GUIDE TO A COMMON FOREST FINANCING STRATEGY
In
Small Island Developing States (SIDS)
Low Forest Cover Countries (LFCCs)
African Countries
Least Developed Countries (LDCs)

UNFF Facilitative Process
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This paper is a draft to be discussed at the upcoming workshop in Addis Ababa from 3 to 5 June 2013. This document has been prepared to assist countries in discussing and identifying key elements for a common strategy for forest financing. In order to provide the opportunity for countries to be involved in a direct exchange of views on this matter, it is necessary to avoid any negotiation on any part of this document.

1. Background......................................................................................................................... 2
2. State of Forest Financing in SIDS, LFCCs, Africa and LDCs ............................................. 3
   3.1 National Forest Financing Groups.................................................................................... 5
   3.1.a. National Forest Financing Group Composition.......................................................... 5
   3.1.b. The Role of the Steering Committee ........................................................................... 6
   3.2 The Right Conditions ........................................................................................................ 8
   3.3 Directly Increasing Forest Financing ................................................................................ 9
Annex A: A Common Forest Financing Strategy..................................................................... 11
   1. Objectives.......................................................................................................................... 11
   2. Action Plan........................................................................................................................ 11
       2.1 National Level Actions................................................................................................. 11
       2.2 Regional Level Actions ............................................................................................... 13
       2.3 International Level Actions ........................................................................................ 13
   3. Implementation and Timeline............................................................................................ 14
   4. Summary Matrix.................................................................................................................. 17
1. Background

This document is prepared by the UNFF Secretariat to facilitate direct discussions among participating countries on identifying the key elements of a Common Forest Financing Strategy (here in after called Strategy) in Small Island Developing States (SIDS), Low Forest Cover Countries (LFCCs), Africa and Least Developed Countries (LDCs). In line with the functions\(^1\) of the UNFF Facilitative Process, the draft strategy aims to facilitate laying the blueprint for regional and national forest financing strategies in these countries and beyond. The draft Strategy also aims to highlight the key participating stakeholders and related action timelines for the implementation of forest financing activities, with the ultimate objective of assisting these countries and the regions in which they are located to increase levels of financing for sustainable forest management.

This draft Strategy is prepared based on the outcomes of the two UNFF Facilitative Process projects that were implemented in parallel, namely the project on Facilitating Forest Financing in SIDS and LFCCs (“the SIDS-LFCC Project”), funded by the Global Environment Facility (GEF) and Government of the United Kingdom, and the project on Facilitating Forest Financing in Africa and LDCs (“the Africa-LDCs Project”), funded by the Governments of Germany, the United Kingdom and Sweden. Both projects were run with the following structure:

(i) A total of 19 preliminary studies on forest financing in SIDS, LFCCs, Africa and LDCs, which highlighted key forest financing gaps, obstacles and opportunities in each country grouping and in a set of case-study countries;\(^2\) and

(ii) Six inter-regional workshops which brought together national and international experts to identify the main recommendations for increasing levels of forest financing in these categories of countries. These workshops were held between November 2011 and January 2013 in Iran, Niger, Trinidad and Tobago, Fiji, Senegal and Kenya. A report was written up for each of these workshops which includes the list of adopted recommendations.

Since the inception of these projects in 2009 and 2011 respectively, the UNFF has implemented a wide range of activities which provided further insight into forest financing issues in SIDS, LFCCs, Africa and LDCs. This strategy thus brings together all the main recommendations on forest financing emerging from the six workshops on forest financing,\(^3\) as well as the key conclusions of the Ad Hoc Expert Group on Forest Financing (2010-2013),\(^4\) the 2012 Study of the Advisory Group on Finance\(^5\) and the Resolutions of the 10\(^{th}\) Session of the UNFF.\(^6\)

The four country categories targeted in this strategy – SIDS, LFCCs, African countries and LDCs – cover a majority of the United Nations Member States and total 113 countries. As such, they represent a wide array of countries, each with its own specific natural geography,

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1 See Annex B
2 Indufor 2010a through 2010k and Indufor 2013a through 2013h
3 UNFF 2011, UNFF 2012a through 2012d, UNFF 2013a
4 UNFF2010 and UNFF 2013b
5 Advisory Group on Finance 2012
6 UNFF 2013c, UNFF 2013d
history, social makeup and political and economic context. While retaining many details and a large number of specificities to these categories of countries, this strategy is therefore designed with sufficient flexibility to make it applicable and adaptable to all these countries and many more beyond. It will also lay the basis for the future design of forest financing strategies at national and regional levels.

The current version of this strategy is a draft which will be discussed and finalized during the upcoming workshop to be held in Addis Ababa, Ethiopia, from 3 to 5 June 2013, and will be posted on the UNFF Facilitative Process website as the common forest financing strategy for SIDS, LFCCs, African countries and LDCs.

2. State of Forest Financing in SIDS, LFCCs, Africa and LDCs

The activities of the UNFF’s four-year work plan on forest financing (mentioned above) which lasted for the 9th and 10th sessions of the UNFF (2009-2013) revealed contrasting results according to the countries studied but also identified a specific set of areas for improvement, both at national and regional level.

First, despite the fact that UNFF discussions focused on forest financing at all levels, systematic data at national level are lacking, so only international flows can give us an idea of long-term trends in forest financing. These clearly show that after a steady decline between 1988 and 2008, international flows in forest financing (notably official development assistance, or ODA) have increased globally in the past five years (Advisory Group on Finance 2012). This is primarily due to the emergence of the concept of Reducing Emissions from Deforestation and Forest Degradation (REDD+) and its subsequent rapid growth in popularity among international donors.

