

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

WORKSHOP REPORT

BACKGROUND

1. On 30 October 2009, a landmark resolution was adopted at the United Nations Forum on Forests (UNFF) on the means of implementation of sustainable forest management (SFM). This resolution saw the creation of two complementary initiatives, the Ad Hoc Expert Group on Forest Finance (AHEG) and the Facilitative Process (FP), created to assist Member States in mobilizing funds for forests.
2. 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). The project is structured in three components: (i) preliminary studies on forest financing in SIDS and LFCCs; (ii) data validation and transfer of ownership of the findings through a series of workshop with national forest financing stakeholders; and (iii) defining the way forward through a series of policy briefs and a global strategy for forest financing in SIDS and LFCCs, drawing on data obtained in the first two components.
3. This workshop was the first of a set of four workshops that comprise the second component of the above mentioned project on forest financing in SIDS and LFCCs, and was co-organised by the UNFF Secretariat, the United Nations Convention to Combat Desertification (UNCCD) Secretariat and the Government of the Islamic Republic of Iran.

OBJECTIVE

4. The objective of the workshop was to (i) validate the findings of the preliminary studies (prepared as part of the first component), particularly to identify gaps, obstacles and opportunities in financing SFM in LFCCs, and (ii) initiate a network of forest financing stakeholders in the LFCCs and at the international level.

PARTICIPANTS

5. The workshop had 41 experts and country representatives participating from 11 LFCCs (Afghanistan, Chad, Iraq, the Islamic Republic of Iran, Jordan, Kyrgyzstan, Tajikistan, Togo, Turkmenistan, Uzbekistan and Yemen), the Tehran Process Secretariat for Low Forest Cover Countries, the Secretariat of the UNFF and the Secretariat of the Convention for Biological Diversity (CBD), the Food and Agriculture Organisation (FAO), the United Nations Development Programme (UNDP Iran office), the Global Environment Facility (GEF Iran Office) and UNFF major groups (namely for NGOs). The University of Tehran – the Islamic Republic of Iran as well as two representatives of forest consulting companies (GIZ and Indufor) also attended. A full list of participants can be found at Annex I of this report.

STRUCTURE, VENUE AND DATES

6. The workshop was structured in two parts: (i) a two-day field trip to Mazandaran and Gilan Provinces on the Caspian Sea (12-13 November 2011), and (ii) a 3.5 day workshop (14th - 17th November 2011), comprising a series of presentations on forest financing given by the

UNFF Secretariat, Member States, Intergovernmental Organisations and Major Groups. On 16th November 2011, participants were split into 5 working groups by language (French, English, Arabic, Russian and Farsi) to discuss and answer a series of questions on forest financing in two sessions, and to report to the plenary after each session. On 17th November 2011, an expert panel summarised the main findings which were then discussed among participants before an agreed conclusion was reached.

FIELD TRIP

7. On 12 and 13 November 2011, participants went on a field trip to the forest-rich provinces of Mazandaran and Gilan in the Alborz Mountains and on the Caspian Sea in northern Iran. The field trip was entirely organised by the Forest, Range and Watershed Management Organisation of the Islamic Republic of Iran.
8. On 12 November, participants took part in the opening ceremony of the Kelarabad Educational Centre for Low Forest Cover Countries in Chalus, Mazandaran Province. The following day, participants visited Benishki Forest Cooperative near Ramsar, Mazandaran Province, where they were met by cooperative leaders who explained the successful commercialisation of a range of products from the region (notably timber, fish and agricultural products) in local markets, and the benefits derived for the welfare and development of local communities.

OPENING

9. The first day of the meeting (14th November 2011) included an opening ceremony comprising a speech by Mr. Orangi, the Deputy Minister of the Forest, Range and Watershed Management Organisation (FRWO) of the Islamic Republic of Iran, a welcome address in the form of a video message by the Director of the UNFF Secretariat and the unveiling of a special stamp celebrating the International Year of Forests in the Islamic Republic of Iran.

ELECTION OF CO-CHAIRS

10. The participants elected Mr. Oyétoundé Djiwa (Togo) and Mr. Aliost Montazeri (Islamic Republic of Iran) as the Co-chairs of the workshop.

ORGANIZATION OF WORK

11. Following the invitation by the co-chairs, the participants adopted the Organization of Work of the workshop. It was agreed that there would be no negotiated outcome but that co-chairs would present a workshop summary reflecting the discussions of the workshop.

DOCUMENTATION

12. Documentation relevant to the workshop includes:

- SIDS and LFCCs case studies (<http://www.un.org/esa/forests/session-documents.html>).
- The report commissioned by the Advisory Group on Finance in 2008 entitled, “Financing flows and the need to implement the non-legally binding instrument on all types of forests.” (http://www.un.org/esa/forests/pdf/aheg/finance/AGF_Financing_Study.pdf)

- The Resolution on the Means of Implementation of Sustainable Forest Management of the Special Session of UNFF9 (<http://daccess-ddsny.un.org/doc/UNDOC/GEN/N09/608/38/PDF/N0960838.pdf?OpenElement>)
- The report of the first meeting of the Ad Hoc Expert Group (http://www.un.org/esa/forests/pdf/ahg/ahg1/ahg_report.pdf)
- The Secretary General's Report on the Means of Implementation of Sustainable Forest Management, prepared for the 9th Session of the UNFF (<http://daccess-ddsny.un.org/doc/UNDOC/GEN/N10/601/91/PDF/N1060191.pdf?OpenElement>)
- The Resolution of the 9th Session of the UNFF (<http://daccess-ddsny.un.org/doc/UNDOC/GEN/N11/261/57/PDF/N1126157.pdf?OpenElement>)

MATTERS FOR CONSIDERATION

13. The Co-Chairs' summary of the discussions that were held at the first workshop on Forest Financing in Low Forest Cover Countries, including the agreed conclusions, is annexed to the present report.

