



Specific National and Regional Experiences/ Strategies on Mobilizing Financing for SFM

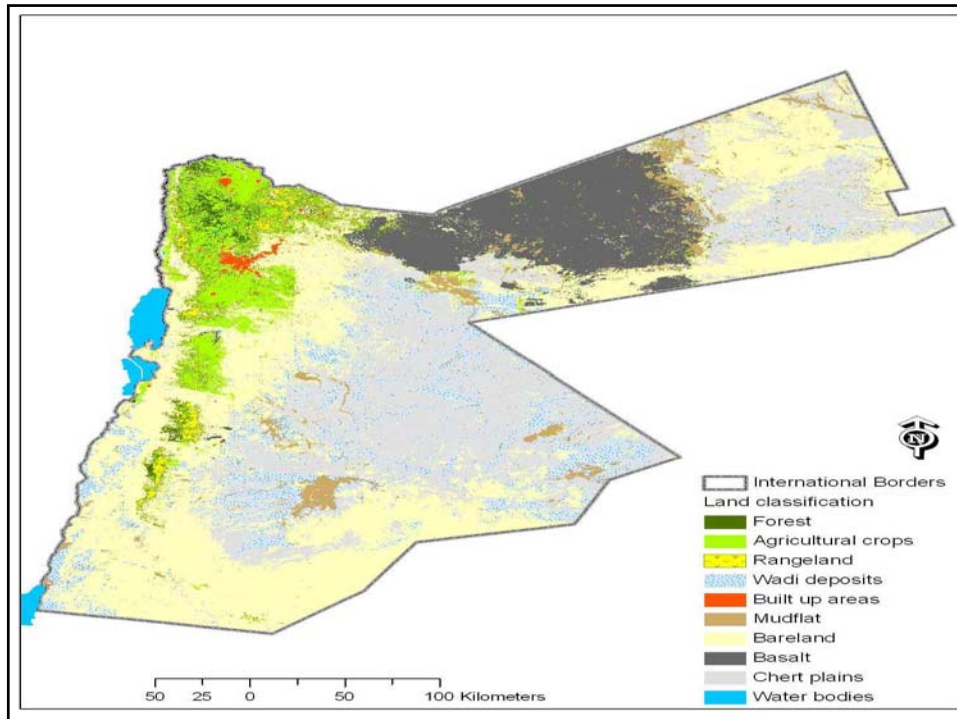
Jordan Case Study

Nairobi
14 Sept, 2010

Directorate of Forestry

Outline

- Introduction**
 - **Physiogeography of Jordan**
 - **Features of Forest in Jordan**
- Objectives of the analysis**
- Methodology**
- Structure of the Report**
- Main findings**



Features of Forest in Jordan

- ❑ Forests in Jordan consist of natural and man-made forests including windbreaks and shelterbelts.
- ❑ They cover an area estimated at 870,000 donums (i.e. 87,000 ha), in addition to about 2,405 km of road side plantations (less than 1% of the total area of the country)
- ❑ The forests are mainly located in the north (Mediterranean type vegetation) where the rainfall exceeds 200 mm/year.
- ❑ Forests in Jordan, especially natural forests, are fragmented, open in density, slow growing, degraded, and thus, of low commercial value.

Socio-economics of the Forest Sector

- ❑ Forests in Jordan play only a modest role in meeting the needs for timber products.
- ❑ Nevertheless, they play a more important role in supporting some other economic sectors.
- ❑ No real forest industry in Jordan. The existing limited industry produces:
 - Firewood: firewood production, mostly from planted forests, is estimated at 6,000 to 10,000 tons per year, which is very low compared to the total forest area.
 - Furniture, joinery and fruit boxes.
 - Significant amount of the NWFPs e.g. mushrooms, wild fruits, aromatic and medicinal plants.
- ❑ In addition, forestland produces large amounts of fodder from the annual and perennial plants.

Degradation of forest areas

- ❑ Overgrazing, over exploitation and forest clearing are causing a serious depletion in forest areas leading to soil erosion, watershed destabilization and microclimate changes.
- ❑ In several areas, fuelwood is being harvested (illegal cutting) at a faster rate than natural regeneration can support.
- ❑ Fires are another threat to the sustainability of forest areas in Jordan. Average fire occurrence is around 40 fires/year destroying more than 15 000 donums (1 500 ha) each year.
- ❑ Conversion of forest lands into other land uses such as agriculture, buildings and development zones is also contributing to the depletion of forest areas.

Objectives of the Analysis

- to produce a high quality analysis on forest financing in Jordan.
- to compile all forest financing relevant information available in the Jordan; and
- to analyze the current and potential funding sources and flows and the related gaps, opportunities and lessons learned.

