Generic guide and modular training package to assist countries in developing national forest financing strategies

In support of the Global Forest Financing Facilitation Network (GFFFN)

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Acronyms

ADB	Asian Development Bank	NAMA	Nationally Appropriate Mitigation Action
AE	Accredited Entity (of the GCF)	NAPA	National Adaptation Programs of Action
AFD	French Development Cooperation	NFA	National Forest Action Plan (UNFF)
AfDB	African Development Bank	NFFS	National forest financing strategy
AFF	African Forest Forum	NFP	National Forest Program
ASEAN	Association of Southeast Asian Nations	NSDP	National Sustainable Development Plan
BC	BioCarbon Fund (WB managed)	NTFP	Non-timber forest product
AU	African Union	ODA	Official Development Assistance
CBD	Convention on Biological Diversity	PA	Paris Agreement
CET	Economies in transition	PFE	Permanent forest estate
C&I	Criteria and Indicators for defining SFM	PEFC	Programme for the Endorsement of Forest Certification Schemes
CSR	Corporate social responsibility	PIF	Project Identification Form (GEF)
CIT	Countries with economies in transition	PPCR	Pilot Program for Climate Resilience
CN	Concept Note (for project in GCF)	NFFS	National forest financing strategy
EBA	Ecosystem-based adaptation	ITTO	International Tropical Timber Organization
ECOSOC	Economic and Social Council of the UN	PA	Paris Agreement
EIB	European Investment Bank	PES	Payments for Environmental Services
EU	European Union	PFE	Permanent forest estate
FLEGT	Forest Law Enforcement, Governance and Trade	PIF	Project Identification Form (GEF)
4POW	Fourth Quadrennial Program	PROFOR	Program on Forests (World Bank)
FAO	Food & Agriculture Organization of the UN	REDD+	Reduced Emissions for Deforestation and Forest Degradation
FCPF	Forest Carbon Partnership Facility	SFM	Sustainable forest management
FIP	Forest Investment Program (of the WB)	SIDS	Small-Island Developing States
FLR	Forest Landscape Restoration	TIMO	Timber Investment Management Organization
FSC	Forest Stewardship Council	UN	United Nations
GCF	Green Climate Fund	UNCCD	UN Convention to Combat Desertification
GEF	Global Environment Facility	UNFCCC	UN Framework Convention on Climate Change
GFFFN	Global Forest Financing Facilitation Network	UNDP	United Nations Development Program
IFC	International Finance Corporation (WB group)	UNFF	United Nations Forum on Forests
ISFL	BC Initiative for sustainable forest landscapes	UNFI	United Nations Forest Instrument
ITTO	International Tropical Timber Organization	UNEP	United Nations Environment Program
IUCN	International Union for Conservation of Nature	UN-REDD	United Nations Collaborative Program on Reducing Emissions from Deforestation and Forest Degradation (see footnote 3)
IUFRO	Intern. Union of forest research organizations	UNSPF	United Nations Strategic Plan on Forests
MDB	Multilateral development bank	VNCs	Voluntary National Contributions under the UNFF
NDC	Nationally Determined Contribution (to PA)	WB	World Bank

1. Introduction

1.1 Mandate

The Global Forest Financing Facilitation Network (GFFFN) was established at the 11th session of the United Nations Forum on Forests (UNFF) in 2014, as one of the six elements of the UN Forest Instrument (UNFI)[1], with a view to:

- Promoting the design of national forest financing strategies to mobilize resources for sustainable forest management (SFM);
- Facilitating access to existing and emerging financing mechanisms, including the Global Environment Facility (GEF) and the Green Climate Fund (GCF); and
- Serving as a clearing house on existing, new and emerging financing opportunities and as a tool for sharing lessons learned from successful projects.

In developing the GFFFN, special consideration was to be given to the special needs and circumstances of Africa, the least developed countries, low-forest-cover countries, high-forest-cover countries, medium-forest-cover, low-deforestation countries and small island developing states (SIDS), as well as countries with economies in transition (EIT), in gaining access to funds.

The United Nations Strategic Plan on Forests (UNSPF, 2017-2030) adopted by ECOSOC and the UN General Assembly in April 2017, reiterated, amended and expanded the above-mentioned priorities as follows:

- Promote the design of national forest financing strategies to mobilize resources for sustainable forest management;
- Assist countries in mobilizing, accessing and enhancing the effective use of existing financial resources from all sources for SFM;
- Serve as a clearing house and database on existing, new and emerging financing opportunities and as a tool for sharing lessons learned and best practices from successful projects; and
- Serve to contribute to the achievement of the global forest goals and targets as well as priorities contained in the fourth Quadrennial Program (4POW).

At the 13th session of the UNFF in May 2018, while assessing the initial activities and operation of the GFFFN, the UNFF decided, *inter alia*, to develop **a generic guide and modular training package to assist countries in developing national forest financing strategies**[2].

This report presents a **generic guide** building on GFFFN's 4-step approach and a **modular training package** for the development of national forest financing strategies. It serves as contribution to the GFFFN's ambition to promote the design of national forest financing strategies to mobilize resources for SFM. Following the recommendations by Simula (2018), the guide aims to be sufficiently generic to be broadly applicable while providing room for adaptations and refinements to specific contexts.

[1] See E/2015/42-E/CN.18/2015/14, chapter IV

[2] UNFF13 Omnibus Resolution 11 May 2018 at 4:30pm

1.2 Purpose of national forest financing strategies

Awareness of the key role that forests play in addressing global challenges such as climate change mitigation and adaptation, biodiversity conservation, poverty alleviation and the role of forest in the development of bio-economy, has increased considerably over the past 10 years. However, this has not always been translated into a more profound consideration of how to create favorable conditions for and attract funding into sustainable forest resource management. Indeed, the paucity of strategic frameworks has been identified as a major factor inhibiting the mobilization of finance for SFM (Simula, 2018).

Strategic planning, such as the design of a national forest financing strategy, can be described as *'the process by which an organization's medium- to long-term goals, as well as the resources plans to achieve them, are defined'* (Inomata, 2012). A strategic plan thus primarily supports decision making. Generally, a financing strategy can help an organization navigate and select among the numerous financing options with varying objectives, conditions and criteria. More specifically, **a national forest financing strategy is a document that strategically sets the stage for the mobilization of financing for SFM and improvements in the effectiveness of resource use, within a given national or sub-national (jurisdictional) perimeter.** Forest finance in this context refers to any type of financing, regardless of the source, that has a positive impact on sustainable forest management (Singer, 2018). However, it is important to keep in mind that not all investments related to forests and forestry necessarily are in support of SFM objectives (Asen et al., 2012; Singer, 2016)

1.3 Target audience

Many actors have interests in forests and need access to forest financing. While some of these interests are compatible with SFM, others are not. At one extreme, there are stakeholders who aim to "preserve" forests as they have naturally grown while, at another, there are stakeholders who would like to clear the forest to better exploit its soil or sub-soil (Blaser and Douglas, 2000). Other stakeholders aim at regaining ecological integrity and human wellbeing in deforested and degraded landscape through restoring forests and planting new forests (Stanturf et al., 2017). In between these standpoints is a wide range of **actors with stakes in a broad set of sustainable use of forests** under the principle of SFM. Forest financing strategies and access to funding for SFM thus have a wide audience. The following list builds on and expands the list of stakeholders identified in the 'Guidelines for Formulating National Forest Financing Strategies' (Kant and Appanah, 2013):

- **Forest managers:** such as state and local forestry agencies, rural communities, producer associations, forest smallholders and private companies managing tracks of PFE (permanent forest estate).
- **Government:** Policymakers and legislators at various national and subnational levels; government agencies dealing with forests, conservation, restoration, the environment and land-use planning.
- **Multilateral and bilateral agencies:** development and extension agencies.
- **International and local civil societies:** foundations, non-governmental organizations.
- **Private sector and their associations:** small holders and companies of various scale along the timber value chain, firms interested in the forests' ecosystem services, including carbon.
- **Public and private forest research**: education and training institutions.

Thus, GFFFN, in the development of national forest financing strategies, addresses primarily those interested parties, governmental services and national and subnational level and non-governmental

stakeholders equally, that are responsible for the management of the **permanent forest estate**[3], both for production and protection.

1.4 Disclaimer

It should be noted that this guide needs to be applied carefully, considering the wide array of funding sources, initiatives and mechanisms and their diversity. **Not all sources can be applied in every context and they need to be analyzed considering the specific situation**, at regional, national, subnational and local level, considering the economic, environmental, social, legal, policy and governance situation. The present guide and the modular training package are far from being complete and should be viewed as a supportive training document to help to create understanding and critical overview of the financial opportunities for SFM and how they are applied today and can develop in the future.