ANNEX 1

CO-CHAIRS' SUMMARY OF PRESENTATIONS AND DISCUSSIONS DURING THE FIRST WORKSHOP ON FOREST FINANCING IN LOW FOREST COVER COUNTRIES

MONDAY 14 NOVEMBER: OPENING CEREMONY AND PLENARY

UNFF Process on Forest Financing

14. Mr Benjamin Singer (UNFF), presented the UNFF Process on Forest Financing with a focus on the functions and objectives of the Ad Hoc Expert Group (AHEG) and the Facilitative Process (FP). The intersessional activities on forest financing were also explained, including the current work of the Advisory Group on Finance on updating and expanding the 2008 study on forest financing, and the role played by the Collaborative Partnership on Forests (CPF) and other stakeholders in this regard.

Summary of Interactive Discussions

15. The scope and significance loans vs. grants in forest financing was discussed with the conclusion that both are needed and should be addressed. The role, importance and responsibilities of the private sector in forest financing was discussed. It was concluded that private sector plays an increasingly important role in productive investments in SFM. There is a need for adequate benefit sharing with local populations and communities and social and environmental impact assessments in case of large investments. Bio-fuels should also be addressed in terms of sustainability and a means of financing forests. Participants emphasized the need to understand the concept of SFM and related criteria and indicators, and how to “localize” this concept at national level.

Introduction to LFCCs

16. Dr. Mostafa Jafari of the Tehran Process Secretariat for LFCCs (TPS/LFCCs) presented an overview of LFCCs and the TPS. Links between forest financing and other forest-related and cross-cutting topics were emphasised, such as green economy, land degradation climate change and biodiversity. Solutions were also put forward including preparing National Forest Programmes, improving the timber sector and promoting REDD+.

The UNFF Facilitative Process and the SIDS- LFCC Project

17. Mr. Benjamin Singer of UNFF Secretariat presented an overview of forest financing and the UNFF process, and emphasised the importance of establishing the AHEG and the Facilitative Process (FP) as the two main mechanisms of the UNFF work plan on forest financing. The first activity under the FP is a project financed by the GEF and UK's Department for International Development (DFID) on Supporting Financing of SFM in SIDS and LFCCs, which was kick-started with a study aiming at identifying gaps, obstacles and opportunities in financing SFM in SIDS and LFCCs. The present workshop is part of the second component of the project, and aims at validating the results of the study as well as the creation of a practitioners' network on forest financing in LFCCs.

Summary of Interactive Discussions

18. There are new funding opportunities from climate change and forests but there is limited capacity in many LFCCs to access these. It is important to have adequate awareness and commitment at the decision-making/political level. Forests play a critical role in poverty reduction and there is need to balance between additional financing for SFM in natural forests and creating new forests plantations. The TPS for LFCCs functions mainly as a technical advisory body and has organised training courses on various issues. Forests have various functions and there is thus need for multi-sectoral approaches and platforms to enhance access to additional financing. Reforestation and forest landscape restoration (FLR) with special reference to the Bonn Challenge – a ministerial meeting in which participating countries agreed to restore 150 million hectares of forests worldwide is another opportunity for LFCCs. The issue of increasing forest cover and SFM in existing forests needs to be addressed simultaneously in a holistic manner.

Forest Financing Related Activities by FAO

19. Ms. Nora Berrahmouni informed the workshop participants on various relevant publications and activities by the FAO, including:
- Towards national financing strategies for sustainable forest management in Latin America <ftp://ftp.fao.org/docrep/fao/011/k3276e/k3276e00.pdf>
 - Community-based tree and forest enterprise development <http://www.fao.org/forestry/enterprises/25492/en/>
 - CPF Sourcebook <http://www.fao.org/forestry/cpf/sourcebook/en/>
 - Forest Connect to reduce poverty by linking small and medium forest enterprises with national forest programs, markets and service providers <http://www.fao.org/forestry/enterprises/forestconnect/en/>, <http://forestconnect.ning.com/>

Forest Financing-Related Activities in Chad

20. Mr. Porgo Hounly presented the Greenbelt programme that enjoys highest political commitment in Chad. The programme is in the process of establishing a 40 km long and 200 m wide belt, composed of trees and other vegetation in peri-urban areas around the capital N'Djamena. The programme has been partly successful in increasing vegetation cover around the capital but has also experienced limited financing.

Summary of Interactive Discussions

21. Discussions focused on the need for forest financing in such initiatives. Uzbekistan is working on a national forest financing strategy, supported by the NFP Facility. There is need for international assistance, both for afforestation and forest restoration in LFCCs. Opportunities exist for south-south cooperation, such as the Collaborative Partnership on Mediterranean Forests and the Great Green Wall in Sahara. Stakeholder consultations are important. Relatively small-scale projects in some LFCCs have special challenges and they are not attractive to many financiers. The opportunities of small grants programmes of, e.g., GEF were pointed out, as were the non-market values of forests. National Forest Programmes (NFPs) are crucial in mobilising resources but financing their implementation is still inadequate. FAO declared its commitment to assisting LFCCs in preparing NFPs. The TPS for LFCCs also announced its readiness to facilitate, in collaboration with the UNFF

Secretariat and FAO, the preparation of NFPs by LFCCs. It was added that LFCCs should seek synergies between financing opportunities provided by financing mechanisms of CBD, UNFCCC and UNCCD.

TUESDAY 15 NOVEMBER: PLENARY

GEF Financing Opportunities by UNDP Iran

22. Mr. Kamyab (UNDP Iran) presented GEF financing from the perspective of the UNDP as a GEF implementing agency. He described the key forest financing opportunities provided by GEF to LFCCs, in particular within the focal areas of climate change, biodiversity and land degradation. The new SFM/REDD+ “envelope” with USD 250 million, created during the 5th GEF replenishment and based on suggestions by the UNFF Secretariat, is one of the most promising opportunities in terms of forest financing.

