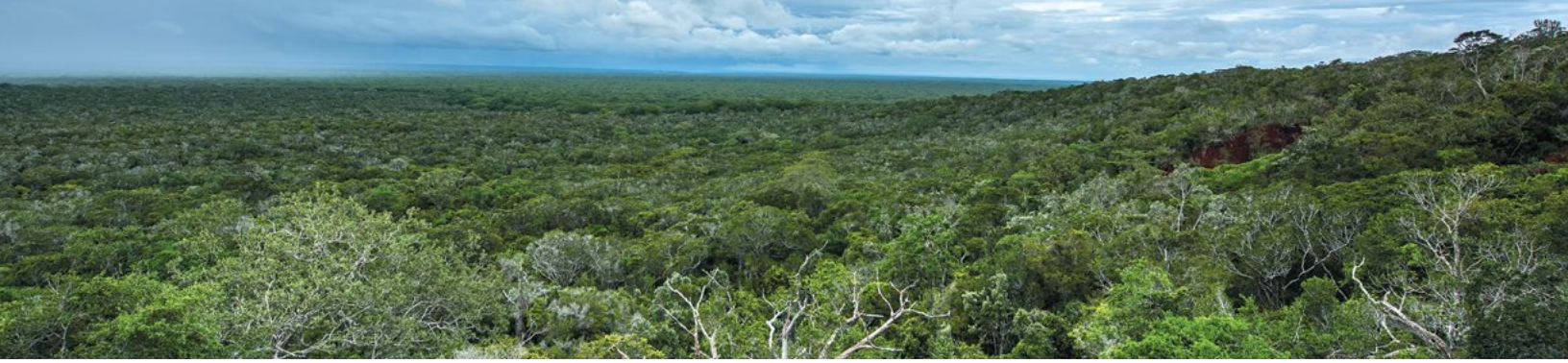

# AFRICA FOREST CARBON CATALYST

## ACCELERATING AFRICAN FOREST CONSERVATION AND RESTORATION TO SCALE

Africa has one-fifth of the planet's remaining forests but is losing them faster than anywhere else. Protecting forests is among the most cost-effective natural defenses against climate change and in Africa will help hundreds of thousands of people earn a better living. Yet to date there have not been enough reforestation and forest conservation projects ready to absorb the significant investment they need to achieve outcomes at scale.

The Nature Conservancy (TNC), a global conservation organization, developed the Africa Forest Carbon Catalyst to find and refine more of these forest restoration and conservation projects that will slow or even reverse forest loss while helping tackle climate change. This TNC initiative gives technical and operational advice, helps build their teams and networks, and prepares them to successfully seek investment.

TNC's Africa Forest Carbon Catalyst aims to support projects and enterprises that by 2025 will cumulatively:

- Avoid or reduce 20 million tonnes of $CO_2$ emissions annually
- Restore or conserve 10 million hectares of African forest
- Improve 500,000 Africans' livelihoods and wellbeing
- Create 5,000 jobs in Africa

The Catalyst aims to do this by:

- Capitalising the Catalyst with $10M in philanthropic funding
- Seeking and supporting 20 initial projects or enterprises
- Unlocking at least $300M direct financing to supported enterprises

### Natural Climate Solutions (NCS)

TNC is pioneering studies of how nature can provide solutions to climate change, and collaborates globally with both the public and private sector to attract enterprises and investments that will have the greatest impact.

- Using nature's own processes can provide up to 37% of the emission reductions needed by 2030 to keep global temperature increases under 2°C–30% more than previously estimated.
- Additionally, using only cost-effective solutions, nature's mitigation potential globally is estimated at 11.3 billion tonnes in 2030—equivalent to stopping burning oil globally.
- Overall, Africa can deliver 1.4 billion tonnes of NCS emissions reductions annually.

*Photo credit: © Roshni Lodhia*

The Nature Conservancy

## WHY THE AFRICA FOREST CARBON CATALYST, AND WHY NOW?

The Catalyst will tackle the problem of there not being enough really strong forest conservation and restoration projects that can absorb significant investment to have impact at scale. It will do this at a time when there is growing global investor and corporate interest in these projects, especially those in Africa.