However, the distribution of funds related to REDD+ varies widely between regions and countries. The vast majority of REDD+ funds so far have been allocated to just a handful of forest-rich countries – within the country groups targeted in this strategy, this includes most countries of the Congo Basin and a small number of additional countries such as Cambodia and Papua New Guinea. The remaining hundred or so countries have received little to no REDD+ funding, to the extent that over half of these countries have seen forest-related ODA continue to fall over this same period.

The strong skew of REDD+ funding in favour of just a handful of countries has thus exacerbated inequalities between countries in terms of forest financing. In addition, many observers have expressed concern that REDD+ funding is allocated primarily to preserving or increasing carbon stocks at the expense of other forest functions, notably the social role played by forests, but the “+” in the REDD+ acronym is at least partly addressing this issue by directing REDD+ funding to the “sustainable management of forests”.

Secondly, UNFF activities on forest financing highlighted a number of major opportunities in forest financing in SIDS, LFCCs, Africa and LDCs. Many of these opportunities are already well known and include (i) raising the political attention towards forests in order to increasing allocated government budgets; (ii) improving taxation and revenue systems; and (iii) increasing national and regional capacity to access ODA. Innovative mechanisms based on principles of environmental economics have also gained both popularity and interest, notably payments for ecosystem services (PES) and REDD+, although neither is universally
applicable as they rely on the threshold economic viability of specific services such as carbon storage or provision of clean water.

What the UNFF studies and workshops highlighted in particular, however, were the cross-sectoral opportunities in forest financing that exist in all these categories of countries and that continue to be largely overlooked as a result of the sectoral vision that is generally given to forest management. By taking a cross-sectoral perspective, it suddenly becomes obvious that many sources of forest financing lie outside of the forest sector, but are no less promising than “classic” sources of finance such as the timber sector. This is particularly the case in countries where forests do not reach the critical mass necessary for the establishment of a timber industry, and where forests are often considered as a subset of another sector (e.g., agriculture) rather than a sector per se. In those cases, all sources of forest financing are cross-sectoral. These include commercialization of agroforestry products (fruit, shea butter, gum Arabic, etc.), ecotourism and climate change adaptation funds, among other sources.

Last but not least, all studies and workshop point towards the need for a diverse portfolio of forest financing sources. Each financing source comes with its strengths and weaknesses, and unlike popular belief, there is no silver bullet or single source of forest financing which can satisfy the complex conditions in which sustainable forest management can be implemented in its diversity, in all its facets, and over the long term. Relying on single sources, such as ODA or REDD+, is akin to “putting one’s eggs in one basket” – to minimize the risk of depending on single sources, diversifying the portfolio of sources has been highly recommended time and again.

The sources of forest financing mentioned above, and many more, are further developed in the Facilitative Process paper entitled, “Financing Sustainable Forest Management: Results from the UNFF Facilitative Process”. These are the ones which are specifically targeted in the strategy laid out below, and which aims to be sufficiently flexible to be adaptable to all 113 SIDS, LFCCs, African countries and LDCs.


Based on the work carried out by the UNFF, this section puts forward broad guidelines on how to establish national forest financing strategies as a component of the implementation of the common forest financing strategy.

These guidelines are set out in three steps. First, the relevant ministry for forests will establish a National Forest Financing Group based on stakeholder mapping and the identification of all potential stakeholders at national and other relevant (local, regional) levels. Secondly, this group, under the leadership of an elected Forest Financing Steering Committee, will identify all the actions to be taken at relevant levels in order to harness funding for forests. Thirdly, this same group will place these actions on a timeline and allocate roles to different stakeholders to maximize the chances of the strategy being implemented. Specific actions will also be taken to secure “seed” funding to facilitate the implementation of the strategy.

Before any steps are initiated, it is crucial to establish which similar initiatives have already been set up at national level. These might include National Forest Programmes (NFPs) or

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Integrated Financing Strategies developed in collaboration with the Global Mechanism of the UNCCD Secretariat. Care should be taken to map these processes out and their relationship with the national forest financing strategy to avoid overlap, duplication or competition.

3.1 National Forest Financing Groups

The first step in setting up a national forest financing strategy is the establishment of a group of existing and potential forest financing stakeholders who will act as the foundation for a strategy. In many cases, such groups – or very similar groups – already exist. These may include coordination mechanisms for similar processes such as National Forest Programmes (NFPs), which have been implemented in over 130 countries, or national sustainable development committees. In such cases, efforts must be made to adapt existing structures as the creation of new structures can be counter-productive.

The suggestions below are aimed at countries which have no such pre-existing structures. The aim of setting up a national forest financing group is several fold:

(i) Bringing together the expertise necessary to identify the sources of forest financing and the key actions needed to access them as part of the creation of the national forest financing strategy;
(ii) Acting as a forum for discussion on forest financing issues at the national level;
(iii) Co-opting key decision-makers as members of the group into acknowledging the importance of forest financing and collecting the political support and momentum into taking action; and
(iv) Overseeing the implementation of the national forest financing strategy in a participatory manner. This will also contribute to minimizing opposition or resistance to its implementation.

The national forest financing group may be subdivided into “advisory groups” that can provide recommendations to the national group on specific thematic issues. For instance, advisory groups can be created on the timber chain of custody, on community forests, or on relations with international donors. These are further discussed in the sections below.

The creation of a national forest financing group will be overseen by the relevant ministry for forests (which may be the Forestry Ministry, Environment Ministry or Ministry of Agriculture, depending on the country).

