

Content

9 Background to the studies and the study process

9 Data issues and methodology

9 Key findings

9 Key conclusions



Background and objective

The 2008 study on financial flows and needs detected a long term decline in development cooperation financing for forests and highlighted gap in financing African countries and Least Developed Countries

UNFF (October 2009) decision launched, among others, the Facilitative process on forest financing addressing the special needs of countries that have faced decline in forest financing

Present study is part of the Facilitative process

Immediate objective is to improve the understanding financing and investments through:

- ¾ Assessing the present financing flows and channels
- ¾ Assessing the demand for financing
- ¾ Identifying gaps and challenges in mobilizing (additional) financing
- ¾ Seeking lessons and success stories
- ¾ Studying enabling environment that would be conducive for enhanced forest financing

Broad objective is to find out ways to facilitate additional financing for forest sector development in African countries and LDCs (Fourth Global Objective on Forests)



Scope

The studies cover 54 African countries and 48 LDCs

Including 4 case studies in:

Tanzania - African LDC

Tunisia - African non-LDC

Uganda - African LDC

Nepal - Non-African LDC

Context

African countries and LDCs groups cover significant share of world s forests:

African countries ~ 17%

LDCs ~15%



Methodology and products

Data mining of available information: statistics, reports, studies and other available documents

In-depth country case studies for deeper understanding of the financing landscape

Products of the study process are 8 papers - 4 for each country group:

- 2 macro level papers:

 - Background paper

 - Forest financing paper

- 2 country case study papers



Data issues

Data that is available:

9 Domestic expenditure and revenue (not for all countries)

9 ODA flows

9 GEF financing

9 REDD+ financing flows

9 FLEGT financing flows

9 Plantation investment

Data that is not available

9 Private sector investment and financing both domestic and foreign

9 Cross-sectoral financing patterns (inflow and outflow)

The better availability of foreign public financing data might skew the image of financing



Key findings 1/4

Forests and trees have *political attention* and awareness - at least on the development agenda

