

**Second Facilitative Process Workshop on
Forest Financing in Small Island Developing States**

Nadi, Fiji, 23 to 27 July 2012

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 last 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, the United Nations Environment Programme and the Pacific Office of the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP).

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 SIDS, and (ii) initiate a network of forest financing stakeholders in SIDS and at the international level.

PARTICIPANTS

5. The workshop had 56 experts and country representatives participating from 12 SIDS and LFCCs (Dominica, Fiji, Grenada, Mauritius, Niger, Papua New Guinea, Samoa, Seychelles, Suriname, Trinidad and Tobago, Tuvalu and Uruguay), the Secretariat of the UNFF and the Secretariat of the UNCCD, including the Global Mechanism, the Economic and Social Commission for Asia and the Pacific's (ESCAP) Pacific Office (EPO), civil society and academic participants from Fiji, and co-chairs from the previous workshops (Tehran, 12-17 November 2011, Niamey, 30 January – 3 February 2012).

STRUCTURE, VENUE AND DATES

6. The workshop was structured in two parts: (i) a one-day field trip to the Fiji Water Plant in northern Viti Levu (23 July 2012), and (ii) a 3.5 day workshop (24-27 July 2012), comprising a series of presentations on forest financing given by the UNFF Secretariat, Member States, Intergovernmental Organisations and Major Groups. On 26 July 2012,

participants were split into 4 working groups to discuss and answer a series of questions on forest financing in two sessions, and to report to the plenary after each session. On 27 July 2012, a last working group session was organized before an expert panel came together to summarise the main findings which were then discussed among participants before an agreed conclusion was reached.

FIELD TRIP

7. On 23 July, participants went on a field trip organized and funded by the Ministry for Primary Industries, where they visited two locations. The first was the Fiji Water Plant, located on the northern side of Viti Levu. The plant employs 252 local staff and produces 42,000 bottles per hour with plastic imported from Southeast Asia. Water is harvested through a 60-metre bore hole from an aquifer near the plant, which is constantly monitored for sustainability. The aquifer is covered with a 10 ha forest which has undergone no human intervention. Royalties are paid to landowners for maintaining the forest, in addition to which a community project is being funded by Fiji Water to provide drinking water to local populations. Finally, the Fiji Government levies a F\$ 0.15 tax on each bottle produced.
8. The second stop was at the Tropik Wood Industries Ltd plant. The plant processes a stand of Caribbean pine (*Pinus caribaea*) born from an environmental rehabilitation project funded by Australia and New Zealand in the 1960s. Local landowners lease their land to the operating company. The timber produced goes mainly to domestic markets, although there are plans to sell the resin from the pines to the United States as an adhesive.

OPENING

9. The Second workshop on forest financing in SIDS was opened by H.E. Mr Jocketani Cokanasiga, Minister for Primary Industries in Fiji. In his key note address, the Minister thanked the UNFF Secretariat for selecting Fiji as a case study in 2010 and again as a venue for the second forest financing workshop in SIDS. He stated that Fiji would continue to support the work of the UNFF towards the achievement of the four Global Objectives on forests and the implementation of the Forest Instrument. He highlighted the workshop's importance especially as it reflects on the outcomes of Rio+20, and is also a preparation for the UNFCCC COP 18 in December 2012, but most importantly towards UNFF10 in April 2013.
10. The short media video entitled, Finding Balance: Our Forests, Our Future was shown to workshop participants. Ms Jan McAlpine, Director of the UNFF Secretariat, then made a welcome address, stating that the field trip to Fiji Water on 23 July showcased the many opportunities that exist for international organizations to work closely with SIDS on forest financing. She informed participants that the workshops were developed with the aim of gathering information from countries and experts on forest financing and economic development and sustainable development (SD) in a broad sense. She also thanked the GEF, UNCCD and UNEP for partnering with UNFFS in this project.
11. Mr Yang Youlin from UNCCD then provided a welcome address on behalf of the Executive Secretary of the UNCCD, Mr Luc Gnacadja. In his speech, he emphasized the similarities between sustainable forest management (SFM) and sustainable land management (SLM) and stated that the workshop contributed to the 10-year UNCCD strategy to the National Forest Programmes (NFPs) in SIDS.
12. Mr Iosefa Maiava, head of the Pacific UNESCAP Pacific Office (EPO) stated that the workshop was very timely, especially as it was being held immediately after Rio +20

where member states recommitted themselves to sustainable development and recognized the contribution of forests to sustainable development.

