

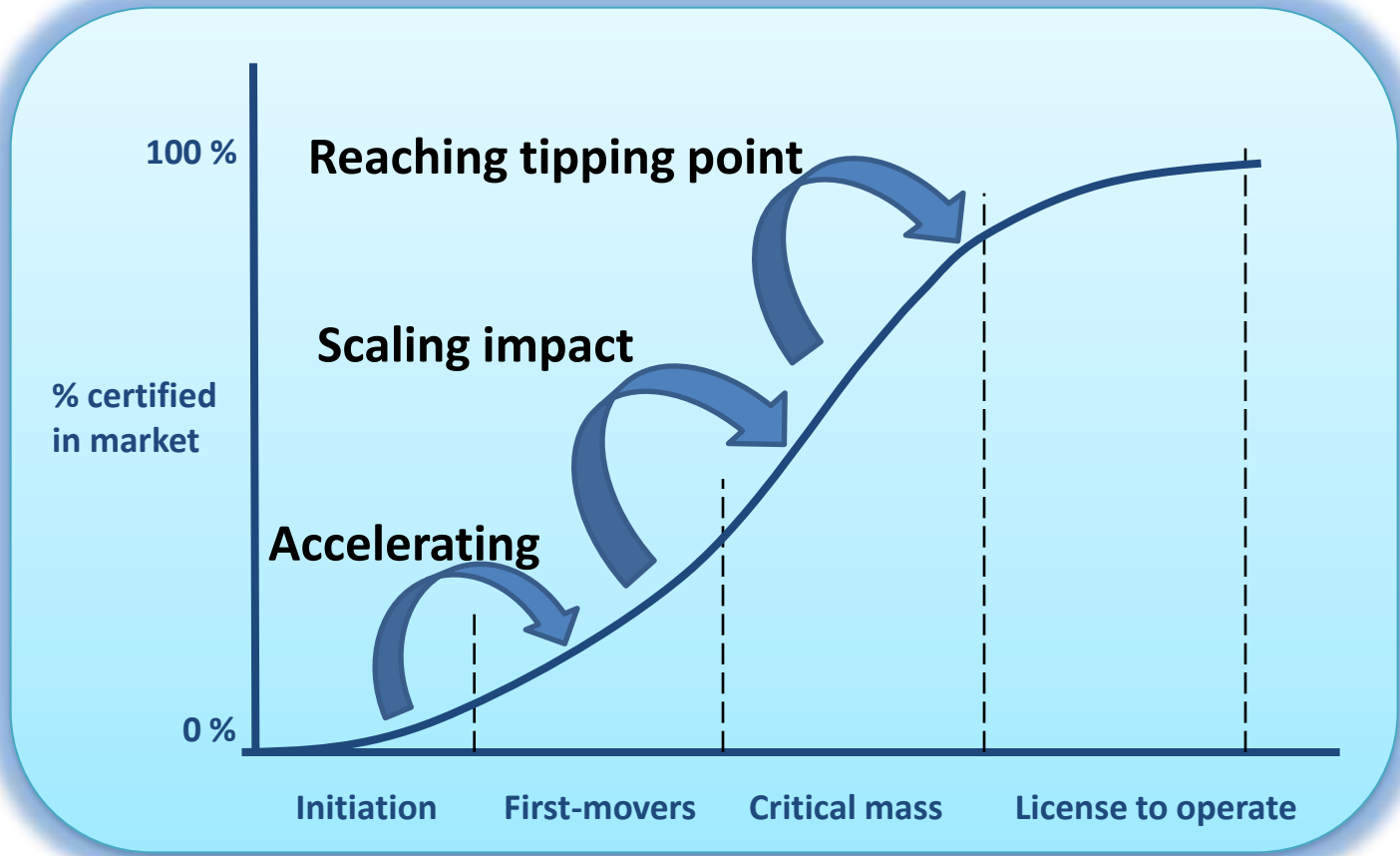
Investing in sustainable forestry

Ted van der Put, Program Director
FSC/VBDO/FORM Congress, 4 Nov 2010



Dutch Sustainable Trade Initiative (IDH)

We convene *Coalitions of the Willing* for mainstream market transformation in critical commodities



