

Case Study: The Generation Forest

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Purpose: Long-term oriented reforestation based on the concept of the Generation Forest

Design Trait: Finance

Innovative Practice: Long-term oriented Finance Design

Key Facts

The Generation Forest is a cooperative that enables its members to make a long-term, 'nature positive' investment in climate protection by reforesting and maintaining carbon-absorbing, biodiverse and productive permanent forests according to the *Generation Forest* principle (resilient, permanent mixed forests).

Established: 2016

Location: Hamburg, Panama (registered in Hamburg)

Executive Board members: Dr. Mathias Hein, Charline Joost

Ownership: Registered cooperative

Legal form: Registered cooperative

Members: 8316 (2025)

Webpage: <https://thegenerationforest.com/en/>

Purpose, Business Model & Objectives

Purpose: Long-term reforestation based on the concept of *the Generation Forest*

Vision: “The vision is that at some point we will reach a point where more is reforested than cut down. The vision is also that people will imitate what we do.”

Iliana Armién, the founder of *The Generation Forest* and a Panamanian, witnessed in her childhood how her grandfather and other men cut down and burned the forest in front of her house, thereby killing many of the forest's animals to turn these areas into pastures for cattle. These images were so horrific for her that she vowed to reforest the entire area. She studied forestry and forest engineering and developed the concept of Generation Forests in collaboration with Andreas Eke from Hamburg, alongside key stakeholders such as indigenous communities, the Smithsonian Tropical Research Institute, and the United Nations Environment Programme.

In 1994, Iliana Armién and Andreas Eke founded the Panamanian forestry company Futuro Forestal to promote sustainable reforestation in Panama, using the concept of Generation Forests. In 2016, the two founders also established a cooperative, initially named Waldmenschen eG, comprising 13 members. In 2019, they rebranded it to reflect their concept: *The Generation Forest*. Futuro Forestal has been the cooperative's forestry partner in Panama since its founding in 2016. By the end of 2024, *The Generation Forest* had amassed a total equity of € 25,765,512.24 and boasted 8,075 cooperative members holding a total of 26,982 cooperative shares.

What sets *The Generation Forest* apart is that all approaches and the entire cooperative strategy are geared towards the long term. As Charline Joost, Executive Board member of the company, puts it: “The vision is that at some point we will reach a point where more is reforested than is cut down. The vision is also that people will imitate what we do.” She wants the cooperative's work to bring about a change in the ecological and economic structures, “to return to the environment and economy in a hand-in-hand structure.”

The primary objective of *The Generation Forest* is sustainable reforestation and the enhancement of biodiversity. Through reforestation, it aims to restore the flora and fauna that existed before the forests were cleared. The goal is to create permanent mixed forests where animals can resettle, naturally diversifying the ecosystem. For instance, birds or monkeys may carry mango tree seeds, further enhancing biodiversity. Additionally, this process restores and fertilises the soil while regulating the water balance. The growth of forests also enables certified and sustainable carbon dioxide sequestration. Beyond environmental benefits, *The Generation Forest* aims to pro-

vide economic value and promote social well-being for local communities in Panama through the expansion of forest areas.

Generation forests integrate climate protection, biodiversity, and social perspectives. Through near-natural reforestation, resilient mixed forests are created that sequester CO₂, promote biodiversity, and offer sustainable solutions for both people and nature.

To achieve these objectives, *The Generation Forest* first jointly purchases or leases land in Panama through the cooperative. These areas are then reforested using a distinct type of forestry: the concept of Generation Forests. This concept incorporates a regenerative approach as a crucial element of *The Generation Forest*'s business model. Land is reforested in a way that increases biodiversity in both flora and fauna. Unlike other forestry companies, *The Generation Forest* relies on tropical rainforests with mixed tree species rather than monocultures. The repopulation and intermixing of species are intended outcomes of its approach.

More than 20 different types of trees native to Panama are planted. Tropical tree species grow faster and sequester more carbon dioxide than many other types of trees. Many of the trees planted are valuable hardwoods, which are harvested at the appropriate time; their timber is sold, and new trees are planted in their place. Since the trees grow at different rates, only individual trees are removed, allowing the forest to remain permanent. Due to the varied age structure of the trees in the permanent forest, *The Generation Forest* refers to it as a “generational forest”.