ELECTION OF CO-CHAIRS

13. Ms Vindrani Shillingford from Dominica and Mrs Penina Cirikiyasawa from Fiji were elected by the participants as co-chairs of the workshop.

ORGANIZATION OF WORK

14. 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

15. Documentation relevant to the workshop includes:
 - a. SIDS and LFCCs case studies prepared during the first component of the project on forest financing in SIDS and LFCCs (2010)
 - b. 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”
 - c. The Resolution on the Means of Implementation of Sustainable Forest Management of the Special Session of UNFF9 (2009)
 - d. The report of the first meeting of the Ad Hoc Expert Group on Forest Finance held in September 2010 in Nairobi
 - e. The Secretary General’s Report on the Means of Implementation of Sustainable Forest Management, prepared for the 9th Session of the UNFF (2011)
 - f. The Resolution of the 9th Session of the UNFF (2011)
 - g. The Report of the first and second workshops on forest financing in Low Forest Cover Countries (Tehran, Iran, 12-17 November 2011; and Niamey, Niger, 30 January – 3 February 2012)
 - h. The Report of the first workshop on forest financing in Small Island Developing States (Port of Spain, Trinidad and Tobago, 23-27 April 2012).
16. All these documents can be found at <http://www.un.org/esa/forests/facilitative-process.html>.

MATTERS FOR CONSIDERATION

17. The Co-Chairs’ summary of the discussions that were held at the second workshop on Forest Financing in Small Island Developing States, including the agreed conclusions, is annexed to the present report.

ANNEX 1

CO-CHAIRS' SUMMARY OF PRESENTATIONS AND DISCUSSIONS DURING THE SECOND WORKSHOP ON FOREST FINANCING IN SMALL ISLAND DEVELOPING STATES

TUESDAY 24 JULY: OPENING CEREMONY AND PLENARY

UNFF Process on Forest Financing

18. Mr Benjamin Singer of the 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 SIDS.

Results of the First Component of the SIDS-LFCC Project

19. Mr Benjamin Singer of the UNFF Secretariat then proceeded to make a presentation on the results of the first component of the project, namely the 11 studies on forest financing in SIDS and LFCCs. Mr Singer focused primarily on the results relevant to SIDS, and in particular on (i) the drop in forest financing in SIDS at the global level, and (ii) the skew of external funding towards a small number of countries.

Feedback from the First Workshop on Forest Financing in LFCCs (Tehran)

20. Mr Singer presented the findings from the first forest financing workshop for LFCCs held in Tehran. Many LFCCs have immense 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. The meeting recommended that the UNFF, with its experience in the Rwanda FLR Initiative, could assist in coordinating such initiatives

Feedback from the Second Workshop on Forest financing in LFCCs (Niamey)

21. Mr Ibro Adamou presented the finding of the second forest financing workshop for LFCCs held in Niamey. Agreed conclusions from Niamey focused on overcoming limited political will to address forest financing and reveal the full value of forests, and promoting cross-sectoral cooperation by taking forests beyond the forest sector to overcome weak inter-ministerial dialogue.

Feedback from the First Workshop on Forest Financing in SIDS (Port of Spain)

22. Mr Khurun and Mr Radgman presented the findings of the first workshop on forest financing in SIDS held in Port of Spain. The main outcomes included developing a communication strategy targeting all forest stakeholders that conveys the full value of forests (ecosystem services) to mitigating climate change, land degradation and desertification; and developing a south-South cooperation framework, mechanisms among SIDS focused on sharing best practices on forest financing.

The Global Mechanism of the UNCCD

23. On panel discussions on international organizations, Camilla Nordheim-Larsen from the Global Mechanism of the UNCCD presented on a comprehensive approach to resource mobilization at country level financing sustainable forest management. She focused on Developing Integrated Financing Strategies (IFS), describing the approach and lessons learned and stressing that ensuring sustainable and predictable financing flows requires a holistic, comprehensive approach.

United Nations Environment Programme

24. Jonathan Gilman from the UNEP Regional Office for Asia and the Pacific presented on GEF financing to forests in a Green Economy. He focused on the Green Economy in the context of the Rio+20 agreement, which specifies the Green Economy as a tool for sustainable development and poverty eradication. Mr Gilman also explained how forests can act as a catalyst for the Green Economy which includes a non-market approach and pointed to the UNEP Green Economy Report as a source of further information on this topic.