Profile

Founded in 2008

Budget Euro 100 M for 2011-2015

10-12 commodity programs

Coalition over 70 companies, NGOs, labor unions, and knowledge centers

Endorsed by Dutch government

25 staff members

Action Plan Sustainable Trade 2011-2015

Programs in Upscaling



Cocoa



Timber



Teal



Natural Stone



Soy



Tourism



Cotton



Aquaculture



Electronics



Spices

Programs in Scope



Cashew



Wild Caught Fisheries



Palm Oil



Fruit & Vegetables



Sugar Cane



Shoes & Sporting Goods



Beef

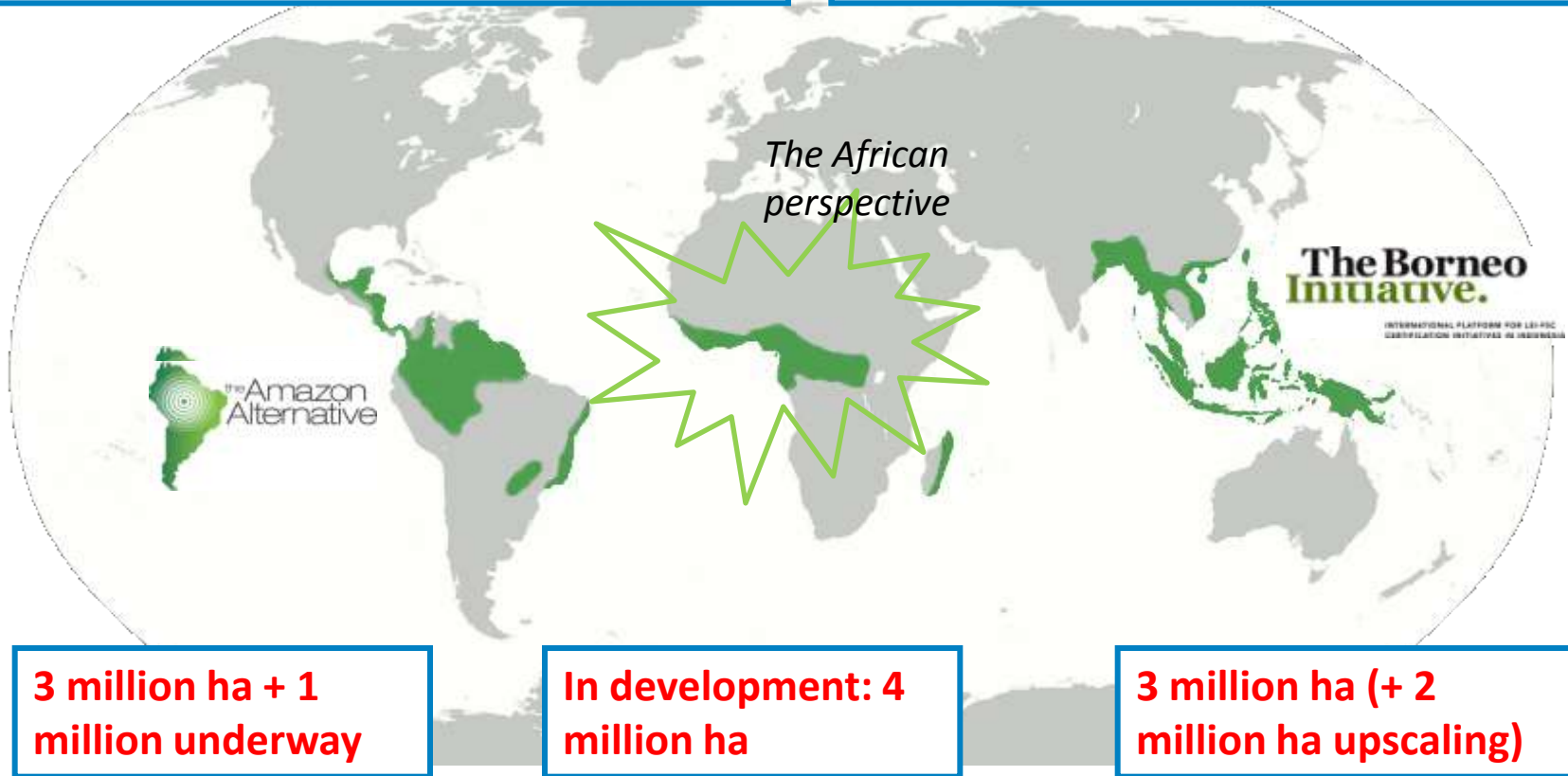


Flowers & Plants

IDH tropical timber programs

Tropical FSC timber to 33% in NI

2/3 x 10% increase in Europe



3 million ha + 1 million underway

In development: 4 million ha

3 million ha (+ 2 million ha upscaling)

Forestry finance gap

**Institutional investors
and mainstream banks**

*Lack of staff capacity
Lack of sector knowledge
Large investments only
Low risk investments only*