Previous approaches have struggled to take projects to scale and sustainability, owing to limited technical capacity, inadequate markets, limiting policy frameworks, and a lack of political will. Recently there have been significant advances and reforms, and the Catalyst is designed to exploit these opportunities while supporting ongoing work to tackle remaining challenges.

| Opportunities | . . . and how the Catalyst makes use of them |
|---|---|
| Increasing technical capacity | The Catalyst links field teams to significant recent advances in forest carbon science, landscape planning, tree species trials, monitoring, etc. |
| Harnessing innovation and entrepreneurship | Many early-stage projects and enterprises exhibit innovative business models and approaches that the Catalyst helps scale with technical support to prepare them to attract appropriate finance. |
| Profiting from growing markets | The global voluntary carbon market has more than doubled since 2017. Recent corporate commitments to go carbon neutral suggest strong future growth in financing opportunities for forest restoration and conservation. The Catalyst works with projects that can achieve environmental and social, as well as financial, returns for investors. This also helps meet the SDGs. |
| Promoting regulatory reform, applying new enabling policies | Spurred by stronger political buy-in, enabling policy conditions are improving, and the Catalyst supports projects to benefit appropriately. Additionally, regulations around land tenure, illegal logging, and carbon, etc, continue to improve. |
| Learning from past experiences | Some early projects were poorly designed or delivered, raising questions about forest carbon's viability. The Catalyst applies the lessons learned from these mistakes. |
| Deepening new political support | 30 African countries signed up so far to AFR100 to restore 100 million hectares of degraded forest and landscapes and have pledged to conserve forests as part of their national development plans. Forests have become a priority at the most senior political levels. |
| Focusing on scale and sustainability | The Africa Forest Catalyst focuses only on projects that have wide and sustained positive impact. |

## HOW THE AFRICA FOREST CARBON CATALYST WORKS

TNC's Africa Forest Carbon Catalyst develops a pipeline of bankable initiatives and shows they can deliver both conservation and financial returns.

Others replicate the model, and together we achieve large scale wins for climate, biodiversity, and livelihoods across the continent.

**1**
Source appropriate projects to apply

**2**
Assess projects for potential and scaleability

**3**
Select most promising and provide incubation, technical, financial and operational support

**4**
Projects source third-party investors and carbon buyers

**5**
Demonstrate wide conservation outcomes and attractive financial returns

**6**
Build momentum as more projects apply, are refined, and find funding, and Catalyst is replicated by other investors, authorities, and developers

### What might the Catalyst's support look like?

The Catalyst gives access to a wide network of in-house TNC specialists and external experts

| | |
|---|---|
| **Incubation** | Conducting pilot studies, e.g., trialling a new tree species or product |
| | Feasibility studies, e.g., potential REDD+ expansion |
| **Technical** | Conservation support, e.g., landscape planning, securing land rights |
| | R&D, policy, market intelligence, M&E best practice, ESG |
| **Financial** | Business planning to improve financial health and make projects more "investor ready" |
| **Operational** | Identify human resource gaps and support to build teams |

## HOW WILL THE CATALYST PROVE CARBON IMPACT?

Projects or enterprises selling carbon offsets must be validated and verified under internationally recognised standards, such as VCS, to ensure rigorous measuring and reporting of emissions reductions. Those that reduce or avoid carbon emissions in other ways will be assessed as part of the Catalyst's initial eligibility evaluation. For both approaches, TNC specialists will also separately and independently verify carbon calculations and assumptions using the latest carbon monitoring technology.

The Nature Conservancy

## WHAT IS A TYPICAL PROJECT?

We focus on projects with **forest communities** and **subsistence smallholders** at their core.

To be eligible, projects must:

- Work on REFORESTATION, FOREST CONSERVATION or SUSTAINABLE FOREST MANAGEMENT in Africa
- Be able to SCALE to sequester or avoid 3 million tonnes of $CO_2$ in 10 years, or protect 100,000 hectares of natural forest
- Demonstrate a plan for FINANCIAL SUSTAINABILITY without donor funding
- ADD VALUE unachievable without the Catalyst's engagement
- Put SMALLHOLDERS and COMMUNITIES at the core of their approach
- Be of GOOD STANDING

Projects might come from organisations at various stages:

- At CONCEPT stage, with few or no field activities and no teams, but strong vision
- At SCALE stage, where existing successful programmes are ready to grow
- At PIVOT stage, well-established but changing tack to focus on forest conservation or restoration

Initially, projects will fall into one or both of these themes:

### Projects that conserve or manage natural forests

For example:

- REDD+ carbon payments to communities for forest protection
- Reducing the impacts of logging natural forests
- Improved charcoal and cooking alternatives, where linked to avoided deforestation

WHY THIS FOCUS?