Findings of the Study on Financing for SFM in SIDS and LFCCs

23. Mr. Jyrki Salmi presented the study and particularly its key findings and recommendations. The study covered 49 LFCCs, including four LFCC case study countries: Jordan, Kyrgyzstan, Mali and Uruguay. Conclusions include:
- Most of those countries with Poverty Reduction Strategies (PRS) have mentioned forests and trees in the Strategy, and have also received some forestry Official Development Assistance (ODA);
 - Volume of forestry ODA in LFCCs has been decreasing slightly; the share of LFCCs’ forestry ODA out of all forestry ODA has been decreasing;
 - Forestry ODA is unevenly distributed among the LFCCs and Least Developed Countries (LDCs) are particularly disadvantaged;
 - There is limited available information on other financing sources than ODA. This is especially relevant could be information on linkages between investments in agricultural sector / livestock and forests in LFCCs;
 - Environmental services (carbon, water) potentially provide opportunities for fund mobilization – however, none of the LFCCs with an existing forest policy explicitly recognizes this potential in their forest policy;
 - Forests and trees in LFCCs are inevitably a multi-sectoral issue – multi-sectoral approach to financing the service provision of forests and trees is needed; breaking of sectoral barriers is necessary.

Summary of Interactive Discussions

24. It was concluded that ODA in forestry has shifted to REDD+ and FLEGT, i.e., mechanisms that do not target LFCCs specifically. Access to GEF financing has a special challenge given the need to demonstrate benefits in multiple GEF strategic areas.

Presentations

Jordan country case study

25. Mr Wahdan Samardaly, Forest Engineer for the Agriculture Department of Ajloun in Jordan, provided a presentation on the state of forest financing in Jordan, which currently receives

little attention due to the fact that forests comprise but 1% of the country. Mr Samardaly indicated that the government is the main source of financing initiatives, and there is little forest finance-related activity in terms of the private sector or international organizations. He also highlighted some of the flora and fauna unique to Jordan's forests, noting the biodiversity to be found, and discussed some of the challenges the country faces in implementing SFM, notably the competition forestlands face with other land uses such as grazing and agriculture. While foreign assistance has increased in recent years, there is still a need for building and scaling up infrastructure and budgetary support.

Kyrgyzstan country case study

26. Mr. Azat Kenenbaev presented the Kyrgyzstan country case study which included general information on the Kyrgyz forest sector and the ecology of natural and planted forests. The main sources of funding are (i) state budget allocation which increased tenfold in the past decade thanks to political commitment to increasing revenue from timber production, and (ii) revenue from timber and other forest products. Additional funding has been made available by the creation of a national Environment Protection and Forestry Development Fund.

Tajikistan country case study

27. Mr Joachim Krichhof (GIZ), Mr Michael Angerman (GIZ), Mr. Khursand Davlatov (Tajikistan) and Mr Shodibek Kurbonov (Tajikistan) presented the Tajikistan country case study. The country has seen its forest cover drop from 25% to 3% in the past century, with remaining forests severely degraded. Kyrgyzstan's forest sector is currently being reformed with technical assistance from GIZ. Joint Forest Management is being implemented, as are other lessons learned by GIZ in other countries, such as the "Little Savings Book" in Vietnam, where 110,000 ha of degraded land were rehabilitated thanks to grants allocated to local farmers.

Islamic Republic of Iran country case study

28. Mr. Kiya presented the Islamic Republic of Iran country case study. The Forest, Range and Watershed Management Organisation (FRWO), created in 1905, is part of the Ministry of Jihad-e-Agriculture. FRWO has implemented a range of national and regional plans, including on (i) watershed management, (ii) sustainable rangeland management, (iii) conservation and protection of forests and rangelands, (iv) wood culture and (v) the removal of livestock from Caspian Forests. FRWO has varied its forest financing initiatives, notably by multiplying sources of forest financing from the Government (e.g., for desertification control and watershed management), the private sector (e.g., poplar plantations with private forest management contracts), and through cooperatives (which now manage 147,000 ha in 17 regions).

The Convention for Biological Diversity

29. Mr. Johannes Stahl presented the CBD with special reference on the financing opportunities for LFCCs. Different scales exist for biodiversity finance, ranging from the core (funds for biodiversity conservation) to the periphery (financing for a sustainable economy). The Little Biodiversity Finance Book, recently published by the CBD Secretariat, projects a steady increase in biodiversity finance from all sources in the coming decade. Decision X-36 of the Nagoya Protocol requires that the CBD collaborate more closely with LFCCs on a range of topics, especially on forest biodiversity which, along with the CBD's strategy for biodiversity resource mobilisation, spells out promising opportunities for forest financing in LFCCs.

Food and Agriculture Organisation

30. Ms. Nora Berrahmouni presented the innovative financing opportunities on which FAO is working on, in particular (i) the Great Green Wall and the Sahel Initiative in Sub-Saharan Africa, and (ii) the Collaborative Partnership on Mediterranean Forests. The African Union Commission requested the creation of the Great Green Wall, a rehabilitation project spanning the continent, and has received technical cooperation from FAO and financial support from 8 countries and the European Union. The second initiative, the New Collaborative Partnership on Mediterranean Forests, aims to promote multi-stakeholder dialogue and identify opportunities for payments for environmental services and REDD+.

Secretariat of the United Nations Convention to Combat Desertification

31. Mr. Jones Ruhombe, on behalf of Sergio Zelaya, presented the financing opportunities under UNCCD for LFCCs with a focus on dryland forests. Dryland forests have been recognised by the UNCCD as a priority as well as an opportunity for seeking synergies with other organisations, notably the UNFF Secretariat. The following synergy options for financing dryland forests were mentioned: (i) cost-reducing measures such as ensuring consistency of national policies, technology innovation and transfer and capacity-building among smallholders; (ii) awareness raising by increasing visibility of policy implementation processes and partnership building, and (iii) tapping into existing sources or adding value, such as through REDD+, payments for ecosystem services, agroforestry, afforestation and labelling of products originating from LFCCs.

UNFF Major Groups

32. Mr. Andrey Laletin from a Russian Federation NGO "Friends of the Siberian Forests" presented financing opportunities available for NGOs and Civil Society groups from various sources. He provided practical advice on where to find information on potential financing sources, such as microcredit programmes (e.g., Tajikistan), ecotourism projects (e.g., Kenya), collection and marketing of non-timber forest products (e.g., Kazakhstan) and the Nagoya Protocol on Access and Benefit Sharing (e.g., Kyrgyzstan).

