

# ARBARO FUND: MORE MONEY, MORE CONFLICT?



## COMPANY PLANS 75,000 HECTARES EXPANSION OF INDUSTRIAL TREE PLANTATIONS IN SEVEN COUNTRIES IN THE GLOBAL SOUTH

This leaflet describes who is behind the Arbaro Fund. It also warns that the company is bound to take over land already used for peasant agriculture. This is likely to cause conflicts over access to land and pollution of water as a result of the use of agrottoxins in their monoculture plantations.

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## ARBARO'S PLANS

In February 2020, a company called **Arbaro Fund** received 25 million US-dollars from the Green Climate Fund<sup>1</sup> for the expansion of industrial tree plantations in seven countries in the global South.

US\$  
85,2  
MILLION

Before applying for those 25 million US-dollars, Arbaro had already secured 60.2 million US-dollars, including 30 million US-dollars from public banks ("development banks").

75,000  
HA

With the 25 million US-dollars in public money from the Green Climate Fund, Arbaro hopes to secure even more money in the future and create **75,000 hectares of industrial tree plantations in Sierra Leone, Ghana, Uganda, Ethiopia, Peru, Ecuador and Paraguay.**

7  
COUNTRIES

In Sierra Leone and Ghana, Arbaro Fund is already involved in industrial tree plantations, through a partnership with

<sup>1</sup> The Green Climate Fund was set up by governments during the UN climate talks, and its role is to provide funding for countries to respond to climate change.

a company called **Miro Forestry Developments Ltd (UK)**. In Paraguay, Arbaro Fund controls a tree plantation company called **Forestal Apepú SA**. The Arbaro Fund co-Founder, a company called **Unique**, also already runs a large-scale eucalyptus tree plantation project in Paraguay, through an investment in a company called **PAYCO**.

When Arbaro Fund [applied](#) for the Green Climate Fund money, it only named the countries where it aims to invest in expansion of industrial tree plantations. This suggests that the company **has not secured the land yet**. It also means that **the company is still deciding which already existing plantation companies they will be working with. And where they plan to provide money for expanding already existing plantations in the seven countries they plan to invest in.**

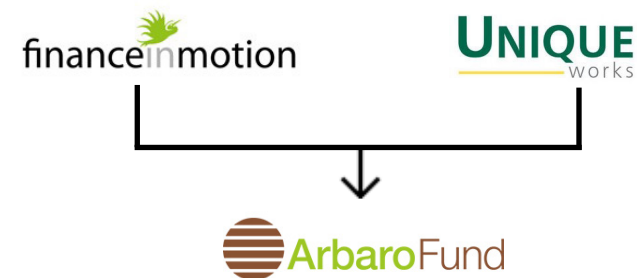
Communities affected by industrial tree plantations have often shared the message that **it is easier to stop plantations and prevent the conflicts they cause before the trees are planted and much harder to get rid of them once the trees have been put into the ground.**

This is therefore an important moment for community organisations and activists in the countries that Arbaro

has identified as destination for their investments. They must be alert when consultants come searching for land, start talking of "restoring degraded" community land and visit community leaders to present their proposals.

## WHO IS BEHIND THE ARBARO FUND?

[Arbaro Fund](#) was launched in 2018 by two companies, Finance in Motion and Unique. Both companies have their main offices in Germany. Unique is more directly involved in the managing of the land while Finance in Motion deals with the money.



Arbaro's initial funding came from the European Investment Bank (20 million US-dollars) and the Finnish Fund for Industrial Cooperation (FinnFund, 10 million US-dollars), two publicly owned banks in the EU.

Investors from different European countries (Austrian pension fund Vorsorgekasse, GLS Treuhand, European transport company Girtelka Logistics) also put money in Arbaro. The company owners claim that when the Fund was launched in 2018, it had raised 60.2 million US-dollars; the owners aim is to raise up to 200 million US-dollars in total.

Most of the money that Arbaro has so far received is tax-payers money, from the European Investment Bank, FinnFund and the Green Climate Fund. The people involved in the companies that set up Arbaro Fund, Finance in Motion and Unique, have put very little of their own money into the Fund: Only four percent of the current total capital.