- New corporate 'net zero' pledges are driving carbon market resurgence
- Keeping natural forests standing gives Africa its largest carbon and biodiversity wins
- Better forest monitoring and certification improved REDD+ project viability
- New science reduces the impact of timber extraction from natural forests
- Avoiding unsustainable woodfuel is one of the lowest cost, highest impact opportunities

HOW CAN THIS EARN REVENUE?

- Carbon
- Timber
- Non-timber forest products
- Cookstoves

### Projects that restore forests

For example:

- Smallholders planting trees in woodlots or agroforestry systems
- Farmer Managed Natural Regeneration (FMNR) on farms and communal land
- Environmentally and socially responsible timber plantations, using indigenous species wherever practical

WHY THIS FOCUS?

- Smallholders manage more than 80% of plantable land
- It's much cheaper for smallholders to establish trees on their own land than to launch traditional forestry schemes
- Trees can be integrated with crops in agroforestry systems
- Working with smallholders avoids land conflicts and political disputes
- New timber plantations can be established with climate-smart landscape analysis, emphasizing Environmental and Social Governance and robust management

HOW CAN THIS EARN REVENUE?

- Carbon
- Timber
- Fruits/nuts
- Increased yields associated with better soil health

## PROVING THE CONCEPT: PILOTING THE CATALYST

**Pilot Phase**: The Nature Conservancy worked with a number of enterprises as it piloted what has become the Africa Forest Carbon Catalyst. Examples include:

| WHO | OUR SUPPORT SO FAR | PROGRESS | GOALS |
|---|---|---|---|
| **Carbon Tanzania** First private REDD+ project developer in Tanzania pioneering forest conservation on community land | Landscape planning, FPIC, gov't engagement, partner coordination, investment readiness | 500,000 hectares under conservation generating 600,000 tonnes per annum | 2.5m hectares under conservation by 2025 |
| **One Acre Fund** Largest provider of agricultural inputs in Africa, and one of the largest smallholder agroforestry project implementers | Support for diversifying tree species in Kenya and Tanzania, carbon market feasibility study | 35 million trees planted and survived. Farm inputs to >1 million farmers | 1 billion trees planted by 2032 |
| **KUSCCO LTD** The umbrella body for Kenya's Savings and Credit Cooperatives (SACCOs) | Piloted project to lend tree-planting inputs to members with technical assistance to help match different species on different sites | Tree pilot well-received by Kuscco's members with >90% tree survival and repayment. Potential to expand to >2 million SACCO members who are farmers | Restore 15,000 hectares by 2025 |

## HOW THE CATALYST WILL EVOLVE

In the first TWO YEARS the Catalyst will focus on DEMONSTRATION PROJECTS that:

- Show scale
- Allow for fast learning and fast failing
- Pave the way to larger scale and replication
- Showcase the best models to be replicated

In Years 3, 4, and 5, its vision is to REPLICATE for GREATEST IMPACT

- Develop tools to identify highest potential landscapes
- Work with enterprises now able to implement in those landscapes
- Move from 'projects' to 'landscapes'
- TNC will use latest science to inform where the priority landscapes will be

The Nature Conservancy

## WHY THE NATURE CONSERVANCY?

### Global reach, but Africa focus

- 70 countries globally, in Africa 10+ years
- 10 million hectares of land in Africa and 36 million hectares of ocean under conservation management

### Science leader

- Major research hub, especially for Natural Climate Solutions

### Conservation finance leader

- Helped originate, structure, fund, and close conservation investment vehicles representing more than $1B via NatureVest, TNC's conservation impact investment unit

### Partnership builder

- Large networks of global and national partners, that the Catalyst can access

### Trusted organization

- Known to deliver, and to highest scientific and ethical standards

## PARTNERS

We are working with a series of corporate and philanthropic partners on this.

Providing anchor capital to TNC's Africa Forest Carbon Catalyst:

UBS Optimus Foundation | UBS

Provided pilot and set-up support:

BLUEHAVEN INITIATIVE

Good Energies — POWER FOR A BETTER WORLD

Grantham Foundation for the Protection of the Environment

Partnerships for Forests

Shell Foundation

The Nature Conservancy