

**First Facilitative Process Workshop on  
Forest Financing in Africa and Least Developed Countries**

**Dakar, Sénégal, 10 to 12 December 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. In 2011, a project was launched on identifying gaps, obstacles and opportunities in financing SFM in Africa and Least Developed Countries (LDCs). The project is structured in three components: (i) preliminary studies on forest financing in Africa and LDCs; (ii) data validation and transfer of ownership of the findings through two workshops 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 Africa and LDCs, drawing on data obtained in the first two components.
3. This workshop was the first of a set of two workshops that comprise the second component of the above mentioned project on forest financing in Africa and LDCs, and was organised by the UNFF Secretariat with funding from the Governments of Germany and Sweden.

**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 Africa and LDCs, and (ii) initiate a network of forest financing stakeholders in Africa and LDCs and at the international level. This first workshop focused on French-speaking countries.

**PARTICIPANTS**

5. The workshop had 30 experts and country representatives participating from 12 African countries and LDCs (Benin, Cameroon, Central African Republic, Republic of Congo, Côte d'Ivoire, Gabon, Guinea, Guinea Bissau, Madagascar, Mauritania, Senegal and Togo), along with the Secretariat of the UNFF as the organizing entity.

**STRUCTURE, VENUE AND DATES**

6. The workshop was structured in two parts: (i) a plenary session which began on 10 December in the morning and went on for 1.5 days (10-11 December) and comprising a series of presentations on forest financing given by the UNFF Secretariat and Member States, and (ii) a working group session on the afternoon of 11 and the morning of 12 December when participants were split into two 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 the afternoon of 12 December, an expert panel came together to summarise the main findings which were then discussed among participants before an agreed conclusion was reached.

## **OPENING**

7. The first workshop on forest financing in Africa and LDCs was opened by the director of the UNFF Secretariat Jan L. McAlpine, who emphasized the necessity to understand how financing occurs for forests and trees outside of forests, and what the impediments and obstacles are for their financing. The term SFM has three aspects, and the economic is one of them. It is extremely important that the economics of forests be addressed equally with the social and ecological issues of forests. These have been the fundamental tenants of SFM. In some countries, trees are dealt with in Environment or Forest Ministries (*e.g.*, Sénégal), but in other countries they are split between agriculture, energy, or nature conservation. It is often spread across a wide range of ministries. In forests, the importance of having a balance between the three pillars is critical to the success of sustainability, Ms McAlpine concluded.
8. Colonel Ismaïla Diop, Chief of Staff of the Ministry of Ecology and Nature Conservation of the Republic of Senegal thanked Jan McAlpine and participants from Sénégal and beyond who are participating in this workshop. Colonel Diop welcomed all international participants on behalf of President Macky Sall and the government. Senegal has understood that it must act in solidarity with other members of UEMOA and CEDEAO (ECOWAS). Senegalese forest cover is 36% and policies focus on assisting local communities in implementing SFM. The 1993 law already mentions this, and this has been implemented ever since then. Senegal has established three objectives – improving knowledge, more activities to implement SFM, and capacity building of all stakeholders. In addition, several structuring programmes are being set up, such as the Great Green Wall. And yet, 40,000 ha a year are still disappearing at the national level. This is why this international workshop on forest financing is so useful. Strengthening mobilization of resources is crucial to reaching our objectives. Colonel Diop pointed out that this workshop, with the help of the experts present, is essential for the creation of a global forest fund with voluntary contributions. This is what we will be bringing to the 10th Session of the UNFF in Istanbul.

## **ELECTION OF CO-CHAIRS**

9. Mr Ndiawar Dieng from the Republic of Senegal and Ms Lydie Raharimaniraka of the Republic of Madagascar were elected by the participants as co-chairs of the workshop.

## **ORGANIZATION OF WORK**

10. 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**

11. Documentation relevant to the workshop includes:
  - a. Africa and LDC case studies prepared during the first component of the project on forest financing in Africa and LDCs (2012)
  - 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 and second workshops on forest financing in Small Island Developing States (Port of Spain, Trinidad and Tobago, 23-27 April 2012, and Nadi, Fiji, 23-27 July 2012).
12. All these documents can be found at <http://www.un.org/esa/forests/facilitative-process.html>.

### **MATTERS FOR CONSIDERATION**

13. The Co-Chairs' summary of the discussions that were held at the first workshop on Forest Financing in Africa and Least Developed 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 AFRICA AND LEAST DEVELOPED COUNTRIES**

#### **TUESDAY 10 DECEMBER: OPENING CEREMONY AND PLENARY**

##### **UNFF Process on Forest Financing**

14. 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. This activity is a project financed by the Germany, the UK and Sweden on Supporting Financing of SFM in Africa and LDCs, which was kick-started with a study aiming at identifying gaps, obstacles and opportunities in financing SFM in Africa and LDCs. Mr Singer then proceeded to make a presentation on the results of the first component of the project, namely the 8 studies on forest financing in Africa and LDCs. Mr Singer focused primarily on the following results (i) the drop in forest financing at the global level with the exception of a few countries benefiting from REDD+, and (ii) the skew of external funding towards a small number of countries.

##### **The Africa-LDCs Project**

15. Ms Njeri Kariuki (UNFF Secretariat) made a presentation on the Africa-LDCs project, which aims to strengthen stakeholder capacity to understand the main obstacles and challenges in financing SFM. The main objective is to facilitate deliberations on financing SFM. Africa and LDCs are particularly constrained in financing resources. They also represent significant opportunities to SFM. Their absorptive capacities, however, are limited due to low political commitment and limited expertise. The UNFF Secretariat is cooperating with Germany and Sweden to implement this project. This is the first of two workshops – the other one will take place in Nairobi in January 2013. It will feed into AHEG2 and UNFF10 in Istanbul.

