Major trends in Financing forestry sector in the Republic of Uzbekistan

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Current situation in the forestry sector of the Republic of Uzbekistan

- Forest Fund of the Republic - 8.5 million ha, 19.2% from the total area of the Republic
- Forested area - 2.6 million ha
- Percentage of forest land - 6.3%
- Average percentage of forest land is 0.1 ha per capita
• **Functions of forests in Uzbekistan**: Protective, Nature conservation
• The proportion of forest that perform industrial functions is equal to zero
• Each year have been created new forests in the area of 40.0 thousand ha., of which more than 80% is in the desert area
• At the bottom of the dried Aral Sea over the past 20 years created protective forest plantations in the area of 500,000 ha
• In all plantations felling is prohibited for major utilization by the legislation
• All forests classified as forests of the first group with a particular mode of care, as with the environmental, nature protection functions
• They are only allowed felling in a purpose of care and sanitary felling
Main Forest fund keepers in Uzbekistan

- Main Forestry department - 8055.4 thousand ha
- State Committee for Nature Protection - 867.1 thousand ha
- Municipals (Khokimiyats) of Tashkent region - 488.6 thousand ha
- Agricultural cooperatives, farmers and private farms - 185.7 thousand ha
Main Forest fund keepers in Uzbekistan (2)

- The State Concern "Uzavtodor" - 3.4 thousand ha
- State Committee on Geology – 4 thousand ha
- Academy of Science - 0.6 thousand ha
- State Joint-Stock Railway Company "Uzbekistan Railways" - 2.7 thousand ha
Types of property in forestry sector

- Forests in Uzbekistan are the property of the state
- Legislation allows the transfer of forest areas for rent from 3 to 10 years
- Term of leasing for pasture livestock - 3-5 years
- Leasing for vineyards and gardens - 5-10 years
Sources of financing forestry sector

1. Internal sources
   - State budget
   - Collateral forestry utilization (realization of seedlings, beekeeping, agriculture and etc.)

2. External sources (multilateral and bilateral donors in the form of grants)
The amount of financing forestry sector at the expense of the state budget:

- 2003 - 2049277 USD
- 2004 – 2220660 USD
- 2005 – 2642874 USD
- 2006 – 2634871 USD
- 2007 - 3604948,8 USD
- 2008 - 5032785,6 USD
- 2009 - 7265937,6 USD
- 2010 - 9505144,8 USD
Non-budget financing of the forestry

Wood product

*Industrial wood (timber and fuelwood)*:

- Total stock of wood plantations - 12.5 million cubic meters. m
- Demand for timber - 10 million cubic meters. m
- Other wood materials (wooden tools, garden equipment and supplies for carving)

Non-wood products:

- Plants and plant products
- The use of wildlife
Main share of the non-budget financing

- In 2010, agricultural production - 23.4%
- Realization of saplings and seedlings - 19.8%
- Landscaping work - 15.1%
- Realization of the wood - 9.1%
External resources of sector financing

- During the period (2006-2014)
- External donors - 5.6 million USD, including
  - Multilateral donors - 4.5 million USD (81% of total)
  - Bilateral - 1.1 million USD (19% of the total)
- Assistance from external donors has been done in the form of grants
- Loan project hasn’t been implemented yet
- These large scale financial institutions such as ADB, World Bank have not been involved in projects in the forestry sector
Innovative financing mechanisms

- In Uzbekistan, innovative financing mechanisms are not widely used
- There is hope that the development of FS for the forestry sector will ensure possibilities to mobilize resources through innovative financing mechanisms
Financial restrictions of the forestry sector:

- Insufficient financing
- Lack of funding mechanisms
- Weak link between funding and the needs of the sector
- The low level of understanding of sustainable forest governance
- Poor financial planning and administration
Development of financial strategy for the forestry sector

- In 2011 has been launched the development of financial strategy for the forest sector with the assistance of FAO.
- Currently many stakeholders have been involved in this process.
- A draft of FS has been prepared for the forestry sector.
What is financial strategy

FS – is a document or guideline on mobilizing resources for financing programs and projects related to development of the forestry sector.

Guideline is not a paper document, which regulates certain relations, but a process that has a regular character.
Objectives of FS

- The objectives of FS - to facilitate effective resources mobilization to support Sustainable land management at the expenses of internal and external sources and innovative financing mechanisms
For whom intended FS

For all interested parties, including:

- Ministries and agencies related to the management of forest resources (for example, the Ministry of Agriculture, Ministry of Economy, Finance, Goskomzemkadastr, etc.)
- Relevant committees of Parliament
- Research institutions
- Representatives of civil society
Structure of FS

Introduction
Chapter 1. Overview of national context in the forestry sector
  1.1. The general trend of development forestry sector in Uzbekistan
  1.2. The institutional framework of forest governance
  1.3. The legislative framework in the management of the forest sector
  1.4. Review of programs and projects in the area of the forest sector
  Overview of Uzbekistan's commitments to international conventions related to forestry sector
Chapter 2. Internal sources of financing forestry sector

2.1. Financing the sector at the state budget expenses
2.2. Non-budget financing forestry sector
2.3. Recommendations for improving the internal financing of the forest sector
Chapter 3. External sources of financing the sector
3.1. Review and analysis external financing of the forest sector
3.2. Description of the trend in the donors community and donor priorities
3.3. Recommendations for improving the financing of the sector from external sources
Chapter 4. Review of international financing practices of the forest sector (innovative aspects) and their applicability in Uzbekistan

4.1. Review of funding the sector in other countries through innovative mechanisms

4.2. The potential use of innovative financing mechanisms in Uzbekistan
Chapter 5. The development of partnerships in the forestry sector

5.1. Existing partners
5.2. Potential Partners
5.3. Guidelines for partnerships
Chapter 6. Action plan to develop the financial strategy of the forest sector

6.1. The Logical Framework of FS
6.2. Budget of FS
6.3. Risks and Assumptions
Main tasks of FS:

- Improvement of administrative, regulatory and economic environment for the mobilization of financial resources
- Involvement of external donors to finance projects related to the development of the forest sector
- Mobilization of resources by developing new and innovative mechanisms of various financial instruments
- More efficient use of financial resources allocated for the forest sector
- Involvement of all stakeholders in mobilizing resources for development of the forestry sector
Currently MFD and CIFA and other stockholders working on FS development, with particular emphasis on partnerships
Thanks for your attention!