

Forest Financing Across LFCCs: Feedback from the findings of the Study on Financing for Sustainable Forest Management in SIDS and LFCCs

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Objective of the study

- **Immediate objective:** to improve the understanding of SFM and related financing policies and mechanisms for SFM in LFCCs and SIDS:
 - present financing flows
 - demand for financing
 - problems, challenges and opportunities in mobilizing financing
 - enabling environment for enhanced forest financing
 - recommendations
- **Broad objective:** to find out ways to facilitate additional financing for forest sector development in LFCCs & SIDS, and to reverse the decline in official development assistance for SFM



Scope

- Study covered 49 LFCCs and 38 SIDS; total 87 countries
- Including 7 case study countries of which 4 were LFCCs - a reasonably representative set:
 - Jordan
 - Kyrgyzstan
 - Mali
 - Uruguay
 - Cape Verde
 - Fiji
 - Trinidad and Tobago



Methodology and products

- Data mining: available documents, reports and statistics
- Email survey of the 87 countries
- In-depth country case studies (7) using broad cross-sectoral consultations
- Analyzing and summarizing collected information
- Products: 11 papers:
 - 4 macro level papers:
 - Background paper on LFCCs
 - Forest financing paper on LFCCs
 - Background paper on SIDS
 - Forest financing paper on SIDS
 - 7 case study papers



Methodology & study process related findings

- Survey response rate was very low:
 - ⇒ Results are based, to large extent, on the 7 case studies
 - ❖ Serious capacity constraints
 - ❖ Forests simply not a priority issue in political agenda in many of the countries
- Earlier reports relevant to forest financing in study countries not available
- Specific statistical data or other information particularly relevant for the country group (e.g. agriculture and forest linkages, livestock and forest linkages....) not readily available
- Cross-sectoral coordination and even information exchange a serious problem in many countries
- Collecting relevant cross-sectoral information at country level requires patience and dedication



General conclusions on LFCCs

- In many LFCCs the forest sector considered marginal
- In developing LFCCs food production and food security national priorities
- Forests and trees play important, supportive roles in rural livelihoods, particularly in agriculture and animal husbandry
- Many LFCCs facing challenges related to deforestation, forest degradation, desertification and soil degradation
- Forest resources per capita are low; trees outside forests are important
- Competition for land and water resources with agriculture; forest degradation and deforestation often due to grazing and fuel wood collection
- In many LFCCs forest integrated in agricultural or environmental policies
- Role of forests and trees appears to be fairly well recognized in existing PRSs
- Nevertheless, forests not high in government priorities in most of the LFCCs - less than half of have an official forest policy document

