



IFC and Forestry in Africa and the Middle East: Building the Market for Recycling

IFC commitments in Africa and the Middle East constitute a small but growing portion of the total forestry portfolio, reflecting increased demand for pulp, paper, and wood products. Demand for these products is rising as economies stabilize, as packaging needs of local companies grow, and as consumers with more disposable income seek a broader range of household goods, from tissue to furniture. IFC is focusing on ways to develop the wastepaper recycling industry, thereby creating a new alternative supply source for pulp and paper companies—a crucial effort due to the scarcity of natural wood resources on the African continent.

Focus on the Triple Bottom Line: People, Planet, and Profit

IFC's clients in the forestry sector that are active in Africa and the Middle East are making a difference—in their communities, in the environment, and in the economic stability of the region. They are strong regional companies with a track record in the region and a commitment to sustainability. Here's a look at the collective development impact:



People

- Creating thousands of direct and indirect jobs
- Promoting cross-border investments between developing countries, helping improve local and regional economies
- Building a recycling industry from the ground up
- Strengthening the industry and attracting other businesses, generating additional employment opportunities, and creating small businesses
- Reducing reliance on imports

Planet

- Foresting barren wasteland
- Reducing reliance on virgin pulp
- Changing mindsets to prioritize reuse and recycling while reducing reliance on landfills
- Reducing transportation-related energy consumption and carbon emissions through improved local supply
- Upgrading equipment to lower energy and water consumption

Profit

- Implementing strong sustainability standards to enhance brands
- Increasing access to international financing sources from banks that have signed on to the Equator Principles
- Reducing costs and increasing profits through better use of capacity

IFC's Forestry Track Record

IFC's commitments in the forest products sector span the globe. Our current \$1 billion portfolio represents investments across the entire forest products value chain, with an emphasis on farm forestry, sustainable forest management, engineered wood panels, waste paper and recycling, and wood and wood products. IFC's sectoral expertise, regional knowledge, and leadership in sustainability offer significant value to our clients, in addition to the full suite of financial products we offer.

Africa: Star Paper, Nigeria's Recycling Pioneer

Although demand for tissue is growing in West Africa, supply is not keeping pace. There are few tissue converters operating in the region other than Star Paper, the largest tissue and stationery producer in Nigeria, with a 60 percent market share and a full-time workforce of approximately 1,000. A plan to expand Star Paper's production capacity will help the company capitalize on strong market opportunities, both inside Nigeria and for cross-border trade with other countries.

IFC Role:

- IFC's long-term \$10 million loan is improving the company's balance sheet in support of company expansion. The goal: tripling capacity by 2010.
- IFC's advisory services support training, supply chain linkages with small businesses, and logistics improvements.



Middle East: Long-term Partnerships with Regional Players

Lebanon's Indevco Group

IFC has committed four rounds of financing to Lebanon's Indevco Group in support of operations expansion in Egypt. Recent efforts are building demand for recycled paper, growing the recycling industry and boosting employment: an estimated 1,000 new wastepaper collection agents will be hired to gather discarded office paper and printer trimmings, and to supply a new mill, which will use recycled paper as a source of pulp.

IFC Role:

- \$26.4 million investment supports construction of tissue paper mill to employ 170, produce 50,000 tons of tissue paper and recycle 22,000 tons of wastepaper per year. Operations will boost total tissue production capacity to more than 80,000 tons per year, while preserving forests and reducing annual landfill use by 72,600 cubic meters.
- Three rounds of earlier financing supported expansion of Unipak-Nile, Indevco's corrugated box manufacturing operations in Egypt.

Jordan's Nuqui

IFC's relationship with this Jordan-based market leader dates back to 1990. Multiple rounds of financing contributed to scaling up operations throughout Egypt and Jordan. Today, the company is a leading regional manufacturing conglomerate, integrating production, distribution, and marketing of hygienic paper products.

IFC Role:

- Enduring financial relationship, totaling \$44.7 million, supports growth, expansion, and profitability. Most recent round, totaling \$25 million, supports capital investment program, upgrading facilities for additional production lines, construction of a new tissue paper mill in Egypt, and expansion into Saudi Arabia and United Arab Emirates.
- Long-term financing supports balance sheet restructuring to free capital for additional growth.
- Advisory relationship assists the company on improved corporate governance and transparency.

For more information about IFC's financial products and advisory services in the forest products sector, please contact:
 Sarvesh Suri 1-202-458-8578 or ssuri1@ifc.org, Carsten Mueller 27-11-731-3081 or cmueller@ifc.org,
 Takuro Kimura 1-202-473-1219 or tkimura@ifc.org