

**Workshop on Forest Financing in Low Forest Cover Countries  
Tehran, Iran, 12-17 November 2011**

**United Nations Forum on Forests Secretariat  
May 2011**

***Forest Financing: The Issue***

Financing sustainable forest management, or forest financing, is a little-known dimension of sustainable forest management that generally receives limited attention. From an external perspective, recent pledges at the international level have given an impression of abundance of funds.

However, even when these funds are available, whether at the national or international levels, they are not used by developing countries for a number of reasons, notably because (i) administrations often lack the technical expertise to fulfil the conditions to access these funds; and (ii) generally, sustainable forest management stands fairly low on the political agenda of many developing countries, which means that funds, when available, are allocated elsewhere. This is especially the case in low forest cover countries (LFCCs) and small island developing states (SIDS), where forests by definition cover a very limited area of land and often do not generate significant amounts of cash income.

For further background detail, the webpage on the Ad Hoc Expert Group (<http://www.un.org/esa/forests/adhoc-forestfinance.html>) provides links to several documents, including the Note by the Secretariat on Strategies to mobilize resources from all sources to support the implementation of sustainable forest management.

***Forest Financing in SIDS and LFCCs: Background***

On 30 October 2009, a landmark resolution was adopted at the United Nations Forum on Forests on the means of implementation of sustainable forest management (SFM).<sup>1</sup> This resolution saw the creation of two complementary initiatives:

1. The Ad Hoc Expert Group (AHEG) on Forest Finance, designed to provide policy guidance and recommendations on forest financing issues, and which met for the first time in Nairobi in September 2010; and
2. The Facilitative Process (FP), created to assist Member States in mobilizing funds for forests in a bottom-up fashion, notably by providing information and data from the field.

---

<sup>1</sup> The full text of this Resolution is available at <http://daccess-dds-ny.un.org/doc/UNDOC/GEN/N09/563/82/PDF/N0956382.pdf?OpenElement>

Immediately following its creation, the FP was launched with a project on identifying gaps, obstacles and opportunities in financing SFM in Small Island Developing States (SIDS) and Low Forest Cover Countries (LFCCs). Staffing and financial resources have prevented the UNFF Secretariat from launching activities to fulfil all of the FP's functions immediately, but the SIDS/LFCC project was strategically selected to kick-start the FP for two reasons.

First, despite a number of studies on forest financing, knowledge remains very limited on what untapped funds exist for forest financing. As a result, the FP needs to begin with data-collection projects that highlight existing gaps, obstacles and opportunities to forest financing, as mentioned in function (d) of the FP.<sup>2</sup> Secondly, a report on forest financing commissioned by the Advisory Group on Finance of the Collaborative Partnership on Forests<sup>3</sup> showed that the two categories to have suffered the most from the drop in donor forest financing in the past two decades were SIDS and LFCCs.

### *Project Structure*

This Project, entitled, “Facilitating Financing for Sustainable Forest Management in SIDS and LFCCs”, focuses on these two categories of countries as they have witnessed a particularly steep decline in funding for SFM in the past 20 years. The project is being implemented over a period of three years with the following three components:

#### **Component I: Analysis of current financial flows, gaps, and needs, as well as governance structures for financing SFM in SIDS and LFCCs.**

(a) Seven national cases studies on SIDS and LFCC countries (3 for SIDS and 4 for LFCCs) were commissioned (i) to provide real life examples of issues encountered in forest financing and (ii) to provide realistic scenarios on future opportunities and constraints as well as experiences on lessons learned.

(b) Four international/regional studies were commissioned to identify macro-level financial analyses on the economic, geographic and institutional situations in SFM financing in SIDS and LFCCs and to identify challenges and opportunities for funding of SFM from a variety of sources.

In total 11 analytical reports were produced, five focusing on SIDS and six on LFCCs. These studies were carried out from a cross-sectoral perspective and focused on highlighting the linkages between the forest sector and other sectors (especially agriculture, rural development, energy, tourism, transportation and infrastructure, and

---

<sup>2</sup> Report of the Forum on the special session of the ninth session, including the Resolution on the Means of Implementation of Sustainable Forest Management. Document E/2009/118–E/CN.18/SS/2009/2 available on the Internet: <http://daccess-dds-ny.un.org/doc/UNDOC/GEN/N09/608/38/PDF/N0960838.pdf?OpenElement>

<sup>3</sup> Simula, M. (2008). Financing flows and the need to implement the non-legally binding instrument on all types of forests. A report prepared for the Advisory Group on Finance of the Collaborative Partnership on Forests and the Programme on Forests of the World Bank, 90 pp. Document available on the Internet: [http://www.un.org/esa/forests/pdf/aheg/finance/AGF\\_Financing\\_Study.pdf](http://www.un.org/esa/forests/pdf/aheg/finance/AGF_Financing_Study.pdf) (retrieved 17 August 2010).

finance), thus integrating SFM into broader social and economic issues. In so doing, they emphasize the importance of SFM in the national development priorities of both SIDS and LFCCs.

**Component II: Establishment of National Ownership, Review of Thematic Papers and Consultations on the Way Forward.** This component aims to reach out to national stakeholders in a bid (i) to invite them to provide their input, local knowledge and expertise into the 11 papers produced in Component I, and (ii) to partially transfer ownership of the project to the countries concerned. In promoting participation from national stakeholders, not only will the reliability and validity of the data be increased, but national contributors should also partly appropriate the project, thus potentially increasing the project's impact in targeted countries.