2. Review of the SFM concept and financing SFM

The United Nations Forest Instrument defines sustainable forest management as "a dynamic and evolving concept [that] aims to maintain and enhance the economic, social and environmental values of all types of forests, for the benefit of present and future generations" (United Nations General Assembly Resolution 62/98, New York, December 2007).

Various criteria and indicator processes for SFM have evolved over time. According to Linser et al. (2018) six of them are still active. These are the ITTOs C&I for the sustainable management of tropical forests, the Pan-European Process, the Montréal Process, the Tarapoto Process for the Amazon forests, ASEAN's set of C&I for SFM, and the Tehran process for low forest cover countries.

The generic, forestry-focused definition of SFM that is generally recognized today refers to "the process of managing forest to achieve clearly specified objectives of management, with regard to the production of a continuous flow of desired forest products and services, without undue reduction in the forest's inherent values and future productivity, and without undue undesirable effects on the physical and social environment". This basic definition has been guiding subsequent definitions of SFM. In today's context with the recognition of the role of forests in broader environmental goals, the definition implies the following objectives of SFM:

- continuously satisfying the needs for goods and services provided by forests
- ensuring the conservation of forest soils, water and carbon stocks
- conserving biological diversity
- sustaining the resilience and renewal capacity of forests, including carbon storage
- supporting the food security and livelihood needs of forest-dependent communities
- ensuring an equitable sharing of the responsibilities and the benefits from forest uses.

SFM is concerned with managing and conserving intact natural forests (both in large forested areas and in fragmented and mosaic landscapes), restoring degraded forests, planting new forests and sustaining trees in open landscapes. SFM, as it deals with "permanence" of the land-use forest, can be applied in what is known in many countries as permanent forest estate (PFE). The notion of permanence is a necessary condition for SFM. PFE is defined as "Land, whether public or private, secured by law and kept under permanent forest cover; this includes land for the production of timber and other forest products,

[3] See definition in the training material, PPT (03) Defining SFM

for the protection of soil and water, and for the conservation of biological diversity, as well as land intended to fulfil a combination of these functions: the main categories of land to be kept under PFE are the protection PFE and the production PFE" (ITTO, 2016).

The essential aim of SFM is to maintain and enhance the potential of forests (at all scales) to deliver the goods and services that people, and societies require of them over time (ITTO 2016). Thus, the use of forests should be planned at the national, landscape and local scales, and be managed sustainably for the purposes for which it is intended in the landscape. Management should be applied consistently with the aim of maintaining ecosystem resilience, including by emulating natural disturbances, and the effects of management should be monitored so that management can be adapted over time as conditions change.

SFM only succeeds if it is properly financed. Capturing the full value of forests, including environmental services, and ensuring the equitable distribution of costs and benefits, are essential for SFM.

SFM produces lasting goods, such as timber and NTFPs, and a large variety of services. The later constitutes an effective measure to mitigate greenhouse gases and to reduce vulnerability to climate change, conserves freshwater resources and prevents flooding, reduces run-off, controls soil erosion, reduces river siltation, protects fisheries and investments (e.g. hydropower facilities), conserves biological diversity and preserves landscapes, cultures and traditions. The problem is that from a qualitatively or subjective view of many stakeholders, these values have their place, but it is generally difficult to derive proper quantitative indicators which makes it difficult to attach the real value to forests and their sustainable management. It is, as (Douglas and Simula, 2010) (p.151) stated: "sustainable forestry pays; but unsustainable forestry pays much more".

The values of forests include direct-use values derived from the harvesting of timber, fuelwood and non-wood products; indirect-use values arising from the provision of environmental services, especially those associated with protecting water catchments, sequestering carbon and harboring biodiversity; and option values related to the willingness of people to pay for the option of using forests in the future.

Capturing these values for the benefit of target audience and to pay the costs of SFM may be difficult, however. The economic challenge in natural forests is to make SFM a profitable activity that is attractive to investors and competitive with other land uses. For example, most environmental services provided by well-managed forests are unpaid for, and there are only a few functioning mechanisms for collecting payments for environmental services (ITTO, 2015).

Forest financing involves the development of mechanisms to guarantee the equitable distribution of costs and benefits among stakeholders; it also requires that markets exist for, and are accessible to, the products and services delivered by forests. Clear incentive structures are needed that can be adapted as conditions change to optimize financial returns to investors and stakeholders and economic returns to society.

There is a need to create policies and laws that provide incentives and disincentives that affect the behavior and choices of the target group, including investors. Forest fees and taxes should be considered as tools for encouraging more rational and less wasteful forest use and should be related directly to the real cost of forest management. Also, the marketing of forest environmental services is likely to become an increasingly important source of financing for SFM.

- ***GFFFN supports the development of NFFS that clearly define SFM in the national context and allow for monitoring and verification of progress towards SFM.***

3. Developing National Forest Financing Strategies for SFM

Keeping the goal in mind from the start is often important to stay on track in complex strategy development processes. The primary outcome of the NFFS development process is a document that (i) informs on the background of the relevant forestry and forest economy contexts, (ii) describes the current state of forest financing, and (iii) analyses the problems in implementing SFM and mobilizing financing. It develops (iv) the forest financing strategy and national action plan with implementation arrangements.

The following sections present the process of developing a NFFS document with a four-step approach (see Figure 1). This four-step approach has been applied and tested in the development of pilot NFFS.

Figure 1 : Four step approach to a NFFS (based on Singer, 2018)

3.1 Step 1: Mapping SFM Priorities

Analytical considerations on the country's circumstances in respect to SFM form the foundation of the needs assessment with respect to upstream funding for SFM. This can be done by scrutinizing how favorable the political economy settings are for SFM and by considering SFM in the wider context of landscape management. SFM should be a fundamental component of national land use planning (including as recently prominently discussed, in forest landscape restoration processes) in those land-use tracks that are designed as Permanent Forest Estate (PFE), comprising forests of all ownership types.

Two sets of questions are presented below that can serve as initial guidance for the mapping of SFM priorities. The first set of questions revolves around the Global Forest Goals (and related subgoals) and the second set could help specifically when mapping private financing priorities. The latter questions were developed, adapted and categorized building on the 'Guidelines for Formulating National Forest Financing Strategies' (Kant and Appanah, 2013). This list of questions addresses typical problems relating largely to private financing but will need to be adapted and refined to match the national circumstances.

GFG	Possible guiding questions
Global forest goal 1: Reverse the loss of forest cover worldwide through sustainable forest management, including protection, restoration, afforestation and reforestation,	• What is the spatial scope of the national forest? • What types of forest are there (natural/planted; primary/degraded? … • How is the forest area changing over time (last 50 years)? • How are forest carbon stocks changing over time (since 1990)? • Is there a forest reference level for the country? Future predictions? • What has been the main use of forests over the past 50 years?

and increase efforts to prevent forest degradation and contribute to the global effort of addressing climate change	• Role of SFM in national forest policy and forest law framework? • What are the main impediments to SFM? • What are the main impacts of climate change on the economy in general and the forest sector in specific? • Does the country have a national/jurisdictional REDD+ strategy in place? If yes, how is it accentuated in respect to the national SFM?
Global forest goal 2: Enhance forest-based economic, social and environmental benefits, including by improving the livelihoods of forest-dependent people	• What is the socio-economic situation of forest-dependent people? • How is the access of small-scale forest enterprises to financial services, credit, value chain and market integration? • Are forests and trees contributing to food security? • To what extent are the forest industry and forest ecosystem services contributing to social, economic and environmental development? What is the role of forests in developing a national bio-economy? • How are forests contributing to protetive funtions (soils, erosion, water) and climate change mitigation/adaptation?
Global forest goal 3: Increase significantly the area of protected forests worldwide and other areas of sustainably managed forests, as well as the proportion of forest products from sustainably managed forests	• How large are the conservation forest (Protected areas)? • Role of forests in the country's biodiversity strategy? Fulfillment of Aichi targets? Planing for 2020-2030 post-Aichi targets? • Which share of the forest is under a long-term forest management plan for forest production (natural and planted forests)? • Which share of the national forest products is derived from sustainably managed forests?
Global forest goal 4: Mobilize significantly increased, new and additional financial resources from all sources for the implementation of SFM and strengthen scientific and technical cooperation and partnerships **[link to step 2 in Figure 1]**	• Are resources sufficient to finance SFM and to provide corresponding management incentives? • What are the current national SFM financing sources? • Where are the strongest science, technology and innovation partnerships related to SFM? (North-south, south-south etc.) • Where is forest-related information stored and how is the access to this information managed?
Global forest goal 5: Promote governance frameworks to implement sustainable forest management, including through the United Nations forest instrument, and enhance the contribution of forests to the 2030 Agenda for Sustainable Development	• Is the forest integrated into the national sustainable development plan and/or poverty reduction strategy or other development plans? NDC? • What is the role of forest law enforcement and governance vis-a-vis the current level of SFM? • Are forest-related policies coherent and well-coordinated across the various sectors of the econmy? • Are stakeholders involved and is the United Nations Declaration on the Rights of Indigenous Peoples fully recognized? • Is the forest sector fully integrated into decision-making processes on land use planning and development?
Global forest goal 6: Enhance cooperation, coordination, coherence and synergies on forest-related issues at all levels, including within the United Nations	• Are forest-related programs within the UN system coherent and complementary and integrate the global forest goals and targets, where appropriate? • Are forest-related programs designed to contribute to the achievement of the 2030 Agenda for sustainable development?

system and across member organizations of the Collaborative Partnership on Forests, as well as across sectors and relevant stakeholders	• Is cross-sectoral coordination and cooperation sufficient for the promotion of SFM? • Is the concept of SFM well-known in the country? • How are the various international environmental agreements coordinated in the country? Synergetic or competetive?