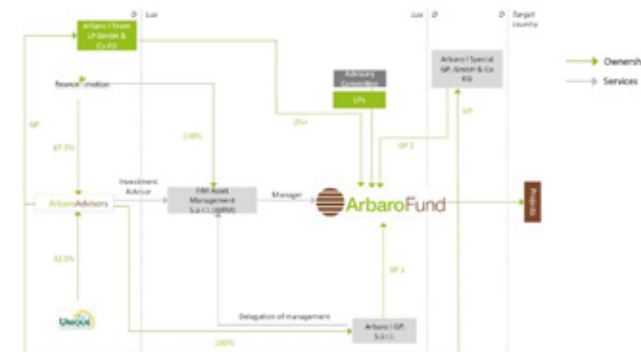
The 25 million US-dollars from the Green Climate Fund will not go to Arbaro directly. First the Green Climate Fund will pass the funds to the MUFG Bank, Japan's largest bank, which co-presented the funding application with Arbaro to the Green Climate Fund. From MUFG Bank, the money will go to the Arbaro Fund, and from Arbaro to the companies that are operating the tree plantations on the ground like Miro Forestry and Unique. Arbaro has not said which companies it will be investing in. But it is likely that

they will prefer expansion of existing plantations over starting from scratch.

### Registered in a tax haven and planning to move on after 15 years

Arbaro Fund is registered in the EU tax haven Luxembourg; in 15 years after its investment, the company plans to sell its ownership into the tree plantation companies it will now invest in. Arbaro claims that it will only support companies that will manage the plantations for the long run. But after 15 years, when Arbaro sells its stake, it will lose any influence over the future management of the plantations, and leave any unresolved conflicts behind. It is also clear that the plantations will be managed on very short rotations:

### Arbaro says that trees will be cut after 12 to 15 years, and the business success of the company is based on this calculation.



For a company managing companies that control a total of 75,000 hectares of industrial plantations, Arbaro Fund has a very complicated structure (click [here](#) for larger version).

# MORE CONFLICTS AND COMMUNITY HARDSHIP AHEAD AS RESULT OF ARBARO'S INVESTMENTS?

Arbaro Fund claims that its plantations will help "restore degraded land". We are aware of few, if any, successful industrial tree plantations established on "degraded" land. In reality, plantation companies usually look for flat land with fertile soil.

Picture from Arbaro's operations, from a video presented by the European Investment Bank.



This seems to be no different for Arbaro. Markus Grulke, executive director of Unique, the company that co-founded Arbaro, once [stated](#) that his company is "looking at investments where maximum timber growth per hectare can be achieved. In the tropics the limiting factor is rainfall and soil conditions. We are only going

into regions that have annual rainfall of 1,200mm".<sup>2</sup>

What about community needs for these lands which are the lands that are also preferable for peasant agriculture? It is difficult to see how Arbaro Fund will avoid conflicts and disputes with communities over fertile, productive lands if this is the land that the company is planning to turn into industrial tree plantations.



Picture from Arbaro's operations, from a video presented by the European Investment Bank.

<sup>2</sup> *The great food robbery: how corporations control food, grab land and destroy the climate*, GRAIN, 2012. Available at: <https://www.grain.org/article/entries/4501-the-great-food-robbery-a-new-book-from-grain>

The project that Arbaro Fund presented to the Green Climate Fund is described as "Sustainable forestry fund". This is misleading. It suggests that planting of trees on an industrial scale will improve livelihoods in communities in and around the industrial plantations, maintain a healthy environment and deliver benefits for the local and wider economy.



In reality, industrial tree plantations have a long history of failure and have caused countless conflicts – including in the countries listed in the Arbaro Fund proposal. The main beneficiaries from such plantation projects are companies in the plantation business sector, their investors and consultancies involved in the plantation projects.

**For more information on the conflicts plantation companies cause for communities living in and around these industrial plantations, see: ["What could be wrong about planting trees?"](#)**

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