

Ad Hoc Expert Group on Forest Financing

Facilitating Financing for Sustainable Forest Management in Small Islands Developing States and Low Forest Cover Countries

Country Case Study – Fiji

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* Outcome of Sectoral Forest Policy Consultation – (Forest Policy 2007)

** Project Outcomes

Project Background

- Means of Implementation is a challenge for SFM since Rio 1992
- UNFF Special Session October 2009 reached a decision on the urgent need for global action to catalyse funding for SFM

Decision Involves 2 Initiatives

- An Intergovernmental process to conduct an in-depth analysis of all aspects of forest financing over the next four years
- A facilitative process on forest financing, to assist countries to mobilise funding from all sources
 - The facilitative process address the special needs of countries that have faced a 20 year decline in forest financing, including, SIDS, and LFCC

The Facilitative Process

- The facilitative process has received immediate support, including for a first concrete project on Facilitating Financing for SFM in SIDS and LFCC from the govt of UK, implemented by UNFF as the first phase of a larger project with other phases to be financed by a large multilateral donor.

Project Objective

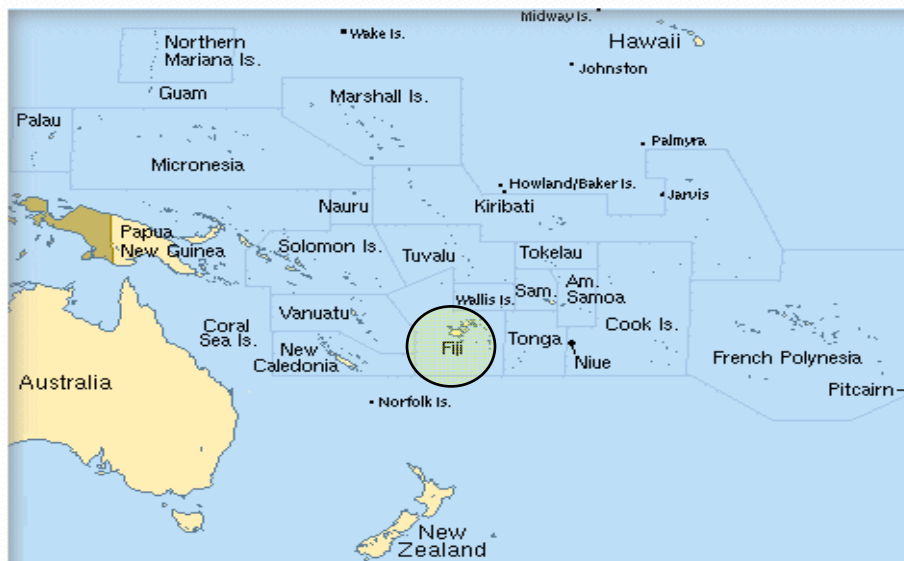
- The immediate objective is to strengthen the capacity development of SIDS and LFCC to better address the main obstacles and challenges in financing SFM, and associated global, national and local environmental public goods, and to improve the governance frameworks to secure a conducive policy environment for SFM.

Fiji

- Fiji was Selected to Represent SIDS in this study.

Fiji Location

3 hrs flight NE of Sydney
2 hrs flight N of Auckland



Fiji Basic Information

Lat. 18°00'S Long. 179°00'E

Land Area: 18,270 km²

Highest peak: 1,324 m

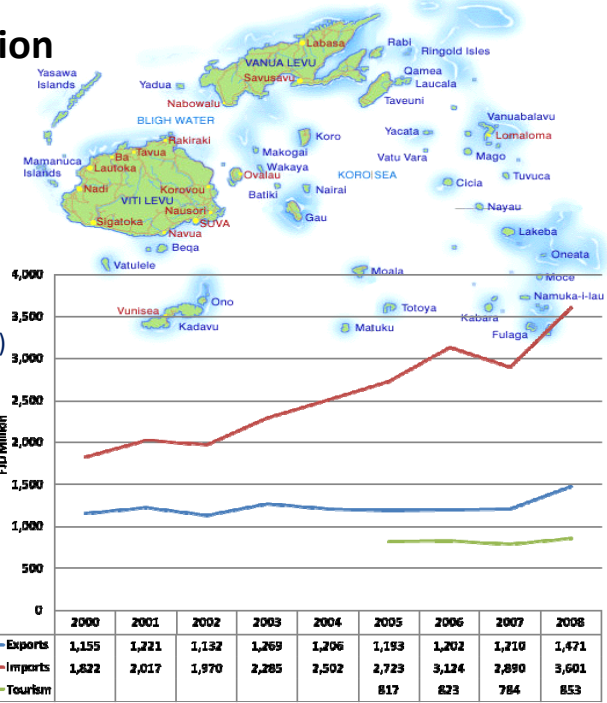
Population: 838,000

GDP per capita: USD \$3,035

Total GDP: USD \$2.5b (2008)

% Contribution to GDP

Tourism	12.5%
Sugar	6%
Other agriculture	6%
Fisheries	3%
Forests	1.3%



Methodology and Data Collection

Desk Study, & Individual Consultation

1st Stakeholder consultation (May 2010)