**Mismatch supply and demand
Low visibility investment opportunities
Lack of independent information
High risk
High transaction costs**

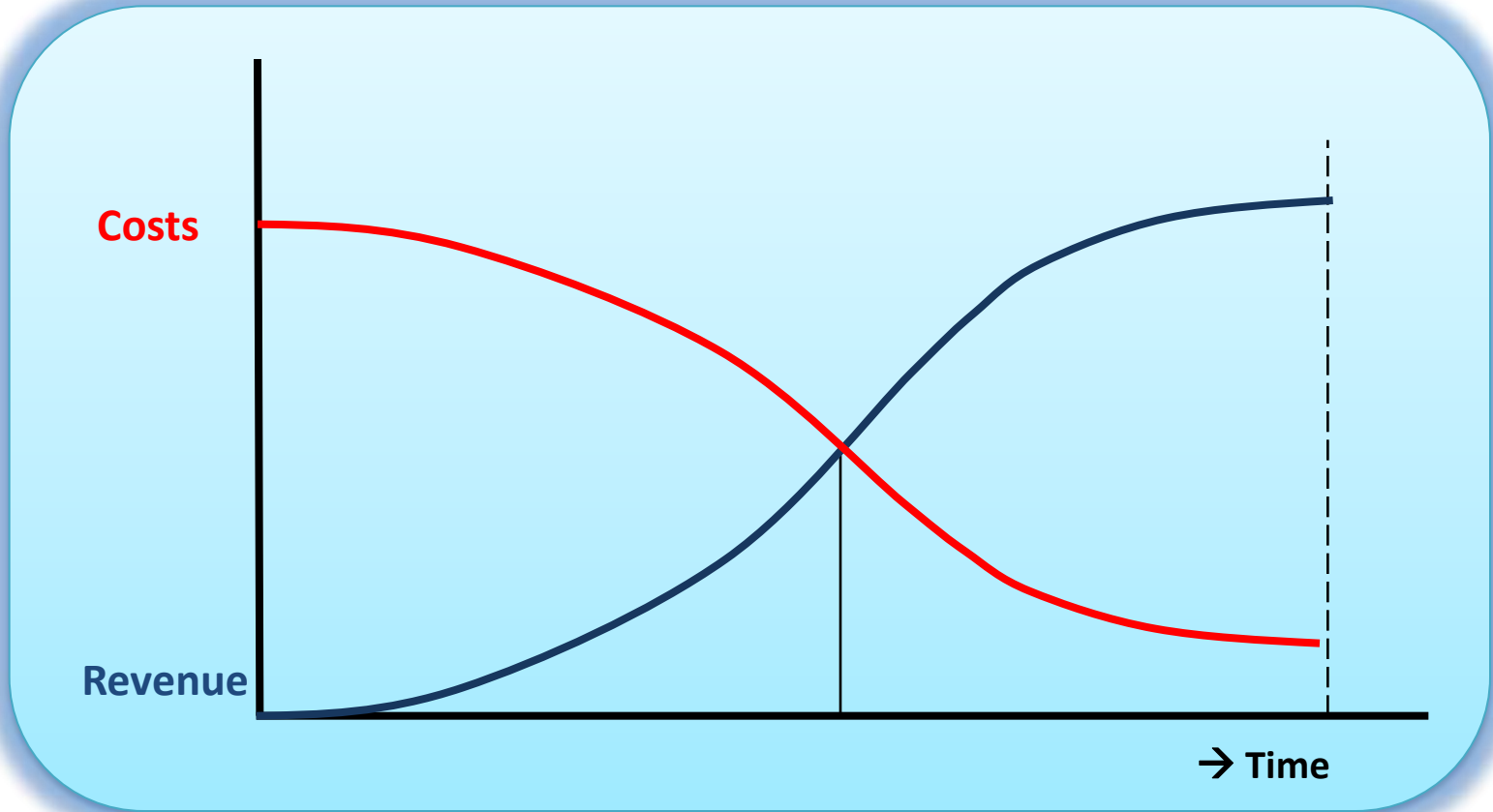
**Timber businesses, forestry communities,
NGOs, and foundations**

*Small projects, low revenues
Uncertain investment returns
Long term profits only
Lack of collateral assets
Limited access to capital
Lack of management capacity*



