

PRESS RELEASE

Convergence Provides Funding to Support Social Forestry Model for Sustainable Forest Restoration and Conservation in Indonesia

Toronto, January 12, 2022 – Convergence awards a feasibility study grant to Fairventures Social Forestry GmbH (FSF) for the design of the Fairventures Social Forestry Fund, a blended fund for financing sustainable forest landscape restoration and conservation in Indonesia. This grant is awarded through the [Asia Natural Capital Design Funding Window](#), co-designed with and funded by the [RS Group](#), a Hong Kong based family office.

Since the 1960s, Indonesia has lost half of its forest cover to [deforestation](#), with key drivers being extensive mining, logging, and conversion of forest land to agricultural plantations. The Fund has the potential to demonstrate a viable social forestry model for emerging markets by partnering with local communities to restore degraded land and conserve existing forests, ultimately leading to improved local biodiversity and carbon sequestration.

The grant will explore the feasibility of establishing a € 50 million, structured debt and equity fund to sustainably manage 50,000 hectares of forest land by financing projects involving – (i) sustainable agroforestry on restored

degraded land through intercropping of timber with cash crops; and (ii) conservation of existing forests leading to generation of carbon credits. In this feasibility study, FSF will build on the initial work undertaken as part of an ongoing 3,000-hectare pilot in Central Kalimantan, Indonesia.

“This blended fund demonstrates a viable model to address the funding gap for forest conservation and restoration in emerging markets. What makes it even more compelling is the social forestry model it applies, which finds a way to ensure that conservation and building the resilience of local communities go hand in hand,” says Joan Larrea, CEO at Convergence.

The Fund will integrate local communities in the implementation of sustainable forestry projects and provide them with employment opportunities as well as a share of profits from the projects. In the long-term, the Fund has the potential to extend and sustainably manage 100,000 hectares of forest land, which could result in more than 6 million tons of carbon emissions avoided, sustainable income for around 4,000 households, livelihood impact for more than 20,000 residents, and development of over 100 local communities.

“We are very excited about this opportunity with Convergence. Blended finance structures will be key in addressing the current funding gap for forest landscape restoration, as they combine different sources of capital and risk appetite required for this new asset class. We will create a financing structure that enables efficient scaling of the sustainable system developed by FSF, and the positive impact it has for people, the environment, and investors.”, says Robert Buermann, CEO of Fairventures Social Forestry GmbH.

The [Asia Natural Capital Design Funding Window](#) is currently accepting applications, with an upcoming deadline of **March 10, 2022**.

About Convergence’s Design Funding Program

Convergence’s Design Funding Program provides early-stage capital to support blended finance solutions in frontier markets and nascent sectors in order to accelerate the number of investible transactions targeting the SDGs. Initiated, co-designed, and funded by the RS Group with \$3 million in funding, the Asia Natural Capital Design Funding Window supports blended finance

solutions that find new ways to enhance and protect the world's stock of natural assets, including water, land, soil, air, plants, and animals, by attracting private investment at scale. This design funding program is the first of its kind focused on Asia. Please visit Convergence's [Design Funding page](#) for submission deadlines as well as other open windows.

About Convergence

Convergence is the global network for blended finance. On top of market acceleration through its Design Funding program, Convergence generates blended finance data, intelligence, and deal flow to increase private sector investment in developing countries. Convergence's global membership includes over 200 public, private, and philanthropic investors as well as sponsors of transactions and funds.

About Fairventures Social Forestry GmbH (FSF)

FSF is a for-profit social venture based in Germany created as a vehicle for investing in sustainable forest landscape restoration and conservation. FSF's CEO has extensive experience in structuring companies and investment vehicles and fundraising for various structures in the sustainability space. FSF has a subsidiary in Indonesia, PT Fairventures Social Forestry, which has a team of local employees involved in the operations and administration of the sustainable forestry projects. FSF also has a non-profit sister company, Fairventures Worldwide gGmbH which has been active in Indonesia since 2014 and provides R&D and socialization support to FSF for its sustainable forestry activities in Indonesia. To learn more, visit www.fairventures.earth.