

# Thinking of Forest Financing

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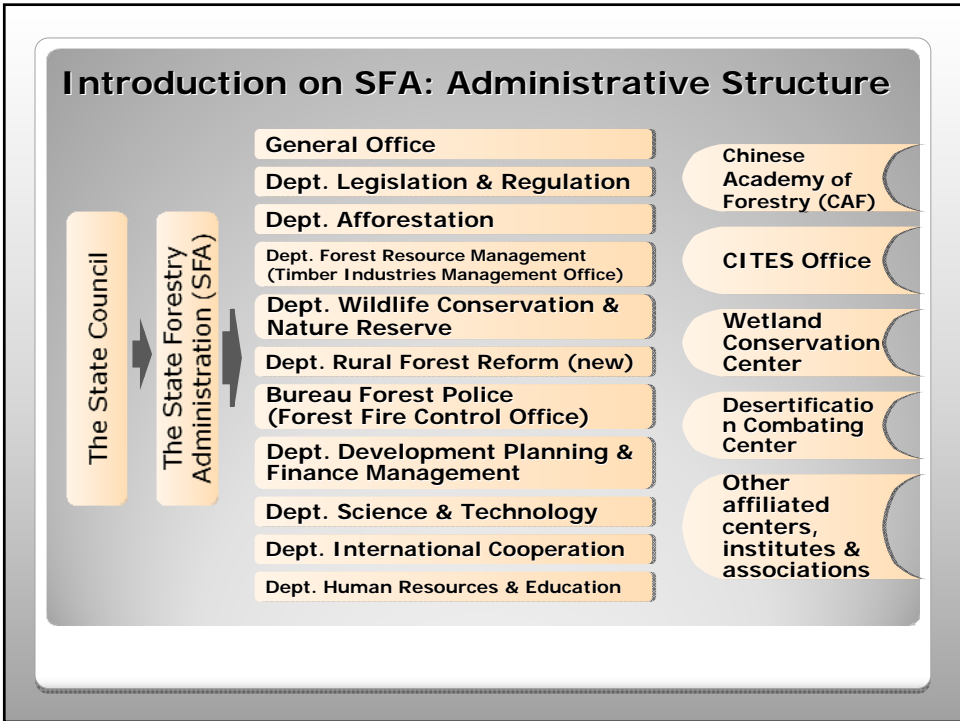
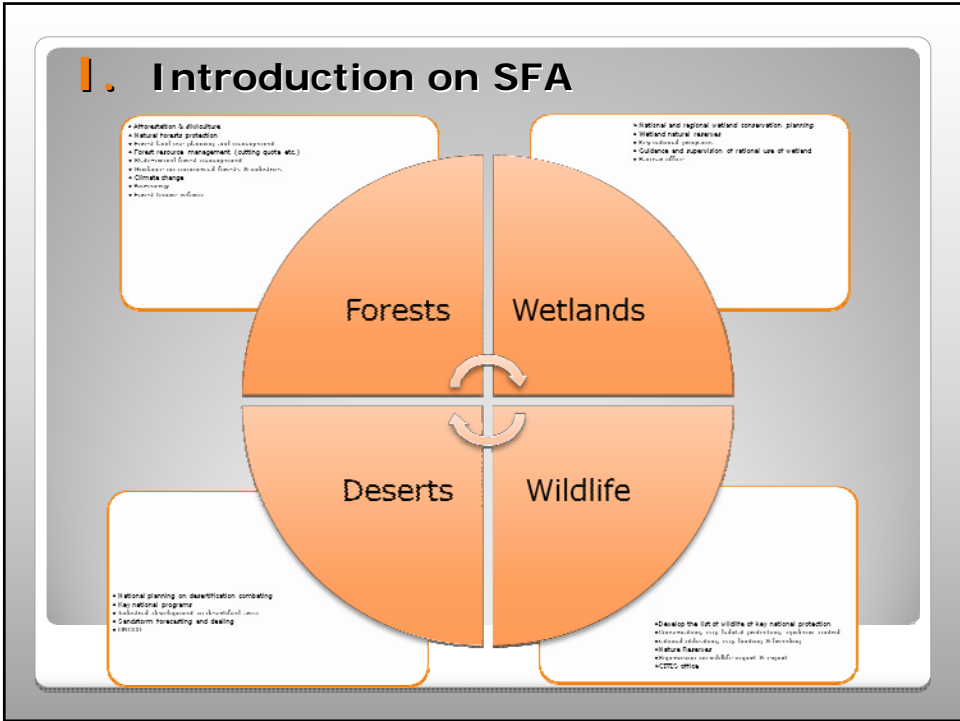
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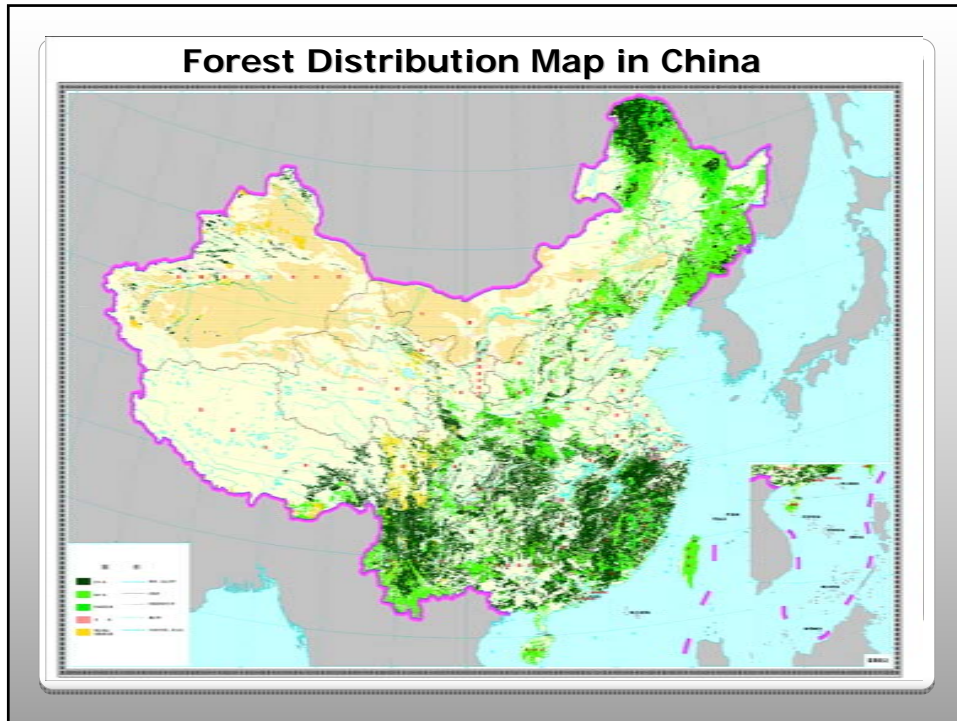
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- Introduction on SFA
- Forest Financing in China
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## **II . Forest Financing in China**

