

Forest Economy Financial Product Developer

A climate smart future for forests and
buildings





An entity that focuses on developing financial products that maximize the value of the forest economy. As such, the intermediary will play the role of the ‘innovator’ in the forest financing landscape

There is set of products that the intermediary may focus on developing such as:

- **Forest preservation tokens**, ‘carbon credits for the climate-smart forest economy’ where tokens can be used as a mechanism to quantify the impact of their climate-positive interventions and could use the tokens to generate revenue for forest practitioners
- **Debt for environment swaps** where the creditor government/entity exchanges debt for developing economies’ investment in long term forest economy projects pipelines.
- **Forestry credit guarantees** which will serve as a risk-sharing mechanism to promote climate-smart forest economies as a critical sector for achieving climate goals

Given the advancements in the carbon and token market, forest preservation tokens may serve as an entry point into exploring the forest economy product developer as an intermediary

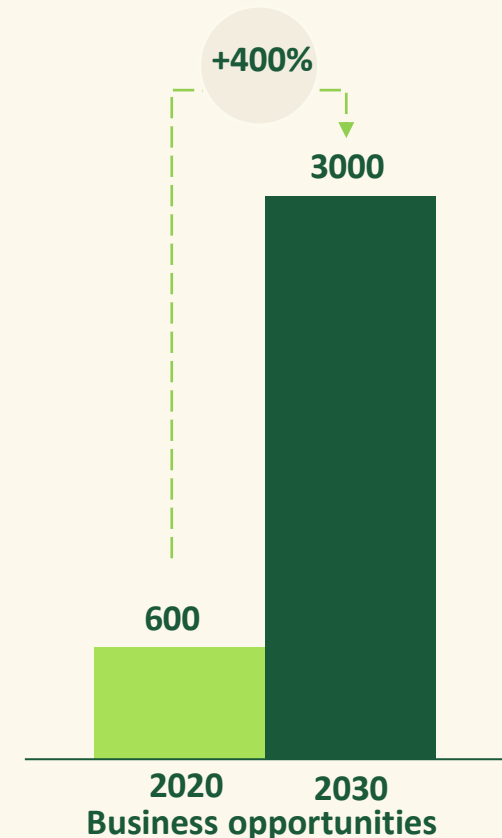
There are numerous business opportunities in Forests that can be realized through the development of financial products

The Need

- There needs to be a wide range of financing products to encourage sustainable forest management and investments in the sector
- Recently, there have been several attempts to address financing needs outside traditional products through the development of products that offer payment for environmental services, new indirect investment products (i.e., forest-backed securities), and forest funds
- An intermediary could support this process by developing and testing innovative financial products to capture the expected 3 Billion US\$ in business opportunities for forests by 2030



Business opportunities in forests
Millions of USD



Comparable and operational business models

Ownership



ForestCoin is looking to establish forest coins as a payment currency, for both consumers and businesses, in exchange for planting trees

Forest coin has features that qualify it as cryptocurrency without relying on high-energy consuming options such as bitcoin

The ForestCoin follows four (4) main steps

1. A ForestCoin is planted by a person who has planted a tree
2. With the forest coin app, the individual can take pictures to contribute to the tree planting evidence base
3. The ForestCoin is minted after other forest coin users verify tree planting
4. Forest coins can be spent at participating merchants or sold at exchangeforest.com

- **Potential owners:** We are still looking for a potential owner with expertise in tokenization and sustainable harvest management
- The owner entity/entities will either be i) a coalition of actors who each focus on specific expertise, or ii) a tokens developer who onboards forest management expertise and develops forest tokens independent



While the tokens are not operational yet. Dcentra is designing and proposing the use of forest preservation tokens as a means to incentivize landowners to preserve forests.

- The forest area blocs are divided into chunks of forest area square meters which are associated to specific tokens.
- Individuals purchase tokens associated with specific forest areas, and the landowners receive the value of tokens associated with their land.
- The value of forest preservation tokens also depends on the condition of the forests



Note: *For each intermediary, we will develop an additional output, a 2-page MEL report that captures progress and lessons learnt