3.1.a. National Forest Financing Group Composition

The most important rule in the composition of the national forest financing group is inclusion. Creating a restricted group composed of few stakeholders creates not only the risk of the forest financing strategy failing to gain widespread support, but it also closes out the possibility of diversifying the portfolio of forest financing sources, many of which lie outside the forest sector as mentioned above. The more inclusive the group, the more chances there are of identifying multiple financing sources, and the better the chances of validating and legitimizing the group’s outputs. As a suggested, non-exhaustive list that can be adapted to national circumstances, the group may include the following individuals or representatives of organisations:
- Ministries or agencies responsible for forest management (e.g., Forestry Ministry, Environment Ministry or Agriculture Ministry, depending on the country);

- Ministries/agencies from connected sectors such as agriculture, land, planning, economy, finance, energy, tourism, infrastructure, transport, foreign affairs, etc.;

- Country offices of international donor and development organizations – UN agencies, the World Bank, GIZ, DFID, USAID to name but a few;

- National focal points of multilateral environmental agreements, notably the Rio Conventions, as well as the UNFF focal point, along with representatives and focal points of GEF, FAO and other relevant organizations and members of the Collaborative Partnership on Forests (CPF);

- Representatives and focal points of relevant regional and interregional organizations, including the following: OECS, CARICOM, ACS, NEPAD, African Union, AFF, TPS for LFCCs, COMIFAC, ECOWAS, CILSS, SADC, Indian Ocean Commission, Economic Cooperation Organisation, Secretariat of the Pacific Community and SPREP;

- Representatives of existing national processes, groups or committees working on related issues such as those of national forest programmes or sustainable development committees;

- The private sector – a very broad category that includes all private operators that are involved in forest management or the chain of custody of a forest product (ranging from timber companies to soda companies that include e.g., gum Arabic in their products), as well as investors, national and international;

- Academia – national and international experts in sustainable forest management and/or environmental financing. These can include representatives of universities, but also independent think tanks or international research organizations (such as the Wood Hole Research Institute or CIFOR);

- National and international NGOs relevant to forest financing such as WWF, WCS, etc.;

- Representatives of community or indigenous organizations depending on the country;

- Media representatives at both national and international levels;

For all of the above, the role in forest financing may be obvious as some organizations may already be active in this respect, such as bilateral and multilateral donors or the ministry responsible for forests. For others, however, the relationship might not be obvious, including for the stakeholders themselves, simply because they are unaware of the role that they are already playing, or could play, in forest financing. It is crucial therefore to include even potential stakeholders into this group.

3.1.b. The Role of the Steering Committee

In light of the list above and the sheer number of members of the group, the need for steering the group will be essential. In its first meeting, the group will elect a steering committee to oversee its activities and the adoption and implementation of a national forest financing strategy. The composition of the steering committee will therefore be a subset of the national forest financing group.

The steering committee will play a key role first in mobilizing and involving all of the above, including those who at first will not see the relationship between their function and forest
financing. But this committee will also be instrumental in ensuring that the group is run smoothly. The logistical processes involved should not be underestimated as the group is likely to appear eclectic as it will bring together stakeholders who might have never faced each other before, and thus have views that are as divergent about forest financing as their interests at stake.

The steering committee could be vested with the following responsibilities:
- Planning regular meetings for the group
- Facilitating each meeting, notably by providing the necessary background and mediating between different perspectives and interests of group members
- Ensuring the timely delivery of the group’s outputs as previously decided upon in a timeline of events, in particular with the view of adopting and implementing a national forest financing strategy
- Locating and securing seed money to run national group meetings (including to cover the venue, lunches, and transport for participants living outside of capital)

The leadership of and the appropriation by the steering committee of the entire process is therefore crucial in ensuring the successful establishment and implementation of the national forest financing strategy. Without such a leadership role, there remains a constant risk of the national forest financing group failing in its outputs. The suggested structure of the national forest financing group is further described in the illustration below.

Figure I. — Suggested structure, objectives and functions of the national forest financing group.
3.2 The Right Conditions

During a first phase, the key activity of the national forest financing group will be the establishment of the national forest financing strategy of which a list of key actions will form the basis. During the second, longer phase, the group will oversee the step-by-step implementation of the strategy decided upon.

Two types of actions have been identified in these guidelines: (i) activities which will not directly lead to increased forest financing, but which are crucial nevertheless as they establish the right conditions in which forest financing can be harnessed, discussed in this section (3.2); and (ii) actions which will directly lead to increased levels of financing for sustainable forest management (discussed in section 3.3 below). Recommended activities to set up the right conditions include the following:

1. **Initial needs assessment.** Even the in-room expertise of the group might be insufficient in evaluating what needs exist at the national level in terms of forest financing. For this reason, the group might wish to commission an initial forest financing needs assessment to identify what funds are most needed and where. The question of “where” can both be geographical – certain types of forests, or certain regions of a country might be more in need of funding than elsewhere – but also thematic – for instance, community forestry might require more funding than timber chains of custody, or vice-versa.

2. **Identification of data gaps.** As part of the collection of data on the formal and informal, and cash and non-cash values of forests, as well as in anticipation of collaboration with national statistics agencies on improving national data collection on forest financing, an initial study to highlight what is not known will be essential.

3. **Identification of Training and Financial Needs for Strategy Implementation.** Lack of funds and technical or human capacity have already been identified in many countries as the principal impediment to increasing forest financing. This factor is also likely to impact during the process of elaboration of the national forest financing strategy. They must therefore be anticipated and accompanied by request for assistance to existing sources of financing whether at national or international levels. Such needs may include mediation training for facilitating the national forest financing group; communication training when setting up the forest financing communication strategy; and financial assistance to cover the costs of running group meetings (booking venues, meals, transport within the country for participants located outside capital, etc.).

4. **Preparation of a communication strategy.** The importance of this step is not to be underestimated and has been justifiably emphasized time and again in Facilitative Process workshops as a consequence of identifying lack of political attention and commitment as one of the primary impediments to increasing forest financing. The main objective of this communication strategy is to convince key decision-makers of the importance of forest financing – not only to forests, but to broader development goals such as poverty reduction. In particular, the communication strategy will underline (i) the total economic value of forests which reveals that official figures of the contribution of forests to GDP is only the tip of the iceberg when it comes to the value of forests; and (ii) the links between forests, rural livelihoods and poverty reduction and thus the need to integrate forests within broader development and economic goals at the national level.

