Rome, Italy.

- Of the 570 million family farms worldwide, >500 million farms have <2 ha; >410 million are <1 hectare.

Ref: ESA working paper no. 14-02: "What do we really know about the number and distribution of farms and family farms in the world?". Background paper for The State of Food and Agriculture 2014.

- Integrating food production and forest conservation through agroforestry addresses some of the biggest global challenges such as climate change, the loss of biodiversity, and the increased food insecurity.
- Financing the transition of traditional smallholder practices to responsible agroforestry practices is extremely difficult.
- However, agroforestry is also financially more lucrative, with a higher RoI, compared to monocultures.



Our Ghana Experience

- Identification of key landscape challenges
- Call for business proposals addressing at least one key challenge
- Scrutiny by expert business panel
- Technical Assistance for the most promising business cases
- Discussions with local rural banks to check appetite
- Willingness to establish a dedicated credit line, backed-up by guaranties

A photograph of an organic cocoa farm. The scene is filled with lush greenery, including cocoa trees with their characteristic white bark, plantain trees with large green leaves, and other tropical plants. The ground is covered with dry leaves and twigs. The sky is overcast.

Our Challenges

- Perceived risk
- Lack of capacity & financial literacy; record keeping, business & credit management, understanding the banking culture
- Small business scale
- Lack of loan history
- Absence of collateral
- Challenges to deliver proof of concept

- Aggregate (work with cooperatives or FFPOs)
- Blended finance
- Guarantees
- Modified fund structure
- Capacity building & Technical Assistance

Parts of our Solutions



Upsides

An aerial photograph of a lush green agroforestry landscape. The scene is dominated by dense, vibrant green vegetation, likely a mix of trees and crops. In the lower-left corner, a wide, muddy brown river flows through the landscape. Two small, simple houses with dark roofs are visible, one on the left and one on the right, nestled within the greenery. The overall impression is one of a well-managed, diverse agricultural system.

- Agroforestry has a higher production per ha
- Thus a higher RoI per ha
- Less risk due to crop and economic diversification for farmer and financier
- Continuous cashflow
- More resilience to climate change
- More agro-biodiversity
- Less pressure on residual forests, thus less deforestation
- Less dependence on single crop

Trial in Ghana

Based on Rural Enterprise
Development Fund (IFAD, AfDB, and
nat. financiers)

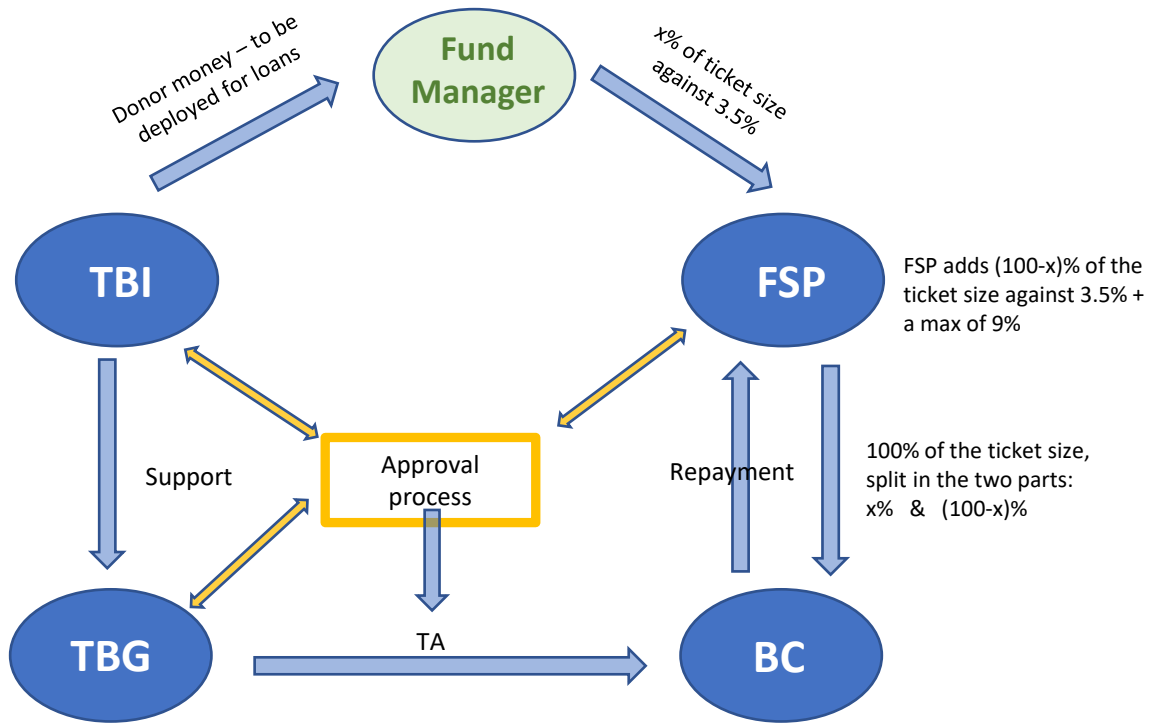
Highly concessional blend of:

- TA
- Guarantees
- To revolving fund



Mixed agroforestry field in the community forest concession of Bapandi Bambaka, DR Congo. Photo: Charles Mpoyi

RISK-SHARING MECHANISM



On our way to a revolving fund?



Cocoa agroforestry in Quindio, Colombia. Photo: ©GATO - stock.adobe.com

An aerial photograph of a village nestled in a lush green valley. The village consists of several small houses with red and grey roofs, surrounded by dense tropical forest. In the background, there are rolling green hills and a prominent mountain peak under a cloudy sky. A vertical white line is positioned to the right of the text.

Questions & Discussion

- Experiences elsewhere?
- Other suggestions?
- Anyone out there, trialing the same?