Table 1 Questions related to GFGs

A particular view on mapping of SFM priorities related to private financing is presented in Table 2. While international public funding is more orientated towards the 6 Global Forest Goals and related subgoals, private sector financing, often of investment type, is considering also specific topic groups, such as functional institutional setting and conducive political economiy, the attractiveness of the investment environment (including e.g. infrastructure), a good policy integration and streamlining in procedures and generally management and access to resources. Thinking through such topic groups, beyond the global goals, is important for a good understanding of step (and later step 2) of the developing a NFFS.

Topic group	**Examples of questions for issue identification (to be adopted to country/regional situation)**
Institutional setting and political economy	Which actors are (could become) interested in actively advancing SFM?
	Are the rights of private forest and tree owners clear? Is there need for forest tenure reforms prior to investing in SFM? Discrepancies traditional rights/modern rights?
	Is coordination with the private sector and traditional communities' part of the mandate of the governmental agency dealing with forests?
Attractiveness of investment environment	Are financial risks of managing forests and existing tree plantations perceived as adequate? If not, why so?
	Is the long gestation of forestry investments a major impediment?
	Is the burden of transaction costs prohibitively high for investors in forestry?
	Are non-wood forest products economically attractive for investors in forestry?
Policy integration and streamlining	Is there scope for streamlining laws and policies to create a more investment friendly environment?
	Can forest investments be made compatible with REDD+ and other international mechanisms? (see Box below)
	Is PES (payment for environmental services) integrated in the economics of forestry?
	Are there ongoing co-operations between the forestry and energy sectors? Could energy funds be used synergistically?
Access to resources	Is access to debt and equity capital for forestry projects sufficient?
	Are there problems with transportations of forest goods from remote production facilities?
	Does the private sector have access to public lands for raising plantations?
	Is funding in forest research and extension sufficient?

Table 2: Questions to assist the mapping of SFM priorities related to private financing

Once the questions are answered it is useful to map relationships between the issues that emerged to visualize their interrelationships (synergies and trade-offs) and eventual problem hierarchies.

Finally, a ranking can be applied to the issues to help flag areas of particular importance. Some ideas for ranking are to rank by:

- problem hierarchy ("A" needs to be solved in order to be able to solve "B");
- expected leverage (which issues are bottlenecks that, if addressed, could release the greatest momentum in transitioning to SFM);
- expected time required for change (issues that can be fixed in the short-term, medium-term, long-term);
- by stakeholder groups affected and possible synergies with other policy processes.

With a clear picture of the issues that need to be solved, the mapping exercise can move on to the formulation of measures that are necessary to address the issues identified. Priority may be given to the issues that stood out in the ranking exercise. The measures are likely to be very country and forest-context specific. The following list is thus restricted to broad areas of action:

- Forest policy and legislative reform
- Tenure reform
- Reform to reduce bureaucracy of forest investments
- Exploration of new or emerging markets (incl. link between financing SFM and REDD+[4])
- Exploration of synergies with other domestic policy developments
- Infrastructure improvements
- Law enforcement to protect sustainable progrmmes
- Education, professional training, knowledge creation and dissemination
- Stakeholder networking and information exchange.

[4] The definitional aspects of SFM are summarized under chapter 2. REDD+ stands for **"**Policy approaches and positive incentives on issues relating to reducing emissions from deforestation and forest degradation in developing countries; and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries" (UNFCC, COP-16).

Box 1: NFFS for SFM and REDD+

NFFS for SFM and national REDD+ strategies have close synergies. NFFS is a tool for resource mobilization and improving effectiveness of resource use covering all the financing needs for SFM implementation and all sources of funding (public/private, domestic/international).

The scope of a REDD+ strategy is on forest-climate-related activities. This is because forests sequester and store more carbon than most other terrestrial ecosystems and could play an important role in mitigating climate change. When forests are cleared or degraded, however, their stored carbon is released into the atmosphere as carbon dioxide and other greenhouse gases. Tropical deforestation is estimated to have released 1.5–2 billion tons of carbon per year for the past 20 years. Conceptually, the financing component of a REDD+ strategy falls within the NFFS but generally goes beyond it because of its strong focus on addressing drivers of deforestation and forest degradation which are often outside the forestry sector. REDD+ also refers to a new financing instrument, "payments based on results".

There is significant overlap between financing SFM and REDD+ and in practice the scope can be very similar. Key messages on REDD+ and Sustainable Forest Management financing and possible synergies have been developed in a joint initiative between UNFF and UN-REDD. https://www.unredd.net/documents/un-redd-partner-countries-181/latin-america-the-caribbean-334/regional-activities-1137/intercambio-regional-de-conocimiento-sobre-estrategias-de-financiamiento-para-re/16444-redd-and-sustainable-forest-management-financing-and-possible-synergies-key-messages.html?path=un-redd-partner-countries-181/latin-america-the-caribbean-334/regional-activities-1137/intercambio-regional-de-conocimiento-sobre-estrategias-de-financiamiento-para-re

Box 1 : NFFS for SFM and REDD+

3.2 Step 2: Mapping financing sources

3.2.1 Steps in forest financing

Through UNFF a number of workshops and studies (e.g. Simula 2008) have been conducted between 2005 and 2009 to define sustainable investment patterns for SFM. A forest financing pattern in SFM is based on three steps:

- Initial upfront funding
  (today also branded as "readiness funding" in the climate change funding stream under REDD+)
- Implementation-orientated investment
  (known today often as "policy, investments and measures"); and
- Sustained financing
  (which includes today also the notion of "results-based payment" or "payment on delivery")

❖ ***GFFFN's support is designed to help countries in all three phases of SFM. A special focus is set on developing implementation investments ("Phase-2") that in the mid-term will lead to sustained financing of sustainable forest management.***

Table 3 summarizes the three steps as defined by the FAO & Global Mechanism of the UNCCD (2015) but updated to 2018 circumstances. Each step involves different implementation measures and possibly also different types of donors, investors and financial instruments.

SFM activities covered by the three types of financing (examples)		
Initial upfront funding "Phase 1 SFM"	***Implementation investment "Phase 2 SFM"***	***Sustained financing "Phase 3 SFM"***
Analytical work C&I development & updating Planning & resources assessment Information base Participation & safeguards Strategy development Capacity building Program and project design Development of NFFS	Policy and legal reform, including cross-sectoral impacts FLEGT Land-use rights review PFE zoning FLR approaches Institutional strengthening Education and innovation Infrastructure development	Sustained yield management of timber and NTFP, Certified forest management Payment for ecosystem services - Results-based payments for REDD+ - Biodiversity offsets - Water conservation offsets - Landscape offsets
Examples of typical financial instruments related to REDD+		
Loans, grants, subsidies, equity	Loans, grants, subsidies, equity	Grants for results-based or action-based payments

Table 3: SFM investment patterns
(Sources: Simula, 2008; FAO & Global Mechanism of the UNCCD, 2015; Environmental Defense Fund and Forest Trends, 2018)

3.2.2 Characteristics of SFM finance providers

Dewees et al. (2011) in a study on forest landscape restoration, financed by PROFOR, distinguished three different types of finance providers : those interested in generating market value, those interested in the social circumstances, and finally those interested in conservation. Funding for SFM is linked to all three types. Table 4 summarizes the main types of finance providers considered for SFM.

Social and conservation finance providers have in common that they strive to create an enabling environment for sustained long-term investments that also serves finance providers focusing on market value creation. Finance providers interested in conservation are often satisfied with non-use values[5] as return on their capital investments. However, they are often more difficult to reach when the forestry sector is directly concerned. Financiers, often of philanthropic origin pay for the none-use of a resource, which excludes SFM. Within a broader landscape approach, however, there may be scope for synergies.

Within the group of social and conservation finance providers, the sub-group of impact finance providers lays a focus on environmental and socio-economic impacts. Funding is provided with the intention of generating measurable, beneficial social and environmental impacts, alongside a reasonable financial return shared as equally as possible. Typical impact finance providers are governments and donor agencies, NGOs, certain foundations and CSR divisions.

