

GUIDE TO A COMMON FOREST FINANCING STRATEGY
In
Small Island Developing States (SIDS)
Low Forest Cover Countries (LFCCs)
African Countries
Least Developed Countries (LDCs)

UNFF Facilitative Process
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1. Background

This UNFF document is a guide which contains a Common Forest Financing Strategy (here in after called Strategy) in Small Island Developing States (SIDS), Low Forest Cover Countries (LFCCs), Africa and Least Developed Countries (LDCs). In line with the functions¹ of the UNFF Facilitative Process, the Strategy aims to facilitate laying the blueprint for regional and national forest financing strategies in these countries and beyond. The Strategy also highlights the key participating stakeholders and related action timelines for the implementation of forest financing activities, with the ultimate objective of assisting these countries and the regions in which they are located to increase levels of financing for sustainable forest management.

applicable as they rely on the threshold economic viability of specific services such as carbon storage or provision of clean water.

What the UNFF studies and workshops highlighted in particular, however, were the cross-sectoral opportunities in forest financing that exist in all these categories of countries and that continue to be largely overlooked as a result of the sectoral vision that is generally given to

3.1.a. National Forest Financing Group Composition

The most important rule in the composition of the national forest financing group is inclusion. Creating a restricted group composed of few stakeholders creates not only the risk of the forest financing strategy failing to gain widespread support, but it also closes out the possibility of diversifying the portfolio of forest financing sources, many of which lie outside the forest sector as mentioned above. The more inclusive the group, the more chances there are of identifying multiple financing sources, and the better the chances of validating and legitimizing the group's outputs. As a suggested, non-exhaustive list that can be adapted to national circumstances, the group may include the following individuals or representatives of organisations:

- Ministries or agencies responsible for forest management (*e.g.*, Forestry Ministry,

responsible for forests. For others, however, the relationship might not be obvious, including for the stakeholders themselves, simply because they are unaware of the role that they are already playing, or could play, in forest financing. It is crucial therefore to include even *potential* stakeholders into this group.

3.1.b. The Role of the Steering Committee

In light of the list above and the sheer number of members of the group, the need for steering

