



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

Nairobi, Kenya, 13 October 2010

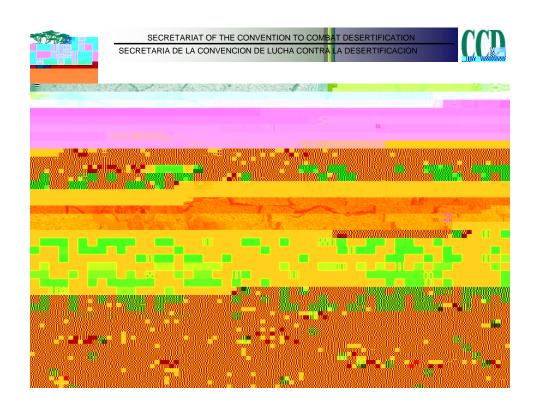
SECRETARIAT OF THE CONVENTION TO COMBAT DESERTIFICATION
SECRETARIA DE LA CONVENCION DE LUCHA CONTRA LA DESERTIFICACION

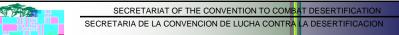


FINANCING SUSTAINABLE FOREST
MANAGEMENT (SFM) – A STRATEGIC CROSSSECTORAL REQUIREMENT FOR ACHEVING
INTERNATIONALLY AGREED DEVELOPMENT
GOALS

UNCCD perspective

Presentation by Melchiade Bukuru and Jones Ruhombe







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

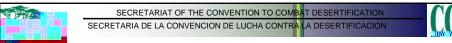


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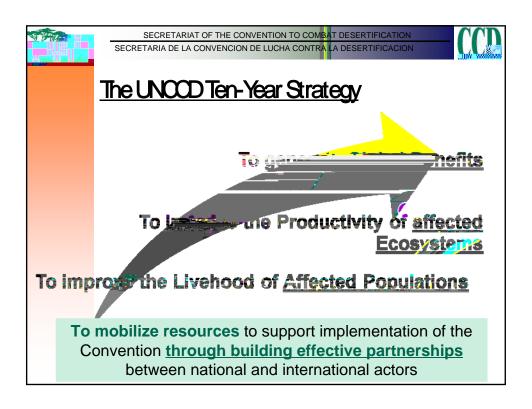


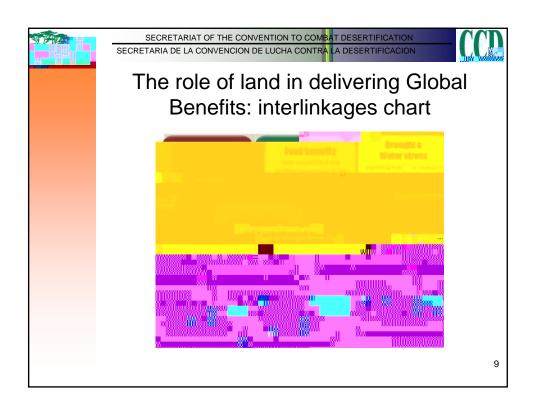
development and implementation of the UNFF four year strategic work plan on financing SFM, in particular the Facilitative Process and the Open-ended Intergovernmental Ad-Hoc Expert Group on Financing Sustainable Forest Management".

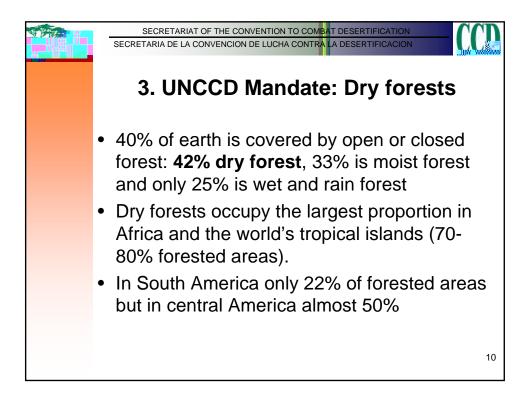


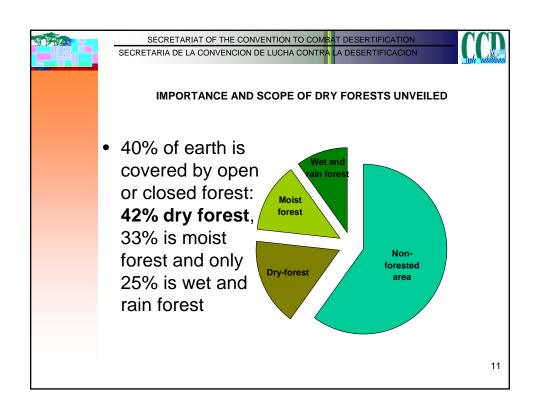
2. Convergences between Forestry policies and the UNCCD Ten-Year Strategy

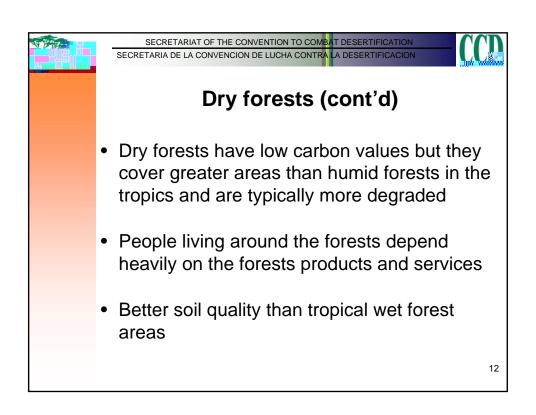
 UNCCD being a Land Convention and Forests growing on the land, there is a natural bond between UNCCD and UNFF. This is what is implied by the UNCCD Ten-Year Strategy.















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





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

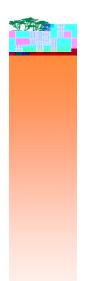


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Internationally Agreed Development Goals

- 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



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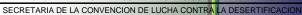
Key Features of Current Financing SFM

- 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



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- 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





- "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



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"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





Conclusion

- <u>Agreed:</u> Forests' multiple functions make the sector a hotbed of synergies and opportunities concurrent attainment of the multiple objectives of the MEAs and IADGs
- Š Agreed: SFM is thus an efficient entry point for attaining the multiple objectives of the MEAs, IADGs, the NLBI and other related processes
- Š 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
- <u>Agreed:</u> Bulk of forest/tree cover in many countries is often outside the forests
- Š Agreed: Potential of national forest funds limited, if not nurtured by international contributions as a result of domestic priorities in development
- š Agreed: Financing SFM requires a departure from traditional





- Financing SFM MOSPHEINERS FOR THE TRANSPORT FOR 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 <u>structured dialogue</u> at country level integrating all aspects discussed and regarded a prerequisite for SFM