Summary of Interactive Discussions

25. Several issues were mentioned during interactive discussions. First, it was pointed out that forest financing and SFM include trees outside of forests, and the UNFF and UNCCD Secretariats are cooperating on bridging forests and drylands as stipulated by the memorandum of understanding between the two organizations. In addition, the importance of the non-financial values of forests and of non-timber forest products (NTFPs) was also highlighted as essential to forest financing.
26. Secondly, it was reiterated that over the years, SIDS have experienced a decrease in forest financing. In Fiji, for instance, although funding exists, it is not directed at forests but at other sectors such as rehabilitation of flood areas and agriculture. This observation echoed experiences shared by participants from Trinidad in the first SIDS workshop, where financial flows were not intended for forests but were seen to have a positive impact on finance, for example through agroforestry.
27. Thirdly, the need to consider the important contribution of Rio+20 to forest financing was stressed by UNESCAP. Rio+20 is a global consensus on global development and forest financing efforts should be located within this broader development agenda framework provided by Rio+20. Additional participants explained that climate change should also serve as an overarching objective in trying to address both forest financing and sustainable development. The manner in which SIDS utilize forest resources is dependent on the types of economies in SIDS. For instance, in some cases SIDS are able to realize their development objectives by utilizing donor financing while others are unable to do the same. Papua New Guinea has experienced difficulty in sustaining donor funded forest projects once the funding stops. Participants suggested that in many SIDS, donor funding should complement the recipient government's national efforts as opposed to being stand alone efforts.
28. On the topic of REDD+, it was pointed out that larger developing countries have a comparative advantage in attracting funds from UNREDD, the Forest Carbon Partnership Facility (FCPF) and other sources of REDD+ funding. The complexity of the process and the burden of sourcing funds – preparing project proposals for GEF funding for instance places a burden on SIDS that may lack the capacity to develop and submit project funding proposals. Capacity building is needed that addresses the MRV (Monitoring, Reporting and Verification) process that demands that SIDS have the proper capacity in place to be

able to attract funding from UNREDD. However, it was explained that the “+” of REDD+ part may be the hidden part of the iceberg, and that SIDS could bundle the multiple services provided by forests, particularly in SIDS where high carbon is the focus.

29. Regarding, capacity building, it was suggested that regional organizations such as the Secretariat of the Pacific Community (SPC) that are already playing an important role in building capacity in SIDS should be encouraged to continue to do so to ensure sustainability. In line with the GEF’s suggestion of “bundling” and the need for capacity building in individual SIDS, countries could use a regional capacity building approach focused on each country’s comparative advantage.
30. Finally, in response to a question regarding the UNFF Secretariat as a donor for forest financing, it was emphasized that the UNFF is not a funding mechanism. Instead, its role is a facilitative and catalytic one, working with funding agencies such as the GEF. It was added that GEF funding comes from the 3 Rio conventions and that its incentive mechanism encourages countries to use the GEF allocation on forests.
31. In the evening, workshop participants were invited to attend a dinner hosted by the German Agency for International Cooperation (GIZ) and the Secretariat of the Pacific Community (SPC).

WEDNESDAY 25 JULY: PLENARY AND WORKING GROUPS

German Agency for International Cooperation (GIZ)

32. Ms Christine Fung, Land Use Planning Specialist and Deputy Team Leader of the SPC/GIZ project on Coping with Climate Change in the Pacific Island Region, presented on GIZ/SPC support to forests in Fiji. GIZ has cooperated with Pacific Island partners for over 30 years and has supported the Fijian Ministry for Primary Industries since 1985. In the Pacific region, Fiji had experienced the most progress because of the existence of a strong enabling environment in the form of policy, legislation, institutional and support as well as budget contribution. The German innovative funding is carried out through the SPC/GIZ “Climate Protection through Forest Conservation” project funded through the German International Climate Initiative (ICI). ICI receives funding from emissions trading and is active in: promoting climate-friendly economies, fostering measures to adapt to the effects of climate change, ensuring the conservation and sustainable use of natural carbon reservoirs, and conservation of biodiversity.

The Global Environmental Facility (GEF)

33. Mr Ian Gray (GEF) provided an overview of forest financing funding through the GEF. GEF’s investment in forests is operated through an enabling fund for the multi-functions of forests and is at the core of GEF investment strategy, focused on the three Rio conventions. In comparison to fourth GEF replenishment (GEF-4), GEF-5 is more country driven with a target of \$1 billion invested in forests. The SFM/REDD+ window for 2010-2012 has only received proposals for 31 projects and three programs. Two-thirds of the funds have gone to dry forests, and only 30% of funds have been allocated to LFCCs. SIDS have also accessed GEF allocation, although Belize is the only SIDS that has used all its GEF allocations. The projects also address the multiple functions of forests as well as food security, population growth, climate change, and co-dependency of products and services.