Most countries have forest legislation and forest policy

In most countries forests are mentioned in

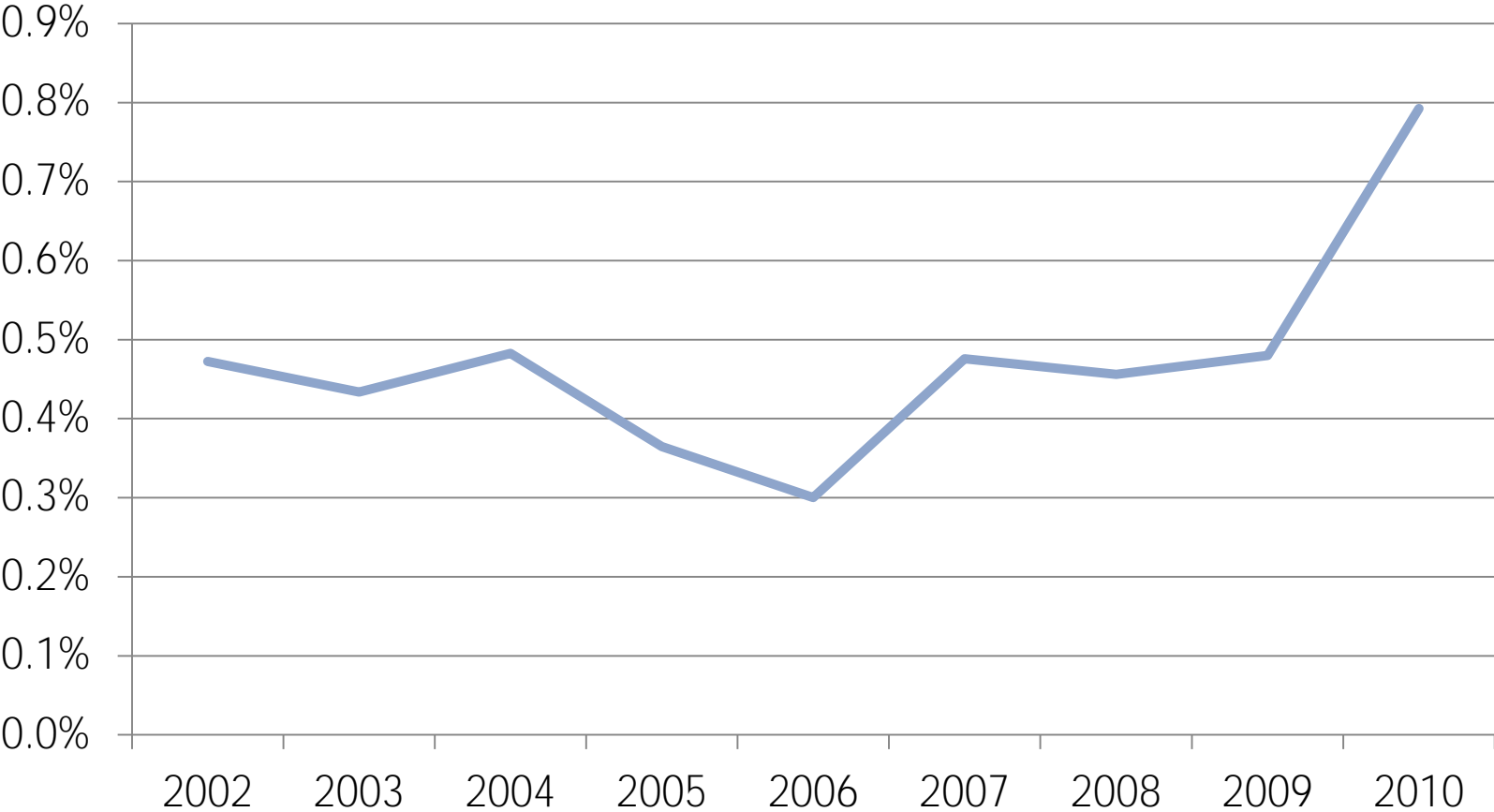


contribution to formal economy is marginal and has been on decline
¾ however, informal activities related to forests and trees contribute significantly to



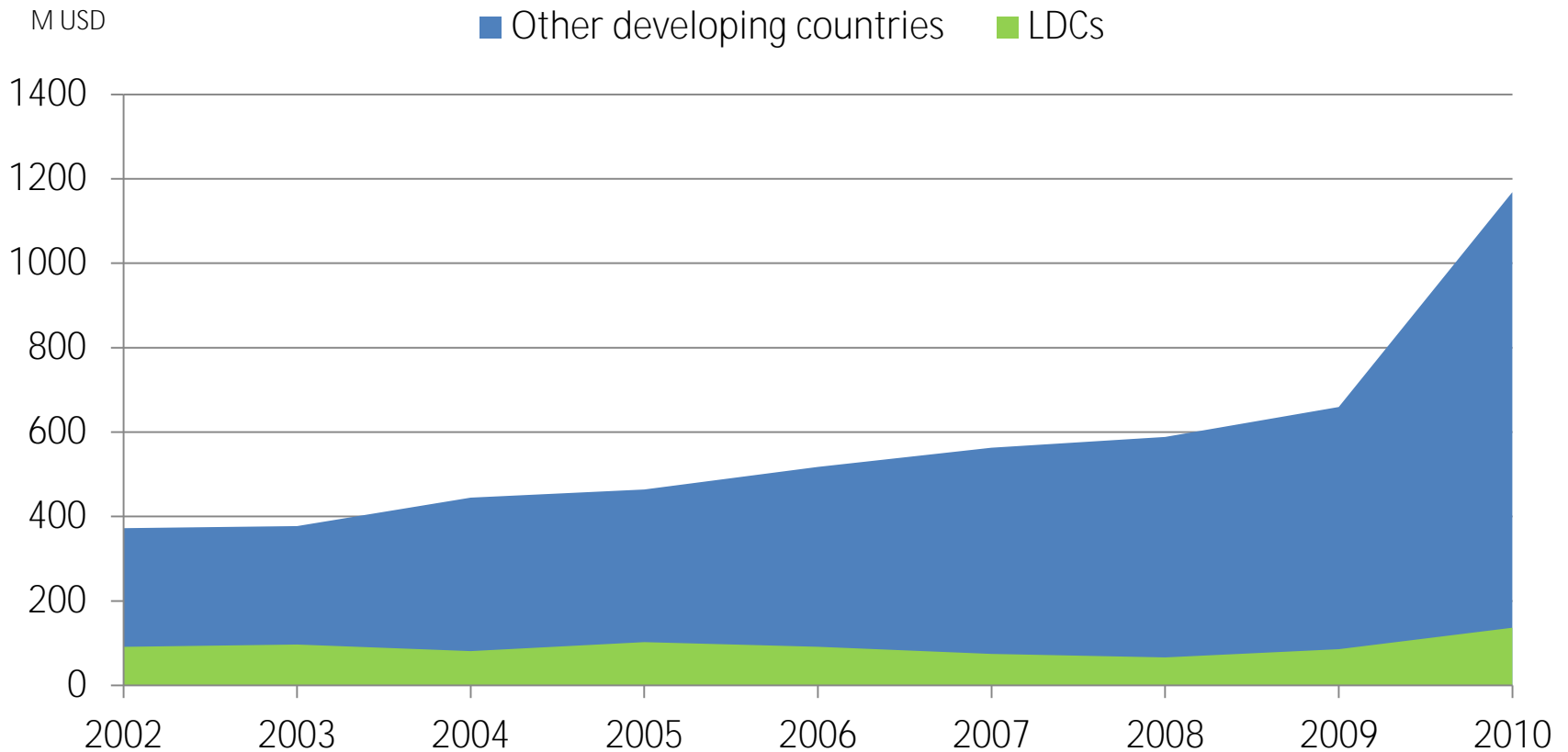
Share of forestry ODA from global ODA 2002-2010