The sub-group of economic finance providers is typically strongly influenced by political and/or ethical, social and environmental parameters. Their purpose is to promote sustainable development by providing finance and capital in sectors and countries which would otherwise not have access to it. Development finance institutions such as the World Bank and regional development banks, the International Finance Corporation (IFC), or the European Investment Bank (EIB) are examples.

[5] Non-use value which include (i) the bequest value reflecting the wish to allow descendants to benefit from use and non-use values; and/or (ii) an existing value that means a value attached to the fact that a given good exists

Among the value finance providers, the asset investors are mainly driven by the economic performance of the investment opportunity. Unlike commercial industrial investors, they are not directly related to the forest sector, but hold large portfolios in all sectors of the economy. This group includes pension funds, investment banks and private entities. They are mostly invested in funds where investments in the forest sector are common assets that help stabilize the portfolios.

The commercial industrial investors are likewise mainly driven by economic performance. Their interest includes forest management, wood and NTFP processing industry, but also agroindustry or the mining sector, seeking to secure the provision of timber necessary for their activities (often for energy uses). Commercial industrial investors are by far the most important group related to forest investments. Some are also interested in NTFP, e.g. water or carbon.

Type	Sub-type	Actors	Area of interest
Social/ conservation finance providers	Impact finance providers	Governments NGO Foundations CSR Divisions	- Enabling environment for SFM and forest conservation, development, green economy - Upgrading, mainstreaming SFM
	Economic finance providers	Multilateral development banks Foundations CSR divisions	- Upscaling
Value finance providers	Commercial assets investors	Pension funds Investment Banks Private Financiers	- Upscaling - Long-term asset investments
	Commercial industrial investors	Forest companies/concessions Wood processing industry Wood consumption industry NTFP Industry	- Value chain - Upgrading - Upscaling

Table 4 : Investment types and actors to be considered in forest financing

Financing for the enabling environment. Create adequate conditions to achieve SFM: Financial support for policy development, amending legal requirements that are sometimes not fully in line with SFM principles; support creation of appropriate enabling environment for investments, which is a prerequisite for attracting private capital, including e.g. access to resources, security of land tenure, and governance.

Financing for up-grading forest management. Concerns the preconditions that forest managers need to achieve SFM, including (i) investments in managerial capacity to improve the quality and professionalism in managing forests; (ii) financial support for silvicultural management to enhance forest productivity in the long-term; (iii) financial support for technology and monitoring.

Financing for up-scaling forest management. Increasing the forest area under sustainable management is the ultimate goal of the promotion of SFM which can imply considerable financial resources (e.g. for forest (landscape) restoration, financing for forest management planning and implementation).

Financial support for value-chain integration. Linking the management of the resource base (forests) to wood processing facilities, markets and trade for timber products and NTFP, as well as environmental services (water, biodiversity, carbon)

- ***GFFFN's support is designed to mainly help countries to identify and prioritize, based on the main SFM funding issue perceived, social and conservation investors. Priorities are given to two global financing instruments: GCF and GEF. The GFFFN considers all types of investments in an NFFS, but clearly looks at those that have immediate effect.***

3.2.3 Overview of funding sources for SFM

Figure 2 presents an overview of SFM funding sources along the lines of the United Nations categorization. The following sub-sections provide a generic overview on the main funding sources for SFM funding.

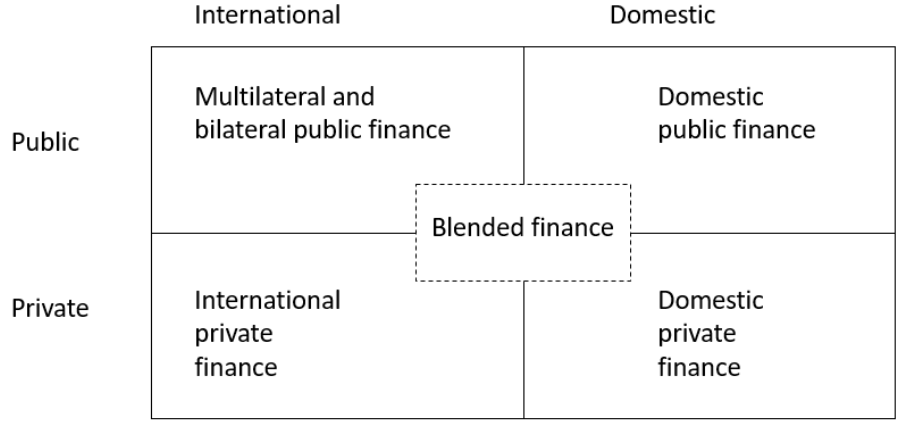


Figure 2 : Types of funding sources, adapted from (Singer, 2016), p. 97

3.2.3.1 International public finance

As noted in the top left quadrant of Figure 2, international public finance comprises both multilateral and bilateral finance. Multilateral finance can further be categorized into two groups, the multilateral funds and the multilateral development banks.

Multilateral funds (with determined lifespan) have been created at supranational level to support projects, policy processes and technical tools for international cooperation. The funds are generally alimented by OECD donor countries and they are managed by a secretariat, the latter often hosted by an international organization. Several multilateral funds are also open to private sector investors and donors. Although the volume of such private sector investments typically remains comparatively small, such funds can also be categorized as blended finance according to the typology in Figure 2.

Examples of multilateral funds are the Green Climate Fund (GCF); the Adaptation Fund under the UNFCCC; the Pilot Program for Climate Resilience (PPCR), the Forest Carbon Partnership Facility (FCPF) and associated Carbon Fund; UN-REDD which is managed jointly by UNEP, UNDP and FAO; and the Forest Investment Program (FIP) as part of the Climate Investment Program of the WB.

The Global Environmental Facility (GEF) is a special case, as it acts as the funding mechanism of the 3 Rio Conventions and was already created in 1992. It is administered by the WB and is considered as a long-

term, confirmed funding mechanism in the framework of climate change, biodiversity conservation and combating desertification. (See Box for further information on major multilateral funds.)

In general, multilateral funds require extensive coordination among stakeholders and donors and comprise considerable transaction costs for management, monitoring and reporting procedures. While acquiring funds through multilateral funding agencies might entail complex procedures, they also can lead to long-lasting partnerships and effective transformative actions to reach SFM (Environmental Defense Fund and Forest Trends, 2018).

Multilateral Development Banks (MDBs), created as long-lasting institutions such as the World Bank with its special units International Development Association (IDA), International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA) and regional investment banks are set up by sovereign states which are also their shareholders. They are in charge globally of development aid and development policies with the common task of fostering social and economic progress in developing countries through country programs and projects. The main MDBs are: the World Bank including the International Finance Corporation (IFC), the Inter-American Development Bank (IDB), the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD), the Asian Development Bank (ADB), and the African Development Bank (AfDB).

Bilateral public finance

Bilateral cooperation sources support the technical and financial exchange between governments for implementation of Phase-1 and Phase-2 SFM, including policies, projects and special measures. Financing is provided through either national development agencies or bilateral development banks. Financing is mostly grant-based which enables the piloting of innovative concepts and limits the financial risk exposure. Examples of large bilateral finance providers are Norway's International Climate and Forest Initiative (NICFI), the German government via the GIZ or KfW, the government of the United Kingdom, the government of Japan, and the USA via the United States Agency for International Development (USAID).

Other agencies that also provide funding to forests and forestry at bilateral level, including SIDA (Sweden), the Finnish Cooperation Agency, SDC (Switzerland), CIDA (Canada), AusAid (Australia), and the cooperation agencies for the Netherlands, Danemark, Austria, Spain, among others. However, they often do not have a thematic approach, and are restricted in their work to a number of precisely defined countries.

Box 2: GCF, GEF and Adaptation Fund

Green Climate Fund (GCF). The GCF, operational since 2015 has been designed as the main channel for climate finance disbursement. While still in its development phase, it is aimed at financing mitigation and adaptation measures in all sectors of the economy. The GCF is a major source for SFM funding, given forests potential to sequester carbon and their contribution to both vulnerability and resilience aspects in climate change adaptation. The GCF's expected results related to forests are stated as follows:

- Reduced emissions from land use, deforestation, forest degradation, and through SFM and conservation and enhancement of forest carbon stocks (mitigation result); and
- Improved resilience of ecosystem services (adaptation result).

Projects can be formulated and submitted to the GCF responding to these two expected results. The GCF considers 6 so-called *investment criteria* that guide its investment decisions: (i) impact potential; (ii) paradigm shift potential; (iii) sustainable development potential; (iv) needs of recipients; (v) country ownership; and (vi) efficiency and effectiveness.

Global Environment Facility (GEF)

Developing countries and countries with economies in transition are eligible to GEF funds with the aim to meet the objectives of the international environmental conventions and agreements. The GEF Trust Fund is administered by the WB. The Trust Fund is capitalized through a regular replenishment process by major donor countries (every 4 years). As of 2018, the GEF has supported 380 forest-related projects with grants totaling $2.1 billion.

