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# **AGF 2012 Study on Forest Financing Needs & Gaps and the Rio Conventions**

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# Forest Financing

- SFM and finance on agenda for long time
- Perception is that in many countries resources are insufficient
- Why? The inability to quantify and articulate:
  - The full potential of forests
  - The existing flow of funds between forests and other sectors
- Belief among decision makers that forests provide little opportunity for sustainable development

# The Rio Conventions and Forest Finance

- The 3 conventions acknowledge the contribution of forests to their respective goals and objectives
- All collaborate with the CPF
- Forest related funding not always easy to separate



# Finance linked to biodiversity

- 2005 Millennium Ecosystem Assessment
- Multiple benefits, services and products from forests
- Biodiversity and ecosystem services investments are still small in terms of national budgets
- Estimated requirements for full comprehensive global program \$300 billion
- Estimated spend on biodiversity \$36-38 billion
- Only \$15-18 billion spent in developing countries

# Finance linked to climate change

- Green Climate Fund
- Special Climate Change Fund
- Least Developed Countries Fund
- Adaptation Fund
- Clean Development Mechanism

Green Climate Fund



# Finance linked to REDD+

- UN-REDD Program
- REDD+ Partnership
- Carbon Finance at the World Bank
  - Forest Carbon Partnership Facility
  - Forest Investment Program
  - Biocarbon Fund
- Voluntary Carbon Market
- National and regional initiatives

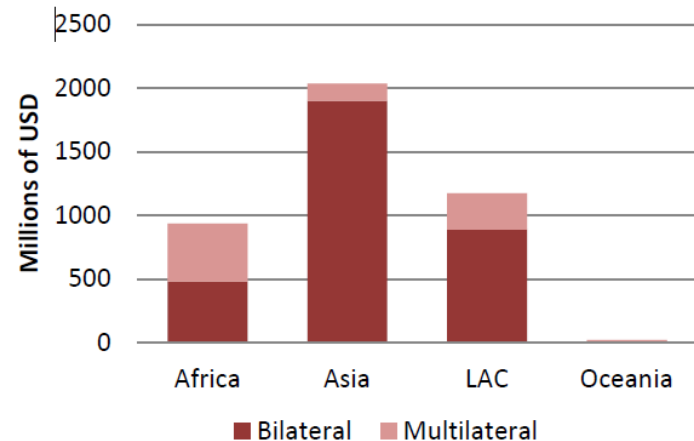
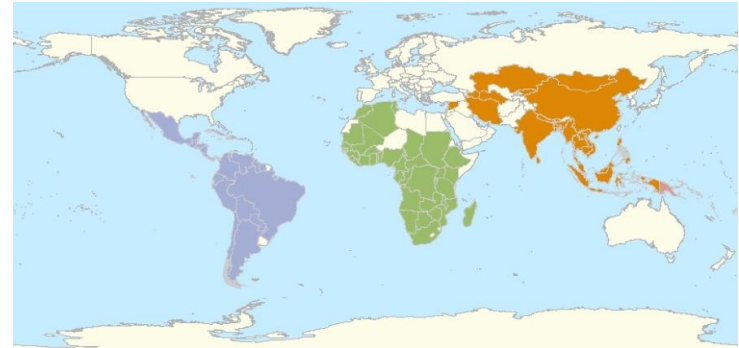


Carbon Finance Unit  
THE WORLD BANK



# Voluntary REDD+ Database

- \$6.27 billion committed 2006-22
- 95 countries receiving REDD+ finance
- Distribution of REDD+ financing is not equal
- 56% to 10 countries
- 43% to top 3 countries



# Land Degradation

- At COFO the Executive Secretary explained the importance of dry forests
- “Forest keep dry lands working”
- Estimates of desertification spending
  - 2007-2009 \$2 billion/year
  - 2010 \$1.3 billion
- Rough estimate of 10% directly relevant for forests but difficult to identify



# Serving the Rio Conventions - GEF

- GEF takes guidance and provides funding for the objectives of the UNFCCC, CBD and UNCCD
- The GEF has been funding forest projects since its inception in 1991
  - 330 forest-related projects in 100+ countries
  - \$1.7 billion GEF funding with \$7.4 billion co-finance
- GEF-5 target of \$1 billion invested in forests through the SFM/REDD+ Incentive

# Points for consideration

- Both developed and developing countries find SFM financing a challenge
- Existing SFM funding falls short of demands
- Full revenue generating potential untapped
- Large data and information gaps
- Importance of good forest governance for investment
- Need for capacity building