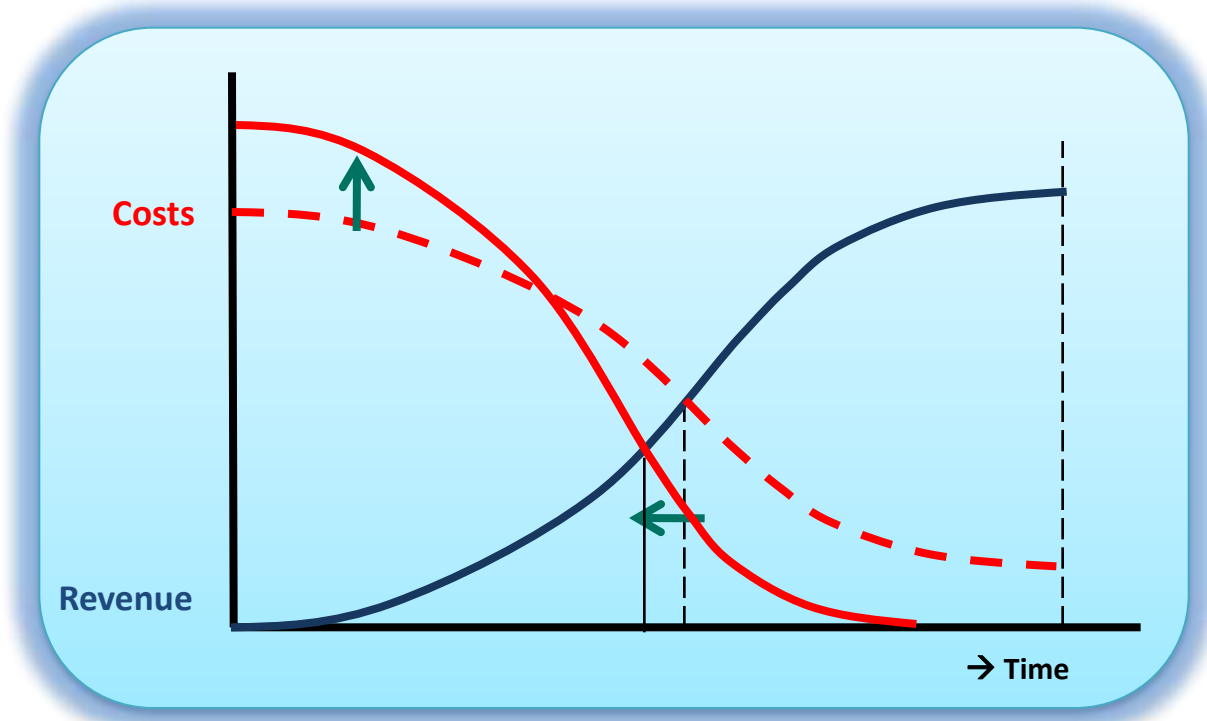
*Country risk
Lack of regulation
Weak law enforcement
Weak property rights*

Delayed return on investment in forestry



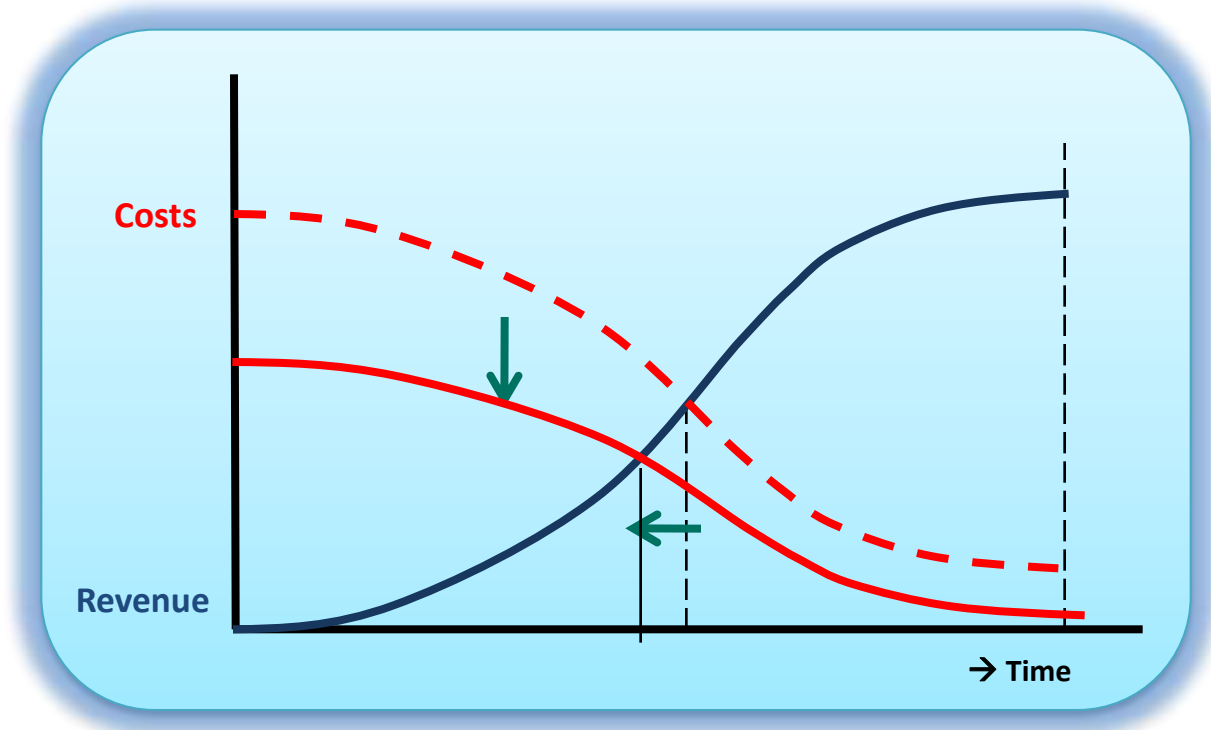
KEY QUESTION: How to finance the first years?