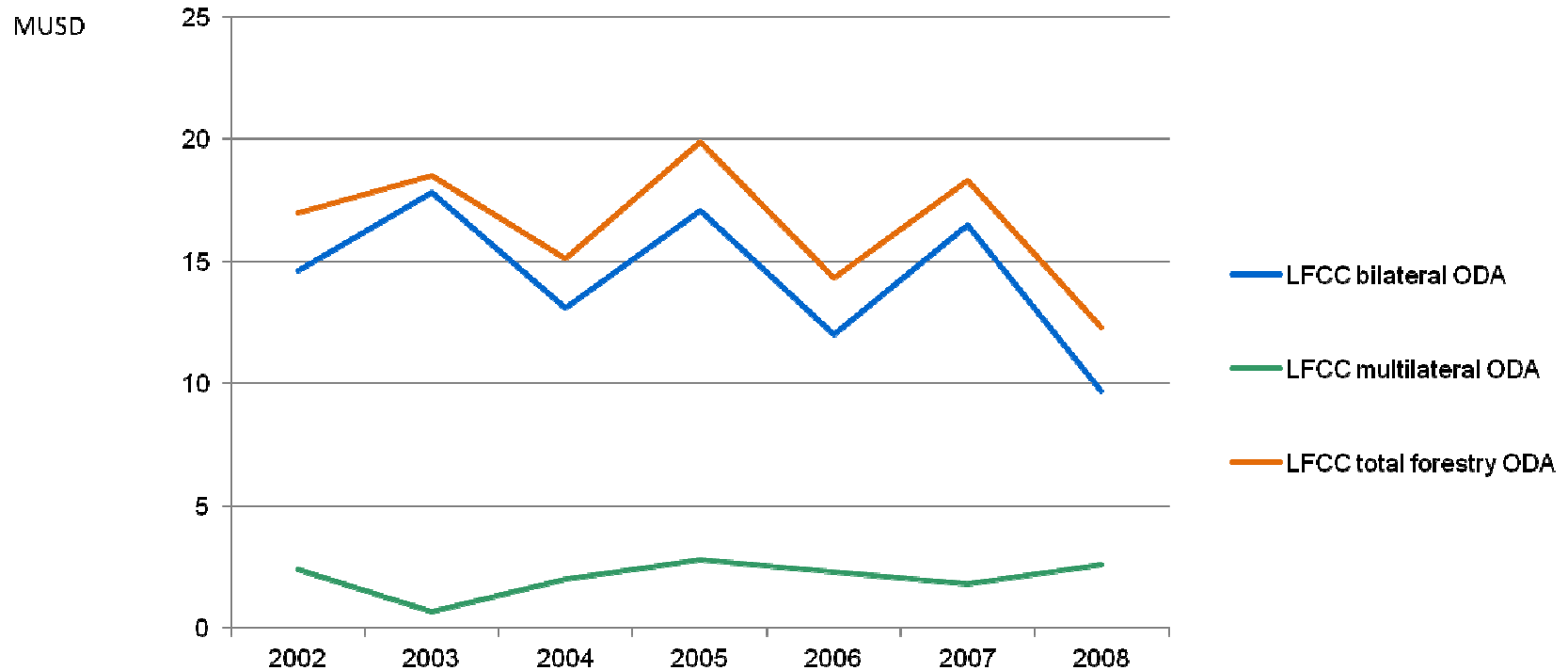


Conclusions on forest financing in LFCCs (1/2)

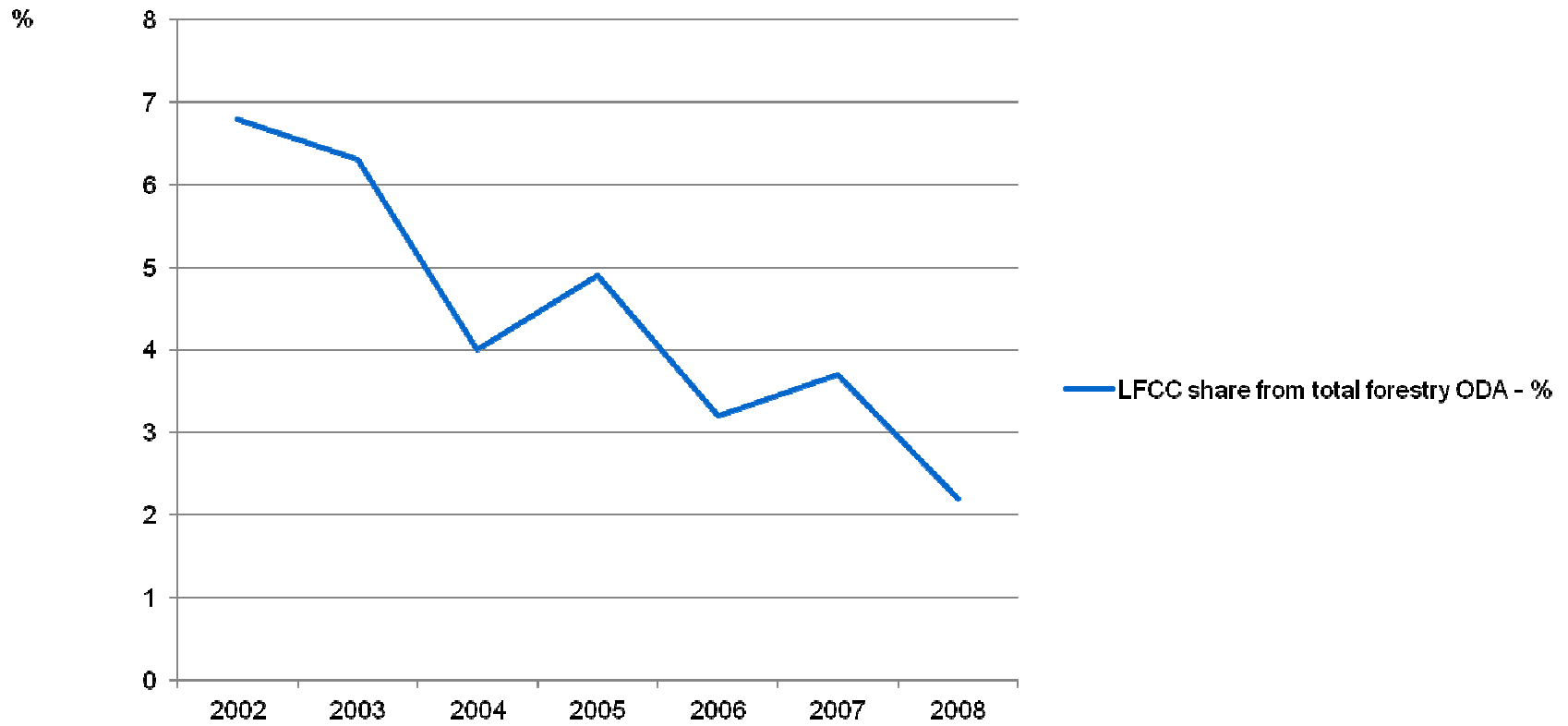
- Most of those countries with PRS have mentioned forests and trees in the Strategy, and have also received some forestry ODA
- Volume of forestry ODA in LFCCs has been decreasing slightly; the share of LFCCs' forestry ODA out of all forestry ODA has been decreasing strongly
- Forestry ODA unevenly distributed among the LFCCs, and LDCs are particularly disadvantaged
- Forestry development is the largest thematic area of forestry ODA (60%)
- There is limited available information on other financing sources than ODA - especially relevant could be information on linkages between investments in agricultural sector / livestock and forests in LFCCs



