



SECRETARIAT OF THE CONVENTION TO COMBAT DESERTIFICATION
SECRETARIA DE LA CONVENCION DE LUCHA CONTRA LA DESERTIFICACION



First Meeting of the Open-Ended Intergovernmental Ad Hoc Expert Group on Forest Financing

Nairobi, Kenya, 13 October 2010



SECRETARIAT OF THE CONVENTION TO COMBAT DESERTIFICATION
SECRETARIA DE LA CONVENCION DE LUCHA CONTRA LA DESERTIFICACION




FINANCING SUSTAINABLE FOREST MANAGEMENT (SFM) – A STRATEGIC CROSS- SECTORAL REQUIREMENT FOR ACHIEVING INTERNATIONALLY AGREED DEVELOPMENT GOALS


UNCCD perspective

Presentation by Melchiade Bukuru and Jones
Ruhombe

2




SECRETARIAT OF THE CONVENTION TO COMBAT DESERTIFICATION
SECRETARIA DE LA CONVENCION DE LUCHA CONTRA LA DESERTIFICACION




Outline

- 1. Background: collaboration between the UNCCD and the UNFF secretariats governed by an MOU**
- 2. Convergences between Forest policies and the UNCCD Ten-Year Strategy**
- 3. UNCCD Mandate: Dry forests**
- 4. REDD and dry lands**
- 5. Key message**
- 6. Financing SFM versus Internationally Agreed Development Goals**




SECRETARIAT OF THE CONVENTION TO COMBAT DESERTIFICATION
SECRETARIA DE LA CONVENCION DE LUCHA CONTRA LA DESERTIFICACION




1. Background

- The collaboration between UNCCD and UNFF is governed by a Memorandum of Understanding signed by the Heads of both secretariats last 25th May, in Punta del Este, in the margins of the Fourth GEF Assembly

4




SECRETARIAT OF THE CONVENTION TO COMBAT DESERTIFICATION
SECRETARIA DE LA CONVENCION DE LUCHA CONTRA LA DESERTIFICACION




Background cont'd

- As far as finance is concerned, the focus of the MOU is that both secretariats undertake to work cooperatively “to identify gaps, obstacles and additional opportunities in financing for sustainable land management, including in actions taken to address climate change, hereby collaborating on the

5



SECRETARIAT OF THE CONVENTION TO COMBAT DESERTIFICATION
SECRETARIA DE LA CONVENCION DE LUCHA CONTRA LA DESERTIFICACION



development and implementation of the UNFF four year strategic work plan on financing SFM, in particular the Facilitative Process and the Open-ended Intergovernmental Ad-Hoc Expert Group on Financing Sustainable Forest Management”.

6

SECRETARIAT OF THE CONVENTION TO COMBAT DESERTIFICATION
SECRETARIA DE LA CONVENCION DE LUCHA CONTRA LA DESERTIFICACION

CCD

2. Convergences between Forestry policies and the UNCCD Ten-Year Strategy

- UNCCD being a Land Convention and Forests growing on the land, there is a natural bond between UNCCD and UNFF. This is what is implied by the UNCCD Ten-Year Strategy.

7

SECRETARIAT OF THE CONVENTION TO COMBAT DESERTIFICATION
SECRETARIA DE LA CONVENCION DE LUCHA CONTRA LA DESERTIFICACION

CCD

The UNCCD Ten-Year Strategy

To generate Global Benefits

To Improve the Productivity of affected Ecosystems

To improve the Livelihood of Affected Populations

To mobilize resources to support implementation of the Convention **through building effective partnerships** between national and international actors

SECRETARIAT OF THE CONVENTION TO COMBAT DESERTIFICATION
SECRETARIA DE LA CONVENCION DE LUCHA CONTRA LA DESERTIFICACION

CCD

The role of land in delivering Global Benefits: interlinkages chart

Poverty eradication Improving livelihood through pro-poor policies on Sustainable Land & Water Management	Food Security Land availability & soil fertility improvement at the core of all long term strategies	Drought & Water stress Improving water availability & quality through sustainable land water management
Climate change Land is a win-win context for adaptation, mitigation & resilience building	Feed Me to Feed You 	Biodiversity Biodiversity conservation through improvement of land ecosystems' conditions
Avoided Deforestation SLM & Land rehabilitation / reclamation as an alternative to deforestation	Bio Energies Opportunities to invest in / for the people living in the degraded lands & Provide alternative to Biomass	Avoiding Forced Migrations Through improving water availability and land productivity

