Financing Sustainable Forest Management in Kyrgyzstan

Despite being classified as a low forest cover country, Kyrgyzstan is blessed with small but particularly rich forests, home to timber and a variety of wild fruit consumed locally, and which also contribute clean water and recreation for local people and tourists alike.

Forest cover figures vary widely according to different sources. 16 per cent of the forest lands in Kyrgyzstan are included within the State Forest Fund (SFF), managed by the State Agency for Environment Protection and Forestry under the government of the Kyrgyz Republic. However, the forested area of SFF is only 4.3 per cent. Conversely, the forest area in the country is estimated at 6.97 per cent which means that about 2.5 per cent of forested land is not state owned and no known institution is responsible for its management.

Forests are very important for local people: not only do they produce firewood and commercial timber, but with a high level of agrobiodiversity, they contribute a wide range of non-timber forest products such as fruit, mushrooms and medicinal plants. They are widely used for livestock grazing, hunting, fishing, bee-keeping and recreational and tourism services.

Since independence from the Soviet Union, Kyrgyzstan has developed and implemented Collaborative Forest Management (CFM). This new, participatory approach to social forestry was introduced on an experimental basis in the walnut-fruit forests in 1998. Due to a tripartite cooperation between forest users, state forest management units and local self-governing bodies, local communities have greater access to the forest. The growing interest of local communities concerning forest governance is shown in the form of leasing of forest lands to smallholders and community organisations.

Such involvement of different stakeholders is one of the key elements to improving SFM in Kyrgyzstan. The private sector has also been playing an increasing role in the past two decades, with growing involvement in harvesting and processing forest fruit, mountain honey and medicinal herbs.

However, for the moment, cooperation between private entrepreneurs and state management units remains weak, partly because of traditional reluctance on the part of decision-makers to devolve authority over productive forest-related activities to private companies. In order to overcome this, it has been recommended that NGOs act as intermediaries between the government, citizens, self-governing local authorities and private businesses as they already took upon themselves a number of social services, including the forest sector.

Authors of this background paper have suggested that this reform of the state forest governance should continue in the direction of decentralisation, deconcentration and privatization. “State-private” (public-private) collaboration should therefore be given national priority. Private investment in Kyrgyz forests are currently hampered by uncertainty about political support for decentralisation. To promote private investment and initiatives, credit incentives and tax exemptions could be used.
Staff in the governmental forest sector are faced with further issues related to financing SFM. Forestry staff wages remain very low, leading to a lack of motivation. Some observers have claimed that this encourages corruptive trends in parts of the forest management cycle. The State Enterprise Forest Management Units do not have the opportunity to increase wages as this is the domain of the state. This is one reason, among many others, to argue for better inter-agency cooperation and training and capacity building on the issues of fiscal and economic reform in the forest sector.

The US$ 9 million gap in forest financing identified by decision-makers accounts at least in part for the failure in delivering many of the planned projects of the National Action Plan. Recommendations to overcome this funding gap in the future include implementing modern funding mechanisms and tools such as carbon trade, sustainable watershed management, bio-prospecting and concessions. However, these can only be implemented following negotiations between all stakeholders.

Kyrgyzstan’s forests are rich in financing opportunities. The main element missing is active dialogue and partnerships between the state, the private sector, communities and civil society is the main condition for ensuring that all stakeholders contribute collectively towards SFM.