Methodology

- Desk study,
- Data compilation both from a wide existing databases,
- Analysis of the compiled data,
- Individual and group interviews and meetings of key experts,
- Consultation workshop
- Reference Year: 2009

Structure of the Report

- INTRODUCTION
- PHYSIOGEOGRAPHY OF JORDAN
- SOCIOECONOMIC SETTING AND CHARACTERISTICS
- BENCHMARKING JORDAN'S ENVIRONMENTAL PERFORMANCE (MDGS ACHIEVEMENTS)
- FINANCING FOR SUSTAINABLE FOREST MANAGEMENT: CONCEPT, METHODOLOGY AND APPROACH
- OBJECTIVES AND METHODOLOGY

- FOREST RESOURCES IN JORDAN
- POLICY FRAMEWORK IN JORDAN
- RELEVANT POLICIES AND SECTORAL STRATEGIES
- LEGAL AND REGULATORY FRAMEWORKS
- INSTITUTIONAL FRAMEWORK

Structure of the Report...cont.

- PRESENT FINANCIAL FLOWS FOR SFM
- INTERNAL SOURCES OF FINANCING
- PUBLIC SECTOR
- PRIVATE SECTOR
- EXTERNAL SOURCES OF FINANCING
- KEY DONORS IN JORDAN
- THEMATIC AREAS
- INNOVATIVE SOURCES OF FINANCING

- DEMAND FOR FINANCING FOR SFM
- NATIONAL FINANCING PLANS FOR FORESTS
- DEMAND BY THEMATIC AREAS
- FINANCING GAPS AND KEY CHALLENGES FOR INCREASING FINANCING FOR SFM
- CONDITIONS FOR PRIVATE INVESTMENTS AND ENABLING ENVIRONMENT FOR FINANCING SFM
- CONCLUSION AND RECOMMENDATIONS
- CONCLUSION
- RECOMMENDATIONS

**Present Financial Flows for SFM
in Jordan**

Internal Financial Flows to Forests

- 1. Public Sector**
- 2. Private Sector**

Public Budget

Million US \$

Ministry	2006	2007	2008	2009
MOA	34.7	50,279661	65,909322	73,748587
MOE	9.32	9,913135	11,274435	8,782485
MWI	3.81	4.86	6.45	7.4
JVA	75	68.5	71.1	69.2
MOMA	5.93	6.82	8.21	7.65
WAJ	431.23	401.66	431.36	438.84

Public Sector

- Financial instruments in the Agricultural Law
- The Environmental Protection Fund (EPF)
- Entrance fees to forest areas and charges for tourist facilities and services.

Private sector

- There is no data available on the involvement and contribution of private sector in SFM and forest financing.
- Nevertheless, it can be said that the role the private sector plays today in SFM in Jordan is very limited

External Financial Flows to Forests

□ Key international agencies (donors) active in Jordan:

USAID, JICA, GTZ, UNDP, SIDA, AFD, EU, the Islamic Development Bank,
Kuwait Fund for Arab Economic Development, FAO, GEF, World Bank, IUCN, UNESCO and UNEP, etc.

Summary of Foreign Assistance during 2004-2009 (MOPIC, 2010)

US\$ million

Year	Grants	Soft Loans	Total
2004	473.99	141.53	615.52
2005	470.167	171.04	641.207
2006	485.4	189.6	675
2007	470.1	210.25	680.35
2008	719	418.5	1137.5
2009	697.85	676.85	1374.7

Total Ongoing Projects financed through Foreign Assistance by Sector MOPIC, 2010

US\$ million

Sector	Number of Projects	Grants	Soft Loans	Total Assistance
1) Water and Wastewater	48	269.9	769.17	1039
2) Health	26	172.525	263.85	436.375
3) Education and Scientific Research	23	246.882	95.101	341.983
4) Infrastructure	7	6.96	253.67	260.63
5) Energy	16	15.162	198	213.162
6) Trade and Investment Promotion, and Private Sector Development	11	156.7	--	156.7
7) Tourism	9	35.39	116	151.39
8) Local Development and Poverty Alleviation	10	20.484	76.1	96.584
9) Financial Reforms	3	93.458	--	93.459
10) Environment	15	45.616	25	70.616
11) Agriculture	18	40.43	21.673	62.103
12) Human Rights, Good Governance, and Civil Society	15	48.679	--	48.679
13) Microfinance	5	0.399	47	47.4
14) Transport	4	42.24	--	42.24
15) Youth	3	33.98	--	33.98
16) Employment and Vocational Training	8	18.80	7.5	26.304
17) Justice	5	26.3	--	26.3
18) Gender	5	9.655	--	9.655
19) ICT	4	8.703	--	8.903
20) Capacity Building	8	6.169	--	6.169
21) Demining	1	6.6	--	6.6
22) Others	5	47	--	47
Total	249	1351.9	1873.069	3