Trinidad and Tobago's Green Fund

34. Mr Seepersad Ramnarine, Deputy Conservator of Forests in Trinidad and Tobago presented on Trinidad and Tobago's experiences with the Green Fund. The Green Fund was set up in 2007. All private companies operating in Trinidad pay 0.1% of their total revenue in the form of a green levy into a Green Fund which is maintained by the Central Bank called the Green Fund Levy. The Green Fund Unit of the Ministry of Environment and Water Resources administer the funds at a minimal cost. All NGOs, CBOs and government institutions can apply to the Unit to undertake environmental projects aimed at developing the environmental capital. To date, the fund has reached TT\$ 2.7 billion. TT\$ 116 million has been allocated to various projects in Trinidad, with the Nariva Swamp Rehabilitation Project receiving close to TT\$ 80 million.

United Nations Economic and Social Commission for Asia and the Pacific

35. Mr Iosefa Maiava, Head of the Pacific Office of UNESCAP, gave a presentation entitled, "The Future We Want: A Pacific/SIDS Focus and Opportunities for Forests". Mr Maiava provided a general overview of Rio+20's decisions on developing Sustainable Development Goals (SDGs). The implementation of Rio+20 presents an opportunity to strengthen recognition of forests and trees as an important priority in SDGs and SD financing. He recommended the landscape approach as a way to strengthen the SD priority for SIDS; forests must include many other priorities such as biodiversity, desertification, land degradation and drought, mountains, and chemicals and waste.

Secretariat of the Pacific Community

36. Mr Sairusi Bulai of the Land Resources Division at the Secretariat of the Pacific Community (SPC) presented on the regional approach to financing SFM in the Pacific. The SPC's regional forest programme was created in 2000. Partnerships in the Pacific are vital in addressing various issues and challenges. The SPC's main focus is in two areas, namely (i) training in forest policy analysis/formulation, and (ii) financing, awareness and advocacy aimed at helping countries effectively use current resources and enable them to attract additional resources. It works to enhance national forest financing efforts by facilitating access to funding support, providing an avenue for sharing expertise, information and other resources and providing lessons learned and best practices.

University of the South Pacific

37. Dr Dan Orcherton of the Pacific Centre for Environment and Sustainable Development of the University of South Pacific (USP) presented on a holistic approach to forest financing, valuing forests and non-forests in SIDS which all share common challenges. Dr Orcherton highlighted a number of forest financing gaps, notably degrading natural vegetation, erosion of hillsides, lack of integration of conservation activities, lack of landowner awareness, lack of government programmes and economic and non-economic valuation.

Summary of Interactive Discussions

38. It was noted that GIZ highlighted the relevance of addressing national capacity at the regional level. Regarding the GEF presentation, SFM is a cornerstone of SLM. It was explained that it should not be treated separately but in an integrated manner. The incentivizing of payments by ecosystem services by donors such as the GEF was highlighted as a step in the right direction. The Trinidad presentation highlighted eco-tourism and the relationship with forests.

39. In reference to GEF funding, some SIDS explained that past experiences with GEF-4 and the process of implementing/disbursing funds were time-consuming and suggested that GEF consider reducing bureaucratic process of accessing funds for SIDS. In addition, regarding the limited capacity in SIDS to access GEF funding, there was a request to lower criteria/requirements for SIDS to access GEF funding. In response, the GEF informed the meeting that the Council would not allow lowering the criteria for SIDS and suggested that SIDS may wish to explore the avenue of co-financing from other players which may be less in SIDS than in other countries. It was also stated that the process of approving Project Identification Forms (PIFs) was also time consuming and needed to be more efficient.
40. During the first afternoon session, participants broke up into working groups for an introductory session in which each participant presented their line of work and their role in forest financing at national, regional or international levels.

Forest Financing in Fiji

41. Mr Samuela Lagataki (Fiji) presented on the Fiji forest sector and status of overseas development assistance. The Fiji Forest Policy includes a forest financing strategy from the forestry department revenue, the forest sector development fund, trade and commercialization measures, financing conservation and protections measures and financing through international and regional forestry cooperation. He noted that the principles for effective development cooperation included the ownership of development priorities by developing countries, a focus on results, inclusive development partnerships, transparency, and accountability. The Fiji ODA process also includes an aid coordination committee (BACC), planning, disbursement, monitoring and evaluation conducted through an annual budget process. The Aid Funds are also reflected in the national budget. The BACC provides advice to Government of Fiji on ODA. It oversees planning and implementation, appraises and approves Aid-Funded Programmes and Projects. The Committee also promotes dialogue with donors and development partners, and assesses and recommends improvements to ODA mechanisms.