Means of communication are multiple and will depend on the most effective types of communication in any given country. These could include radio, television, printed press...
and specific events but also innovative means of communication such as online materials and social networking. Communication professionals and media representatives will be closely involved in this exercise so as to adapt the message to targeted audiences and maximize its impact.

3.3 Directly Increasing Forest Financing

The following list is aimed at building the core set of actions which will directly impact on the increase of forest financing at the national level:

1. **Identification of forest financing opportunities at national, regional and international levels.** This activity has already largely been developed during Facilitative Process workshops as well as in the meetings of the Ad Hoc Expert Group on Forest Finance so most effort will go into narrowing down the list of opportunities and adapting them to a national context. While agroforestry and the commercialization of specific forest products such as shea butter and gum Arabic might represent main opportunities in some African LFCCs, in SIDS the links between forests and tourism are more likely to be a major financing opportunity for forests.

2. **Identification of connected plans, programmes and processes.** National forest financing strategies will not emerge in a policy vacuum. Instead, existing plans exist and are already being implemented on connected issues such as poverty reduction strategy papers, national forest programmes, sustainable development action plans, etc. All of these should be identified and mapped out in a bid to build national forest financing strategies in agreement and coordination with existing plans.

3. **Identification of key actions to harness these opportunities.** This will form the core of the national forest financing strategy as it consists in translating broad recommendations and opportunities into concrete and measurable activities. The decision to implement specific activities will largely depend on national circumstances as forest financing leverage points can differ widely between countries according to existing stakeholder networks, institutions, distribution of natural resources, relations between sectors, etc. Recommended action points are listed in the annex.

4. **Allocation of activities to stakeholders or groups of stakeholders.** Relevant stakeholders should then be given the responsibility of seeing each specific action to fruition. Not only is this a practical way of increasing likelihood of implementation, but it also empowers stakeholders and promotes their appropriation of the national forest financing strategy. Some actions can only be taken in thematic subgroups. Such is the case, for instance, of harnessing forest financing from the tourism industry: for this set of tasks, representatives of the forest/environment ministry will need to work with those of the finance and tourism ministries to devise innovative means of allocating funds from tourism to the implementation of sustainable forest management.

5. **Pegging activities on a timeline.** To complete the forest financing strategy matrix, each activity should be given a deadline, at which point responsible stakeholders or groups of stakeholders should report to the national forest financing group. While this timeline should be ambitious, it must remain realistic. Agreements between stakeholders from different backgrounds – civil servants versus communities, communities versus the private sector, representatives of different sectors – can be lengthy and time is required in order to reach practical agreements on forest financing.
6. *Identification of “low-hanging fruit”*. Especially if the timeline for strategy implementation spans more than a few years, it is essential to establish a rhythm that will produce results on a regular basis. Very often, funds are readily available but remain unused because of lack of communication or limited efforts to increase forest financing; it is only a matter of locating them before levels of forest financing begin increasing. In this respect, the UNFF Facilitative Process can be of great assistance through the multiple functions listed in the Resolutions of the 9th Session and of the Special Session of the 9th Session (see Annex B).

This step is key to maintaining political attention and momentum of the entire process. A strategy implementation where stakeholders put effort for years without seeing results has more chance of being abandoned half-way than a strategy which produces rapid results that will contribute to convincing decision-makers of its importance. In financial language, it is crucial to provide a “return on investment” of the strategy as soon as possible after the initiation of the implementation phase. Activities that are most likely to produce results should therefore be given priority.

As a component of the common forest financing strategy, the result of this work will be a national forest financing strategy that can be summarized in a matrix to which each activity or set of activities is given a deadline and is allocated to a number of stakeholders, such as the example table below. One alternative would be to present this in the form of a Gantt chart. This matrix is also used in Annex A to display the common forest financing strategy.

<table>
<thead>
<tr>
<th>Actions</th>
<th>Responsibility</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Action 1</td>
<td>Stakeholders A and B</td>
<td>Month, year</td>
</tr>
<tr>
<td>Action 2</td>
<td>Stakeholders C, D and E</td>
<td>Month, year</td>
</tr>
<tr>
<td>Action 3</td>
<td>Stakeholders A and D</td>
<td>Month, year</td>
</tr>
</tbody>
</table>

Table I. — Example of a national forest financing strategy matrix.
Annex A: A Common Forest Financing Strategy

This section provides a recommended matrix, containing key actions paired with specific stakeholders and deadlines. It can act as a starting point for the elaboration of national forest financing strategies and is based on (i) the guidelines provided above and (ii) the substantive recommendations drawn from the main outputs of the UNFF’s strategic work plan on forest financing, including the recommendations of the two meetings of the Ad Hoc Expert Group on Forest Financing (Nairobi, September 2010; Vienna, January 2013); the six Facilitative Process workshops (Tehran, November 2011; Niamey, January-February 2012; Port of Spain, April 2012; Nadi, July 2012; Dakar, December 2012; and Nairobi, January 2013); and the two Resolutions of the 10th Session of the UNFF (Istanbul, April 2013). The references for these documents are provided at the end of this paper.

1. Objectives

The common forest financing strategy laid out below has two main objectives:

a. To assist in the coordination of member states, regional and international organizations, donors and other relevant stakeholders and organisations in the implementation of action points set forth by the UNFF to increase levels of forest financing in SIDS, LFCCs, Africa and LDCs; and

b. To act as a blueprint for the establishment of forest financing strategies at national, regional and international levels, taking into account (i) the diversity of contexts among SIDS, LFCCs, African countries and LDCs, and (ii) existing similar programmes or processes that might already exist such as National Forest Programmes.

2. Action Plan

The list of following actions is a compilation of actions recommended by the six Facilitative Process workshops and the 10th Session of the UNFF. They are listed according to the level of implementation – national, regional and international.