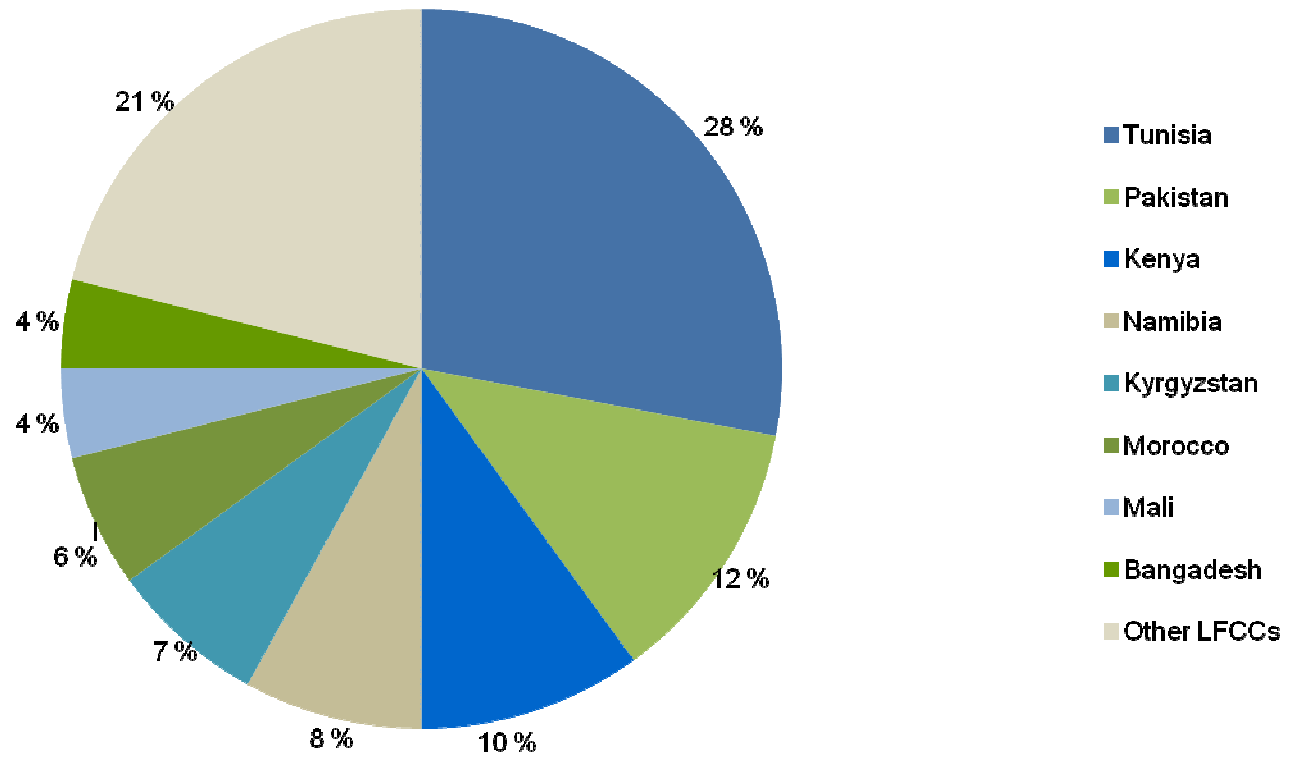
Forestry ODA in LFCCs from 2002 to 2008



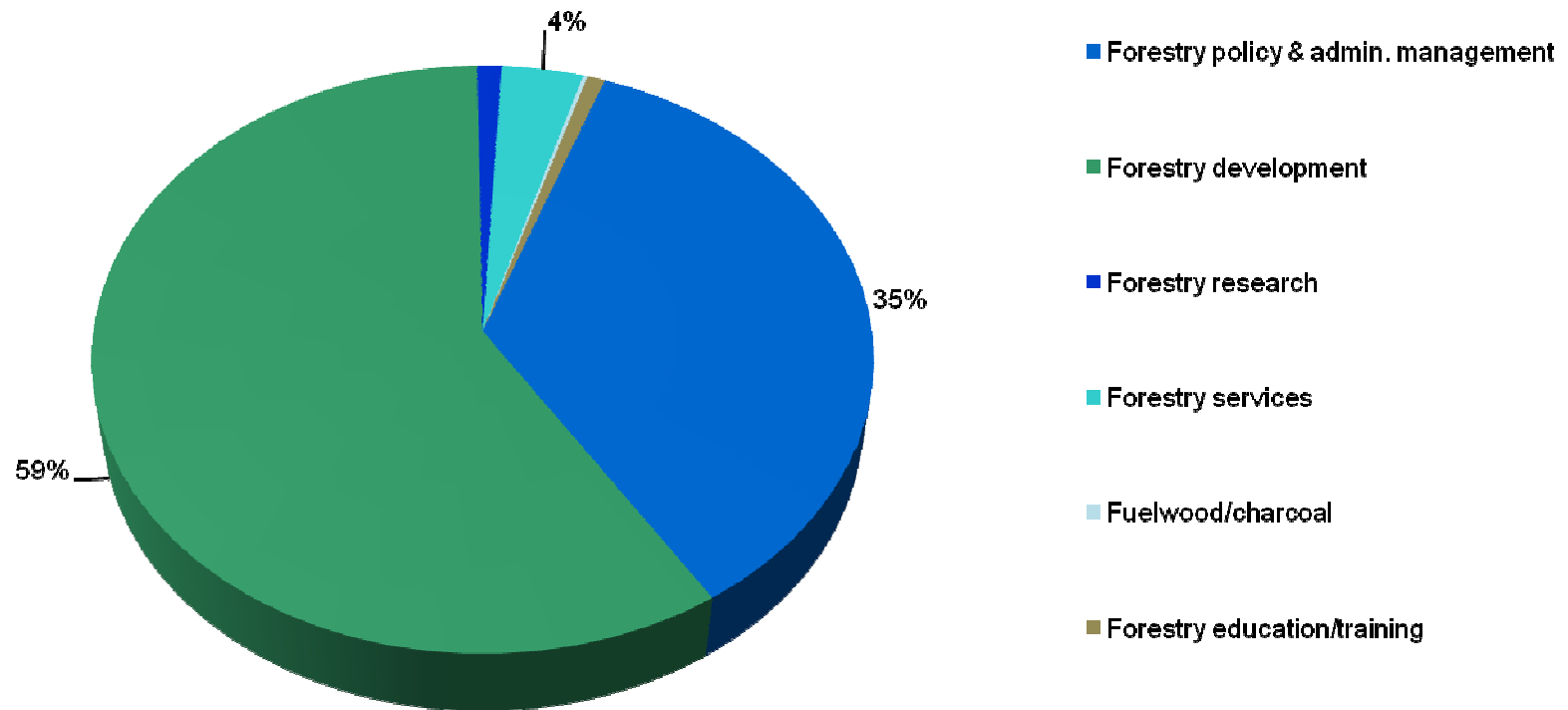
LFCCs' share of Forestry ODA



Major forestry ODA recipients in LFCCs



Forestry ODA in LFCCs by category during 2002-2008



Conclusions on forest financing in LFCCs (2/2)

- Environmental services (carbon, water) potentially provide opportunities for fund mobilization – however, none of the LFCCs with an existing forest policy explicitly recognizes this potential in their forest policy
- Very few LFCCs have operational PES mechanisms, though some PES related projects
- Only few countries have carbon projects; most forest bio-energy related
- Climate change and forests financing potential not perceived very significant by most of the LFCCs; CDM - heavy pressure on land with significant tree growth potential; REDD potential neither seen significant in most of countries
- Forests and trees in LFCCs inevitably multi-sectoral issue – multi-sectoral approach to financing the service provision of forests and trees is needed; breaking of sectoral barriers is necessary



Recommendations on LFCCs

- Recognize and value all forest products and services, including PES, and internalize them in GDP; information systems & good dissemination needed
⇒ forests to national political agenda & increased budget allocations
 - Promote and support integrated financing strategies (GM) to improve coordination of finance planning & to tap the cross-sectoral (agriculture, water, energy, climate change) financing potential
 - Be pragmatic and practical; do not over-plan (*"planning has been done but nevertheless we do not get the resources"*)
 - Linkages between investments in agricultural / livestock sector and forests in LFCCs should be studied in detail; involve private sector (agro-investments)
 - Regional cooperation and existing regional organizations should be strengthened and used for developing models for land-use planning, financing strategies and to collect lessons learned; role of Tehran Process on LFCCs important
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