Innovative Sources of Financing

- New funds of potential relevance to SFM financing are emerging rapidly and should be investigated further.
- Mobilizing funds from non-traditional sources requires knowledge of the mechanisms and instruments that are applied in the country

- **Debt-Swaps**
- **Clean Development Mechanism (CDM) under Climate Change**
- **Establishing a Forest Fund**
- **Public-private Partnerships**
- **Tourism Fees**

Demand for financing..by thematic areas:

- **Afforestation and Reforestation**
- **Restoration of degraded forests**
- **Fire combating and control**

Financing gaps and key challenges for increasing financing for SFM

- Lack of integration of forests in poverty reduction strategies and broader national development,
- a lack of clarity regarding the concept of sustainable management of forests and opportunities offered by forests in the sustainable development ,
- Forestry in Jordan receives little attention and recognition by donors. This is because
 - investment in this sector might be perceived as non profitable,
 - forest areas in Jordan are subject to complicated stakeholder interests.
- lack of reliable data on forest resources which are usually needed to identify priorities for actions.

Financing opportunities and sustainability Forest sector's capability for self-financing

- According to the present analysis, it is clear that in order to have sustainable management for forest sector in Jordan, it requires external financing.

Nevertheless, it is foreseen that there could be self-financing on the long term assuming that the services and products provided by the forests sector are valued appropriately (beneficiaries pay the appropriate cost).

Potential and future trend

- There is a potential to mobilize further resources for forestry in the future.,
- One of the emerging instruments is the integration of forests into the climate change regime which financing instruments ,
- A number of steps should be taken toward the improvement of legislation and institutional set up.

Conclusions..

- ❑ Jordan's public expenditure on nature protection as percentage of GDP is sizeable, and comparable with several EU countries,
- ❑ Large share of this expenditure and priorities are assigned (at least in recent years) to areas such as wastewater management and air quality improvement.
- ❑ Nevertheless, this confirms the Government's commitment to improving quality of natural resources in general.
- ❑ The allocated fund for forest sector in Jordan is almost entirely from public budget,
- ❑ The current legislation framework focuses mainly on prohibitions, limitations and sanctions and it practically ignores forestry development issues

Conclusions.. Cont.

- The gap between the needs and funding is still very wide.
- The forest sector in Jordan is facing challenges in mobilizing new funding. This may be due to other pressing priorities in national development process in these years.
- Forests are not integrated into the national development strategies in particular the national poverty strategies.
- Research, restructuring of FD and building the capacity of its staff are among the priorities which in need to be financed.

Conclusions.. Cont.

- Most of the international donors consider the water and environmental sectors as high priority in Jordan. That should be reflected in presenting the projects for those donors in a way that shows the linkages between forestry and water and environment management
- Enough seed money should be secured at the first stage of the resource mobilization plan for preparing the required feasibility studies, and any necessary surveys

Key Recommendations:

- Forest components should be clearly and effectively included into the relevant national development plans and strategies
- Facilitate and support private sector investment in forest management by carrying out policy reforms and institutional strengthening.
- Create adequate awareness among decision makers with regard to the potential contribution of forest sector in the national sustainable development.
- Products and services of the forest sector should be enhanced in order to be considered as a source for funding.
- A proportion of forests entrance and service fees such as concessionaire licenses, fines and fees should be returned to the FD to support protection, interpretation, and maintenance as well as local development.

Key Recommendations..cont.

- Develop and establish positive incentives to reduce the loss of forests, to promote reforestation, afforestation, and rehabilitation.
- FD should maintain a special unit responsible for following up the proposals, projects and other administrative aspects related.
- Establish a new coordination mechanism for forestry such as a national committee for forestry.
- Coordination should be conducted with regional and international organizations that are working in the areas that are related to this program.
- Defining the financial plans of projects should consider involving more than one party for possible financing.



**تحت رعاية معالي وزير الزراعة
المهندس سعيد المصري**

ورشة العمل التشاورية

**تقييم الموارد المائية لإدارة المستدامة
للغابات في الأردن**

**FINANCING FOR SUSTAINABLE FOREST
MANAGEMENT IN JORDAN**

الأربعاء ٢٦/٥/٢٠١٠



شكراً لاستماعكم

Thank You