2.1 National Level Actions

- Create national forest financing strategies
  - Identification of members and establishment of national group based on existing structures where available
  - Election of steering committee to oversee running of national group
  - Implementation of national forest financing strategy using the common forest financing strategy as a blueprint

- Carry out background studies
  - Needs assessment (financial, technical, human)
  - Identify “low-hanging fruit”, i.e., easy access funding such as existing national and international funds, creation of a national forest or landscape restoration fund
• Strengthen data collection (see also at international level)
  - Promote communication between forestry/environment ministry and national statistics agency to design most appropriate data collection tools and categories
  - Collect data on both formal and informal contributions and both cash and non-cash of forests to the national economy

• Develop a communication / advocacy strategy
  - Identification of key target groups and means of communication
  - Publication of communication materials, including key messages on total economic valuation, role of forest ecosystem services in economic development and links between forests and poverty reduction

• Promote production and consumption of forest products
  - Identify key forest products with forest financing potential including timber, fuelwood, shea butter, gum Arabic, key fruit/nuts, medicinal products
  - Identify main leverage points (market and non-market based) to promote contribution of products to forest financing, e.g., fiscal system, training of professionals, product advertising, quality improvement, techniques in processing and transformation, technology transfer
  - Identify key success stories and scale them up
  - Identify and implement means for communities to access benefits from commercialization of forest products

• Harness the potential of the private sector
  - Negotiate with private actors on potential contribution to financing SFM
  - Identify main leverage points to harness financing from the private sector
  - Establish public-private partnerships including on the creation of market-based funding mechanisms where appropriate (PES, carbon credits)
  - Identify and implement key actions to facilitate an enabling environment for the private sector to invest in natural forests and plantations

• Harness cross-sectoral opportunities
  - Map out the links between forests and other sectors through a landscape approach, taking into account the importance of trees outside forests
  - Set up cross-sectoral advisory groups composed of forest representatives on the one hand, and single sectors on the other: tourism advisory group, agriculture and livelihoods advisory group, transport advisory group, extraction industries advisory group, etc.
  - Identify and implement actions to increase cross-sectoral contributions to forest financing. These can include the following:
    ➢ promoting agroforestry in collaboration with ministry of agriculture
    ➢ developing chains of custody of agroforestry products
    ➢ promoting ecotourism projects
- developing fiscal systems to allocate revenue from related sectors (e.g., extraction industries, tourism) to forests, either directly or through the establishment of a fund
- Integrating forests in climate change mitigation and adaptation strategies (e.g., against sea-level rise in SIDS)
- Identifying alternative energy sources to reduce woodfuel consumption
- Target decision-makers in connected sectors in communication strategy (see above)

- Integrate national forest financing strategies into broader development goals

  - Highlight connections between SFM and forest financing with development goals, in particular contributions of forests to rural livelihoods, poverty reduction, food security and economic development
  - Include forests in national development strategies such as poverty reduction strategy papers

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### 2.2 Regional Level Actions

- Strengthen regional / interregional organizations

  - Identify key regional and interregional organizations relevant to SIDS, LFCCs, Africa, LDCs
  - Promote exchange through research, e.g., University Consortium of Small Island States
  - Promote training among similar countries e.g., TPS for LFCCs
  - Collaborate with regional / interregional organizations to highlight specificities of member states in international negotiations
  - Promote scaling up and replication of national success stories
  - Build on cross-border forest financing issues by implementing cross-border activities and projects

- Call for international funds at regional level

  - Identify cross-border, regional or interregional projects or programmes and take advantage of regional technical capacities to attract international funding from donors
  - Donors to continue facilitating regional and interregional processes with a focus on forest financing in SIDS, LFCCs, Africa and LDCs

### 2.3 International Level Actions

- Take full advantage of existing international funding initiatives

  - Identify key donors and funding mechanisms, including innovative mechanisms, at the international level
  - Identify low-hanging fruit, notably readily available funding already allocated to the country, e.g., under GEF-5 replenishment
  - Identify types of assistance that can be offered by the UNFF Facilitative Process, including capacity building, policy advice, technology transfer
- Request technical advice and assistance for establishing innovative mechanisms when relevant e.g., REDD+, PES

- Increase donor allocation to SFM
  - Integrate forests into broader development goals and poverty reduction strategy papers (see above)
  - Donors to increase funding available for forests, particularly in SIDS, LFCCs, Africa, LDCs
  - Donors to further improve, simplify and streamline procedures to access funds for forests
  - Donors to strengthen the dissemination of information on forest financing to national forest financing groups
  - Donors to continue providing resources to UNFF Facilitative Process as seed money for increasing forest financing in SIDS, LFCCs, Africa, LDCs

- Strengthen data collection (see also national level)
  - International organizations especially members of the Collaborative Partnership on Forests (CPF), e.g., FAO and ITTO to further collaborate with national statistics agencies to improve data collection on forest financing (see also data collection in national actions)
  - CPF to gather and make available information on the scale of private investment flows for forests

3. Implementation and Timeline

Many of the actions and the timeline reflect the suggestions already provided in section 3.1. It is recommended that the implementation of all these actions be spread across a 5-year timeline according to three main factors (i) length of time required for implementation feasibility, (ii) logical sequence of implementation of different actions points, and (iii) level of priority/urgency. The number of months or years listed below refers to the time elapsed since kick-starting the elaboration of the forest financing strategy.

