Mobilizing forest finance at the international level: keep seeing the wood for the trees

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Outline presentation

• Introduction
• Initiatives at the global and regional level
• Markets for sustainably produced products
• PES-TEEB, national experience
• Lessons learned
• The way forward
## Potential monetary value of selected ecosystem services

<table>
<thead>
<tr>
<th>Service</th>
<th>Tropical Rainforests</th>
<th>Temperate &amp; Boreal Forests</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw materials</td>
<td>2 – 3,723</td>
<td>2 – 54</td>
</tr>
<tr>
<td>Climate regulation</td>
<td>13 – 761</td>
<td>3 – 376</td>
</tr>
<tr>
<td>Total (22 services)</td>
<td>91 – 23,222</td>
<td>30 – 4,863</td>
</tr>
</tbody>
</table>

*Source: The Economics of Ecosystems and Biodiversity (TEEB)*
Markets for environmental services

Examples of markets for environmental services

- Compliant Carbon Forestry Market
- Voluntary Carbon Market
- Compliant Water Quality Trading
- Voluntary Watershed Management Payments
- Government-mediated Watershed PES
- Compliant Biodiversity Offsets
- Voluntary Biodiversity Offsets
- Government-mediated Biodiversity PES
- Certified Timber
Multilateral forest finance initiatives:

• Many discussions in different fora on how to mobilize new and additional financing despite rise in ODA related to forests.
• Commissioned a study on most relevant international forest related financing initiatives;
• The survey focused on multilateral initiatives deciding on public funding. It generally inventorized the activities, approaches and underlying assumptions and principles in the major intergovernmental fora, and consequently mapped the differences and similarities in strategies and actions and identify opportunities for improved alignment.
• the survey an internet search has been carried out on the structure of selected international fora; in addition 11 experts in international forest related finance have been interviewed
Multilateral forest finance initiatives: a fragmented (forest)landscape

- Forest finance is a discussion topic in 6 UN Conventions (with 3 UN agencies involved in implementation), 9 Multilateral Banks and 10 multinational regional initiatives, generating 41 multilateral forest finance related funding streams;
- from a process point of view funding initiatives have many differences. They work with different political mandates;
- From a content point of view there are many similarities in vision and approach.
- Coordination OK; being coordinated no
Markets for sustainably produced forest products

• CLI on “A Pathway to a Green Economy in the Context of Sustainable Development – Focus on the Role of Markets and the Promotion of Sustainable Forest Management”;
• to focus on the role of market-based instruments, especially in promoting international trade and legally produced timber
• Key Messages of the CLI:
  • The role of the private sector in driving the green growth agenda needs to be emphasized.
  • Achieving sustainable forest management is a critical cornerstone for a green growth strategy in the context of sustainable development;
  • We must recognize the linkages between agriculture, food security and sustainable forest management within a broader landscape approach;
  • We must mainstream sustainable forest management in UN institutions and International Financial Institutions as well as at the national level
TEEB Dutch businesses

• TEEB Dutch Businesses: impact, dependance, risks and business opportunities of ecosystem services and biodiversity in nine sectors (agriculture, fisheries, life sciences, water, chemical industry):

• Businesses have to change their policies in order to survive: growing deficiencies and rising external costs

• Innovation and decreasing dependance: successful business cases (fisheries and chemical sector). First Mover Advantage: Purac and Nutreco!
Lessons learned (1)

- Enabling environment is a basic requirement for:
  - attracting private investors in forests;
  - Convincing consumers that their products originate from a reliable and sustainable source
- Level playing field within the forest product market and with other raw material markets:
  - Promote legal and sustainable timber markets;
  - Fair comparison between timber and other competing raw materials;
- Private sector
  - More awareness of their dependence on forest services.
  - Could play a more significant and innovative role in mobilizing finance
Lessons learned (2)

Multilateral Forest Related Finance initiatives

• Coordination is useful, but needs some preconditions
• There need to be clear self interest for coordination
• There must be general agreement on the overall problem assessment, strategy and approach.
• Organizations must understand and recognize each other’s mandate and position.
• Innovation
Some ways forward

- International funding streams work with very similar procedures and create a logical role division in types of funding and in regions. This provides an easy to understand and logical palette of international funding streams for receiving countries.
Some ways forward: brokering

- Both on the national and on the international level no coordination between different organizations is required.
- Intermediate organizations provide matching services to national governments to link up with the most appropriate international funding mechanism.
Some ways forward:

- On policy and market instruments:
  - the development of effective policy frameworks and for market instruments that curb deforestation and forest degradation;
- Integrated approach:
  - working through an integrated approach is central to the green economy and themes of Rio+20
THANK YOU

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