### **1. The composition of forest financing in China**

- **public sector funding**
- **private sector financing**
- **foreign investment**
- **a special mechanism**

## II. Forest Financing in China

- **public sector funding**
  - ★ **central government**
    - infrastructure investment
      - key program, breeding, forest fire prevention, forest pest and disease control, forest police, technology and education, etc.
    - financial subsidy
      - forest compensation, wetland conservation, poverty alleviation, disaster rescue, reform subsidy, afforestation and forest thinning subsidy, science and education, loan interest subsidy, administrative business fee, etc.
  - ★ **local government**

## II. Forest Financing in China

- **private sector financing**
  - **banks**
    - loan for timber land and pulp, wood based panel, forest tour, etc.
  - **enterprises**
    - forest industry
  - **social**
    - greening contribution

## ||. Forest Financing in China

### ➤ **foreign investment**

#### → **international organizations**

loan and grant-in-aid for ecological forest and poverty alleviation, WB, ADB, FAO, GEF, etc.

#### → **foreign governments**

loan and grant-in-aid for ecological forest and poverty alleviation, Japan, Germany, EU, etc.

#### → **foreign directly investment**

business investment of foreign companies for forest industry

## ||. Forest Financing in China

### ➤ **a special mechanism--national compulsory tree-planting**

12.11 billion person-time participated compulsory in tree-planting since 1978 and 56.33 billion trees planted, include president and other national leaders have plant trees every year.

## ||. Forest Financing in China

### 2. The sectors involved in forest financing in China

#### ➤ **Government**

The State Council, National Development and Reform Commission, Ministry of Finance, Ministry of Commerce, State Forestry Administration, etc.

#### ➤ **social institutions**

banks, enterprises, China Green Foundation, NGOs, donors, etc.

## ||. Forest Financing in China

### 3. Main experiences

➤ **Government** attaches importance to the forest, the high level commitment for forest, sectors combined support forest.

➤ **Emphasizing** the integrated forest function on ecological, economic and social. Based on the forest function assessment and regionalization. government--ecological, enterprise--forest industry, social--people's livelihood and harmonious.

➤ **Opening**

➤ **Financing** managed strictly, significant achievement, sustainable

## III. Thinking of the global forest financing

### 1. Recognizing the forest important roles in the global sustainable development

- this is the basis for the establishment of the global forest financing

**Ecological role:** playing ecological functions of forests, soil conservation, water quantity and quality conservation, clean air, biodiversity, etc.

**Sequestering carbon role:** Forest absorb carbon dioxides, wood products store carbon, forest carbon sequestration.

**Economical role:** timber industry, non-timber products, promote local economic development.

**Social role:** increase employment and income, improve living environment.

**Cultural role:** recreation and culture, raise awareness of ecological protection and sustainable development.

## |||. Thinking of the global forest financing

### **2. Defining objectives and develop action plans for the global forest development.**

base on the above 5 forest roles, we can define the global forest development objectives, further develop specific action plans.

## |||. Thinking of the global forest financing

### **3. Depending on the action plans to develop the forest financing programs**

**Ecological:** rely on governmental funds.

**Carbon Sequestration:** rely on governmental and social capital.

**Economical:** depend on enterprise funds.

**Social:** social contributions and national obligations.

**Cultural:** jointly funded by the government and society.

## **IV. Suggestion on the global forest financing**

### **1. Assessment of the sustainable forest management level and financing need**

Based on the country's assessment data of SFM level and the need on forest financing.

The aim is answering where and what the forest financing can support.

## **IV. Suggestion on the global forest financing**

### **2. Assistance is not limited to funds, but also including technology, intelligence and other means**

### **3. In the current bilateral economical aid funding mechanism, the government of providing aid and receiving aid should commit that the part of aid must be used for forest development.**



## **IV. Suggestion on the global forest financing**

### **4. Establishment of multilateral funding mechanism for the forest**

**Global Forest Ecological Fund:** the main source from the new and additional financial resources from national governments and international organizations.

**Forest investment and trade facilitation mechanisms:** facilitating the large-scale capital from enterprise, bank and other aspects can capitalize into the forest areas.

## **IV. Suggestion on the global forest financing**

**Forest carbon trading market:** the use of financial instruments and functions of forest response to climate change, a new financing platform will be created.

**Compulsory tree-planting action:** the earth has not the forest, not everything, both the developed and developing countries should advocate a nationwide compulsory tree-planting action.

**Forest Cultural Foundation:** sourced from international organizations and the community donor, to improve the people's awareness of forest protection and sustainable development.

## **I V.** Suggestion on the global forest financing

### **5. Monitoring and Assessing**

**UNFF** should set up a special institution to manage and operate the different parts of forest financing mechanism and report to member states on its operation.