Figure 1: Reforestation of Land Areas in Panama



Source: The Generation Forest 2025.

The reforested areas are managed for both agricultural and forestry purposes in line with the company's ecological, economic, and ethical standards. The resulting products from sustainable production are then marketed, primarily involving the sale of fair and sustainably sourced tropical hardwoods.

To make this possible, *The Generation Forest* issues cooperative shares. One cooperative share corresponds to 500 square meters of land and can be purchased for €1,633 in 2025. Of the cooperative capital, 55% is allocated to the reforestation and management of the forests, 20% to the purchase or leasing of land, and 25% to administrative activities, reporting, quality control, and marketing.

Insights into the Long-Term Oriented Finance Design

For *The Generation Forest*, an economically oriented cooperative, the finance design is of central importance. As Charline Joost explains:

“The finance sector is our core. Our business model is based on a cash flow model. So, bringing together business and environmental protection does not work at all without the finance sector.”

This highlights that the financial sector is both the foundation and the enabler of the cooperative's operations. However, in line with the cooperative's purpose, its financial structure is also geared towards the long term.

To work in accordance with its purpose, cooperative capital must first be available to invest in land acquisition, planting and forest management. This capital is generated through the sale of cooperative shares. A cooperative share can be purchased for €1,633 in 2025. A distinctive feature of *The Generation Forest* is that it continuously issues cooperative shares. Of this, €1,200 is the share capital, and €433 is the entry fee. The entry fee reflects the forecast increase in the value of the shares and is charged because future returns are distributed proportionally among all members. Prospective members are informed in advance about the cooperative's long-term orientation. This is reflected in both the long-lasting membership and the delayed payout of returns. The long-term orientation is evident throughout all areas of the organisation and plays a particularly decisive role in its financial model. Unlike typical plantations, which are fully harvested after a set period and thus generate returns that end the investment cycle, *The Generation Forest* aims to create permanent forests. This approach fundamentally distinguishes it from plantation-based models.

The reforestation of **permanent forests** is intended to generate long-term returns. The first areas of land were planted in 2019, and the trees require time to grow. In due course, some trees will be felled, and the valuable timber will be sold. Consequently, the first return distribution is projected for the year 2046 based on cur-

rent calculations. After that, however, the forests will not be fully harvested. Instead, trees will be selectively removed, and new ones planted to maintain a permanent forest. Over time, trees will continue to be felled, and valuable wood will be sold periodically. Consequently, regular return distributions can be expected in the long term. According to *The Generation Forest's* model, the cumulative distribution of a share by 2058 (i.e., 40 years after the start of the project in 2019) should exceed the current investment amount of €1,633. The expected return is 4.5%. However, future profits from cooperative shares depend largely on the development of wood prices. Several factors influence this, including tree volume growth, the shape of the trees, wood price trends, demand for tropical and precious woods, as well as the costs associated with forestry and the operations of the cooperative in Germany. *The Generation Forest*, therefore, represents a form of **“slow finance”**, a sustainable capital investment with no limited project duration. This approach involves long periods before potential returns are paid out, making the investment financially worthwhile only over an extended timeframe.

A long-term business strategy for *The Generation Forest* is fundamentally centred around cooperative members who prioritise regenerative and distributive practices over mere financial profit maximisation. It is crucial to engage with value-driven investors who exhibit lower financial pressure for immediate financial returns and are more inclined to advocate for sustainable objectives. These stakeholders value the tangible advancement of biodiversity over the pursuit of short-term financial gains. To effectively attract such investors, *The Generation Forest* must employ a values-oriented marketing approach that highlights its green success stories and ensures transparency in its operations. This strategy not only builds trust but also aligns the organisation's goals with the ethical considerations of its members.

Furthermore, a well-coordinated budget allocation that involves all employees in a 360-degree decision-making process is essential for the long-term viability of *The Generation Forest*. Given the uncertainties posed by factors such as potential natural disasters, financial predictability over an extended period is challenging. Therefore, enhancing organisational resilience is crucial. This encompasses not only the ecological resilience of forests but also the financial resilience achieved through the establishment of reserves and diverse financing options. By fostering both types of resilience, *The Generation Forest* can safeguard its mission and continue to make a positive contribution to the environment and society.