Cenesta - an NGO from the Islamic Republic of Iran

33. Ms. Khadje Rasavi presented field-level project experiences from the perspective of an Iranian environment and development NGO which has worked with local communities across the country for over a decade. She emphasised the importance of listening, respecting and involving local communities. She emphasised the importance of local knowledge as well as traditional structures and rights.

The University of Tehran, academia from the Islamic Republic of Iran

34. Dr. Mohammad Faezipoor pointed out the importance of afforestation, agro-forestry and forest plantations. He also underlined the importance of recreation, water and soil conservation and carbon sequestration as important aspects of forests. He announced the capacity and interest of the University of Tehran to cooperate in forestry research.

UNFF Major Groups

35. Mr. Ilya Domashov from the Kyrgyzstan Ecological Movement “BIOM”, presented local level experiences. After an introduction on forest financing in Kyrgyzstan which confirmed the upward trend of state budget allocation to the forest sector in the past decade, he emphasised the role of forest conservation, rather than timber production, in forest financing.

Summary of Interactive Discussions

36. It was noted that local and indigenous people should be considered in forestry development. Livelihoods of local people need strong attention and the customary laws should be respected. Private sector should be subject to strong rules and procedures and participatory environmental impact assessments should be obligatory for all investments in forestry. The TPS for LFCCs should learn from UNFF’s successful experiences in cooperating with NGOs and other UN Major Groups and organize multi-stakeholder dialogues on important issues of LFCCs, such as forest landscape restoration, traditional forest-related knowledge and NTFPs.

WEDNESDAY 16 NOVEMBER: WORKING GROUPS

37. On 16 November, workshop participants were split into 5 working groups according to their language (Arabic, English, Farsi, French and Russian) and were requested to answer the following questions based on their country or organisational experiences:

Morning Session

38. Morning Discussion Questions were as follows:

- Who are forest financing stakeholders?
- Which sectors are linked to forest financing?
- Where do funds currently come from?

Persian Group (Rapporteur – Ms Simin Raisi Zadeh)

39. The main forest financing stakeholders are forest dwellers, villagers living in forest areas, government, environment organizations, municipalities, finance ministries, international organizations related to forests, donors, non-governmental organizations and private sector. The key sectors linked to forest financing are agriculture, environment, municipalities, national and international private sector, non-governmental organizations, and international organizations. Key sources of funds presently are government budget, taxes, private sector, donor countries and international projects.

French Group (Rapporteur: Atchindé Amakoué)

40. The main forest financing stakeholders are stakeholders are State, Ministry of Environment, Ministry of Energy, Ministry of Water, Ministry of Planning, Ministry of Economic Affairs, Finance Ministry, Agriculture Ministry, Active Agencies in Forestry, international organizations such as FAO, GEF, GIZ, LEPD, World Bank (WB), European Union (EU), JICA, and private sector such as owners of private forests, companies (such as Coca Cola, which use gum Arabic) and organized communities, civil society and national level NGOs. The main stakeholders are international organizations, WB, civil society, UNDP, FAO, Germany, and USA. Key sources of funds presently are (i) at national level - taxes, budget allocation from ministry of finance, finance from large and small landowners, NGOs at the local level that get funds from international level, (ii) at international level - multilateral agencies, bilateral agencies, private companies, international NGOs and (iii) innovative mechanisms.

Arabic Group (Rapporteur: Mr Alqadhi)

41. Depending on the country, the main forest financing stakeholders are the Ministries of agriculture and Environment, international agencies and organisations, the World Bank, the private sector and civil society organisations. The main sectors with links to forests are finance, planning, economics, municipalities, agriculture, environment, water. Key sources of financing include the public sector, bilateral and multilateral agencies and some NGOs.

Russian Group (Rapporteur, Mr. Ilya Domashov)

42. The key stakeholders are government (agencies, ministries), forest enterprises, transport, agriculture and energy organizations, local communities, tourism organizations, NGOs, civil society, farmers and private sector. The main sectors with links to forests are agriculture, transport, tourism, water, environment and business. The main funding sources presently are (i) government sources from: transport, tourism, business, private hunting, (ii) international organizations, (iii) innovative mechanisms: savings book, micro credit, ecological funds, carbon funds, multi-sectoral, financing and forest land leasing.

English Group (Rapporteur, Ms. Khadjie Rasavi)

43. The main forest financing stakeholders are indigenous and local communities, line ministries relevant to forests, organizations and institutions relevant to forests, academia, NGOs, CSOs, donors, private sector investors and banks. The key sectors linked to forest financing are agriculture, environment, energy, wildlife, tourism, water, fisheries landscape management and local people. Key sources of funds presently are national government sources (budget & off-budget), religious charities, national NGOs, local community investment funds, ODA and national and international private sector.

Summary of Interactive Discussions

44. The private sector was identified as a key stakeholder and as an important source of financing despite the fact that it may not be interested in investing in forests and forestry because of the very long time that is required to get returns on investment. There is need for common ground and common vision among the LFCCs while acknowledging that there are differences between countries and details need to be decided at country level. Given the increasing role and interest of private sector in NTFPs in LFCCs as a business opportunity, there is need to create an enabling environment for the private sector to invest in NTFPs, develop respective value chains (including FSC certification) and support communities, farmers and small and

medium enterprises (SMEs) to get benefits from NTFPs and related value chains. A common strategy that has both long and short term aspects may include addressing structural weaknesses in forest administration and management and elements addressing the need to get additional and sustainable financing. The role of TPS in supporting LFCC countries in putting such a strategy in practice is crucial.

Afternoon Session

45. Afternoon Discussion Questions were as follows:

- What are the obstacles to increasing forest financing?
- How may they be overcome?
- What new opportunities exist in increasing forest financing?
- How may they be harnessed?