Presentation of issues and initial findings
Discussion: issues, gaps, challenges, opportunities
Discussion on process for information gathering

2nd Stakeholder consultation (August 2010)

Presentation of draft report
Comments and discussion on draft report
Agreement on process for report finalisation

Final endorsement by Fiji Government and
Submission of report

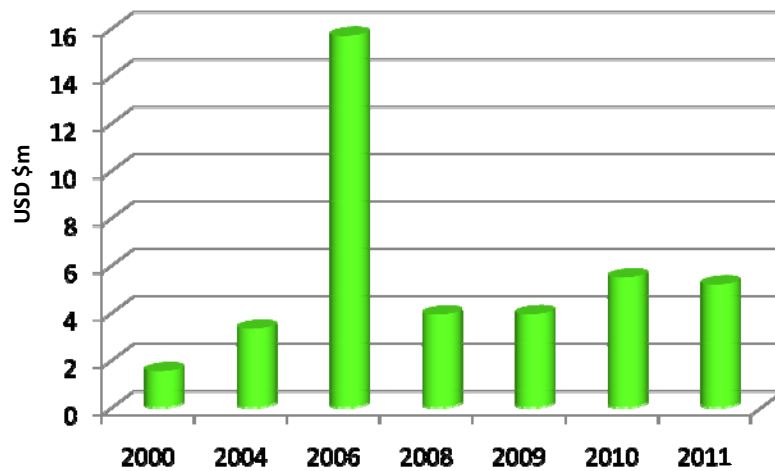
Policies, Institutions & Inter-Sectoral Linkages

- **Forest Policy 2007 (Based on SFM)**
 - Conservation of forests and biological resources
 - Integrated forest resource management
 - Resource owners and community involvement in SFM
 - Upgrading of forest industries and promotion of high quality products
 - Institutional framework, and human resources
- **Major policies & legislations**
 - Native Lands Trust Act (1940)
 - Fiji Pine Decree (1990)
 - Endangered and Protected Species Act (2002)
 - Fiji Rural Landuse Policy (2005)
 - Environment Management Act (2005)
 - Mahogany Industry Development Decree (2010)
 - The Fiji REDD+ Policy (2010) draft
 - Forest Decree (1992)-Currently under review

Forest and Forest Sector Development (Financing Strategy)

- Financing Strategy
- Forestry Department Revenue
- Forest Sector Development Fund
- Trade and Commercialisation Measures
- Financing Conservation and Protection Measures
- Financing through International and Regional Cooperation

Historical Financial Inputs for the Forest Sector (2000-2011)



Issues for Private Investments and Enabling Environment for Financing SFM

- Attractive incentive packages from key stakeholders tailored for various markets, and stages of wood production, including plantation establishment, etc.
- Linking tax deductions with degree of compliance to SFM standards such as National Standard for Forest Certification
- Specialized capacity that fully understands the evolving needs of investors for developing specific packages serving mutual needs.
- An institutional infrastructure to address the various needs of investors at the various stages of the investment, such as an investment committee chaired by the permanent Secretary responsible for Forests.
- Administration and management must target a balance in investment in various resource sectors (agriculture, fisheries, forests).
- A strong link between regional organizations as conduits for accessing funds for implementing SFM related programs, as alternative sources for the difficult to access ODA

Financing Gaps and Opportunities (Key Findings)

- Lack of support in financial institutions targeting forest management activities
- Lack of incentives for the private sector to improve sustainable forest practices.
- Addressing the drivers of deforestation and forest degradation
- An increasing awareness on the importance of forests and environmental conservation.
- A large potential for private and corporate investors to invest into forest-related activities, with the need to put in place incentives for afforestation and reforestation.
- Large potential for conservation, resourcing needs to be enhanced.

SFM Implementation Challenges

- **Implementation procedures**
 - A whole paradigm shift in forest management and decision making
- **Implementation modalities**
 - Communication and awareness; monitoring of implementation
- **Implementation priorities**
 - Integrated resource management; transition from timber production to sfm, shift to landowner involvement, upgrading of forest industry and supply of high quality forest products, institutional framework
- **Role of stakeholders**
 - National government; Forestry department; other government institutions, resource owners, forest industry, NGOs

Recommendations

Strategies for increasing financing flows for SFM

1. Formulate a **National Forest Development Strategy** that includes a **National Forest Finance Strategy**
2. Strengthen collaboration with Pacific Regional Organizations and NGOs in forest conservation and accessing **conservation grants**.
3. Encourage **Corporate Social and Environmental Responsibility**
4. Encourage **Forest Certification** (SFM Certification)
5. Encourage **Public-Private Partnerships** for infrastructure developments
6. Review forest **licence and service fees** towards a user-pay system
7. Establish **incentives** for forest establishment and sfm related activities
8. Encourage development of **non-timber and non-wood forest products**
9. Levy a **Green Fee** on foreign visitors
10. Promote **Agroforestry** practices
11. Introduce a **levy** system on the sales of logs sourced from native forests
12. Promote **forest-based ecotourism**
13. Implement the **Fiji REDD+ policy**

Thank You