Forest Financing and Conservation International

42. Ms Susana Tuisese from Conservation International (CI) presented on sustainable forest financing in Fiji including lessons learned and challenges. CI opted to work in Fiji because in addition to its biodiversity and geographical location, the country provided a niche in the terrestrial environment which it could strengthen and enhance given strong government support towards environmental conservation. Types of financing in Fiji include: annual budget allocation, taxes or levy, income generating activities, enhancement of existing use of trust funds, carbon offsets, biodiversity offsets and debt for nature swaps. CI is working in the Sovi Basin Protected Area, which is the most biologically diverse terrestrial ecosystem in the entire Polynesia/Micronesia region. It contains 99.9% of Fiji's endemic biodiversity. The main objective is to sustainably finance the protected area through the endowment trust fund and to support community development and capacity building.

The Nadi River Basin

43. Mr Vinesh Kumar (Fiji) gave a presentation on the "Integrated Water Resources Management in the Nadi River Basin" project funded by the GEF. The project was developed to improve flood preparedness and integrate land and water management planning within the Nadi Basin using an integrated flood risk management approach, with the aim of improving catchment resilience to flood impacts and better flood preparedness and management within the Nadi Basin.

THURSDAY 26 JULY: WORKING GROUPS

44. In the morning session, the working groups discussed the following question: “What are the gaps, obstacles and opportunities to forest financing in your countries, focusing on the local, national and regional levels?”. The four working groups provided the following information.

Working Group 1

45. The first working group identified the following gaps:

- Lack of capacity within forest agencies, technical and human;
- Budgets cover recurring costs but nothing additional, making planning on forest financing difficult;
- Lack of data of forest resource and the finance that is flowing from forests; lack of information about forests and their potential and contribution to sustainable development;
- Regional voices for SIDS: some countries are already members of regional organisations, but these may not adequately reflect their needs and requirements. UNFF was more Africa-focused and tended to leave SIDS issues aside. There is a need for a balanced approach;
- Private sector involvement is necessary;
- Consultative processes at all levels are essential. Lack of consultation within and between ministries leads to decision making without full consultations.

46. The group also identified the following obstacles:

- Ministries are not always willing to share work or information amongst each other;
- Inter-ministry relationships are weak;
- Lack of political support/will is rampant;
- There is a lack of forest champions within decision makers;
- One of the challenges is prioritizing forests when there are other pressing issues e.g. poverty alleviation, food security;
- GDP matters when it comes to attracting international funding.

47. Finally, the group identified the following opportunities:

- Trust Funds: the potential scope of funding is sometimes very narrow. For example, funding is often restricted to conservation;
- New funding opportunities exist – fees, charges, licenses, royalties, offsets for development – but the issue is directing the funding towards forests rather than other Ministries. There is a need to dedicate revenue generated from forest back to forests;
- Existing policies and laws provide sound foundation. The challenge come with implementation of existing legislation;
- There is community interest to develop their own forests and non-forest projects and activities;
- There is a need to integrate indigenous concerns into SFM in SIDS.

Working Group 2

48. The second group identified the following thematic gaps:

- Lack of policy framework for forest financing;

- Lack of public awareness of the true value of forest and trees;
- Inadequate financing institutions – local banks do not lend money for forest related projects;
- Lack of incentives for the private sector to improve SFM;
- Land owner rights are often complex and incompatible with customary rights;
- Lack of baseline data on forest resources in all SIDS;
- Lack of institutional synergies; insufficient cooperation among agencies involved in SFM; duplication of mandates;
- Inadequate human resources to manage forests sustainably;
- Insufficient financing for targeted (sensitive) areas;
- Private investment is often non-existent;
- Public-private partnerships are few and far between;
- Insufficient funding to invest in native species which is contributing to a reduction in biodiversity.

49. The group identified the following obstacles:

- Accessing international funding (the procedures and process of foreign donors are too bureaucratic); too much “red tape”;
- The release of funds to implement projects is not always timely;
- Long gestation period between project formulation, approval and implementation. For instance, a GEF project was approved five years ago but the funds have not been released;
- Land Tenure: dispute between communal land owners regarding rights to access to forest and forest services.

