

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



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➤ 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

- **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



9. Occupational and Public Health, Safety and Security



10. Stakeholder Engagement

➤ 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

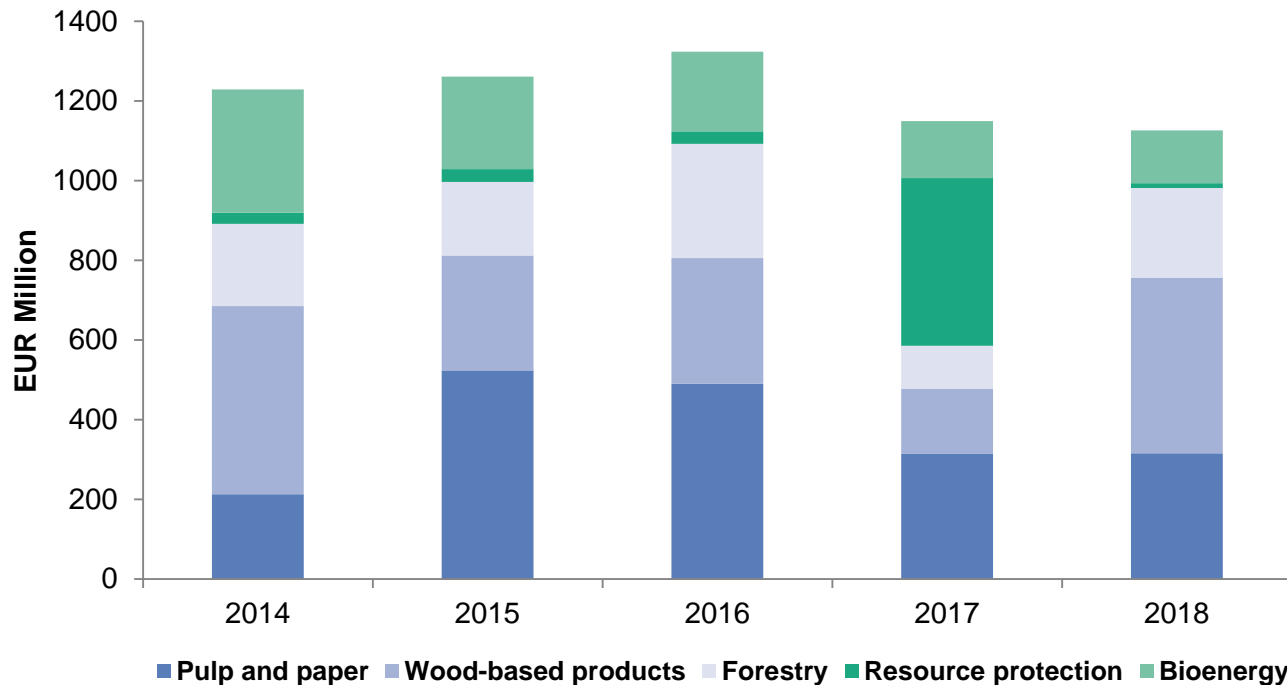
of **CO₂-equivalent emissions** sequestered each year

200 000 FTE temporary jobs

created during implementation of projects signed 2014-2018

60 000 FTE permanent jobs

created from projects signed 2014-2018



Success Stories: (A) Spain

Forest fire prevention and mitigation

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

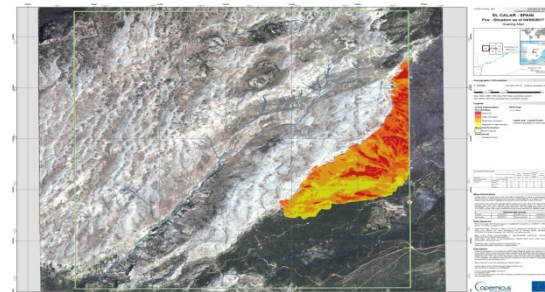
OUTCOMES	Unit	Value
Forest fire mitigation and prevention	ha	390,000
Reforestation	ha	60,000
Afforestation	ha	70,000
Biodiversity conservation	ha	80,000
Forest road infrastructure	km	10,000
Temporary jobs created (Implementation)	FTE	36,000
Permanent jobs created/enhanced (Operation)	FTE	10,000

Success Stories: (A) Spain



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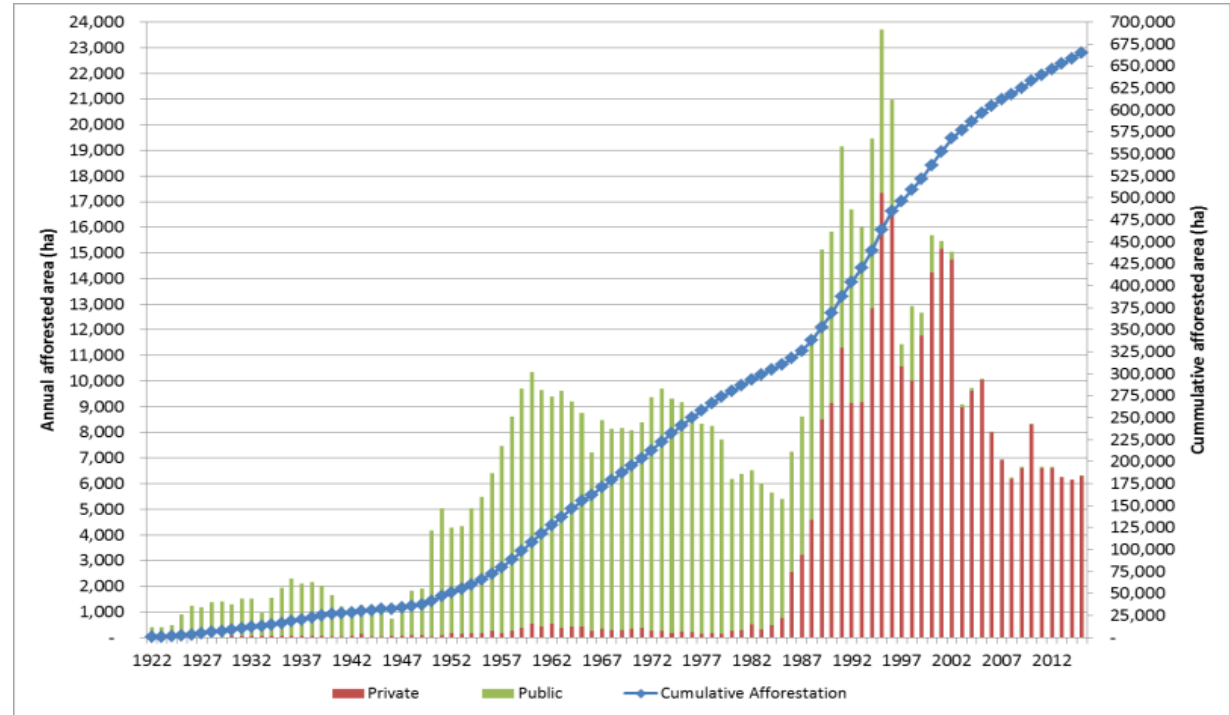
- Clearing flammable undergrowth
- Surveillance and monitoring systems
- Forest fire prevention/mitigation teams and brigades (including aircrafts)

Preventing & mitigating forest fires

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**



Source: Ireland's Forests – Annual Statistics 2016

Strategic forestry objective by 2035: 1.1m ha mixed forests

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.
- Investment programme forestry operations: 2016-2020.
- 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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