GEF is starting its 7th program cycle in end of 2018. The GEF-7 has the following focal areas: Biodiversity, Climate Change Mitigation, Land Degradation, International Waters and Chemicals and Waste. Eligible countries have the opportunity to participate in co-called Impact Programs which focus on 1) Food systems, Land Use and Restoration; 2) Sustainable Cities; and 3) Sustainable Forest Management

For the SFM Program three focal geographies have been selected as biomes of global importance for biodiversity and humanity. These are the Amazon, the Congo Basin, and Drylands. The latter include forests and trees outside forests in dryland landscapes, where transformative impacts and multiple environmental benefits can be achieved.

Each country can reach GEF for funding requests under the so-called STAR allocation ("System for Transparent Allocation of Resources"). This is the amount of GEF resources that a given country can access in a replenishment period. At national level, only in rare cases, forestry and SFM have easy access to the relevant national authorities dealing with GEF.

Adaptation Fund. The Adaptation Fund was launched in 2007 as part of the UNFCCC structure to support projects in developing countries that are more likely to be severely affected by climate change. On an interim basis the World Bank is serving as trustee of the Adaptation Fund. The Adaptation Fund works with accredited implementation agencies. As of 2018, 1% of the financial volume was spent explicitly on forests. The main project sectors are food security, agriculture, and water management, which may more implicitly affect forests.

Box 2 : GCF, GEF and Adaptation Fund

3.2.3.2 Private finance

The motivations of private sector actors to invest in SFM are manifold. At the operational level, forest companies that invest in transitioning to sustainable forest management and apply for FSC or PEFC certification often respond to consumer awareness and demand for sustainably sourced products. However, certification of sustainable forest management can also facilitate access to the capital market for the forest company itself.

At a non-operational level, institutional investors are providing finance for SFM. Institutional investors are financial intermediaries managing funds on behalf of groups of smaller investors. Examples are pension funds, insurance companies and mutual funds (Asen et al., 2012). Typical motivations to diversify a portfolio with SFM investments are the expectation of attractive returns over the medium- to long-term, and possibilities to hedge against inflation and stock market volatility. North America has been the major market for timberland investments, but as this market is becoming saturated, investors are increasingly seeking opportunities in other geographies (Castrén et al., 2014).

Examples of private sector investors listed as partners to the African Forest Landscape Restoration Initiative (AFR100), as of March 2018 are Ecoplanet Bamboo, Green World Ventures, Moringa Partnership, Permian Global, NatureVest, Form International, Terra Global Capital, ACUMEN, and the &Green Fund.

A further motivation for private sector investments in SFM can be very specific interests in securing resource availability. An example is the engagement of the Japanese musical instrument producer Yamaha in planting and sustainably managing black wood trees (*Dalbergia melanoxylon*) in Tanzania. Confronted with decreasing supply of high quality black wood that is difficult to substitute for in musical instruments (particularly woodwind instruments), Yamaha has started to invest locally in SFM to secure the resource availability for the next generations (Yamaha, 2018).

Although SFM investments in non-OECD countries are growing, many issues remain, e.g. relating to land tenure, transparency in public administrations and political stability, that often restrain large-scale private sector investments (Castrén et al., 2014). Several initiatives have been launched to help increase the private sector involvement in SFM. The Private Sector Set Asides (PSSAs), as part of the Climate Investment Funds, are such an example. On a competitive basis, they allocate concessional financing to projects that engage the private sector in sustainable forestry. Another example is the Coalition for Private Investment in Conservation (CPIC) which is a global multi-stakeholder initiative. It has issued model blueprints for investment in forest landscapes that aggregate multiple revenue streams. The ambition is to help attract investment capital to synergistically create positive conservation and financial outcomes. The European Investment Bank (EIB) leads the CPIC working group on forest landscape conservation and restoration.

3.2.3.3 Private Foundations

Many private foundations offer financial support to environmental projects including climate change initiatives. A screening of foundations' websites for this report revealed that forests are often mentioned within the scope of the foundations' activities in climate change but SFM is rarely ever mentioned.

Data on finance provided by foundations is not gathered systematically in most countries. An indication of the scale of funding by foundations can be obtained from publicly available statistics on funding in the United States. Grants with a total value of 2.9 billion USD have been allocated to environmental projects in 2017 by private or governmentally-linked foundations mostly based in the United States (The Foundation Center, 2019). A total of 249.2 million USD out of these 2.9 billion USD have been granted to projects related to climate change and to sustainable forestry by 555 different foundations. Only 10.8 million USD were related to sustainable forestry and only 29.5 million USD were allocated outside of the United States (The Foundation Center, 2019). Table 5 provides an overview of private foundations with interest in climate change and SFM and a rough overview on their financial potential, based on available data.

Name	Financial scope[1]
Arcadia Fund	Medium
Betty and Gordon Moore Foundation	High
Bill & Melinda Gates Foundation	High
ClimateWorks Foundation	Medium
David and Lucie Packard Foundation	High
Doris Duke Charitable Foundation, Inc.	High
Ford Foundation	High
John D. and Catherine T. MacArthur Foundation	High
McKnight Foundation	Medium
Oak Foundation	High
Precious Forests Foundation	Low
Rockefeller Brothers Fund	High
The William and Flora Hewlett Foundation	High
V. Kann Rasmussen Foundation Inc.	Low

[1]Based on available data on annual spending in USD: low: <10 million; medium: 10 – 100 million; high >100 million

Table 5: Foundations with a potential interest in projects on Forests and Climate Change

3.2.3.4 Domestic public finance

Strengthening domestic public resource mobilization is crucial for Governments in financing national sustainable development strategies and implementing Agenda 2030 for Sustainable Development and the Addis Ababa Action Agenda (UNCTAD, 2017). Domestic public finance is generally derived from tax incomes. The particular role of fiscal revenues in public resource mobilization lies in their greater stability and predictability compared to other sources of long-term finance. The modalities of designing a tax have regulatory steering power, i.e. taxes can be designed to incentivize or disincentivize behavior of the various actors in the economy. The redistribution of tax revenues for SFM can in turn be designed in multiple different ways, e.g. in the form of subsides, as results-based REDD+ payments, as contribution to

a national forest fund; a national reforestation fund, a national adaptation fund etc. National financial contributions are often a requirement for the mobilization of multilateral finance.

❖ ***GFFFN support is designed to help countries to access a variety of funding sources, including international/multilateral agencies, development banks and funding facilities; environmental funds; bilateral and non-governmental funding and sustainable funding through national budgets and resources.***

3.2.4 Challenges and opportunities for accessing and coordinating resource mobilization

Challenges and opportunities exist at international and national level to support SFM. As in all environmental domains, financing is limited and there is competition between different needs. At the international level, requirements to become eligible for funding are often demanding and disbursement of funds can be slow. At the national level, capacities for program planning and implementation are often limited. Moreover, developing integrated programs that require coordination across several administrative units (e.g. forest, biodiversity, climate change, but also agriculture, energy, water) can be challenging. Forest financing has not been a major pillar of ODA spending in the past decades. Although private sector interest in SFM investments appears to be growing, several constraints, e.g. relating to transparency and accountability, remain to be addressed to unleash the full potential of private sector investments.

3.3 Step 3: Matching priorities with financing sources

In the third step of the NFFS planning process, the needs identified in the priority mapping exercise are matched with available financing sources (see Figure 3). Once it becomes available, the Clearing House of the Global Forest Financing Facilitation Network will serve as online database to search for and exchange information on financing sources. Table 6 presents a selection of multilateral (and blended) funding sources for SFM and their main areas of interest, as of late 2018.