- From decline to growth



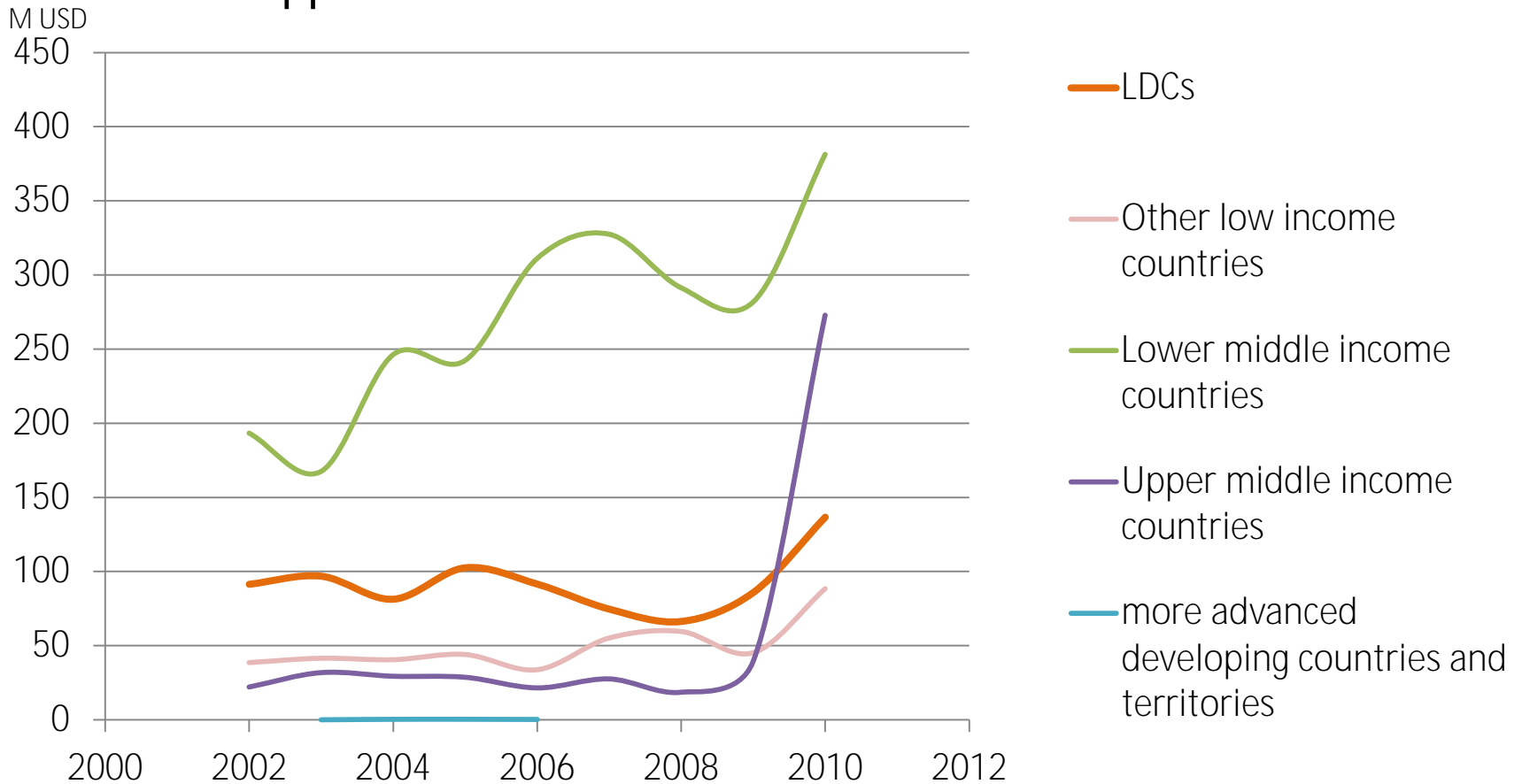
LDCs share of forestry ODA

- LDCs have not significantly benefited from recent increase in forestry ODA
- Relative share constantly decreasing from 25% in 2002 to 12% in 2010



Trend of forestry ODA by income group (2002- 2010)

- Lower and upper middle income countries have received most of the increased support



Most significant partners in LDCs (2006-2010)





Most significant partners in Africa



Key findings 3/4

More than half of African countries and LDCs have established funds relevant to forests and trees