Persian language group (Rapporteur: Mr. Said Hossaini)

46. The main obstacles to forest financing in LFCCs include:

- (i) Lack of knowledge about the significance of forests, among people and decision-making officials;
- (ii) Forests and their financing at national level are constantly affected by competing development policies that give priority to development activities. These policies in most cases contradict with policies to protect forests;
- (iii) Absence of holistic and comprehensive national strategic programmes on forests;
- (iv) Lack of sufficient attention to the importance of natural resources and their crucial roles for people;
- (v) Weak communication and exchange of information at national and international levels, including lack of communications among LFCCs;
- (vi) Insufficient attention to the needs and concerns of LFCCs at national and international levels; and
- (vii) Various socio-economic problems that countries are facing have reduced the degree of success of their efforts in improving management of forests.

47. The key opportunities and actions to increase forest financing include:

- (i) Increasing public awareness and public knowledge about the significance of natural resources;
- (ii) Implementing relevant policies and regulations to strengthen the role of forests and natural resources in countries' socio-economic development;
- (iii) Holding various regional workshops with the aim of setting up a communication network among LFCCs;
- (iv) Increased role for the TPS/LFCCs to seek resources from international organization to address needs of LFCCs;
- (v) Exchange of information on how to get access to resources of the existing financial mechanisms, as well as informing TPS/LFCCs of the new requirements and conditions set by such organizations and mechanisms to have access to their resources;
- (vi) Provision of new and additional resources by GEF, GM and UNFF to address LFCCs concerns;
- (vii) Communicate the needs and concerns of LFCCs to Rio+20 and UNFF10;
- (viii) Establishment of International Forest Fund for LFCCs;

- (ix) Acceptance of plantation as one eligible activities in developing carbon market ;
- (x) Setting up regional markets for certified and sustainably managed forest products (wood and non-wood) from LFCCs;
- (xi) Review and adoption of necessary policies and strategies at LFCCs ministerial meeting.

French Group (Rapporteur: Mr. Porgo Hounly)

48. The main obstacles to forest financing include:

- (i) Poor land / property security which need to be addressed through improving legal framework;
- (ii) Unfair distribution of resources which can be addressed through education and regulating activities of the private sector;
- (iii) Lack of suitable structures and technical knowledge which could be addressed through strengthening the responsible ministries in LFCCs and enhancing their capacities; and
- (iv) Weak organization in tapping the opportunities that exist which can be addressed through exchange of information and increasing awareness of public and government concerning forests;
- (v) Poor coordination between stakeholders.

49. The key opportunities to increase forest financing include:

- (i) TPS for LFCCs could facilitate countries in exchange of information, expertise and experience and to create a political/policy coordination between the LFCC countries; Iran's willingness is important and can play a pivotal role in creating a space for correspondence and collaboration between member nations;
- (ii) Improving productivity of SFM, both timber and NTFPs;
- (iii) Establishment of international fora to provide a voice for LFCCs, facilitated by TPS for LFCCs that could act as representative or spokesperson of LFCCs; and
- (iv) There is an increased attention on LFCCs and their special challenges which is a great opportunity for member nations.

Arabic Group (Rapporteur: Mr Jafar Al-Bayati)

50. The main obstacles to forest financing are:

- (i) Forests are not given priority in national programmes and plans;
- (ii) Decision-makers are not well aware of the importance of forest products in food security and in the general welfare of the society;
- (iii) Legal systems are not consistent;
- (iv) Lack of security in some Arab countries; and
- (v) Low return on investment in SFM because of the long time needed to gain revenue, and consequently the private sector is not interested in investing.

51. The obstacles can be removed by (a) making decision-makers aware of the positive values of forests especially in providing food security; (b) increasing security of investments by private sector investors, (c) improving cooperation with agriculture and other relevant sectors and organizations. The key opportunity to increase forest financing is the climate change financing e.g. through GEF and other agencies.

Russian group (Rapporteur: Mr. Ilya Domashov)

52. Gaps and obstacles include:

- (i) Institutional obstacles
- (ii) Lack of information campaigns
- (iii) Lack of coordination with local communities
- (iv) Separate institute for forest management (i.e., the fact that it is not in another ministry)
- (v) Rent regime
- (vi) Lack of communication with other sectors (environment, agriculture, forest and other)

53. Potential solutions to overcoming these are as follows:

- (i) Establishing development plants for forest enterprises
- (ii) Creating government (State) forest development program
- (iii) Legal reforms and Reform of system of forest management
- (iv) Creating new sources of forest financing
- (v) Result-oriented financing
- (vi) Monitoring of financing of forest sector
- (vii) Increase of information for local communities (cooperation with Science, NGOs, etc.)
- (viii) Harmonization of laws (National, International)
- (ix) Exchange of experiences and information
- (x) Implementation of pilot projects in forest sector and scaling up best case studies
- (xi) Policy support to the implementation of the best case studies in countries

54. Forest financing opportunities include:

- (i) Clean Development Mechanism and carbon funds
- (ii) Ecotourism and recreation pilot projects
- (iii) Joint forest management
- (iv) Developing enabling environment for finance of forest activities
- (v) Development of plantations for access to wood resources for local communities
- (vi) Payment for Ecosystem Services

55. And the means for harnessing the opportunities above are the following:

- (i) Development of State funds for financing forest activities
- (ii) Legal support to forest sector
- (iii) Developing a fundraising policy

English group (Rapporteur: Ms. Khadje Rasavi)

56. The main obstacles to forest financing are:

- (i) lack of awareness about importance of forests among decision-makers,
- (ii) forest projects perceived as 'difficult' by donors,
- (iii) lack of natural forest strategies/rules,

- (iv) weak institutions,
- (v) lack of funds and
- (vi) lack of success stories.

57. The obstacles can be overcome through:

- (i) awareness raising,
- (ii) lobbying,
- (iii) passing/updating legislation,
- (iv) developing production,
- (v) processing and marketing of NTFPs,
- (vi) developing LFCC strategies and
- (vii) monitoring implementation of NFPs.

58. The key opportunities to increase forest financing include:

- (i) climate change funds for adaptation and mitigation,
- (ii) the new GEF window for SFM/REDD+,
- (iii) the international climate initiative,
- (iv) CBD weblive platform and
- (v) forest landscape restoration.