How can the business case be improved?



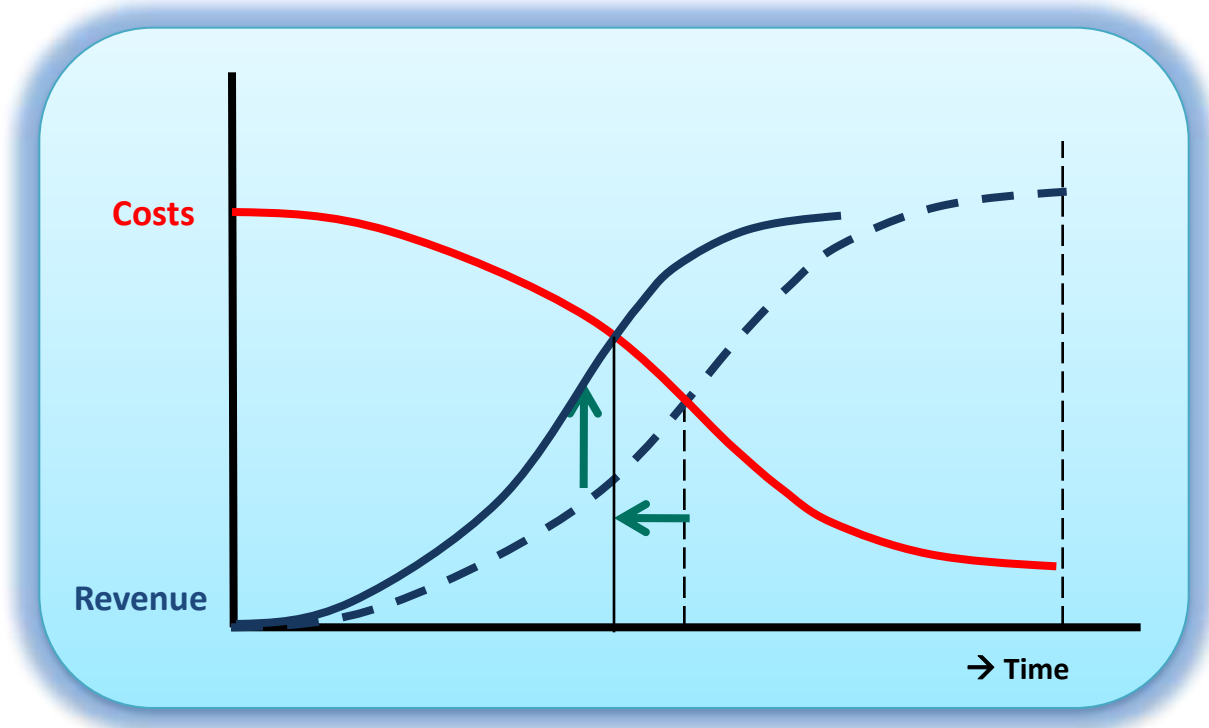
- (1) By faster, more robust certification process, with upfront additional public match-funding

How can the business case be improved?



(2) By cost-efficiency in certification and pre-selection of “low hanging fruit”

How can the business case be improved?



(3) By faster, more pro-active and more effective demand alignment

Unleashing forestry finance