The forest funds have cross-sectoral linkages supporting wildlife, fuelwood, forage production etc. the benefits resulting from the financed activities can be recorded under other sectors

Role of the funds are likely to increase especially in the context of climate finance

Domestic investment into small and medium scale plantations is increasing. For example in Uganda plantation investments grew four-fold from 2002 to 2008

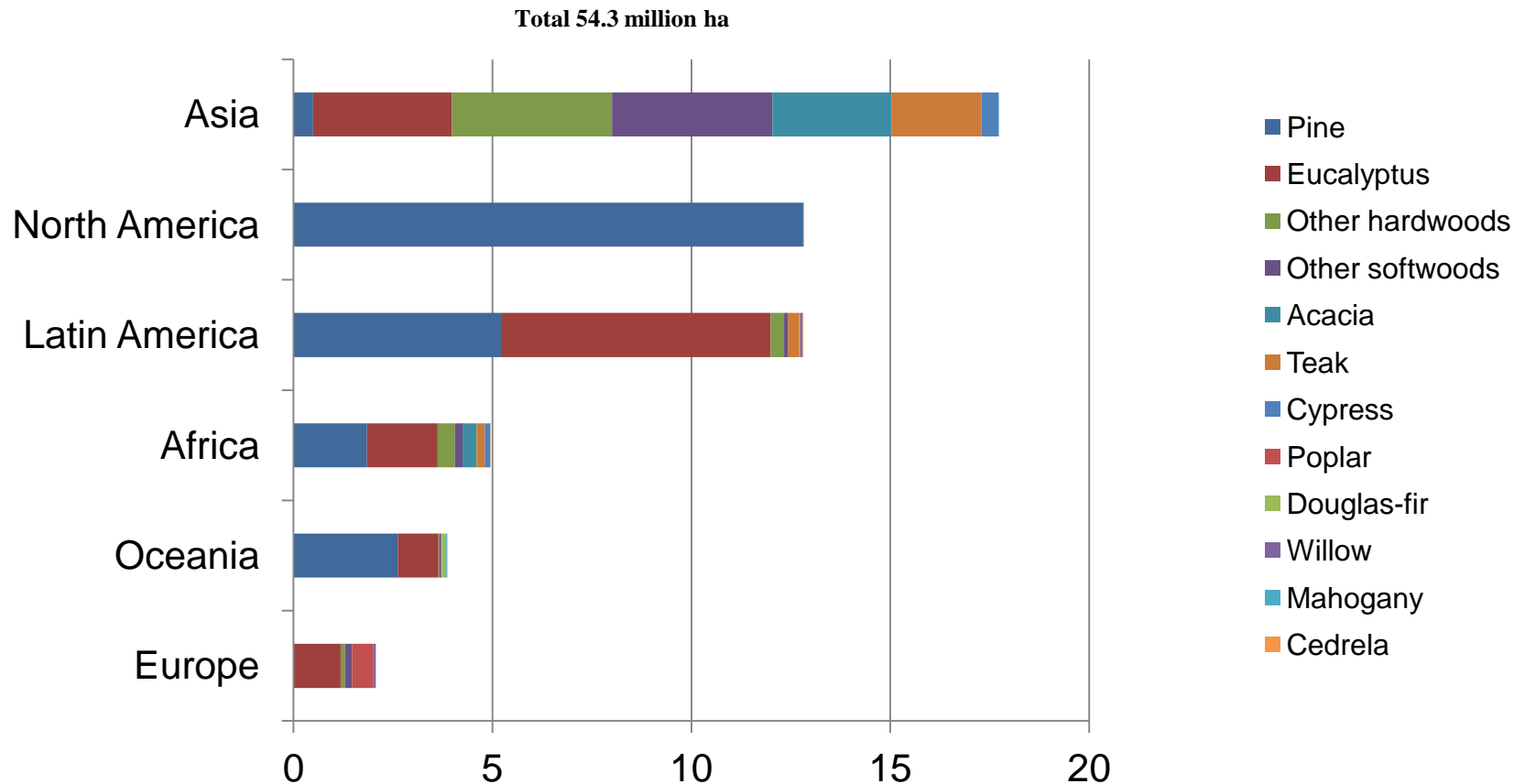
However, overall limited private sector plantation investments which also concentrate to limited number of countries in Africa and in LDCs