- 4 months
  - Identify key regional and interregional organizations relevant to SIDS, LFCCs, Africa, LDCs
  - Identify key donors and funding mechanisms, including innovative mechanisms, at the international level

- 6 months
  - Identification and creation of national forest financing group and election of steering committee
  - Election of steering committee to oversee running of national group
  - Identify low-hanging fruit, notably readily available funding already allocated to the country, e.g., under GEF-5 replenishment
• 12 months

- Needs assessment (financial, technical, human)
- Assessment of forest financing data gaps
- Identify “low-hanging fruit”, i.e., easy access funding such as existing national and international funds, creation of a national forest or landscape restoration fund
- Promote communication between forestry/environment ministry and national statistics agency to design most appropriate data collection tools and categories
- Identification of key target groups and means of communication
- Identify key forest products with forest financing potential including timber, fuelwood, shea butter, gum Arabic, key fruit/nuts, medicinal products
- Map out the links between forests and other sectors through a landscape approach, taking into account the importance of trees outside forests
- Target decision-makers in connected sectors in communication strategy
- Highlight connections between SFM and forest financing with development goals, in particular contributions of forests to rural livelihoods, poverty reduction, food security and economic development
- Identify types of assistance that can be offered by the UNFF Facilitative Process, including capacity building, policy advice, facilitation of technology transfer

• 18 months

- Publication of communication materials, including key messages on total economic valuation, role of forest ecosystem services in economic development and links between forests and poverty reduction
- Identify key success stories on the promotion and commercialization of forest products and scale them up
- Set up cross-sectoral advisory groups composed of forest representatives on the one hand, and single sectors on the other: tourism advisory group, agriculture and livelihoods advisory group, transport advisory group, extraction industries advisory group, etc.
- Collaborate with regional / interregional organizations to highlight specificities of member states in international negotiations

• 24 months

- Collect data on both formal and informal contributions and both cash and non-cash of forests to the national economy
- Identify main leverage points (market and non-market based) to promote contribution of products to forest financing, e.g., fiscal system, training of professionals, product advertising, quality improvement, techniques in processing and transformation, technology transfer
- Negotiate with private actors on potential contribution to financing SFM
- Identify main leverage points to harness financing from the private sector
- Establish public-private partnerships including on the creation of market-based funding mechanisms where appropriate (PES, carbon credits)
- Include forests in national development strategies such as poverty reduction strategy papers
- Promote exchange through research, e.g., University Consortium of Small Island States
- Build on cross-border forest financing issues by implementing cross-border activities and projects
- Identify cross-border, regional or interregional projects or programmes and take advantage of regional technical capacities to attract international funding from donors
- Request technical advice and assistance for establishing innovative mechanisms when relevant e.g., REDD+, PES
- Integrate forests into broader development goals and poverty reduction strategy papers (see above)
- Donors to strengthen the dissemination of information on forest financing to national forest financing groups
- CPF to gather and make available information on the scale of private investment flows for forests

• 5 years (or continuous process)

- Complete implementation of national forest financing strategies based on all other action points
- Identify and implement means for communities to access benefits from commercialization of forest products
- Identify and implement key actions to facilitate an enabling environment for the private sector to invest in natural forests and plantations
- Identify and implement actions to increase cross-sectoral contributions to forest financing. These can include the following:
  - promoting agroforestry in collaboration with ministry of agriculture
  - developing chains of custody of agroforestry products
  - promoting ecotourism projects
  - developing fiscal systems to allocate revenue from related sectors (e.g., extraction industries, tourism) to forests, either directly or through the establishment of a fund
  - Integrating forests in climate change mitigation and adaptation strategies (e.g., against sea-level rise in SIDS)
  - Identifying alternative energy sources to reduce woodfuel consumption
- Promote training among similar countries e.g., TPS for LFCCs at the regional level
- Promote scaling up and replication of national success stories at the regional level
- Donors to continue facilitating regional and interregional processes with a focus on forest financing in SIDS, LFCCs, Africa and LDCs
- Donors to increase funding available for forests, particularly in SIDS, LFCCs, Africa, LDCs
- Donors to further improve, simplify and streamline procedures to access funds for forests
- Donors to continue providing resources to UNFF Facilitative Process as seed money for increasing forest financing in SIDS, LFCCs, Africa, LDCs
- International organizations especially members of the Collaborative Partnership on Forests (CPF), e.g., FAO and ITTO to further collaborate with national statistics agencies to improve data collection on forest financing (see also data collection in national actions).
4. Summary Matrix

The table below pairs the actions put forward by the Facilitative Process workshops and the 10th Session of the UNFF with the lists of stakeholders responsible and the timelines described above.