59. The green forest finance debate has reached the highest political level. The opportunities can be harnessed through:

- (i) understanding the objectives and procedures of donors and to comply with them;
- (ii) the TPS for LFCCs can organize side events at UNFF-10 and CoPs of Rio conventions, and
- (iii) The TPS for LFCCs to seek MoUs with secretariats of other Rio Conventions in addition to the one that it is negotiating with CBD Secretariat.

Summary of Interactive Discussions

60. The role, capacity and legal mandate of TPS for LFCCs was discussed, particularly in facilitating the exchange of experiences and information, organizing training courses and acting as a political voice in political forums. It was pointed out that close collaboration with and cooperation by member countries will be needed, and that all LFCC countries should nominate a focal point for future communication and exchange of information. The readiness of the Islamic Republic of Iran to organize a high-level ministerial meeting in Tehran was emphasised.

61. The importance of inter-sectoral and inter-agency cooperation and approaches, and related communications strategies, were discussed. There was a call for LFCCs and the TPS for LFCCs to learn lessons from UNFF on fruitful cooperation with NGOs and other UN Major Groups. It was pointed out that it is important the LFCC process remains alive rather than waiting for an occasional workshop or project; one way of doing this is to have products and thematic networks that bring together people to continue working on an issue (e.g. network for gums and resins in Africa - NGARA).

62. The issue of cooperation with developed LFCCs was brought, as well as for south-south cooperation. Synergies were encouraged between LFCCs and the identification of common

issues that could be addressed together. Participants also urged that it is time for LFCCs to speak with one voice within international negotiations, in a similar way to the Rainforest Coalition which brings together 41 forest-rich countries, and reminded them of the opportunities offered by UNFF's Facilitative Process in assisting in the mobilisation of funds.

THURSDAY 17 NOVEMBER: PLENARY AND CLOSING CEREMONY

Turkmenistan country case study

63. Mr. Akmyrat Atamuradov presented the Turkmenistan country case study. Turkmenistan's forest products mostly consist of pistachios, which have been the focus of several of the international-funded projects in the past decade. Donors in Turkmenistan's forests include Turkey, Germany and FAO. In particular, these projects have focused on improving the quality of pistachios and their treatment for both domestic and international markets.

Presentation on Yemen country case study

64. Mr Alqadhi presented the Yemen country case-study. Despite the paucity of forests, Yemen is home to a rich variety of forests and trees outside of forests, many of which are endemic and have a high biological interest as a crossroad between Africa and Asia. Threats to the forest include overgrazing and logging for firewood. Mr Alqadhi then presented the case of Socotra Archipelago and explained efforts made by the Yemeni government to protect the island's forests. Local threats include grazing and logging, but also quarrying. The presentation concluded on the current five-year plan of the Directorate General of Forests, which aims to address land degradation and desertification by improving the institutional and legal framework for forests.

EXPERT PANEL

65. The expert panel was composed of Mr Bakhadir Khusanov (Kyrgyzstan), Mr Benjamin Singer (UNFF Secretariat), Mr Jones Ruhombe (UNFF Secretariat consultant) and Mr Jyrki Salmi (UNFF Secretariat consultant).
66. Mr Bakhadir Khusanov presented the process of preparing national forest financing strategy in Uzbekistan. Despite the fact that 19.2% of the country is labelled as part of the forestry estate, the country only has 6.2% forest cover. Over 93% of forests are the property of the state. Sources of financing are domestic (national budget allocation and revenue from forest-related activities such as beekeeping) and international (notably bilateral and multilateral donors). National budget allocation has more than quadrupled since 2003, the sharpest increase having been allocated to staff salaries. Yet at the international level, large multilateral donors have not provided any support for forests in Uzbekistan. Neither has the country witnessed any implementation of innovative mechanisms such as REDD+ or payments for ecosystem services.
67. Obstacles to forest financing include a lack of funding mechanisms, a weak link between funding and the needs of the sector, the low level of understanding of sustainable forest governance and poor financial planning and administration. However, with assistance from FAO, a forest finance strategy plan is being drafted in 2011 with participation from numerous stakeholders, including the Centre for Investment and Finance Analysis (CIFA). The aim of the document is to provide guidelines on mobilising resources for financing programmes and projects related to the forestry sector.

68. Mr Benjamin Singer focused on two key issues: (i) the role of inter-governmental organizations in providing institutional and political architecture to enable LFCCs to access forest financing, and (ii) the potential of NTFPs in increasing revenue from forests. Inter-governmental organizations have the following characteristics:

- They provide a platform for exchange of experiences and training (horizontal function);
- They facilitate political processes (vertical function);
- Focus of the international attention is on wet, tropical forests, not on dry forests or trees outside of forests; this gap needs to be addressed;
- Lack of visibility of LFCCs; funding mechanisms at international level are adapted to those that are more visible, e.g. REDD+ with implicit focus on high forest cover countries; and
- UNFF, FAO, CBD, UNCCD, GM, UNFCCC, TPS for LFCCs have programmes and mechanisms to support LFCCs - there is a renewed interest;

69. To harness these opportunities, there is need for: (i) closer coordination among organizations; e.g. CPF acts as a forum in which many of the organizations can communicate. TPS for LFCCs can increase communication with LFCCs. The Rio Convention secretariats and UNFFS could also mainstream the LFCCs into their programmes; (ii) TPS for LFCCs could be further strengthened and the support of Iran is highly appreciated. Governments of LFCCs should nominate focal points for TPS, (iii) voice of LFCCs to be heard among IGOs and this requires national governments to consider this a priority - e.g., the UNFFS took up the issue of LFCCs because of governments' request.

70. Concerning the potential of NTFPs, Mr Singer pointed out the following:

- Since LFCCs do not have large logging industries, forests do not get much attention from governments. Building on production of NTFPs could draw more attention to forests in LFCCs, e.g. apples in Kyrgyzstan, shea nut butter, etc. in Africa;
- How to unleash potential: learn from success stories, e.g. Brazil nuts, and establish networks;
- Recognize the important role of local communities; put forth regulations to ensure access to benefits to all stakeholders involved. Certification schemes could have a positive effect;
- Chain of custody, and put buyers in touch with producers through organization of fairs and other events; and
- Train communities in producing high quality NTFPs.

