



Supporting sustainable forest exploitation in the Amazon

Project start-up: **2009**

Financing: **\$20M senior loan**

Partner: **Cikel Brasil Verde Madeiras**

Impacts

This project is in line with two of AFD Group's strategic areas of operation:

- **the fight against climate change via the fight against deforestation;**
- **biodiversity preservation.**

Sustainable forest exploitation is today one of the only economic activities in the Amazon capable of creating employment and added value and, at the same time, maintaining forest cover, its ecological functions and the corresponding environmental services.

In terms of carbon storage and the reduction of emissions through forest protection, roughly 11 million tons of CO² emissions will be avoided, i.e. 550 000 tons of CO² per annum for 20 years.

Context

Brazil, which holds 60% of the Amazon Basin, has been undergoing a heavy deforestation process for several decades. 17.5% of Brazil's original Amazon Rainforest has now disappeared. Deforestation also causes 50% of the country's greenhouse gas emissions. The fight against deforestation is one of the priorities of the Brazilian government. However, this policy does not yet target the two main reasons for deforestation: livestock raising and agriculture.

Cikel Brasil Verde Madeiras ("CIKEL") is one of the main forestry groups operating in Brazil. Its activities range from forest exploitation to processing FSC eco-certified wood. The company manages and exploits three native Amazon Rainforests covering a total of 400 500 hectares. In 2008, 240 000 m³ of tropical wood were extracted from these forests.

Project objective

PROPARCO's financing aims to support the development of a player with exemplary social and environmental practices. CIKEL has been implementing a policy for the sustainable exploitation of forest resources for over ten years now. Today, it is one of the rare examples in Brazil of how sustainable exploitation and profitability are compatible.

Project description

CIKEL has defined a forest and industrial investment program for a two year period (2010-2011) which includes:

- the extension of a new parquet floor production line;
- the installation of a cogeneration unit using waste wood;
- the modernization of forest equipment that consumes less fuel.

This program is part of CIKEL's strategy to become more competitive in terms of costs and to extend its range of products in order to meet an increasing demand for certified wood both in Brazil and worldwide.



“Cikel’ development provides opportunities of sustainable practices to its business’ partners”

By José Pereira Dias, CEO of Cikel Brasil Verde Madeiras

« The sustainable forest management practices are not only profitable but also help the Amazon region by generating over 1,000 direct jobs. Cikel's geographic locations near the main ports of the producing regions are at advantage position to reach out the US and Europe

markets. Cikel participates in several social projects within the surrounding communities, benefiting its employees as well as the population from the municipalities where it sponsors several programs such as: sports activities for teenagers, daycare activities, digital inclusion, adult literacy program, environmental consciousness

program, income generation, health and feeding education programs. Cikel's development directly impacts the surrounding communities that benefit from investments made by the Company in social works, environmental projects, and as it provides opportunities of sustainable practices to its business' partners ».

Find out more at www.proparco.fr