50. The following opportunities were identified:

- Transfer of success stories from country to country;
- Improved livelihoods due to access to forest financing;
- Improved collaboration among sectors, local and regional institutions, etc.;
- Creation of tax and other levies or incentives;
- Smooth transition towards a green economy;
- Attracting direct foreign investment in the forest sector;
- Strengthening of the technical capacity to improve SFM and SLM and protected area management;
- Improved forest services (clean air, water, environment biodiversity, etc.);
- Payment for ecosystem services;
- Increased public private partnerships (e.g., for the establishment of plantations of new forests)
- Improved forest policy;
- Creation of land use policy;
- Ecotourism;
- Cooperation with NGOs (Turtle Conservation Programme in Trinidad and Tobago, and agroforestry as a link between forests and agriculture).

Working Group 3

51. The group found that weaknesses exist in many SIDS. In particular, funds exist but SIDS cannot access them because of:

- Overlap in land-use and unclear tenure systems;

- Lack of collaboration and coordination among ministries and key players for financing;
- Lack of human resource capacity (training, accessing funds);
- Limited availability of appropriate data/information on forest financing;
- Lack of knowledge in financing options available.

52. Gaps identified included:

- Lack of implementation of existing policies and enforcement of existing legislation;
- Lack of mainstreaming forests using the landscape approach;
- Limited coordination of aid funds – due to political climate – leading to overlap between initiatives;
- Bureaucratic processes cause red tape. There is a need to have a one-stop shop concept whereby funds can be accessed and channels where funding needs exist;
- Capacity building is needed on traditional knowledge;
- Harmonization of cross-sectoral, cross-institutional policies is also necessary;
- Monitoring, control and surveillance are also essential components currently lacking.

53. Opportunities identified included the following:

- Tax incentives for SFM (e.g., for loggers and sawmillers in Fiji);
- Review of licensing conditions for replanting deforested areas;
- Forest wardens and forest ownership at community level (local wardens);
- Building staff capacity to access overseas funding;
- Decentralization of forest controls. There is a need for synergy between the two to have effective management of resources.

Working Group 4

54. The fourth group identified the following gaps and obstacles:

- Lack of capacity, both technical and financial to process funding opportunities;
- Lack of institutional capacity at all levels regional, governmental: opportunities that a government cannot capture could be captured by NGOs which may be better placed to access funding;
- National financial plans/programmes do not cover the forest sector;
- Lack of political will at all levels (and a top-down approach);
- Opportunities to access forest financing due to bureaucratic red tape;
- Different governance systems within SIDS means that there is a lack of consistency which makes regional integration more difficult;
- Lack of budgetary allocations linked to national financial plans;
- Mismatch between national financing priorities and conditions to access donor offers;
- Lack of information on the full value of forests, valuation of true value of forests;
- Lack of financial framework that attracts funding at regional and national level.

55. During the afternoon session, the same four working groups were asked to provide an answer to the following question, with a focus on the local, national and regional levels: “What institutional change can be made to fill gaps, address obstacles and harness opportunities to forest financing?”.

Working Group 1

56. The first group identified the need to have integrated land use planning finalized and avoid separate plans from every ministry. There is also a need to decentralize budgeting and involve the field in decision-making on financing. The group recommended changing the role of the Forestry Department from policing to enabling and advising, refining forest legislation, encouraging the private sector, increasing the ability of the Forestry Department to support groups, translating environmental services into monetary terms and streamlining forest financing mechanisms. The group also suggested the need to better network SIDS – making use of new technologies and knowledge management of already existing knowledge/information.
57. The need to start talking regionally about having standards or guidelines for budgetary allocations and staffing levels was also mentioned, along with involvement in Steering Committees for improving inter-ministerial coordination (need to really break down the silos in country and regionally); coordinating budget planning for example there may be similar funding proposals from different agencies. Finally, capacity in SIDS can be developed but will take time. Support is needed in the meantime, and the UNFF should seek a mandate to this effect in 2013.

Working Group 2

58. The group identified the following institutional changes to improve forest financing:
 - Collaboration among key stakeholder institutions impacting on forests;
 - Main stakeholders list (including: Agriculture, Mining, Environment, Tourism, Works, Finance (Physical Planning), Private sector institutions, NGOs, CBOs and Legal Affairs);
 - Cabinet mandated committee to meet on a regular basis (quarterly);
 - Incentives for cross institutional/ sectoral cooperation to address SFM & SLM;
 - Strengthen/extend public awareness program through the involvement of both government and civil society. Inclusion of the following ministries and groups in public awareness activities (education, information, environment, and civil society);
 - Creation of education curriculum addressing on forests from pre-primary to tertiary level.
59. Regarding insufficient financing, the group recommended the following:
 - Implementing environmental accounting strategies that would better communicate the true values and benefits of forest and trees outside forests to the national economy;
 - Payments for ecosystem services (eg Trinidad and Tobago);
 - Incentive programs such as payment to landowners, farmers, investors, etc.;
 - Trust funds;
 - Taxation, user fees, levies;
 - Set up Green funds to raise capital locally for SFM.
60. On land tenure disputes, the group suggested:
 - The use of cadastral surveys and maps to define boundaries to eliminate conflicts;
 - Education and awareness program among land owners to settle disputes.
61. To address inadequate human resources the group identified the need for:
 - Clear policy framework to identify needs and gaps;
 - Targeted training to meet forest-based needs at national level.

