Financing Sustainable Forest Management in Tunisia

Full Country Case Study Report

Tunisia’s forest cover corresponds currently to 8% of its total territory, despite successive afforestation programs undertaken in the mid-20th Century. Forest resources are used in a wide array of activities, and the raising of livestock and processing of forest products are both important contributors to the income of many households. At the same time, overuse of resources and proliferation of forest fires result in unusually high social costs, from impacts on current and future production, to carbon emissions, to land degradation and loss of biodiversity. In addition, the lack of sustainable management plans for wildlife stocks can also cause significant damage to surrounding farmlands. These external costs significantly reduce the total benefits of forests in Tunisia.

Tunisia’s main challenge in forest management is how to reconcile the conservation of forest resources with the socio-economic well-being of local inhabitants. There is a need to find a compromise between the immediate needs of local populations (grazing and firewood harvesting) and broader long-term environmental concerns. Another key challenge lies in the desire of private land owners to participate in agro-silvo-pastoral development projects. The role of the private sector remains minimal and limited to the harvesting and commercialization of forest products, since development and management of public forests is controlled by the forest administration, leaving private owners unable to undertake any harvesting operations without prior approval.

Moreover, the protection of forests is perceived by many in local communities as a barrier to economic development. This view is best explained in light of widespread unemployment and limited income opportunities in most forested areas of the country. This situation creates perpetual conflict between the forest administration and local inhabitants over use of forest resources and creation of employment opportunities. These conflicts peaked shortly after the Revolution of January 2011, exhibited by greater frequencies of forest fires, larger burnt surface areas, acts of physical violence against foresters, and trespassing in several national parks for illegal use of protected resources.

Tunisian forest policy is an integral aspect of the agricultural sector, where investments in water infrastructure are highly prioritized. Existing forest management plans are also supposed to be designed in harmony with the country’s development policy for fighting unemployment and poverty. At a macro level, cross-sectoral cooperation take place and the synergies between forests and other sectors are acknowledged. On the other hand, at a decentralized policy and implementation level, cross-sectoral considerations are weak. To improve this, the National Commission for Sustainable Development (CNDD) was developed, and placed in charge of assisting coordination between different actors. CNDD has an annual meeting with all involved governmental and non-governmental stakeholders, presided over by the Prime Minister.

The main sources of forest financial flows are revenues generated from forest products, income from fines and concession fees, funds provided by the national budget and foreign aid, private domestic and foreign investments, and other innovative financing sources. There are no taxes applied to increase revenues of the forestry sector. So the State-owned enterprise for forest exploitation (Régie d’Exploitation Forestière or REF), in charge of the harvesting and commercialization of products from public forests, should be allocated a sufficient financing budget for REF to ensure cork stripping and other harvesting operations can reach their full extent, increasing the net revenue generated by forest products.
Private domestic investments in Tunisia are low, and Foreign Direct Investment projects were absent until two proposals for forest development projects by foreign investors were presented in recent years. Controversy arose, however, over heavy water use and overall environmental impacts of these projects, obstructing their approval. Private investment, particularly from international sources, has been further compounded by the political instability that the country has been undergoing since late 2010.

The implementation of sustainable forest management (SFM) depends largely on ODA as Tunisia ranks among the highest ODA recipients among low forest cover countries. However, no innovative financing sources were found, in spite of the potential for applying Payments for Watershed Services (PWS) schemes, as well as possibilities for applying PES and REDD+ projects.

To overcome these problems, the Tunisian government created several different strategies. One of them is the usage of the Total Economic Value (TEV) concept. Direct values measured include wood products, non-wood forest products, grazing, recreation and hunting, while indirect values such as watershed protection, carbon sequestration, biodiversity and social costs also get integrated. The same approach can work for setting monetary values when sanctioning forest offenses, to make fines equal to the full value of the damage inflicted, and the Tunisian government should update administrative prices of forest products and sanctions. Another innovative implementation is Tree Celebrating Day, on which the president assesses the increase of forest cover, and makes decisions to enhance afforestation activities, among them taking measures in fund allocation.

To enhance the linkages between the public budget and the expenses required in developing the forest sector, the Tunisian government should apply the new approach of results-based budgeting. Using this approach the annual budget should improve previously identified indicators, such as forest cover rate and average burned surface area per forest fire, etc. Financial mechanisms and institutional instruments should encourage local forest users to take up sustainable practices, while only those who do so should benefit from these incentives.