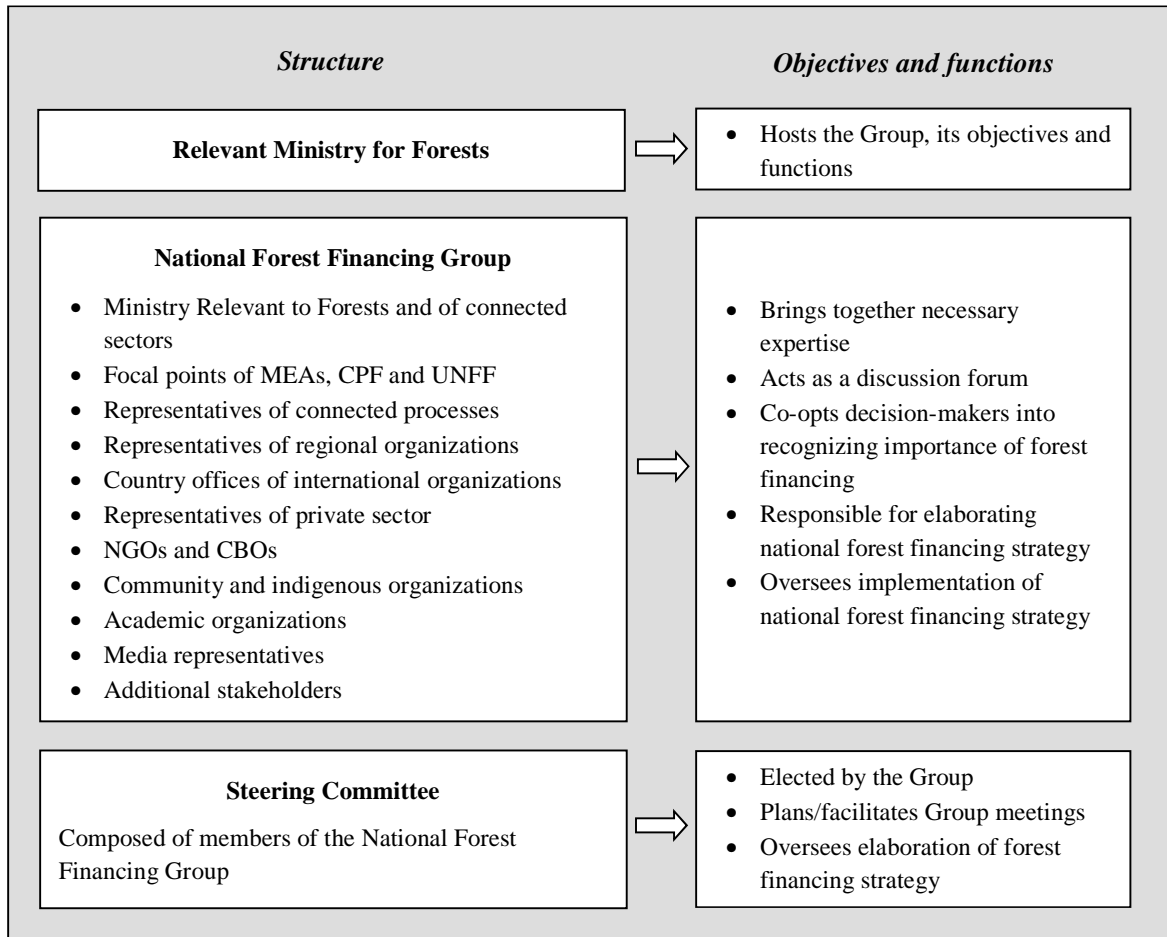


Figure I. — Suggested structure, objectives and functions of the national forest financing group.

4. **Allocation of activities to stakeholders or groups of stakeholders.** Relevant stakeholders should then be given the responsibility of seeing each specific action to fruition. Not only is this a practical way of increasing likelihood of implementation, but it also empowers stakeholders and promotes their appropriation of the national forest financing strategy. Some actions can only be taken in thematic subgroups. Such is the case, for instance, of harnessing forest financing from the tourism industry: for this set of tasks, representatives of the forest/environment ministry will need to work with those of the finance and tourism ministries to devise innovative means of allocating funds from tourism to the implementation of sustainable forest management.
5. **Pegging activities on a timeline.** To complete the forest financing strategy matrix, each activity should be given a deadline, at which point responsible stakeholders or groups of stakeholders should report to the national forest financing group. While this timeline should be ambitious, it must remain realistic. Agreements between stakeholders from different backgrounds – civil servants versus communities, communities versus the private sector, representatives of different sectors – can be lengthy and time is required in order to reach practical agreements on forest financing.
6. **Identification of “low-hanging fruit”.** Especially if the timeline for strategy implementation spans more than a few years, it is essential to establish a rhythm that will produce results on a regular basis. Very often, funds are readily available but remain unused because of lack of communication or limited efforts to increase forest financing; it is only a matter of locating them before levels of forest financing begin increasing. In this respect, the UNFF Facilitative Process can be of great assistance through the multiple functions listed in the Resolutions of the 9th Session and of the Special Session of the 9th Session (see Annex B).

This step is key to maintaining political attention and momentum of the entire process. A strategy implementation where stakeholders put effort for years without seeing results has more chance of being abandoned half-way than a strategy which produces rapid results

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Annex A: A Common Forest Financing Strategy

This section provides a recommended matrix, containing key actions paired with specific stakeholders and deadlines. It can act as a starting point for the elaboration of national forest financing strategies and is based on (i) the guidelines provided above and (ii) the substantive recommendations drawn from the main outputs of the UNFF's strategic work plan on forest financing, including the recommendations of the two meetings of the Ad Hoc Expert Group on Forest Financing (Nairobi, September 2010; Vienna, January 2013); the six Facilitative Process workshops (Tehran, November 2011; Niamey, January-February 2012; Port of Spain, April 2012; Nadi, July 2012; Dakar, December 2012; and Nairobi, January 2013); and the two Resolutions of the 10th Session of the UNFF (Istanbul, April 2013). The references for these documents are provided at the end of this paper.

This strategy was also discussed, modified and unanimously endorsed by the participants of the workshop on the common forest financing strategy held in Addis Ababa, Ethiopia, from 3 to 5 June 2013.