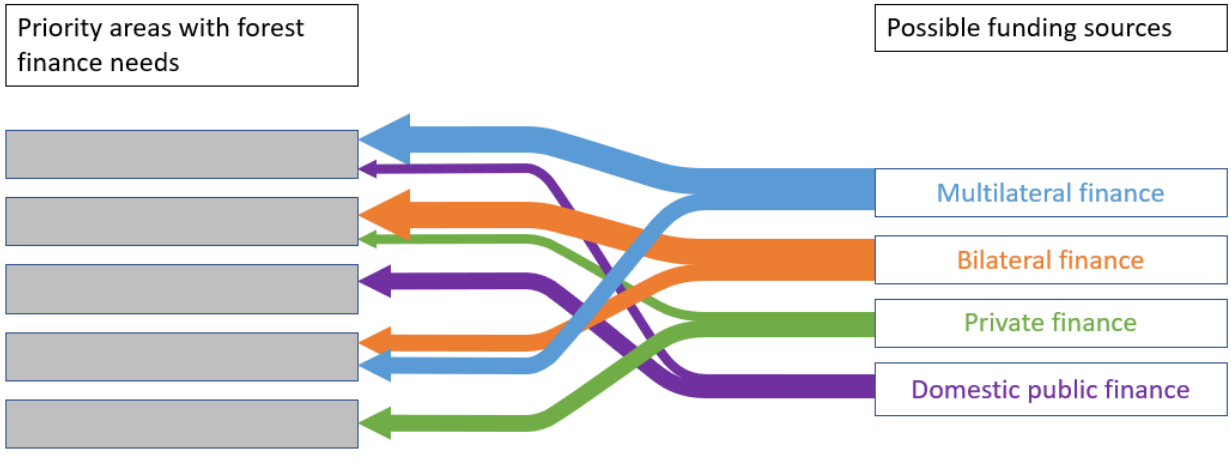


Figure 3: Matching needs and funding sources

Relevant GFG; Need area	Possible funding sources (of global or regional dimension)
GFG 1, GFG 2; Forest-based mitigation	**GCF** (*ongoing open program with long-term commitment.)*
	GEF (*ongoing open program with long-term commitment.)*
	FCPF *(REDD+ readiness program closed)*
	UN-REDD *(REDD+ readiness program closed)*
	Carbon Fund (*reserved to countries that have undergone an FCPF REDD+ readiness process and thus is a closed program)*
	FIP (*FIP has already 23 partner countries for forest-based investments (Phase II REDD+) and there is yet no decision that FIP will be reconducted in the long-term and accept new partner countries or projects*
	Biocarbon ISFL (*a pilot to support future arrangements (e.g. through the GCF) for RBP and works with a limited number of countries (5))*
GFG 1, GFG2; Climate change adaptation overall	**GCF** *(GCF combines mitigation and adaptation and dedicates 50% of its funding basket to adaptation; in the GCG framework, the combined mitigation/adaptation projects are of particular interest for forest financing)*
	Adaptation Fund *(The Adaptation Fund bears some potential in special forest biomes prone to climate risks.)*
	PPCR *(The Pilot Program for Climate Resilience (PPCR) helps countries to establish their national adaptation programs that include forests)*
	LDCF *(The Least Developed Country Fund (LDCF), operating since 2001 under GEF and has supported 51 countries to formulate their National Adaption Plans (NAPA))*
	Global Mechanism *(The Global Mechanism of the UNCCD provides advisory services, promotes partnerships and demonstrates innovations at the country level)*
GFG 2, GFG 3; Biodiversity conservation	**GCF** (*ongoing open program with long-term commitment.)*
	GEF (*ongoing open program with long-term commitment.)*
GFG 1, GFG 3; Forest landscape restoration	**The Restoration Initiative (TRI)** *(10 Asian and African countries 3 GEF agencies (IUCN, FAO, UNEP); ambition is to overcome existing barriers to restoration and restore degraded landscapes at scale, and in support of the Bonn Challenge)*
GFG 5, GFG 4; Forest law enforcement and governance	**EU-FLEGT/VPA** *(VPA is a bilateral trade agreement between the EU and a timber-exporting country. Its ambitions are to stop illegal logging by improving forest governance and regulation and to guarantee legally sourced wood exports to the EU)*
GFG 1-6; SFM tropics	**ITTO** *(ITTO has a project financing facility with particular focus on sustainable forest management projects (Phase 1 and Phase 2 types of projects) reachable for countries, as well as thematic programs with basket funding. However, ITTO is currently underfunded)*
	FAO (FFF) *(The Forest and Farm Facility of the FAO)*

GFG 5, GFG 6; Wider political integration	**EU-Neighboring Partnership Funds** (regional Europe)

Table 6 : Major global and regional financing sources and their areas of interest, updated 2019

3.4 Step 4: Drawing up a resource mobilization plan

A work plan for the mobilization of the selected forest financing sources needs to be developed. It should include the definition of tasks and deliverables with corresponding due dates. Duties and responsibilities need to be assigned in the departments and organizations involved, and organizational issues and national coordination responsibilities need to be clarified. Assigning a coordination body that maintains the overview is strongly advised. The work plan can, for example, be set as in Table 7. It is recommended to include a communication plan, i.e. to specify which actor reports to whom on which activity when.

A number of project management tools are available to plan and later monitor progress of the work plan. For example Gantt charts and diagrams are powerful tools for project management. However, preference should be given to the project management tool or system that the coordinating body is proficient in.

Target source	List of activities	Who does what?	By when?	Who reports to whom?	Cost
Green Climate Fund	Stakeholder consultations	ABC Department in consultation with…			
	Training workshop	ABC Department, UNFF			
	Draft the concept note (CN), jointly with an AE	…			
	Validation process and meeting				
	Submit CN to the GCF-Secretariat				
Foreign direct investment	Hire communications expert				
	Communication strategy: website				
	Prepare proposal				
TOTAL					

Table 7 : Example of a work plan

4. Core elements of a NFFS

The NFFS is a strategic document aimed at mobilizing financing to implement SFM nationwide or at the level of a jurisdiction that identifies needs, costs and a corresponding timeline. Figure 4 presents an example for a forest financing framework. The numbers in the black circles refer to the elements or chapters suggested for the NFFS below. On the right side of the Figure, a grey box indicates the need for a coordination body that will lead the NFFS development. Although the coordination body is not an integral part of the NFFS itself, it is important that responsibilities are clearly assigned and one unit is in charge of the overall coordination.

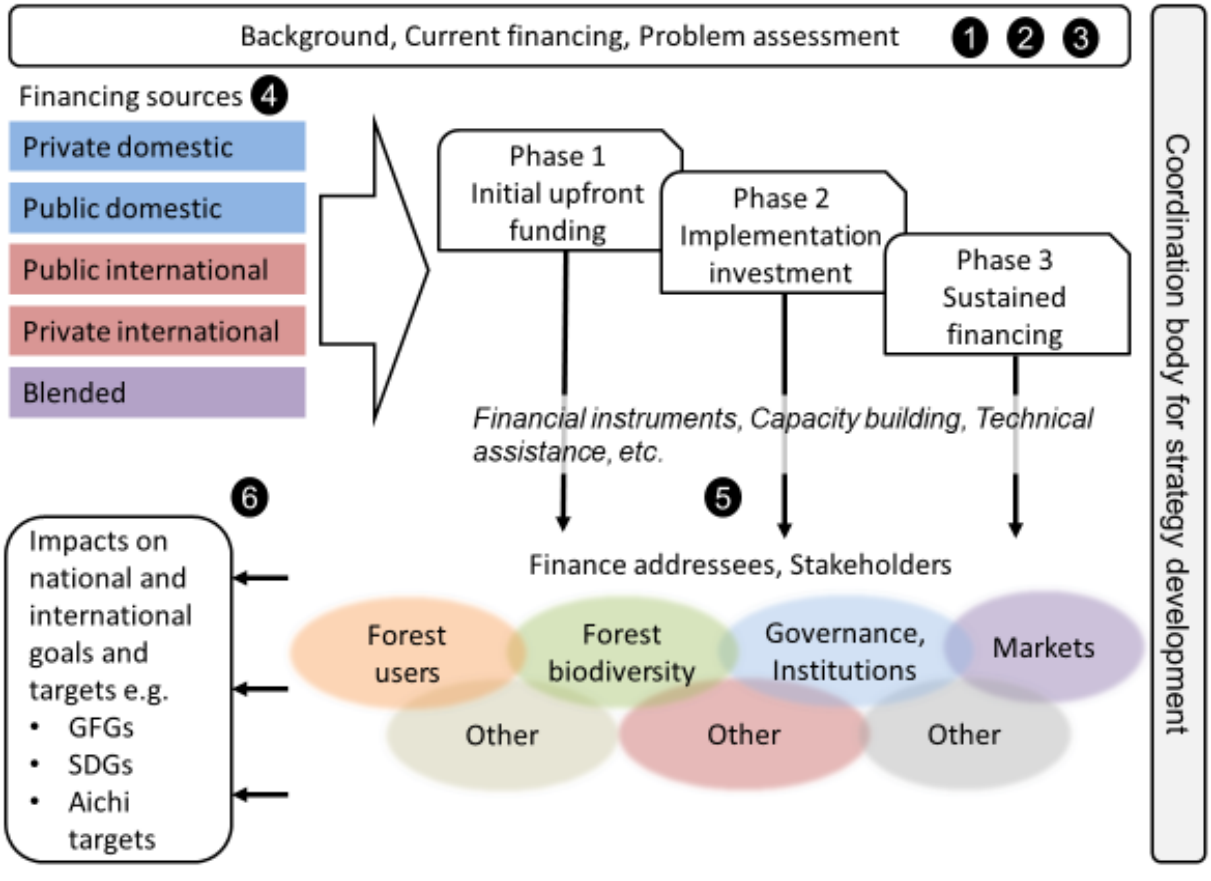


Figure 4 : Schematic presentation of a forest financing framework

The following elements are proposed as a possible outline of a NFFS

1. **Background**
   - Forest definition (of the country)
   - State of the forests and approach to SFM / forest landscapes
   - Current forest policy and role of forests in the economy
   - National forest program or similar programs; role of forests in wider development planning, including the NSDP, NDCs, NAMA, NAPA, Bonn Challenge commitments and others