Working Group 3

62. The group identified the following institutional changes required to access financing:

- Capacity to access financing: specific gaps include absence of/weak capacity at national level for coordinating proposals. Action required includes the establishment of a dedicated unit within Ministry of Forests that can facilitate the collection of data which is missing. Development of trust across forest partners in sharing data is also essential.
- Lack of mainstreaming: consolidating project proposals and lack of coordination within relevant ministries. This requires approval at cabinet level-political will and commitment.
- Lack of coordination within ministries and between ministries and donors, mainly caused by competing institutions. Action required includes developing country level strategies financing strategies.
- Lack of implementation capacity: lack of manpower, skills and knowledge. This requires establishing a project coordination committee/unit, training ministry staff at national and regional levels; and strengthening links between ministry and local level. South-South cooperation should focus on SIDS with other competing priorities, maximizing countries' comparative advantage.

Working Group 4

63. The group identified the following institutional changes that are necessary to create an enabling environment and harness opportunities for forest financing in SIDS:

- Human resources skills: the group suggested upgrading forestry training centres (for example the Fiji training school upgrading), cross-training for staff on mainstreaming SFM and strengthening and reviewing forest policy operational skills;
- Infrastructure: there is also a need to cross train staff on mainstreaming SFM, strengthen and review forest policy operational skills, and have strategic planning at all levels;
- Financial Resources: there is a need to streamline donor processes to simplify application processes at all levels, establish national focal point committees, and attract private sector donors using incentives;
- To address the lack of political will/support, develop a communication strategy (Trojan horse) that conveys the multiple values of forests and trees outside forests (economic, social, environmental) working in collaboration with all sectors (*e.g.*, statistics departments);
- Develop collaborative partnerships: Mechanisms for effective synergies among stakeholders (*e.g.*, national working groups);
- To address heavy bureaucracy, simplify administrative structures for accessing funds (*e.g.*, donor funds going straight to implementing agencies) through budgetary allocations and request bucket funding.

FRIDAY 27 JULY: WORKING GROUPS AND PLENARY

64. In the first morning session, participants broke up into working groups for the last time to draw a diagram of the ideal institutional situation for implementing SFM. After the first session, they convened in plenary to discuss conclusions and recommendations proposed by the UNFF Secretariat. The adopted conclusions and recommendations of the second workshop on forest financing in SIDS and LFCCs are as follows:

65. Collaboration and Partnerships

- Urge countries and regional organisations (SPC, UNESCAP, ECLAC, CARICOM, SPREP, OECS, CILSS, ECO, TPS for LFCCs, etc.) to support South-South cooperation and exchange of experiences on forest financing among SIDS and LFCCs;
- Call upon the United Nations System, Member States and regional organisations to provide support for forest education and research initiatives in SIDS and LFCCs, including strengthening the University Consortium of Small Island States (UCSIS);
- Call upon national, regional and international organisations and Member States to further build upon the UNFF Facilitative Process by developing a network of experts on forest financing in SIDS and LFCCs at national and international levels;
- Recognising the inseparable connection between SFM and livelihoods, agree that Member States will empower local groups, communities and indigenous peoples through facilitating and providing forest financing programmes, projects and initiatives in SIDS and LFCCs.

66. A Cross-Sectoral Approach

- Recognising the dependence of other sectors on forest goods & services and the fact that SFM is a cornerstone of sustainable land management and sustainable development, UNFF and Member States will prioritise valuation of forest goods and services;
- Member States agree to promote interministerial collaboration, based on the landscape approach to forests, through the creation of a cabinet-appointed committee to develop a cross-sectoral, cross-institutional budget and promote data collection, management and generation at the national level;
- Member States urge the OECD to take account of the cross-sectoral nature of forest financing in data on official development assistance;
- Member States, regional organisations, the United Nations System and the CPF should commit to ensuring that the actions of other sectors including extractive industries which impact on forests and trees are consistent with national SFM plans, including for example oil, gas and mining;
- The CPF and Member States, as a matter of priority, shall develop and implement payments for environmental services (PES) from forests, including wood and non-wood forest programmes (e.g., water);
- Recognising the connection between forests and oceans, particularly in SIDS, Member States, regional organisations and the United Nations will adopt a ridge-to-reef approach to both SFM and SLM.