<table>
<thead>
<tr>
<th>Level</th>
<th>Objectives</th>
<th>Action Points</th>
<th>Responsibilities</th>
<th>Deadline</th>
</tr>
</thead>
<tbody>
<tr>
<td>National</td>
<td>Carry out background studies</td>
<td>Needs assessment (financial, technical, human)</td>
<td>Academia</td>
<td>12 months</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Assessment of forest financing data gaps</td>
<td>Academia</td>
<td>12 months</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Identify “low-hanging fruit”, <em>i.e.</em>, easy access funding such as existing national and international funds, creation of a national forest or landscape restoration fund</td>
<td>Academia, steering committee, donors</td>
<td>12 months</td>
</tr>
<tr>
<td>Strength data collection (see also at international level)</td>
<td>Promote communication between forestry/environment ministry and national statistics agency to design most appropriate data collection tools and categories</td>
<td>Forestry/Environment Ministry, National statistics agency, academia</td>
<td></td>
<td>12 months</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Collect data on both formal and informal contributions and both cash and non-cash of forests to the national economy</td>
<td>Forestry/Environment Ministry, National statistics agency, academia</td>
<td>24 months</td>
</tr>
<tr>
<td>Develop a communication / advocacy strategy</td>
<td>Identification of key target groups and means of communication</td>
<td>Media, interministerial subgroup</td>
<td></td>
<td>12 months</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Publication of communication materials, including key messages on total economic valuation, role of forest ecosystem services in economic development and links between forests and poverty reduction</td>
<td>Media, interministerial subgroup</td>
<td>18 months</td>
</tr>
<tr>
<td>Promote production and consumption of forest products</td>
<td>Identify key forest products with forest financing potential including timber, fuelwood, shea butter, gum Arabic, key fruit/nuts, medicinal products</td>
<td>Steering committee</td>
<td></td>
<td>12 months</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Identify main leverage points (market and non-market based) to promote contribution of products to forest financing, <em>e.g.</em>, fiscal system, training of professionals, product advertising, quality improvement, techniques in processing and transformation, technology transfer</td>
<td>Stakeholders in products’ chains of custody</td>
<td>24 months</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Identify key success stories and scale them up</td>
<td>Stakeholders in products’ chains of custody</td>
<td>18 months</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Identify and implement means for communities to access benefits from commercialization of forest products</td>
<td>Stakeholders in products’ chains of custody, community representatives</td>
<td>5 years</td>
</tr>
<tr>
<td>Level</td>
<td>Objectives</td>
<td>Action Points</td>
<td>Responsibilities</td>
<td>Deadline</td>
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<tr>
<td>Harness the potential of the private sector</td>
<td>Negotiate with private actors on potential contribution to financing SFM</td>
<td>Steering committee, private advisory group</td>
<td>24 months</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Identify main leverage points to harness financing from the private sector</td>
<td>Steering committee, private sector advisory group</td>
<td>24 months</td>
<td></td>
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<tr>
<td></td>
<td>Establish public-private partnerships including on the creation of market-based funding mechanisms where appropriate (PES, carbon credits)</td>
<td>Ministry representatives, private sector advisory group</td>
<td>24 months</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Identify and implement key actions to facilitate an enabling environment for the private sector to invest in natural forests and plantations</td>
<td>National investment agency, private sector advisory group</td>
<td>5 years</td>
<td></td>
</tr>
<tr>
<td>Harness cross-sectoral opportunities</td>
<td>Map out the links between forests and other sectors through a landscape approach, taking into account the importance of trees outside forests</td>
<td>Steering committee, academia, different ministries</td>
<td>12 months</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Set up cross-sectoral advisory groups composed of forest representatives on the one hand, and single sectors on the other: tourism advisory group, agriculture and livelihoods advisory group, transport advisory group, extraction industries advisory group, etc.</td>
<td>Steering committee, different ministries</td>
<td>18 months</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Identify and implement actions to increase cross-sectoral contributions to forest financing. These can include the following:</td>
<td>Cross-sectoral advisory groups</td>
<td>5 years</td>
<td></td>
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<tr>
<td></td>
<td>- promoting agroforestry in collaboration with ministry of agriculture</td>
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<td></td>
<td>- developing chains of custody of agroforestry products</td>
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<td></td>
<td>- promoting ecotourism projects</td>
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<tr>
<td></td>
<td>- developing fiscal systems to allocate revenue from related sectors (e.g., extraction industries, tourism) to forests, either directly or through the establishment of a fund</td>
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<td></td>
<td>- Integrating forests in climate change mitigation and adaptation strategies (e.g., against sea-level rise in SIDS)</td>
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<td></td>
<td>- Identifying alternative energy sources to reduce woodfuel consumption</td>
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<tr>
<td></td>
<td>Target decision-makers in connected sectors in communication strategy (see above)</td>
<td>Media, interministerial subgroup</td>
<td>12 months</td>
<td></td>
</tr>
<tr>
<td>Integrate national forest financing strategies into broader</td>
<td>Highlight connections between SFM and forest financing with development goals, in particular contributions of forests to rural livelihoods, poverty reduction, food</td>
<td>Steering committee, interministerial group, planning ministry, academia</td>
<td>12 months</td>
<td></td>
</tr>
<tr>
<td>Level</td>
<td>Objectives</td>
<td>Action Points</td>
<td>Responsibilities</td>
<td>Deadline</td>
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<td>---------------------------</td>
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<tr>
<td>development goals</td>
<td>security and economic development</td>
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<tr>
<td></td>
<td>Include forests in national development strategies such as poverty reduction strategy papers</td>
<td>Interministerial group, planning ministry,</td>
<td></td>
<td>24 months</td>
</tr>
<tr>
<td>Create national</td>
<td>Identification of members and establishment of national group based on existing structures where available</td>
<td>Relevant ministry for forests, UNFF focal point</td>
<td></td>
<td>6 months</td>
</tr>
<tr>
<td>forest financing strategies</td>
<td>Election of steering committee to oversee running of national group</td>
<td>National forest financing group</td>
<td></td>
<td>6 months</td>
</tr>
<tr>
<td></td>
<td>Complete implementation of national forest financing strategy using the common forest financing strategy as a blueprint (incorporating all of the action points above)</td>
<td>National forest financing group</td>
<td></td>
<td>5 years</td>
</tr>
<tr>
<td>Regional</td>
<td>Strengthen regional / interregional organizations</td>
<td>Identify key regional and interregional organizations relevant to SIDS, LFCCs, Africa, LDCs</td>
<td>Steering committee, UNFF focal points</td>
<td>4 months</td>
</tr>
<tr>
<td></td>
<td>Promote exchange through research, e.g., University Consortium of Small Island States</td>
<td>Academia, think tanks, research institutes, foreign affairs</td>
<td></td>
<td>24 months</td>
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<tr>
<td></td>
<td>Promote training among similar countries e.g., TPS for LFCCs</td>
<td>Forest/Environment ministry, foreign affairs</td>
<td></td>
<td>5 years</td>
</tr>
<tr>
<td></td>
<td>Collaborate with regional / interregional organizations to highlight specificities of member states in international negotiations</td>
<td>Forest/Environment ministry, foreign affairs</td>
<td></td>
<td>18 months</td>
</tr>
<tr>
<td></td>
<td>Promote scaling up and replication of national success stories</td>
<td>Forest/Environment ministry</td>
<td></td>
<td>5 years</td>
</tr>
<tr>
<td></td>
<td>Build on cross-border forest financing issues by implementing cross-border activities and projects</td>
<td>Forest/Environment ministry, foreign affairs</td>
<td></td>
<td>24 months</td>
</tr>
<tr>
<td>Call for international</td>
<td>Identify cross-border, regional or interregional projects or programmes and take advantage of regional technical capacities to attract international funding from donors</td>
<td>Forest/Environment ministry, foreign affairs, donors</td>
<td></td>
<td>24 months</td>
</tr>
<tr>
<td>funds at regional level</td>
<td>Donors to continue facilitating regional and interregional processes with a focus on forest financing in SIDS, LFCCs, Africa and LDCs</td>
<td>Donors, Forest/Environment ministry, foreign affairs</td>
<td></td>
<td>5 years</td>
</tr>
<tr>
<td>International</td>
<td>Take full advantage of existing international funding initiatives</td>
<td>Identify key donors and funding mechanisms, including innovative mechanisms, at the international level</td>
<td>Forest/Environment ministry, foreign affairs, donors</td>
<td>4 months</td>
</tr>
<tr>
<td></td>
<td>Identify low-hanging fruit, notably readily available funding already allocated to the country, e.g., under GEF-5 replenishment</td>
<td>Steering committee, foreign affairs, donors</td>
<td></td>
<td>6 months</td>
</tr>
<tr>
<td></td>
<td>Identify types of assistance that can be</td>
<td>Steering committee,</td>
<td></td>
<td>12 months</td>
</tr>
<tr>
<td>Level</td>
<td>Objectives</td>
<td>Action Points</td>
<td>Responsibilities</td>
<td>Deadline</td>
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<tr>
<td></td>
<td>offered by the UNFF Facilitative Process, including capacity building, policy advice, facilitation of technology transfer</td>
<td>UNFF focal point, UNFF</td>
<td></td>
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<tr>
<td></td>
<td>Request technical advice and assistance for establishing innovative mechanisms when relevant e.g., REDD+, PES</td>
<td>Steering committee, foreign affairs, forest/environment ministry, donors</td>
<td>24 months</td>
<td></td>
</tr>
<tr>
<td>Increase donor funds for forest financing in SIDS, LFCCs, Africa and LDCs</td>
<td>Integrate forests into broader development goals and poverty reduction strategy papers (see above)</td>
<td>Steering committee, interministerial group, planning ministry, academia</td>
<td>24 months</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Donors to increase funding available for forests, particularly in SIDS, LFCCs, Africa, LDCs</td>
<td>Donors, foreign affairs, forestry/environment Ministry</td>
<td>5 years</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Donors to further improve, simplify and streamline procedures to access funds for forests</td>
<td>Donors, foreign affairs, forestry/environment Ministry</td>
<td>5 years</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Donors to strengthen the dissemination of information on forest financing to national forest financing groups</td>
<td>Donors, foreign affairs, forestry/environment Ministry</td>
<td>24 months</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Donors to continue providing resources to UNFF Facilitative Process as seed money for increasing forest financing in SIDS, LFCCs, Africa, LDCs</td>
<td>Donors, UNFF</td>
<td>5 years</td>
<td></td>
</tr>
<tr>
<td>Strengthen data collection (see also national level)</td>
<td>International organizations especially members of the Collaborative Partnership on Forests (CPF), e.g., FAO and ITTO to further collaborate with national statistics agencies to improve data collection on forest financing (see also data collection in national actions)</td>
<td>CPF including FAO, ITTO, international organizations, forestry/environment Ministry, National statistics agency</td>
<td>5 years</td>
<td></td>
</tr>
<tr>
<td></td>
<td>CPF to gather and make available information on the scale of private investment flows for forests</td>
<td>CPF, private sector</td>
<td>24 months</td>
<td></td>
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</tbody>
</table>
Annex B: List of Functions of the UNFF Facilitative Process