71. Mr. Jones Ruhombe focused on two key issues: (i) access to funds and capacity of LFCCs to access these funds, and (ii) the level of political commitment of LFCCs to forest financing. Concerning the first issue he pointed out the following:

- Political commitment is needed, otherwise forestry will not receive more financial support which will have negative impact on:
 - Ability to recruit and retain full range of staff;
 - Ability to initiate programs and activities essential for management of forests; and
 - Ability to build fully functioning forestry institutions.

72. Mr Ruhombe called the participants to think and discuss the following questions:

- What are the practical measures that can be taken to resolve these issues?
- What is the most strategic entry point in tackling issues of capacity building?
- What is the first step to take?
- Is there a need for a comprehensive and integrated approach such as in the TPS for LFCCs process (which takes time) or are there time effective solutions, because action must be taken now?

73. He called for a quick capacity assessment across all LFCCs to determine the actual needs.

74. Concerning the issue of the level of political commitment, Mr Ruhombe pointed out that there is limited political will for forestry and inadequate enabling environment for good forest governance in most LFCCs which have lead to:

- Low priority accorded to forestry, which has lead to inadequate domestic budget allocations;
- Low support for forest law enforcement;
- Forest degradation and deforestation;
- Poor incentives for private sector investments in SFM;
- Weakening of forest management agencies;
- Under-valuation of the forest contribution to GDP; and
- Donors' priorities are not always aligned with national priorities.

75. Mr. Jyrki Salmi focused also on two key issues: (i) need for cross-sectoral approaches in forest development and in forest financing, and (ii) the role of private sector in forest financing in LFCCs. Concerning the first issue, he pointed out that in LFCCs the forests have particularly important functions and roles in, inter alia, agriculture and livestock sectors (protection against soil degradation, wind erosion, water flow stabilization), water sector (watershed protection), energy sector (wood fuels), transport sector (road protection against wind erosion and sand movements), tourism sector (recreation and amenity), etc. He reminded that various forms of traditional and modern agro-forestry and agro-silvo-pastoral systems have proven useful and productivity and profitability in many LFCC countries, but they are often considered as "trees outside forests", and such systems are often established and supported not by forest sector but by agriculture or livestock sectors. In many cases these other sectors have better domestic financing allocations than forestry and hence are in a better position to attract private sector investments, both domestic and foreign. The key questions to be discussed are:

- How do we secure inter-sectoral approaches in NFP preparation and implementation?
- How do we secure good cooperation with the other relevant sectors?
- How do we secure that the major agriculture, livestock, transport or tourism sector investments include substantial forest (e.g. tree planting) components?
- How do we ensure that professional forestry know-how and expertise is used in planning and implementing such investments?

76. Concerning the second issue, namely the role of private sector, he pointed out that forestry and forests do offer business opportunities in LFCCs, and that the private sector is efficient in finding these opportunities. The private sector generates the employment and income needed for economic development. The governments' role is to establish the policies, laws and

regulations that guarantee (i) sustainability of resource use by the private sector, (ii) adequate protection and conservation of the environment, and (iii) fair income distribution within the society. Governments should not establish laws, regulations and procedures that are complicated, bureaucratic, time-consuming and expensive, i.e. they should secure conducive environment for investments, but should also have the capacity to prevent companies from using resources unsustainably.

77. If the business environment is adequately attractive, often supported by special measures such as targeted incentives, the private sector is good in making innovations to expand and improve the business which benefits the entire society in the form of additional income and employment. In LFCCs where the potential for commercial forestry is limited, NTFPs can be the focus of private sector investments. If domestic investments are successful, foreign investors with foreign direct investment (FDI) are attracted to invest as well. FDI is useful for bringing in (a) additional investment capital, (b) technical and business know-how, and (c) improved market access. The key questions to be discussed are:

- How do we secure that private sector operations are indeed sustainable?
- What are the products that have best business potential and could be same time produced in a sustainable manner?
- Are there any relevant success stories in private sector investments in forestry sector and / or the processing and marketing of forest products in your countries?
- Are there any examples of recent business or technical innovations by private sector operating in forest products in your country?
- How do we secure fair benefit sharing from private sector success?

Summary of Interactive Discussions

78. Research cooperation was encouraged, first starting with research on products with financing potential, and then expanding to other species or products. It was also proposed that the TPS for LFCCs could play an important coordinating such efforts. One participant cautioned the participants not to be overly enthusiastic about the private sector, but rather called for increasing roles for local communities and indigenous peoples and that any work promoting and developing NTFPs should involve local communities. Participants were informed about a model of national working groups (e.g. in Morocco) that involve all key stakeholder groups. She further underlined the importance of forest landscape restoration in increasing forest cover, and informed that FAO is beginning an analysis of lessons learned in dry lands. Regional coordination and cooperation models were discussed, e.g. in Central Asia (ECO), and the Sahel region (CILSS).

79. Participants were reminded that the UNFF FP aims at bridging the gap between donors and recipient countries and works with both groups. A proposal was made to plant trees on the borders of farmlands and emphasised the importance of collaboration between forestry and agriculture sectors. Some participants called for engaging NGOs and other UN Major Groups through multi-stakeholder dialogues in the processes. There was support for forest landscape restoration concept as cost-efficient solution and called for seeking synergies between the various financing sources and the IGOs. Low political commitment was highlighted as a major obstacle and he called for common language and standardization in finding solutions. It was reminded that the forest financing study reports, both the macro and country case studies, contain a lot of useful information and data, and that those reports are available for all.

Finally, there was a call for the UNFF Secretariat to update those studies and pledged that the TPS for LFCCs could facilitate the updating.