1. Objectives

The common forest financing strategy laid out below has two main objectives:

- a. To assist in the coordination of member states, regional and international organizations, donors and other relevant stakeholders and organisations in the implementation of action points set forth by the UNFF to increase levels of forest financing in SIDS, LFCCs, Africa and LDCs; and
- b.

Session of the UNFF in 2015; and (ii) discussions on the post-2015 United Nations Development Agenda, including on Sustainable Development Goals and Sustainable Development Financing. It is essential to update this action plan on a regular basis to ensure that it remains fully compatible with related parallel or broader processes at all levels.

2.1 National Level Actions

- Create national forest financing strategies
 - Identification of members and establishment of national group based on existing structures where available
 - Election/appointment of steering committee which will oversee the running of the national strategy; creation of clear mandate and terms of reference for the committee
 - Mapping of all existing and potential sources of SFM financing; ensure coherence by

- Identification of key existing and new forest products and services with forest financing potential including timber, fuelwood, shea butter, gum Arabic, key fruit/nuts, medicinal products, PES, Allanblackia, Tomatococcus, etc.; add value to new products and services with financing potential to support SMEs
 - Identification of main leverage points (market and non-market based) to promote contribution of products to forest financing, e.g., fiscal system, product advertising, quality improvement, techniques in processing and transformation, networking
 - Training of professionals and producers to improve production and transformation techniques; technology transfer
 - Identification of key success stories and scaling up
 - Development and implementation of means for communities and relevant sectors (esp. forests) to access benefits from production, transformation and commercialization of forest products, notably through community participation, training and capacity building
- Harness the financing potential of the private sector
 - Identification and implementation of key actions to facilitate an enabling environment for the private sector to invest in natural forests and plantations, as well as on points 19 and 21 below
 - Identification of and engagement with private actors on potential contribution to financing SFM
 - Identification of main leverage points to harness financing from the private sector
 - Establishment of public-private partnerships including on the creation of market-based funding mechanisms where appropriate (PES, carbon credits)
- Harness cross-sectoral opportunities
 - Mapping out the links between forests and other sec

- Raise the profile of forest financing within broad

- Identification of low-hanging fruit, notably readily available funding already allocated
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- 5 years (or continuous process)
 - Implementation of national forest financing strategy with inclusion of all points below; mobilization of financing from all sources
 - Development and implementation of means for communities and relevant sectors (esp.

4. Summary Matrix

The table below pairs the actions put forward by the Facilitative Process workshops, the 2012 AGF Study and the 10th Session of the UNFF with the lists of stakeholders responsible and the timelines described above.

| Level | Objectives | Action Points | Responsibilities (lead in bold) | Deadline |
|----------|---|---|---|----------|
| National | Create national forest financing strategies | 1. Identification of members and establishment of national group based on existing structures where available | Forest/Environment Ministry , UNFF focal point | 6 months |
| | | 2. Election/appointment of steering committee which will oversee the running of the national strategy; creation of clear mandate and terms of reference for the committee | National forest financing group | 6 months |
| | | 3. Mapping of all existing and potential sources of SFM financing; ensure coherence by focusing on (i) a portfolio approach to | | |

3. Mapping of all existing and potential sources of SFM financing; ensure coherence by focusing on (i) a portfolio approach to

financing group

| Level | Objectives | Action Points | Responsibilities (lead in bold) | Deadline |
|-------|------------|--|---|----------|
| | level) | national statistics agency to design data collection instruments/tools and categories most appropriate to national circumstances | additional ministries where relevant (finance, agriculture, | |

| Level | Objectives | Action Points | Responsibilities (lead in bold) | Deadline |
|-------|---|---|--|-----------|
| | | sources to reduce woodfuel consumption | | |
| | Raise the profile of forest financing within broader national development goals | 26. Highlighting of connections between SFM and forest financing with development goals, in particular contributions of forests to rural livelihoods, poverty reduction, food security and economic development | Steering committee, interministerial subgroup, planning ministry, academia | 12 months |

27. Inclusion of forests in national development strategies such as poverty reduction strategy papers

Interministerial subgroup

| Level | |
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Annex C: List of References

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