Commercial plantations regionally

- Africa ~9 % of total, 5 countries cover 50%

- LDCs less than 3.7% of total, 7 countries cover 75%



Key findings 4/4

Increasing numbers of carbon projects but relatively limited number of other PES projects (biodiversity and watershed services)

Since 2006 global forestry ODA was in USD 3.5 billion, and REDD+ financing was ~ 6 billion

Africa:

Forestry ODA USD 730 million
REDD+ financing USD 900 million
(Plantation investment USD 4 billion)

LDCs:

Forestry ODA USD 450 million
REDD+ financing USD 800 million
(Plantation investment USD 1.7 billion)

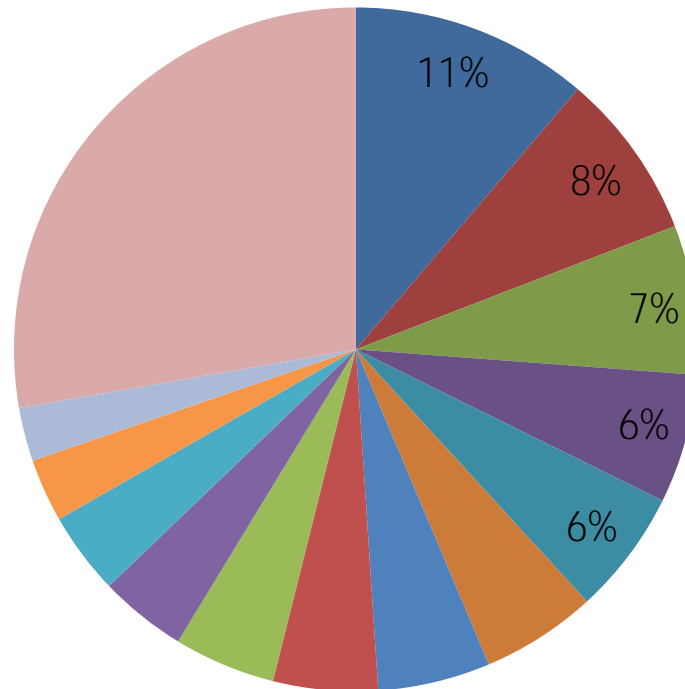
Both forestry ODA and REDD+ financing center to few countries

In Africa and LDCs 7 countries receive half of the forestry ODA



Africa: Most significant forestry ODA recipients (2002-2010)

- During 2002-2010 support centered to one quarter of countries which received almost three quarters of all forestry ODA



Selected key conclusions 1/3

It is challenging to convince decision makers at the very top to increase resourcing if:

- i) Forest revenues are small (only a fraction of potential is collected)



Selected key conclusions 2/3

Lack of sufficient financial and human resources, capacities, and political interference and instability were identified as main challenges in the enabling environment resulting with:

- Weak institutions and governance

- Inadequate implementation of policies and strategies, and enforcement of laws relevant to forests and trees

Specifically lack of capacities was also considered as a root cause for many bottlenecks related to domestic revenue generation:

- 9 Setting correct level of charges and prices to increase government revenue

- 9 Revenue collection



Selected key conclusions 3/3