The Role of Land in Delivering Global Benefits

9

SECRETARIAT OF THE CONVENTION TO COMBAT DESERTIFICATION
SECRETARIA DE LA CONVENCION DE LUCHA CONTRA LA DESERTIFICACION

CCD

3. UNCCD Mandate: Dry forests

- 40% of earth is covered by open or closed forest: **42% dry forest**, 33% is moist forest and only 25% is wet and rain forest
- Dry forests occupy the largest proportion in Africa and the world's tropical islands (70-80% forested areas).
- In South America only 22% of forested areas but in central America almost 50%

10

SECRETARIAT OF THE CONVENTION TO COMBAT DESERTIFICATION
SECRETARIA DE LA CONVENCION DE LUCHA CONTRA LA DESERTIFICACION

CCD

IMPORTANCE AND SCOPE OF DRY FORESTS UNVEILED

- 40% of earth is covered by open or closed forest: **42% dry forest**, 33% is moist forest and only 25% is wet and rain forest

Forest Type	Percentage
Non-forested area	40%
Dry-forest	42%
Moist forest	33%
Wet and rain forest	25%

11


SECRETARIAT OF THE CONVENTION TO COMBAT DESERTIFICATION
SECRETARIA DE LA CONVENCION DE LUCHA CONTRA LA DESERTIFICACION

CCD

Dry forests (cont'd)

- Dry forests have low carbon values but they cover greater areas than humid forests in the tropics and are typically more degraded
- People living around the forests depend heavily on the forests products and services
- Better soil quality than tropical wet forest areas

12




SECRETARIAT OF THE CONVENTION TO COMBAT DESERTIFICATION
SECRETARIA DE LA CONVENCION DE LUCHA CONTRA LA DESERTIFICACION

CCD

4. REDD and drylands development

- As far as REDD is concerned, dry lands face two challenges:
 - (1) So far the primary focus of REDD is on carbon sequestration and storage, rather than ecosystem services or natural capital, which means the scale of the funding is far lower than needed,
 - (2) Because REDD is applicable to forested ecosystems only, it is important for drylands to identify areas where carbon storage potential is great enough to attract carbon finance, either REDD or other mechanisms, while delivering co-benefits, such as for watershed or erosion protection

13



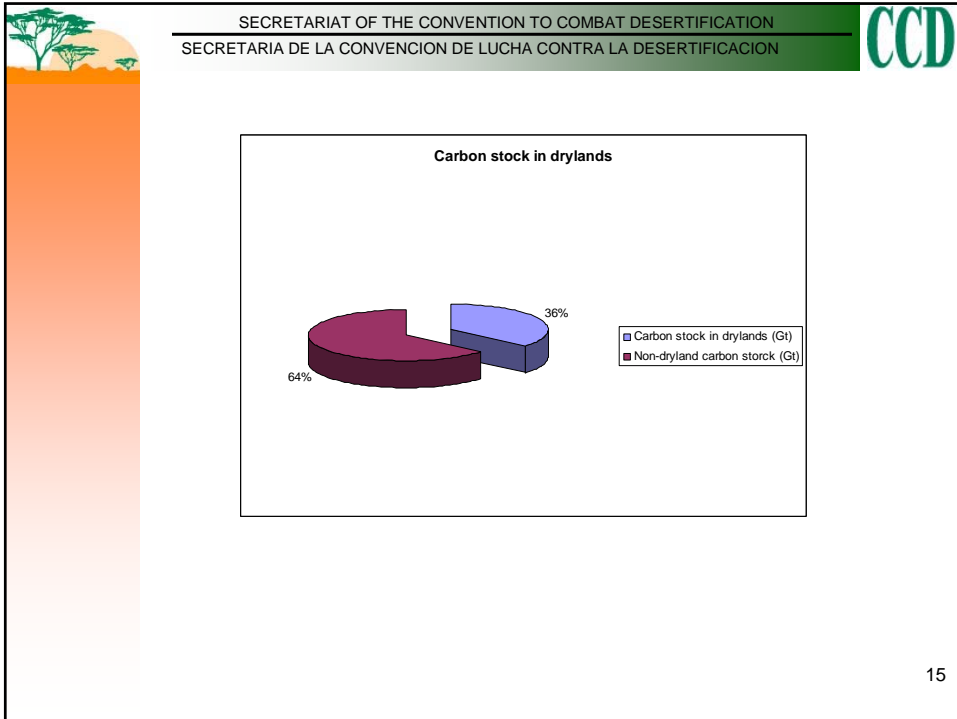
SECRETARIAT OF THE CONVENTION TO COMBAT DESERTIFICATION
SECRETARIA DE LA CONVENCION DE LUCHA CONTRA LA DESERTIFICACION