How the Long-Term-Oriented Finance Design Enables Regenerative and Distributive Dynamics

This long-term-oriented finance design enables several benefits, including value creation through the growth of biomass and accompanying ecosystem services,

the creation of long-term employment opportunities, and reduced pressure to gain immediate financial returns.

Value Creation through the Growth of Biomass and Accompanying Ecosystem Services

The long-term-oriented finance design supports the gradual growth of biomass and the development of ecosystem services such as carbon dioxide sequestration and the enhancement of biodiversity. As Charline Joost explains:

“We have now had a biomass audit carried out, which confirmed a total value of 39 million dollars for the area and the biomass on it. We had a member who works for a biomass calculation company make an extrapolation. And he confirmed that if we maintain what we have now reforested and nothing more is added, then in 34 years we would have a biomass value of 260 million dollars.”

Such calculations give *The Generation Forest* confidence that its strategy is economically and ecologically worthwhile.

Creation of Long-Term Employment Opportunities

The Generation Forest's long-term financial design also enables social impact by creating access to stable employment for local communities, especially in the reforestation regions in Panama. This contributes to greater distributive justice by generating new job opportunities and ensuring fair wages. Employees also receive social insurance. In addition, *The Generation Forest* offers training programmes and long-term employment opportunities. In 2022, a total of 337 people from the local population were employed for *The Generation Forest*'s projects, including 92 individuals from indigenous communities. Charline Joost emphasised that by increasing the value of the forest, local communities also gain economic value. Furthermore, *The Generation Forest* is committed to social equity: there is no gender pay gap, and employee safety is prioritised, for example, through preventative measures against sexual assault. The organisation's social impact reaches beyond its employees, positively influencing broader community well-being.

Low Pressure from Members for a Quick Financial Return

The pressure from members to achieve quick or high financial returns is low due to *The Generation Forest*'s transparent communication and clear explanations of its long-term operational strategies. Investors often demonstrate a stronger interest in actively supporting regenerative and distributive approaches or CO₂ sequestration,

rather than simply seeking substantial financial gains. This reflects a shift in priorities, with a greater emphasis on sustainable practices and social impact over short-term profit maximisation.

Challenges Arising from the Long-Term Oriented Finance Design

Dealing with and Preventing Fluctuation

Anyone can purchase cooperative shares at any time and thus become a member of *The Generation Forest*. Membership is regarded as a long-term investment, not a donation. This is why members are generally interested in holding onto the cooperative shares for an extended period. This is, of course, also important for the cooperative, as it enables long-term capital planning. Charline Joost explains:

“when a member becomes a member and signs up his or her shares in the cooperative, we initially assume that there will be no major fluctuation and that the member will, for example, not drop out within the next four years. So, we expect that 80% or more of the members will stay forever.”

While it is possible to divest cooperative shares, the strategy is not designed for members to do this frequently. Members can, if they so wish, either transfer or terminate their shares. Transfers can be completed more quickly than terminations. A member transfers shares to another or a new member for a price negotiated by both parties. Most of the time, the price is set between the previous and current prices. This can already result in a profit for the person divesting. *The Generation Forest* also helps mediate between the two parties. If a member terminates, the shares go back to the cooperative, and the departing member receives a settlement credit as soon as the minimum capital is no longer exceeded. If a person terminates their membership before *The Generation Forest* is in a positive financial position, they will not receive a refund. These strict rules also reflect *The Generation Forest*'s long-term approach and serve to support the organisation's purpose.

Balanced Growth Strategy

Since its founding, *The Generation Forest* has faced the strategic challenge of balancing investments between its reforestation projects in Panama and the development of its organisational structures in Germany. This balance is regulated through an overhead quota. Charline Joost explains that from the founding of *The Generation Forest* in 2016 until 2020, 85%-86% of the cooperative's capital was invested in the organisation's growth in Germany. Following a widely received media report that significantly increased public interest, the cooperative experienced substantial growth and

was subsequently able to reduce this allocation to 16%. Currently, the quota is set at 25% for the organisation's growth in Germany and 75% for operational activities in Panama. Distributing the budget in a way that maintains this ratio in alignment with the cooperative's long-term strategy continues to pose a challenge for financial planning.

