The issue of providing sufficient financial resources for forest management depends on many factors. The most essential among them is level of forest resources, role of forestry in the country economics, government policy on forest resources and level of country development as a whole. It is clear that if country has high poverty level it is difficult to ensure a proper balance and support for economic, environmental and social functions of forests and achieve in a proper way sustainable forest management criteria.

Forest cover in Ukraine is 15.9%. Despite of rather small forest ratio Ukraine takes 8th place in forest area rate in Europe and 6th place on growing stock rate. Over the last 50 years forest cover increased by 1.5 times. Conditions for forest growing are extremely unequal in Ukraine, so forests are distributed unevenly across the country. Forest cover varies from 3.7% to 51.4%.

According to Forest Code of Ukraine there are declared three types of forest ownership - state, municipal and private, but today about 99% of forests are state owned. Another feature of Ukraine - is historically formed situation of giving forests to numerous permanent forest users for purpose of conducting forest management. Now Ukrainian forests are managed by more than fifty ministries, agencies and organizations. The largest of these is State Forest Resources Agency of Ukraine, the main state authority in forest and hunting management - 66%.

Forestry in Ukraine has following financing sources - state and local budgets and means received from sale of wood, not wood forest products and services. Means from sales are directed to financing forestry production, development of resource base, implementation of social programs. Increased price for cubic meter of timber sold allowed to forest enterprises under responsibility of State Forest Resources Agency increase sales volumes in 2011 on 36% compared to 2010.

Level of state financial support for forestry in Ukraine is around 15-30% in total forestry expenses. Share of government support in total amount of financing of state forest enterprises ranging according to a level of forest resources - in south part of Ukraine, where are the lowest level of forest cover it is higher, in north where forest cover is higher level of financial support is lower. From state budget there are mainly funded activities on afforestation, protection of forests against fire, pests and diseases, partially solved problem of purchasing forestry equipment and construction of forest roads.

Despite of actual growth of state support to forestry (up to 35% compared to 2007), its level is insufficient to meet all urgent forestry needs – sufficient level of afforestation, upgrading forestry equipment, application of new technologies in particular for conducting forest monitoring and forest inventory, carrying aerial observation of forests and improving forestry research.

Unfortunately in recent years has significantly reduced level of international support to Ukrainian forestry. If in the years 2002-2008 in Ukraine there were 3-5 international projects, currently we have only one. At the moment in most cases Ukrainian forestry is not included in donor’s scope of the priority areas for support providing (both countries and relevant international organizations). It is also worth mentioned that although international technical assistance projects which were implemented in Ukraine where related to various direction of forest management they were more focused on raising awareness of Ukrainian foresters on different approaches of implementing forest operations and technology transfer of that country which was responsible for project implementation. Material and financial support for Ukrainian forestry was not provided. The main share of project funds were directed to salary
and travel of international consultants. We are very grateful to governments of countries provided international technical assistance; we have good practical results of each project, but question of increasing financial support for current needs of sustainable forest management in Ukraine was not solved by international technical assistance projects. FLEG program funded by EU and which is implemented now in Ukraine and other 6 CIS countries, more concerned in Ukraine on law analysis and does not work in close collaboration with government agency responsible for forestry.

In 2004-2006 State Forest Resource Agency of Ukraine was made an attempt to launch the joint implementation project in framework of Kyoto Protocol aimed at providing afforestation of 4 thou ha of contaminated land near to Chernobyl zone. The project ended at the stage of paperwork because at that time project was outside the Ukrainian legal framework on implementation of the Kyoto Protocol. Unfortunately at the moment introduction Kyoto mechanisms in Ukrainian forestry is rather complicated because forestry due to the high level of risk is not included in priorities of European carbon market. Ukraine cannot also receive financial support from REDD+ program, because REDD+ supports and is implemented only in developing countries.

It is worth mentioned that recently Ukraine increases level of bilateral cooperation between forest authorities of Ukraine and other countries of Europe and CIS, which is useful both in terms of sharing experiences of improving forest management and introduction of new technologies in Ukrainian forestry.

Further actions directed to an improvement of financial situation in Ukrainian forestry may be directed to:

- Improvement of forest management using modern technologies.
- Extension of system of payments for ecosystem services.
- Search and application of appropriate investments in Ukrainian forestry.
- Increase public awareness of problems of forests and forestry in Ukraine aiming to receive society support and understanding of necessity of increasing public funding for sustainable forest management.

In conclusion, it is worth to thank the Advisory Group on Forestry Financing for very comprehensive and useful report 2012. Widely distribution their report and its recommendations among governments will be very valuable. In particular useful for distribution is the conclusion that problems with public forestry funding mainly arise in case when forestry is under responsibility of ministry which main focus is agriculture or environment or other high important to society direction of activity. So it is difficult for forestry to compete with them for level of public funding especially in countries with low level of forest cover and low contribution of forestry in GDP. Also very useful is distribution conclusion that improving financial situation of state forestry enterprises may be possible by leaving to enterprises all incomes, creating national forest fund or provide indirect government support in the form of different types of tax incentives and providing special financing terms.

It is also worth mentioned that in our time of globalization when many people are aware of problems and importance of forests and forestry for the whole society so it is very important to have influential informative and technical support at the international level.