CCD


REDD-plus and its relevance to the UNCCD

- **Total dryland solid organic carbon reserves comprise 27% of the global soil organic carbon reserves. (Millennium Ecosystem Assessment, 2005).**
- **Carbon stock in drylands counts for 36% of the world total**

14



SECRETARIAT OF THE CONVENTION TO COMBAT DESERTIFICATION
SECRETARIA DE LA CONVENCION DE LUCHA CONTRA LA DESERTIFICACION





5. Key message to Forestry Circles

“Desertification and Land Degradation constitute one of the key push factors leading to deforestation. Addressing those challenges becomes imperative for sustainable forest management as well as for achieving the internationally agreed development goals. Financing SFM must take into account the dry forests which represent 42% of the total of all forested areas.”

16

SECRETARIAT OF THE CONVENTION TO COMBAT DESERTIFICATION
SECRETARIA DE LA CONVENCION DE LUCHA CONTRA LA DESERTIFICACION



6. Sustainable Forest Management (SFM)

- NLBI outlines SFM as a dynamic and evolving concept, aiming to **maintain** and **enhance** the **economic, social** and **environmental** values of all types of forests, for the benefit of present and **future generations**
- SFM means **attaining** and **maintaining** a **sustainable, harmonious** and **balanced** relationship among all stakeholders in forestry over **time** and **space** and requires management approaches that are in line with the principles of **sustainable development**
- Foregoing imply positioning forests in the overall development programming and financial resources allocation processes

17


SECRETARIAT OF THE CONVENTION TO COMBAT DESERTIFICATION
SECRETARIA DE LA CONVENCION DE LUCHA CONTRA LA DESERTIFICACION




Internationally Agreed Development Goals

- UNCCD – Ten-Year Strategy
- UNFCCC – REDD/adaptation/mitigation
- CBD – eco-system approach
- Millenium Development Goals (1, 7 & 8)
 - Monterrey Consensus on Finance for Development
 - Paris Declaration on Aid Effectiveness

18




SECRETARIAT OF THE CONVENTION TO COMBAT DESERTIFICATION
SECRETARIA DE LA CONVENCION DE LUCHA CONTRA LA DESERTIFICACION




Domestic Budgeting Architecture

- Decentralisation and devolution of public administration and alignment of priorities of international community at country level with those of recipient countries (Paris Declaration)
- Domestic public budget allocations through “sector-wide-approaches” (SWAPs), direct budget support or basket funding
- Budget ceilings set by Ministries of finance and partners (WB etc.)

19



SECRETARIAT OF THE CONVENTION TO COMBAT DESERTIFICATION
SECRETARIA DE LA CONVENCION DE LUCHA CONTRA LA DESERTIFICACION



Domestic Budgeting Architecture contd

- Medium-Term Expenditure Frameworks (Basket funding and direct budget support etc.) are increasingly determining financial resource allocations
- Fighting poverty is the norm, but forests feature low in most countries (see evaluations of PRSPs in Africa)
- To attain SFM, countries have been encouraged to **prepare National Forest Programmes (NFPs)** and **mainstream** them into their national development strategies
- The concept of “integrated investment frameworks” could be considered to achieve programmatic approaches or SWAPS blending domestic and international finance

20




SECRETARIAT OF THE CONVENTION TO COMBAT DESERTIFICATION
SECRETARIA DE LA CONVENCION DE LUCHA CONTRA LA DESERTIFICACION




Key Features of Current Financing SFM

- Financing SFM has several requirements including:
 - Good governance (effective central and local government institutions) and an enabling environment for forest investment for PPP and for private sector investments, including farmers
 - Coherence and interaction between different policies and programmes (agriculture, trade and market access, land tenure rights, environmental policies etc.)
 - Participation and involvement of stakeholders in and equitable sharing of benefits – definition of the process of interaction
 - Comprehensive cost-benefit analysis about land-use changes
 - Ecosystem-level/landscape management and planning
 - International cooperation

21




SECRETARIAT OF THE CONVENTION TO COMBAT DESERTIFICATION
SECRETARIA DE LA CONVENCION DE LUCHA CONTRA LA DESERTIFICACION




Key Features of Current Financing SFM contd

- Discussions on forestry finance have usually been handled as an internal issue to the forest sector – inter-ministerial dialogue, particularly with Ministry of Finance weak
- Agreed measures often go far beyond control of the forest community as the bulk of the key factors affecting forestry are outside the sector
- Domestic budget process is not yet central and forest finance is not yet based on development priorities
- To be effective, financing SFM must reflect this reality in terms of availability of public finance, international financial contributions and investments by private sector
- Implementing SFM is in effect a call for internalisation of externalities within national processes for frontline implementation

