Forest Financing in China

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Trends, status and sources of forest financing in China
Trend and status of forest financing in China
2001-2011

Annual average growth rate: 29%
Afforestation investment: 798%

Nature reserve and biodiversity investment: 1102%

Forest fire fighting investment: 727%
Sources of forest financing in China

- **Public finance:** central and local government budgets
- **Private sector:** banks, enterprises
- **International funds:** ODA, NGOs, intl companies
- **Others:** self-raised, donation, individual
Forest financing in China from different sources in 2011

- Govt budget: 130b, 47%
- Domestic loans: 108b, 39.2%
- Intl funds: 27.5b, 9.9%
- Others: 10b, 3.6%
Public forest finance: its share in China’s central budget

- 0.8% in 2000
- 2.2% in 2003
- 2.31% in 2011
Public forest finance: its share in China’s total forest investment

Rate of public finance declining due to 1. rise of private investment and 2. reduced investment in big forest programs.
Major uses of forest financing

- Ecological development and protection: RMB 130.25 billion yuan
- Forestry supporting system development: RMB 30.066 billion yuan
- Forest industries: RMB 52.241 billion yuan
- Others: RMB 50.704 billion yuan
Investment in ecological development and protection in 2011

Total investment:
RMB 130.25 billion yuan
Investment in forestry supporting system development in 2011

Total investment: RMB 30.066 billion yuan

- Infrastructure: 76.23%
- Forest fire protection: 8.33%
- Seedlings and seedlings: 8.85%
- Insect pests and diseases control: 4.57%
- Science, technology and education: 2.02%
Total investment: RMB 52.241 billion yuan

- Traditional industries: 33.83%
- Flower cultivation: 5.23%
- Special economic forests: 7.66%
- Under forest economy: 3.26%
Challenges

- Effectiveness and efficiency of public investment
- Market based approaches;
- Private investment in forestry;
- Finance sustainability of big ecological forest programs.
Chinese experience

1. International fund as seed money and catalyst;
2. Forest financing is closely linked with the level and stage of overall national development;
3. Forestry be taken as priority only when it serves for attainment of the national development goals and integrated into national planning;
4. Multi-functions of forests attract funds;
5. Big programs/projects essential for speeding up forestry development.
Recommendations

One on hand, International funds, from ODA and other sources, are critical for promoting SFM in the world, esp. in developing countries and for the implementation of NLBI;

On the other hand, countries and governments, based on their own national conditions, should explore ways of forest financing and improve national policy and planning framework to promote forestry development.
Thank you!