2. **Current state of forest financing**

- Sources of funding: national/external, public/private and volume of financing flows (past 5 years): climate funding, environmental funding, MDB funding, private investments, other)
- Uses of funds (programs and projects groups of actors)
- Lessons learned

3. **Problem analysis (outcomes of step 1)**
   - Barriers in access to financing sources by type of source
   - Constraints in resource mobilization for forests in the country
   - Weaknesses in national capacity, identification of actors
   - Existing investment climate and describe measures to improve it
   - Availability of information
   - Effectiveness of past policy measures (incl. subsidies and other support)
   - Constraints in effectiveness and efficiency in use of funds
   - Interagency/intersectoral coordination and cooperation
   - Other governance aspects

4. **Forest Financing Sources (outcomes of step 2)**
   - Matrix of identified potential financing sources by SFM financing phase (initial upfront funding, implementation investment, sustained financing) and problem area identified in section 3.
   - Discussion of strengths and weaknesses of the potential financing sources.

5. **Forest Financing Strategy (outcomes of step 3)**
   - NFFS objectives specified in the country context
   - Financing needs and targets to be met
   - Strategic priorities (also those derived from NSDP, NFP, NDC and similar policy documents)
   - Creation of enabling conditions for private and public-sector financing (incl. policy instruments, national forest/reforestation fund, soft loans, risk mitigation, etc.)
   - PES schemes and other innovative mechanisms
   - Delivery mechanisms and national intermediaries
   - Resource mobilization for program and project financing: matching needs & sources of finance
   - Measures to improve effectiveness of use of available finance

6. **National Action Plan and implementations arrangements (outcomes of step 4)**
   - Mapping forest finance reachable to the country based on the context (initial work plan)
   - Responsibilities and organizations
   - National coordination and cooperation mechanism;
   - Communication, monitoring and evaluation

5. Modular Training Package on NFFS and program formulation

5.1 Introduction and workshop preparation

This training module builds on experiences generated in various countries gained in the framework of workshops conducted by the GFFFN between 2015 and 2018 and experiences gained by FAO in the framework of financing national forest programs some years ago. The present training package aims to support national institutions to develop a comprehensive national forest financing strategy that refers to all relevant sources of funding to secure the role of SFM in the 2030 agenda with its 17 SDGs.

A national forest financing strategy consists of an overall vision of the financial needs to promote and secure the sustainable management and conservation of forests in a given country according to its overall sustainable development goals. The training package presented here is designed for national-level workshops. The modular approach acknowledges that the needs for training on forest financing strategies vary by country and regional circumstances. Suggestions for a 3-day and a 5-day course set-up are presented in the following section, but of course these can be adapted and arranged to the specific country requirements and time schedules. A general recommendation is to leave sufficient time for interactive exercises.

Several other considerations on the ambition, workshop participants and practicalities of the location are necessary to prepare a relevant and productive workshop. Some key questions are listed below.

Ambition. What is the ambition for the course? The ambition could for example be to learn the foundations of developing a national forest financing strategy or to understand in detail the application procedures of a specific multilateral fund. Clarity on the ambition will facilitate the selection of course modules.

Participants. How many people will participate in the workshop? The number of participants is important for the selection and preparation of exercises. Some exercises require large groups while others work better in small groups. Do the participants have similar or different professional backgrounds? Individuals with similar backgrounds may find it easier to reach consensus based on common knowledge frameworks which can reduce time required for discussions. However, if the workshop participants are from different professional backgrounds, more time may need to be allocated to discussions, but this is likely to be outweighed by the benefits of networking, for example across national administrations.

Location. How much space is available? This is important to plan any interactive exercises during the workshop. Which workshop infrastructure (beamer, flip charts, white boards etc.) is available? Is stable WIFI available to allow for the use of digital learning and audience interaction tools during the classical lecture elements of the workshop? How will catering be organized? Are there special time requirements, time restrictions related to working hours and the catering arrangements?

5.2 Proposals for training workshop schedules

Overall, the development of a NFFS typically evolves over three phases. The starting point is the **training workshop**, for which details are presented below. The workshop is followed by a consultation and drafting phase which spans several months. The third phase consists of a 2-days validation workshop of the draft NFFS text and/or the draft proposal(s).

For the initial phase, suggestions for a 4-day workshop and a more in-depth 5-day workshop are presented below.
The overall objectives of the 5-day training workshops include:

1. understand the role of financing mechanisms in the context of the national forest program development and develop a sense of urgency in developing a financing strategy;
2. critically assess existing financing mechanisms in their strengths and weaknesses and role towards achieving NFP objectives and SFM at large;
3. develop the capacity to write a major funding proposal, either a GCF or a GEF proposal or a proposal that relates to another specific funding source relevant for the specific country; and
4. agree a plan of action to initiate the elaboration of the financing strategy with involvement of relevant stakeholders.

The shorter 4-day workshop has similar objectives but focuses more on developing a NFFS and providing a wider overview of funding opportunities without going into the details of a specific proposal type.
Of course, these are only examples and individual workshop schedules will need to be developed by the consultants and hosts.

	Day 1	**Day 2**	**Day 3**	**Day 4**
Session 1	Opening introductions	4-step approach to developing a NFFS	Mapping of forest financing opportunities (Step 2)	Forest financing strategy and action plan (Step 4)
Break				
Session 2	Ice breaker exercices / Participants' expectations	Mapping of SFM priorities (Step 1)	Exercise use of clearing house	Exercise drafting forest financing strategy – document structure
Break				
Session 3	National forest sector and forest financing overview	Exercises (e.g. brainstorming with check lists/ SWOT/ Problem tree)	Matching of national priorities with financing opportunities (Step 3)	Workshop wrap-up
Break				
Session 4	Concept of SFM globally (and exercise)	Exercises (Fish bowl)	Exercise objectives tree	

Table 8 : Schedule for a 4-day training workshop (forest financing strategy only)

	Day 1	Day 2	Day 3	Day 4	Day 5
Session 1	Opening introductions	4-step approach to developing a NFFS	GCF (or GEF) application	Stakeholder participation and exercise	Matching of national priorities with financing opportunities (Step 3)
Break					
Session 2	Ice breaker exercises / Participants' expectations	Mapping of SFM priorities (Step 1)	Theory of change and exercise	Logical framework and exercise	Forest financing strategy and action plan (Step 4)
Break					
Session 3	National forest sector and forest financing overview	Exercises (e.g. brainstorming with check lists/ SWOT/ Problem tree)		Mapping of forest financing opportunities (Step 2)	Exercise drafting forest financing strategy – objectives tree
Break					
Session 4	Concept of SFM globally (and exercise)	Exercises (Swot analysis /Fish bowl)		Exercise objectives tree (Exercise on use of clearing house)	Workshop wrap-up

Table 9: Schedule for a 5-day training workshop (incl. process of outline of a funding proposal)

5.3 Modules and exercises

The following list presents information on the content, learning objective, available course material and suggested exercises for the training modules. The information is based on previous GFFFN workshops and the experiences gained there. Although the GFFFN clearing house is not yet available at the time of writing the report (spring 2019), we have included references to it, based on the expectation that it will become a useful source of information.