22




SECRETARIAT OF THE CONVENTION TO COMBAT DESERTIFICATION
SECRETARIA DE LA CONVENCION DE LUCHA CONTRA LA DESERTIFICACION




“Missing Links”

- Indeed forests and trees contribute to energy, food, water, agricultural productivity (soil and water conservation, flood control, watershed protection, terrestrial biodiversity, industry, carbon sink)
- To achieve SFM countries are doing afforestation, reforestation, forest protection, forest management, agro-forestry and institutional and policy reforms
- NLBI refers to “all types of forests” and “trees outside forests” and mobilising “increased new and additional financial resources from all sources”
- Does the forest policy debate at any level influence the true decision makers on financial resources allocation?

23



SECRETARIAT OF THE CONVENTION TO COMBAT DESERTIFICATION
SECRETARIA DE LA CONVENCION DE LUCHA CONTRA LA DESERTIFICACION





“Missing Links” contd

- There is little or no investment in the following key areas:
 - Biomass, including from forests and trees, provides the bulk of energy, especially in SSA
 - In addition to energy, woodlands, dry forests and agro-forests sustain many rural livelihoods particularly through catchment protection, structural and other wood and curtailing land degradation
 - Woodlands and dry forests are host to wildlife which supports the tourism industry, especially in SSA – limited investment
 - Debate on financing SFM continues to be among the “forestry fraternity” and yet allocation at national level is done by the “finance fraternity” – they are absent

24

SECRETARIAT OF THE CONVENTION TO COMBAT DESERTIFICATION
SECRETARIA DE LA CONVENCION DE LUCHA CONTRA LA DESERTIFICACION






Conclusion

- Agreed: Forests' multiple functions make the sector a hotbed of synergies and opportunities concurrent attainment of the multiple objectives of the MEAs and IADGs
- Agreed: SFM is thus an efficient entry point for attaining the multiple objectives of the MEAs, IADGs, the NLBI and other related processes
- Agreed: Global attention has tended to be skewed in favour of the large expanse tropical rain forests in Protected Areas owned by the state, moreover in forest-rich countries yet bulk of forest/tree cover in many countries is often outside
- Agreed: Bulk of forest/tree cover in many countries is often outside the forests
- Agreed: Potential of national forest funds limited, if not nurtured by international contributions as a result of domestic priorities in development
- Agreed: Financing SFM requires a departure from traditional ways of global dialogue as forests particularly dry forests and trees mean more than the forest sector

25

SECRETARIAT OF THE CONVENTION TO COMBAT DESERTIFICATION
SECRETARIA DE LA CONVENCION DE LUCHA CONTRA LA DESERTIFICACION

Conclusion contd

- Financing SFM dependant on political will of governments to see forests as a net contributor to development and hence to identify the sector as a national priority
- There is more “sustainable talking” than action on SFM. From Rio through IPF/IFF and now UNFF, the “forestry fraternity” is beginning to “re-invent the wheel”. The efforts of the UNFFS on SIDS and LFCC and REDD+ are right directions
- While “new and additional” forest finance for SFM is supposed to come from “all sources,” the unspoken debate revolves around ODA and other international funding sources
- This dwarfs the value of domestic sources of forest finance, which are yet key to sustainability
- Financing SFM this far too dependant on international finance allocation (GEF, REDD, FIP etc.) with a focus on “tropical forests” – “all types of forests” do not receive sufficient attention in particular dry forests
- Financing SFM within context of the “portfolio approach” has potential for unmasking strategic gaps and opportunities for plugging them and is the only means of sustaining positive impact since ideally SFM should be self-financing

26



Options for Action

- Financing SFM **MUST** be integral part of national processes and hence proceed within the national framework for planning, budgeting and fiscal channelling
- Global action should respect and invest in what has been agreed namely “all types of forests” and “trees outside forests”
- IPF/IFF/UNFF and a large number of active processes have identified all limitations/bottlenecks and potentials for SFM and its financing
- The next step is to effectively organize a structured dialogue at country level integrating all aspects discussed and regarded a prerequisite for SFM
- Domestic sources of forest finance need to be made a key for SFM
- It is time for other governmental stakeholders, especially those from finance and agriculture ministries, to participate in the global debates on financing SFM
- Unless and until debate is based on lessons learnt through frontline implementation, SFM will remain a chimera, unable to contribute to achievement of IADGs