

3 Reasons To Invest In Sustainable Forestry

Mildred Delgado

The protection of the environment is one of the greatest challenges of this generation and it affects everyone and everything. Considering this, it's not surprising that investing in a sustainable future has become an increasingly hot talking point in financial circles.

[The European Investment Bank recently published three success stories regarding investment in sustainable forestry.](#) They follow Dasos Timberland Funds investments in Estonia, Finland, and Malaysia, all of which were made with both sustainability and financial returns in mind. What this shows is that, not only is investing in sustainable forestry initiatives a valuable cause for the health and wellbeing of the planet, it's also a potential revenue generator.

Forests are in decline

It's no secret that deforestation is a global crisis threatening life and contributing to climate change the world over. [Since January 1, 2020, over 10 million hectares of forests have been cut or burned down.](#) Continuing at this completely unsustainable rate the planet would only have 10% of rainforests left within ten years, resulting in tens of thousands of species going extinct and gigatons of carbon dioxide being released into the atmosphere.

Forestry is profitable

Investing in sustainable forestry is not just in the interest of the planet, it can also generate a financial return. Those involved in sustainable forestry point to the reliability of forests as an investment; trees continue to grow no matter what the economy is doing. For that reason, sustainable forestry is a great option for impact investing.

Impact investments describe any financial investment that intends to generate quantifiable social and environmental change whilst still generating a return for the investor. [The Global Impact Investing Network](#) reports that the return on investment meets or exceeds expectations in the vast majority of investors; 98% with regards to social and environmental impact and 91% with regards to financial return.

Naturally, there are still risks to investing in sustainability initiatives. Forestry projects can be challenged by pests, wildfires, or illegal logging, and even sustainable forests are plagued by unsustainable practices. Investors should account for this by investigating the potential impacts of their investment on surrounding communities and the environment.

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While there are always risks, the potential benefits of investing in sustainable forestry are powerful and varied. Just as it's advisable to learn as much as you can about negative impacts, it helps to know what your investment could be doing to benefit the environment and communities around the world.

1. Reducing carbon emissions

This is, of course, the most significant dividend received from sustainable forestry investments: a return on the future health of the planet. [Deforestation currently contributes 15% to global carbon emissions](#). According to Finance In Motion, [as little as \\$1000 invested in sustainable forestry can eliminate 100 metric tonnes of carbon dioxide from the atmosphere](#).

One fund in this area is [the Livelihoods Carbon Fund](#), which financed the restoration of mangrove swamps in Senegal. To date, the project has planted 79 million trees, resulting in an offset of 500,000 tonnes of carbon emissions.

2. Strengthening local economies

While sustainable forests work towards a cleaner, brighter future, they also provide immediate benefit to the communities. Finance In Motion also claims that 1000 hectares of sustainable forests contribute to 50 direct jobs and hundreds of supply chain opportunities to communities surrounding the forest.

If these forests are invested in effectively, this could mean long-term economic benefit to these communities rather than a short-term stimulus. [Take The Moringa Fund as an example](#): this fund offers technical knowledge and credit to farmers in Nicaragua producing timber and coffee. Over the last five years, the program has provided hundreds of jobs to Nicaraguans and generated \$3.4 million for the local economy.

People have actually been [paid to not cut down trees](#) in Costa Rica since 1997, as well as Bolivia, China, and Mexico, later.

3. Increasing sustainable products

As more is invested in sustainable forestry, more companies can look to sustainable materials to manufacture their products. From consumer products to farming equipment, investment in sustainable forestry is determined to avoid making the same mistakes again.

For example, the Consumer Goods Forum [once pledged to achieve zero net deforestation by 2020](#). Their [reforestation movement](#), where trees are planted where materials are sourced

from has really taken off, and they have worked with Colgate to develop [a toothpaste with sustainable packaging](#).

One of the initiatives in this area is [Root Capital](#). They work with an organic fruit farm cooperative in Costa Rica to both reduce their dependence on chemical fertilizer and pesticides whilst raising average incomes by 600%.

Conclusion

Deforestation is a major problem that most people are aware of and are trying hard to fix, but more still needs to be done if we are to drastically slow the growth of climate change.

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The [MAHB Blog](#) is a venture of the Millennium Alliance for Humanity and the Biosphere. Questions should be directed to joan@mahbonline.org