Title	**Opening introductions**
Description	Official opening by the host country. Participants are welcomed by the host and objectives of the workshop are stated. The consultant(s) is introduced. The consultant presents the agenda and workshop principles. Any logistical questions are clarified.
Learning objectives	Participants understand the objective of the workshop and agree on the principles. A friendly and efficient working atmosphere is created.
Material	**In Annex:** Slides "(01)-Agenda and workshop principles"; **Additional material:** Posters and pens to be hung in workshop location (for feedback and parking lot); colored cards to randomly assign participants to social, time-keeping, and recap teams; paper and pens for participants, name tags
Recommended exercises	Ice breaker exercises (see explanations in slides) Expression of expectations (see explanations in slides)

Title	**GFFFN overview**
Description	Background information on the GFFFN is presented.
Learning objectives	Participants obtain a common understanding of GFFFN's modus operandi and activities.
Material	**In Annex:** Slides "(02)-GFFFN introduction"
Recommended exercises	Open discussion

Title	**National forest sector and forest financing overview**
Description	Background information on the state of the country's forests is presented covering ecological, economic and social information. An overview of the country's forest financing situation is presented.
Learning objectives	Participants and consultants have a common understanding of the country's forest sector and the current financing situation.
Material	**In Annex** :Slides template "(03)-SFM-introduction into the national context"
Recommended exercises	Open discussion, Quizlet, Realtime survey

Title	**The concept of SFM**
Description	Sustainable forest management is defined, and the concept is explained in general terms. A short historic overview on the evolution of the concept is provided. Criteria and indicators are presented. Country specific SFM issues are identified and discussed.
Learning objectives	Participants understand the concept of SFM Participants can discuss SFM related to their national context and identify related progress and shortcomings.
Material	**In Annex:** Slides "(04)-SFM-global introduction"

	Additional material:
Recommended exercises	Poster creation exercise, Fish bowl

Title	**The 4-step approach to developing a NFFS**
Description	This module explains the 4-step approach. It serves as introduction to the package on developing a NFFS.
Learning objectives	Participants understand how each of the 4 steps advances an administration toward developing a NFFS.
Material	**In Annex:** Slides "(05)-Four step approach" **Additional material:** none
Recommended exercises	Quizlet, Realtime survey, Discussion

Title	**Mapping of SFM Priorities (Step 1)**
Description	Problem analysis and identification of ways forward.
Learning objectives	Participants analyze problems related to SFM in their country. They identify ways forward to unlock the potential for SFM in their country. SFM priorities are identified.
Material	**In Annex:** Slides "(06)-Mapping of SFM priorities" **Additional material:** colored cards, pin boards, post-its, posters, flip chart
Recommended exercises	Brainstorming, SWOT analysis, Problem tree, Peer review, Reflection

Title	**Mapping of forest financing opportunities (Step 2)**
Description	The module presents sustainable investment patterns for SFM, an overview of SFM financers and investors characteristics, and an overview of funding sources for SFM.
Learning objectives	Participants can describe, in broad terms, available financing opportunities for SFM.
Material	**In Annex:** Slides "(08)-Mapping of forest financing opportunities" **Additional material:** none
Recommended exercises	Quizlet Once the GFFFN clearing house becomes available, exercises should focus on using this tool.

Title	**Matching of national priorities with financing opportunities (Step 3)**
Description	The module presents information on multilateral funding opportunities with a focus on the GEF and GCF.
Learning objectives	Participants know the GEF and GCF funding objectives and can assess whether they match with their country's SFM financing needs.
Material	**In Annex:** Slides "(09)-Matching of national priorities with financing opportunities" **Additional material:** none
Recommended exercises	Once the GFFFN clearing house becomes available, exercises should focus on using this tool.

Title	**Forest financing strategy and action plan (Step 4)**

Description	The general structure of a forest financing strategy and adjoining action plan are discussed.
Learning objectives	Participants have the capacity to start setting-up a strategy document and an action plan.
Material	**In Annex:** Slides "(13)-Forest Financing Strategy and Action Plan" **Additional material:**
Recommended exercises	Group work: what is needed in the particular context of the country for developing a forest financing strategy; what is an action plan?

Title	**Stakeholder participation**
Description	The module discusses different levels of participation and power in decision making. The concept of FPIC is presented.
Learning objectives	Participants understand the need for and rational behind stakeholder participation for the development of SFM projects.
Material	**In Annex:** Slides "(07)-Stakeholder participation" **Additional material:** Role play description, Poster / Flipchart for priority matrix
Recommended exercises	Role play, Fish bowl

Title	**Logical framework and theory of change**
Description	The concepts of the theory of change are introduced and the pathway from output to outcome to impacts is explained. The logical framework concept is presented, and examples are discussed.
Learning objectives	Participants can apply the theory of change and logical framework concepts to a specific SFM project idea in their country context.
Material	**In Annex:** Slides "(10)-Theory of change and logical framework" **Additional material:** Colored cards, Poster / Flipchart for priority matrix
Recommended exercises	Sketching a theory of change (Poster exercise) Developing and presenting a logical framework for an exemplary SFM project.

Title	**GCF application**
Description	Details of the GCF application procedure and proposal components and requirements are presented. (*This module should be in a package with the modules "Stakeholder participation", "Theory of change" and "Logical framework"*)
Learning objectives	Participants have the capacity to start developing a GCF proposal.
Material	**In Annex:** Slides "(11)-GCF application" **Additional material:** printout of Concept Note template
Recommended exercises	Quizlet, Realtime survey

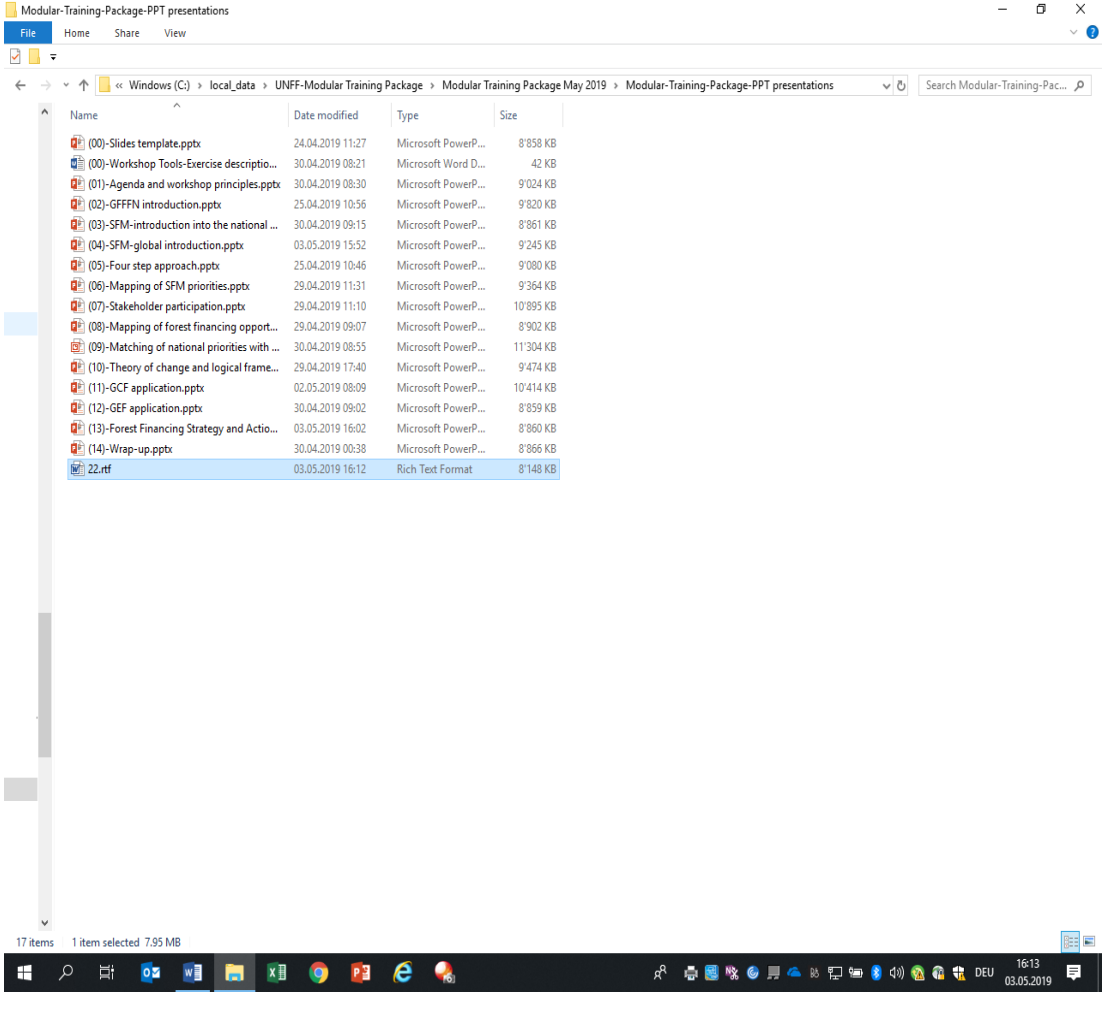
Title	**GEF application**
Description	Details of the GEF application procedure and proposal components and requirements are presented. (*This module should be in a package with the modules "Stakeholder participation", "Theory of change" and "Logical framework"*)
Learning objectives	Participants have the capacity to start developing a GEF proposal.
Material	**In Annex:** Slides "(12)-GEF application" **Additional material:**

Recommended exercises	Quizlet, Realtime survey

Title	**Workshop wrap-up**
Description	Elements of the past workshop days are reviewed. Feedback on the workshop is exchanged. The participants state their next steps related to forest financing.
Learning objectives	Participants reflect on the workshop and have a clear picture of the way forward.
Material	**In Annex:** Slides "(14)-Wrap-up" **Additional material:** Poster, Flip chart
Recommended exercises	Group discussion, Brainstorming

Annex with teaching material

- **Workshop Tools-Exercises Description**
- **PPT Template for Workshop**
- **14 illustrated Powerpoint presentations** enumerated in a logical order to support the workshop process:



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