AGREED MAIN CONCLUSIONS

80. The participants then adopted the following agreed conclusions for the workshop:

- (i) In order to address the low human, financial and technical capacity of public authorities in tackling forest financing, a capacity assessment would need to be made of all public agencies involved in financing SFM in LFCCs.**
- (ii) Structured inter-agency coordination through national committees or other means is needed in the National Forest Program preparation and implementation processes to overcome the lack of inter-sectoral collaboration. The relevant sectors need to be defined at country level, but in many LFCC countries they include agriculture, livestock, water, energy, environment, transport, tourism and finance. Improved cooperation between these sectors would reduce their competition for land use and for other resources. In addition, public, private, NGO, civil society and local community and farmer levels need to be involved, often through relevant associations or other umbrella entities.**
- (iii) In order to overcome low political commitment at national and international levels which is a major obstacle for increasing forest financing in most of the LFCCs, a range of recommendations were put forward, including (i) holding a ministerial meeting for LFCCs with assistance from the UNFF; (ii) supporting information generation and information management as well as promoting media coverage and specialised communication on the full value of forests to the national development, of which the monetary value is only the tip of the iceberg, (iii) information generation, management and dissemination to demonstrate the role of forests in poverty reduction, and (iv) strengthening international coordination to provide a voice for all LFCCs in international fora.**
- (iv) The important role of private sector in mobilising additional financing and investments in forests was acknowledged, as was the importance of adequate rules and regulations as well as law enforcement to secure the sustainability of forest utilisation and fair income and benefit sharing within the society. The government's role in providing an enabling environment particularly in reducing the risks of investments in sustainable forest management and utilisation, including of NTFPs, was emphasised.**
- (v) The TPS for LFCCs would need to be strengthened, including by encouraging LFCCs to nominate focal points. It is recommended that the TPS for LFCCs play a double role: (i) a horizontal role by encouraging the exchange of experiences between LFCCs, notably through continued meetings and its new training centre in Chalus, and (ii) a vertical role by promoting the coordination of LFCCs to increase the visibility of LFCCs at the UNFF and other international fora, in a similar way to the Rainforest Coalition for high forest cover countries.**
- (vi) The UNFF should further focus on the specific conditions of LFCCs and encourage other CPF Members to take account of them in their programmes of work in order to overcome the perceived handicap that most innovative financing**

mechanisms, especially REDD+, are primarily aimed, and thus designed and adapted to, high forest cover countries.

- (vii) Regional organisations such as the Economic Cooperation Organisation (ECO) and the Permanent Inter-State Committee for Combating Drought in the Sahel (CILSS) could be used as “nodes” of communication between the intergovernmental and national levels in order to further bolster coordination between LFCCs at the supranational level.
- (viii) Given that timber production is generally limited (and in many cases non-existent) in LFCCs, NTFPs represent a potential alternative to giving monetary value to forests. Many forests in LFCCs are actually very rich in NTFPs, including shea nuts and gum Arabic in Africa, and a variety of nuts and fruit in Near East and Central Asia. Promoting the market chains of these NTFPs through developing networks, encouraging certification and training local communities in collecting and product transformation would help LFCCs unleash this potential. In this context, FAO is called upon to support LFCCs under the framework of “innovative partnerships” model.
- (ix) Many LFCCs also have a great potential for forest landscape restoration (FLR), a relatively low-cost and cost-efficient means of increasing production in forests, reconciling different sectors and their land use, and meeting the development needs of local communities. Moreover, donor enthusiasm for FLR has increased in recent years. The UNFF, with its experience in the Rwanda FLR Initiative, could assist in coordinating such initiatives.
- (x) Finally, in order to further identify common issues, challenges and opportunities to forest financing in LFCCs, research coordination should be improved between these countries, with the TPS for LFCCs as a potential coordinating organisation.

81. The workshop was closed with a ceremony organised by the Forest, Range and Watershed Management Organisation of the Islamic Republic of Iran, where each participant was rewarded with a medal of the organisation.

ANNEX 2

List of Participants

	Country/ Organization	Name
1	Afghanistan	Mr Ahmad Shah Amarkhil
2	Afghanistan	Mr Sayed Ali Hossaini
3	Chad	Mr Porgo Hounly
4	Chad	Mr Karifene Ali
5	Iraq	Mr Aamer Al-Hamdi
6	Iraq	Mr Jafar Al-Bayati
7	Islamic Republic of Iran	Mr Ali Osat Montazeri
8	Islamic Republic of Iran	Mr Fallah Kohan
9	Tehran Process Secretariat for LFCCs	Dr Mostafa Jafari
10	Islamic Republic of Iran	Mr Javad Momeni
11	Islamic Republic of Iran	Mr Simin Raisi Zadeh
12	Islamic Republic of Iran	Mr Mahmoud Taleghani
13	Islamic Republic of Iran	Mr Naghilou
14	Islamic Republic of Iran	Mr Kiya
15	Iranian NGO Cenesta	Ms Khadje Rasavi
16	Jordan	Mr Ali Eid Erhail
17	Jordan	Mr Wahdan Samardaly
18	Kyrgyzstan	Mr Azat Kenenbaev
20	NGO Major Groups	Mr Ilya Domashov
21	Tajikistan	Mr Khursand Davlatov
22	Tajikistan	Mr Shodibek Kurbonov
23	Togo	Mr Oyétoundé Djiwa
24	Togo	Mr Atchindé Ahoro Amakoue
25	Turkmenistan	Mr Akmyrat Atamuradov
26	Uzbekistan	Mr Alisher Nematullaevich Shukurov
27	Uzbekistan	Mr Bakhadir Khusanov
28	Yemen	Mr Abdo Mohammed Saleh Madar
29	Yemen	Mr Ali Ahmed Yahya Al-Qadhi
30	NGO Major Groups	Mr Andrey Laletin
31	Islamic Republic of Iran	Mr Mojtaba Alibabae
32	CBD Secreatariat	Mr Johannes Stahl
33	FAO	Ms Nora Berrahmouni

34	UNDP Iran	Mr Mehdi Kamyab
35	UNDP Iran	Mr Reza Manavi
36	GIZ	Mr Joachim Kirchhoff
37	GIZ	Mr Michael Angermann
38	UNFF Secretariat	Mr Benjamin Singer
39	UNFF Secretariat	Ms Thida Sam
40	UNFF consultant	Mr Jones Ruhombe
41	UNFF consultant	Mr Jyrki Salmi