Negative External Factors

Negative environmental factors can repeatedly disrupt reforestation efforts in forest areas. For example, the Panamanian regions are still dealing with the effects of El Niño. In addition, the country faces extreme dry periods on the one hand and heavy rainfall on the other. Due to climate change, which *The Generation Forest* is trying to counteract through reforestation, these extreme weather phenomena will likely increase. This could delay both the project timeline and the distribution of returns. *The Generation Forest* and its forestry partners must therefore find ways to manage these events and their consequences. One approach is the selection of highly adaptable tree species—species that tolerate drought, require little water, and regenerate quickly after forest fires. *The Generation Forest* is also affected by broader social and economic challenges, such as wars, political uncertainties, and rising prices, all of which make people more hesitant to invest. Managing these external factors remains a significant challenge.

Transparency

The cooperative members invest their money in something that they themselves can hardly verify directly. Transparency is, therefore, essential when dealing with members. Although their return expectations are generally modest, members want to know that their money is being used in an ecologically, socially and economically meaningful way and that it is contributing to something tangible. As a board member, Charline Joost is aware that they are expected

“to submit regular reports. We have a general meeting once a year where we answer questions, the annual financial statements are read out and defended, I would say, and approved, and then the board of directors is discharged, and the supervisory board is discharged. The members who come to the meeting are very interested and very committed. [...] In addition, we send our impact report to our members once a year by post. And I think that's another trust factor, our newsletter with actual pictures on site, with videos from the site. I think that's something that makes a big difference and is expected. If we didn't do that, I think they would start to think: 'They're doing something in Panama, do they really exist?' ”

This also includes checking its own products and processes in Panama, as well as the data it publishes. In general, reporting is an important success factor for *The Generation Forest*. This also applies to both internal and external communication. The more people get involved and invest capital, the more effectively *The Generation Forest* can operate and fulfil its purpose.

Interactions with Other Design Traits

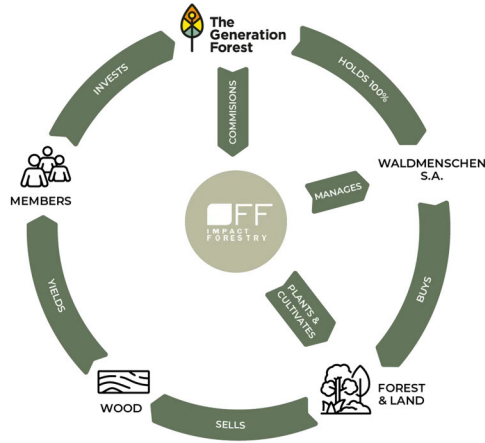
Ownership Design

The legal form of the cooperative serves the purpose of the organisation. It was chosen quite deliberately as it offers a particularly transparent and durable structure that is firmly regulated by the Auditing Association of German Transport, Service and Consumer Cooperatives in Hamburg. Unlike most associations, a cooperative is a commercial enterprise that can operate independently, managing its own forests and selling its own wood. Furthermore, the cooperative model enables *The Generation Forest* to continuously accept new members by issuing new shares, without requiring stakeholder approval for capital increases, as would be the case in a stock corporation. The General Assembly decides on the prices of the cooperative shares and adjusts them annually.

Network Design

In terms of its operational business, *The Generation Forest* as a cooperative is primarily responsible for strategy development, marketing, and attracting cooperative members and capital in Germany. For its activities in Panama, it operates through a wholly owned subsidiary called Waldmensch S.A. This structure simplifies business transactions such as land purchases, payments, and certifications. Waldmensch S.A. owns the land, manages forestry projects, hires employees, and procures equipment and transportation for forestry operations. The actual planting and reforestation work, as well as all other on-the-ground activities in Panama, are carried out by *The Generation Forest's* forestry partner, Futuro Forestal. To further support its purpose of working for the common good in Panama and advancing distributive approaches, such as providing training for local communities or conducting research on the generation forest concept, *The Generation Forest* also established a foundation. This foundation is sponsored by Sinngeber gGmbH.

Figure 2: The Generation Forest's Business Model



Source: The Generation Forest 2025a.