67. Sources & Access to Forest Financing

- Member States shall commit to improving the enabling environment for business and industry, in the context of National Forest Programmes, and thereby encourage the private sector to invest in SFM;
- Member States request that the UNFF seek an agreement on the means to support SIDS and LFCCs in capacity building for forest financing, including calling for FAO to pilot an implementation project based on the Forest Financing Sourcebook;
- The UNFF urges the CPF, in collaboration with the UNFF Secretariat, to internalise natural resources into the process leading to the post-2015 Development Agenda.

- **UNFF Member States strongly urge donors, both bilateral and multilateral, to streamline and simplify the procedures and processes to access forest financing for SIDS and LFCCs, in particular given the vulnerability of their economies and ecosystems;**
- **The 193 UNFF Member States emphasise to governments and UN agencies that fiscal policies and programmes are required to create systemic and long-term support for forests, including an integrated approach to the economic, social and environmental aspects of forests.**

ANNEX 2

List of Participants

	Country/Organization	Name
1	Dominica	Ms Vindrani Shillingford
2	Dominica	Mr Minchinton Clive Burton
3	Grenada	Mr Michael Church
4	Grenada	Mr Aden Forteau
5	Mauritius	Mr Poojanraj Khurun
6	Niger	Mr Ibro Adamou
7	Papua New Guinea	Mr Francis Hurahura
8	Papua New Guinea	Mr Dambis Kaip
9	Samoa	Ms Wilma Laga'aia
10	Samoa	Mr Veni Gaugatao
11	Seychelles	Mr Peter Estico
12	Seychelles	Mr Jason Jacqueline
13	Suriname	Ms Sagita Jaagan
14	Suriname	Mr Balvansing Biswajitsing Varma Lakhisaran
15	Suriname	Ms Jadi Leefland
16	Trinidad and Tobago	Mr John Radgman
17	Trinidad and Tobago	Mr Seepersad Ramnarine
18	Tuvalu	Mr Iataia Lausaveve
19	Uruguay	Ms Alicia Aguerre Dominguez
20	Fiji	Hon Jokatani Cokanasiga
21	Fiji	Mr Inoke Wainiqolo
22	Fiji	Mr Osea Bolawaqatabu

23	Fiji	Mr Keshwa Nand Reddy
24	Fiji	Ms Peninah Cirikiyasawa
25	Fiji	Mr Samuela Lagataki
26	Fiji	Mr Isoa Talemaibua
27	Fiji	Mr Anare Leweniqila
28	Fiji	Ms Atelaite Rokosuka
29	Fiji	Mr Lote Rusaqoli
30	Fiji	Mr Solomon Nata
31	Fiji	Mr Tomasi Kubuabola
32	Fiji	Mr Manasa Luvunakoro
33	Fiji	Mr Ilaisa Tulele
34	Fiji	Mr Manu Cakautabu
35	Fiji	Mr Maleli Nakasava
36	Fiji	Mr Setareki Namuloilagi
37	Fiji	Mr Sailosi Kinivuwai
38	Fiji	Mr Moape Drikalu
39	Fiji	Ms Sainiana Naura
40	Fiji	Mr Lasarusa Turaga
41	Fiji	Mr Vinesh Kumar
42	GIZ	Mr Karl-Peter Kirsch-Jung
43	GIZ	Ms Christine Fung
44	Secretariat of the Pacific Community	Mr Sairusi Bulai
45	UNCCD Secretariat	Mr Yang Youlin
46	Global Mechanism of the UNCCD	Ms Camilla Nordheim-Larssen
47	United Nations Environment Programme	Mr Jonathan Gilman

48	Global Environmental Facility	Mr Ian Gray
49	ESCAP Pacific Office	Mr Iosefa Maiava
50	ESCAP Pacific Office	Ms Jillian E. Campbell
51	ESCAP Pacific Office	Ms Leba Petersen
52	Conservation International	Ms Susana Tuisese
53	University of the South Pacific	Dr Dan Orcherton
54	UNFF Secretariat	Ms Jan L. McAlpine
55	UNFF Secretariat	Mr Benjamin Singer
56	UNFF Secretariat	Ms Njeri Kariuki