Functions listed in the Resolution of the Special Session of the 9th Session of the UNFF (E/CN.18/SS/2009/2)

(a) To assist in mobilizing and supporting new and additional financial resources from all sources for sustainable forest management;

(b) To assist countries in mobilizing, accessing and enhancing the effective use of existing financial resources from all sources for sustainable forest management, taking into account national policies and strategies;

(c) To identify, facilitate and simplify access to all sources of finance for sustainable forest management;

(d) To identify obstacles to, gaps in and opportunities for financing sustainable forest management;

(e) To assist countries in developing national financing strategies for sustainable forest management within the framework of national forest programmes or their equivalent, as called for in the non-legally binding instrument on all types of forests;

(f) To facilitate the transfer of environmentally sound technologies and capacity-building to developing countries;

(g) To provide advice, upon request, and to share examples of good practice in improving the enabling environment for sustainable forest management, in particular in achieving the four global objectives on forests and implementation of the non-legally binding instrument on all types of forests, in order to attract public- and private-sector investment and philanthropic funding;

(h) To enhance coordination, cooperation and coherence among relevant funding sources and mechanisms to improve the implementation of the non-legally binding instrument on all types of forests and the achievement of the global objectives on forests at all levels and to improve the effective and efficient use of available financial resources for its implementation;

Functions listed in the Resolution of the 9th Session of the UNFF (E/CN.18/2011/20)

(i) To work to identify the barriers to access to financing, in particular for developing countries and countries with economies in transition, to suggest ways to simplify relevant procedures and build the capacity of countries to remove them, to examine the effects, impact and synergies of cross-sectoral and cross-institutional activities on forest financing and to integrate the lessons learned into their submissions to the second meeting of the Ad Hoc Expert Group;

(j) To encourage relevant institutions, such as international financial institutions, as appropriate, working in close concert with regional forest processes, to further develop ways to mobilize resources from all sources and to mainstream the global objectives on forests in their programmes.
Annex C: List of References


