

Financing Sustainable Forest Management in Africa and Least Developed Countries



***RAHARIMANIRAKA Lydie
(Madagascar)
And Oppon Sasu (Ghana)***

Facilitating Financing for SFM in Africa and Least Developed Countries

- The United Nations Forum on Forests, through its secretariat:
- With funds from Germany (\$800,000) and co-financing from the United Kingdom (\$ 120.000) set up a project that includes two workshops
Objective: highlight experiences, analysis and exchanges on constraints to accessing financing for forests, with a view to producing recommendations to increase funds for forests.

1st workshop: Dakar-December 2012

2nd workshop: Nairobi - Janvier 2013

Contributions to AHEG2 and UNFF10



Facilitating forest financing in Africa and Least Developed Countries (2)

Indufor Oy, consultancy company, produced:

4 macro-level documents:

2 background documents on forest financing in Africa

2 background documents on forest financing in LDCs

4 national case studies:

Nepal

Tanzania

Tunisia

Uganda



Constraints and obstacles to forest financing



- International level
 - Complexity of mechanisms of access and mobilisation of financial resources from different identified sources
 - Insufficiency of negotiating capacity to identify, solicit and raise financial resources;
- National level
 - Weakness of national resources for local economic and social development in LDCs;
 - Insufficient important given to the forest sector compared to other sectors with a more immediate impact on populations (health, education, infrastructure, etc.)

OBSTACLES (CT'D)



Innovative financing

◉ ***At the level of local authorities***

The involvement of local communities in managing public forests and plantations sustainable through Joint or Participatory Forest Management

Weak investment by the state and decentralised/local authorities

◉ ***At the level of the private sector***

- ***Unclear land tenure;***
- ***Absence of a legal framework that would work as an incentive to private investment;***
- ***Reluctance to invest for the long term or in SFM***
- ***Weak investment capacity***

OPPORTUNITIES AND RECOMMENDATIONS IDENTIFIED AT THE DAKAR AND NAIROBI WORKSHOPS

A. Improving knowledge

Need to improve knowledge through additional research:

- 1. Beyond the forest sector and ODA, need to know about forest financing as a whole;*
- 2. Need to identify forest financing needs at national scale*

Better knowledge of both elements at the national level would improve communication on the importance of forests to key decision-makers



A. Improving knowledge (ct'd)

To develop **advocacy strategies on a full ecosystem valuation at the national level** aimed at key decision-makers, the private sector and other stakeholders, building on UNEP's experience in assessing the role and contribution of forests to the Kenyan economy, with the aim of:

- Addressing the low political visibility of forests
- Attracting cross-sectoral investment in SFM



B. NATIONAL STRATEGIES

Create national forest financing strategies that integrate:

- *A communication strategy aimed at highlighting (i) the total economic value of forests and (ii) the contribution of forests to poverty reduction, food security and post-conflict reconstruction*
 - *such a strategy should emerge from an inter-ministerial dialogue*
 - *an in a participatory manner, calling for greater integration with connected sectors.*

C. Diversity of forest financing sources

These strategies must emphasise the diversity of forest financing sources:

- **Cross-sectoral opportunities** (fish stocks, ecotourism, forest-mining-agriculture triangle)
- *Add value to the commercialisation of NTFPs*
- *Innovative mechanisms such as PESs*
- *Introduce taxation systems on connected and/or polluting industries to feed into **national funds** based on an innovative mechanism that would use taxes on transport , tourism and extractive industries as a source of replenishment.*
- *Revise investment codes to encourage attractivity of the private sector*

D. Regional synergies

- Seize regional organisations as an opportunity to bring together capacity of access to regional and international financing, using existing initiatives:
- Central Africa as a success story with COMIFAC and CBFP, as well as transborder initiatives such as the *Trinationale de la Sangha*
- Activities would include policy convergence plans, strategies to mobilise funds, and harmonising investment codes



E. Conflicts and Forests



- *Promote further knowledge on the impacts of political instability on forest financing*
- *Coordinate with crisis units in order to integrate quick impact activities within national strategies that can be launched in case of conflict*
- *Request that donors set up emergency funds that can be accessed in order to limit acute crises caused by political instability*

F. CLIMATE CHANGE FINANCING

Call upon the UNFF and other CPF Members, including Secretariats of the Rio Conventions, to assist in carrying out studies to assess the **viability of climate change financing**, including from REDD+, at national and/or regional levels.

G. NATIONAL COMMITTEES

Set up national **cross-sectoral coordinating committees composed of the focal points of CPF members**, including secretariats of the Rio Conventions, with the aims of:

- Enhancing coordination of donors and development partners at the national level
- Overseeing the development and implementation of National Forest Financing Strategies.

G. CAPACITY BUILDING

Call upon CPF members to assist African countries and Least Developed Countries in **building capacity** among relevant national stakeholders, including the private sector, forest-related and budget allocation institutions, for the **development of viable project proposals** to be funded by national and international funding sources.

Conclusion

- Current sources of financing on their own cannot yet guarantee the effective implementation of SFM. Innovative financing mechanisms must therefore be a national priority.
- The UNFF has enabled Africa and LDCs to benefit from a facilitation for forest financing.
- There is a clear need for greater political involvement in forest financing;
- Need also for improved forest governance which helps ensure the implementation of SFM;
- Forest financing must be integrated in national development strategies;
- Donors must limit conditionalities for accessing funds.

Thank you for your attention!