**Four workshops** will thus be organized (in Iran and Niger for LFCCs, and Trinidad and Tobago and Fiji for SIDS) in which the findings contained in the 11 papers will be discussed. The workshops will be tailored to address specific topics related to SFM funding gaps, including an exchange of views by country-level experts to review and add input to the specific thematic analytical reports and national case studies, and to prepare respective action recommendations for governments, the private sector, the international community, financing institutions, philanthropy and other stakeholders. These workshops will be preceded by national preparatory meetings held at country level to bring together for the first time forest financing stakeholders from different sectors. Special attention will be paid to ensure gender parity among the participants of all four workshops, as well as representation of indigenous groups wherever possible and relevant.

**Component III: Communications Strategy for facilitation of SFM Financing of SIDS and LFCC countries.** This component will be delivered through a SFM Financing Strategy to facilitate financing for SFM in SIDS and LFCCs and attract new investment opportunities:

(a) Identify and draw attention to innovative approaches to help reverse the decline of financing for SFM in SIDS and LFCCs and increase political attention on the matter through improved dialogue.

(c) Based on the SFM Financing Strategy, various communication activities will be conducted to promote information exchange and raise awareness of the challenges and opportunities for SFM financing in SIDS and LFCCs – specifically during the various workshops attended by 78 countries in total. Information packages, policy briefs and publications will be produced, which will all be available on a specially created webpage of the UNFF website. National-level communication measures, particularly in case study countries, will also be recommended and issues and recommendations specific to women and indigenous groups will be included. These activities will help increase awareness on current financing gaps for SFM and promote South-South cooperation to build and strengthen awareness and capacity of SIDS and LFCC countries to address SFM funding gaps.

### ***The cross-sectoral nature of the project***

The SIDS/LFCC project draws from the findings and analyses of the past reports including the UNFF8 report on “Financing Flows and Needs to Implement the Non-Legally Binding Instrument on All Types of Forests” (as mentioned above), and the work of the FAO’s NFP Facility. It also takes into account the work carried out by the CPF on mapping SFM financing gaps by the CPF Advisory Group on Finance and will contribute to thematic issues contained in the UNFF Multi-Year Programme of Work (MYPOW).

Care has been taken to emphasize a **cross-sectoral perspective** throughout this project. It has now long been recognized that many of the causes of deforestation lie outside of the forest sector (e.g., agriculture, public infrastructure). Likewise, forests have an impact on connected sectors, notably climate change. In the same way, financial flows outside of the forest sector can have both positive and negative impacts on forests and in turn, forests can contribute significantly to the national economy and reducing poverty. At this time, however, these linkages have only been partially acknowledged by decision-makers and only rarely implemented.

**Stakeholders in the sectors of finance, agriculture, rural development, transport or tourism might play just as important a role to play in forest financing as those in forest or environment sectors.** The “silos” of government ministries with responsibilities for different areas affecting forests, including deforestation, need to work more collaboratively. It is therefore essential that this project look at financing for forests in a 360-degree perspective, rather than financing for the forest sector in the narrow sense of the term.

### ***The Iranian Workshop: Forest Financing in Low Forest Cover Countries***

The workshop to be held in Iran from 12 to 17 November 2011 will be the first of four workshops of Component II. It shall be run jointly by the Secretariat of the United Nations Forum on Forests and the Secretariat of the United Nations Convention to Combat Desertification, in collaboration with the United Nations Environment Programme, the Government of the Islamic Republic of Iran and the Secretariat of the Tehran Process for Low Forest Cover Countries, and with financial support from the Global Environmental Facility.

This workshop will bring together all low forest cover countries which do not have an established forest policy, namely the following:

1. Afghanistan
2. Chad
3. Djibouti
4. Iceland
5. Iran (Islamic Republic of)
6. Iraq
7. Jordan

8. Kazakhstan
9. Kuwait
10. Kyrgyzstan
11. Libyan Arab Jamahiriya
12. Malta
13. Mauritania
14. Oman
15. Pakistan
16. Qatar
17. Saudi Arabia
18. Tajikistan
19. Togo
20. Turkmenistan
21. United Arab Emirates
22. Uzbekistan
23. Yemen

Each country will be represented by two participants, both of which should be representative of forest financing stakeholder organisations, with at least one participant from outside the forest/environment sector (e.g., financial, agricultural, transport or tourism). Attention shall be given to ensure gender parity. In addition, each participating country will come with a standardised questionnaire duly filled out on the situation of forest financing in their national context. Finally, relevant self-funded donors will be invited to attend the workshop, along with additional host country participants, numbers permitting.

The objective of the workshop is twofold: first, discussions between participants based on the data produced during Component I and presentations given during the workshop will contribute to validating existing data and producing additional information on forest financing specific to low forest cover countries. This will form the basis for a forest financing strategy for SIDS and LFCCs which will be the primary output of Component III, and which will lay the basis for forest financing strategies at the national level.

Secondly, the workshop will initiate a network of forest financing stakeholders at the international level and common to all LFCCs which will lay the basis for ensuring sustainability of the project and the implementation of its findings, but also contribute to raising awareness about forest financing – one of the main factors currently hampering the allocation of funds to sustainable forest management.