

Forest Smart Investments

Werner Kornexl
The World Bank
PROFOR and
Forest Action Plan



Water cycle regulation

Soil preservation

**Environmental
Services**

Biodiversity

Climate regulation

HARVESTED WOOD PRODUCT DEMAND & SUPPLY

for green growth scenario in 2040 if countries want to become self sufficient

Base: domestic production of HWP 2014



Plantation area for HWP demand 2040:

Sawnwood, Wood Based Panels, Paper and Paperboard, Other Ind., Roundwood



Land Contracts



Competing Land uses
=
Competition for financial resources

FOREST ACTION PLAN

Focus Area 1 Sustainable Forestry

- Protect and optimize use of forests (both natural and planted) to sustain livelihoods, create jobs and economic opportunities in rural areas while preserving ecosystem services delivered by forests

Focus Area 2 “Forest-Smart” Interventions in other Sectors

- Ensure that investments in other economic sectors (agriculture, energy, mining, transport...) consider avoiding/minimizing adverse impacts on forests and/or maximizing development outcomes through forest-based solutions



Participation & Rights

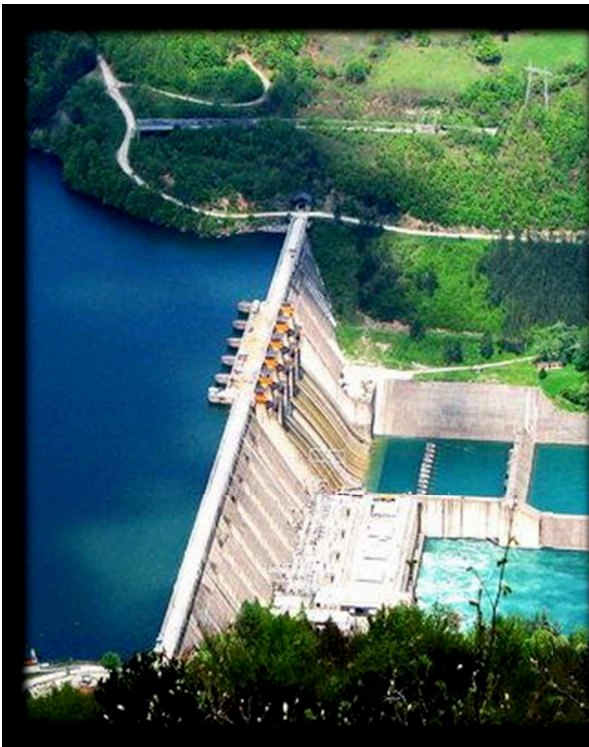


Institutions & Governance



Climate Change & Resilience

WORLD BANK GROUP



Energy

Three Gorge River Hydropower

Erosion prevention

Saving **\$40 million** / year



Water

Water Utility, New-York city

Water filtration

Saving **\$1 billion** / year



Infrastructure

Vietnam, Mangrove preservation

Flood prevention

Avoided costs of **\$7 million** / year



Peatfires

Indonesia, Peat Fires 2015

Public Costs **\$16.5 billion** / 4 months

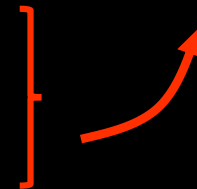


Agriculture

Agroforestry – Silvopastoral

Ag. Productivity

Resilience



Programmatic Finance

PROGRAMMATIC FINANCE

1. Appropriate mix of financial instruments



2. Cohesive Financial Architecture

Bringing different sources of financing together to best respond to client needs (in terms of envelop as well as sequencing)

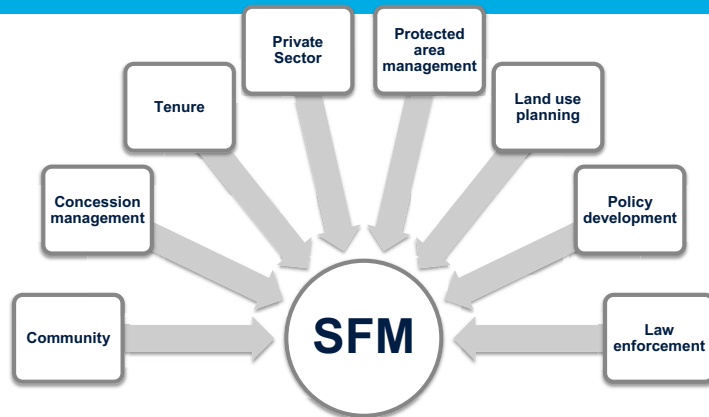
3. Long-term engagement

Design of the various programs (Silvicultura comunitaria PROCYMAF, Pagos por servicios ambientales PSA...)

Institutional support from late 90s

Project Forests and Climate Change (\$400M)

Mozambique: Innovative Financial engineering



Innovation and diversification

...or why are we not using all finance instruments available for forests?

Innovation and diversification – for forests

Global Finance Instruments are available but are rarely used for forests

- Too Risky, too complex?
 - Why could we do it in the housing market and not for forests?
- Transform national – public and private sources – for SMEs in the forest sector
 - Use Green Bonds for Forests – most complex but doable.
 - Assess Fiscal transfer mechanisms – tax incentives, subsidies for fertilizers,
 - Use the full range of policy instruments
 - Think of different incentive mechanisms, beyond REDD+, that pays for real results (land titles, rights, policy changes, etc.)

Presentation Title

A photograph of a dense, green forest with mist or fog rising between the trees, creating a soft, atmospheric effect. The trees are tall and thin, typical of a tropical or subtropical forest.

Be Forest-smart



WIKIGEEK

13 million ha of forests are lost each year