The Generation Forest has begun to establish a broader network that increasingly incorporates local communities into its strategies and operational approaches. The reforestation concept was originally conceived by a Panamanian, and *The Generation Forest* maintains regular communication with these communities. For instance, Charline Joost highlights that the Embera indigenous people have sought support from Iliana Armién, the founder of *The Generation Forest*, after their land had been entirely deforested. Drawing upon its expertise and resources, *The Generation Forest* facilitated a process that enabled the community to help itself, thereby fostering long-term sustainability, strengthening community cohesion, and supporting the preservation of Embera cultural practices. To deepen its commitment to social projects, *The Generation Forest* established *The Generation Forest Foundation* in 2023. This foundation is no longer administered by *The Generation Forest* in a fiduciary capacity but is now managed by Sinngeber gGmbH. Charline Joost explains that through this foundation, *The Generation Forest* was able to raise funds from cooperative members following a fire in Wala, a village adjacent to the cooperative's land. These funds to assist in the village's reconstruction. These funds were used to support the village's reconstruction and to establish a community school centre with Wi-Fi, benefiting the entire community.

Governance Design

The Generation Forest as a cooperative consists of three main bodies: the Board of Directors, the Supervisory Board and the General Assembly. The day-to-day business

of the cooperative is managed by the Board of Directors. All matters of greater importance require the approval of the Supervisory Board, to which the Board of Directors is also obligated to report. The Supervisory Board, in turn, is appointed by the General Assembly, to which all cooperative members are invited. A cooperative member is any individual who holds at least one share in the cooperative. To ensure that *The Generation Forest's* strategy serves the purpose of the cooperative in the long term, only elected ordinary members hold voting rights at the General Assembly. These voting rights are granted selectively to safeguard the mission of the cooperative. The remaining members are considered investing members. While their shares are legally equivalent to the shares of ordinary members, they do not have voting rights at the General Assembly. With this restriction, *The Generation Forest* protects itself from excessive influence by shareholders. The cooperative's founding team, along with some members of the Executive Board and the Supervisory Board are considered ordinary members and thus have voting rights. This also applies to certain individual members who have been selectively chosen based on their expertise. Investing members can apply to the Board to become full members by explaining why they are suitable for this role. If the Board approves, they may then be appointed. The cooperative nature of *The Generation Forest* is reflected not only in these governance structures but also in the principle that all members receive the same return per share, regardless of when they joined.

Given *The Generation Forest's* awareness of its responsibility for using the cooperative capital in a purpose-driven way, all employees are involved in developing the financial strategy. Charline Joost explains:

"It's a 360-degree process; all employees from all areas come together and work collaboratively to create the budget, for example. It's just super important and necessary that we are super well-positioned in the financial sector and are constantly working on it: 'Is that still right? Are we still on track? Do we need to revise something? Do we need to adapt a strategy?' That's the core, if I can put it that way."

Recommendations for Adopting a Long-Term Oriented Finance Design

Prioritise Stability and Resilience over Bursts of Growth

The Generation Forest was founded with a long-term focus, which has been maintained throughout its development. In the context of long-term financial strategy, it is essential to focus on enhancing resilience, both in production and financial management. Charline Joost advocates for a sustainable and modest growth strategy that prioritises stability over rapid expansion. Increased media presence and advertising

can indeed drive growth by raising visibility and expanding market reach. However, Joost cautions against the temptation to make substantial organisational changes in response to a growth surge. She emphasises that it is vital to remain grounded and recognise that growth phases can be transient. A prudent approach involves acknowledging the cyclical nature of growth and preparing for potential downturns, ensuring that the organisation can navigate challenges without facing unpleasant consequences. In summary, a balanced, resilient, and humble approach to growth is vital for long-term success in financial design.

Inspiring Redesign Beyond the Business

The Generation Forest aims to drive transformation of the economic system through its strategy and the alignment of economic viability with the pursuit of regenerative and distributive approaches in order to “return to an environment and economy in a hand-in-hand structure” (Charline Joost).

Therefore, it is important for the company not to stand alone in its actions but to inspire other organisations to emulate what it is doing. On one hand, they want to be drivers of transformation, and on the other hand, they also want to offer a solution for green transformation. Charline Joost stated:

“So green change, green transformation does not only mean imposing bans, but you can still continue to do your job. She wants to provide much more the opportunity of ‘with us, you can become greener; look, you can already take the first steps with us’, in order to make transformative actions easier and more accessible.”

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