##### **Summary of Interactive Discussions**

16. Both presentations led to a series of questions from the floor, many of which focused on the applicability and eligibility of different sources of forest financing to the African countries represented in the workshop. In particular, several participants emphasized the difficulty in accessing international sources of forest financing, in particular carbon funding and REDD+. UNFF Director Ms Jan McAlpine pointed out that there is no single source of financing which will answer all requirements. Instead, the solution is to be found in a diversification of each country's forest financing portfolio. This is the only way of addressing the complexity of SFM and its implementation, especially in light of the wealth of non-cash contributions of forests. In this light, the UNFF Secretariat through the Facilitative Process can act as a catalyst, but not as a fund *per se*.

##### **Forest Financing in Africa: An Overview**

17. Ms Lindroos from Indufor Oy (Finland) provided a summary of the background papers to the project on forest financing in Africa. The project covers 54 countries and includes two case-studies – Tanzania and Tunisia. Data mining was used, especially on grey and academic literature. The first paper focuses on general data on Africa, the second on forest financing specifically. Results show that African countries raise the least funds for forests – US\$ 0.67/ha compared to 5/ha for South America and Asia. The vast majority of

funds go into overhead expenditures such as staff costs (over 90%). Foreign financing constitutes about 45% of total forest financing (without North Africa, this figure would be much higher). Global forestry ODA declined from 2002 to 2006, but from 2006 to 2010 there is a significant increase which is partially due to REDD+. 7 out of 54 African countries received 50% of forestry ODA. Likewise, cumulative REDD+ financing since 2006 shows that it is concentrated in 5 countries that received half the financing. In terms of gaps, West and Southern Africa have not benefited as much. East Africa concentrated half the financing. Finally, the cross-sectoral linkages and contributions are poorly articulated. However, the private sector represents an important opportunity for forest financing.

### **Summary of Interactive Discussions**

18. Gabon and Togo both pointed out that they were now participating in REDD+ activities through UN-REDD and the FCPF. Questions were raised about the cross-sectoral nature of forest financing and the need to capture this dimension in statistics, but Ms Lindroos explained that most of the quantitative data provided relied were specific to the forest sector, adding that cross-sectoral forest financing is very difficult to research. Participants agreed that there is a crucial need to take this into account and focus research on what is not yet known so that we can better understand forest financing in its entirety rather than looking at it from a sectoral perspective.

### **Forest Financing in Central Africa**

19. Mr Jules-André Madingou gave a presentation on forest financing in Gabon as an example of a timber-rich country. The country is home to 22 million ha of forests with a very low human population density. Gabon introduced a law obliging logging companies to introduce forest management plans. This put strain on smaller, national, logging companies as they were unable to afford it, so they are allowed to group themselves up into larger management units. Between 2001 and 2005, only large logging companies could get management plans, mostly with financial assistance from the French Development Agency (AFD). Nationals were hardly involved in the process. A project was therefore set up to keep nationals within the timber sector. This involved 2.5 million ha of managed forests. The project was funded mainly by AFD and the total came to 15 million Euros. Results to date show that 318,000 ha are now under management, and the remaining 2.2 million under some form of progress towards management. Since 2009, Gabon has banned all export of logs, which has allowed the transformation industry to flourish, particularly among national (rather than international) stakeholder companies.
20. Mr Cyrille Martin Nkie presented a summary of forest financing in Cameroon. Forest financing is understood in Cameroon to include all support – not only monetary but also technical and other types of support to the implementation of SFM. In Cameroon, international donors have come together to form the Sector-wide programme for forests and environment (PSFE) as a coherent group to coordinate external funding. PSFE allows for the common pooling (“basket fund”) of ODA in the forest sector. The funds are then allocated to a number of themes in common. In terms of sources of forest financing, FCFA 16 billion is allocated to forests from the government budget. Themes covered by these funds include social, environmental and economic values of forests. Since 2012, however, external funds have decreased with the World Bank, DfID and CIDA pulling out completely. ITTO has also decreased its funding. The REDD+ mechanism is still in a preparatory phase with the Readiness Programme being adopted in October 2012. Obstacles to forest financing are as follows: the Government does not consider sustainability issues as a priority; Governance issues continue to be a problem, especially with corruption being rife; Hidden agendas also conflict with national interests. International donors also impose many conditionalities. There is a need to promote

governance and sustainability in forest management. In March 2013, however, a VPA is expected to be signed with the European Union.

21. Donatien Nzala closed the session on forest financing in Central Africa with a presentation on Congo's experience in financing the timber industry. Congo is home to 22 million ha of forests, 14 million of which are production forests and 3.7 million allocated to biodiversity conservation in the form of protected areas. Over 4 million ha is under SFM plans, and 2 million ha is under certified management (50% of the whole of Central Africa's certified forests). 12 million are employed directly and indirectly in the forest sector, making it the second largest sector after the public sector. Congo's production forests are allocated to logging companies in the form of concessions. In terms of sources of forest financing, the public sector has created a national forest fund while several projects are implemented with assistance from external donors (World Bank, the GEF, CBFP, ITTO, AFD etc.). Examples of public-private partnerships include conservation concessions. The private sector constitutes an important source of funds, of which one example (Danzer) has a 1.2 million ha concession which is entirely FSC certified. Yet forest financing is insufficient and difficult to mobilize. Congo is involved in several initiatives – it has not finished implementing SFM that it already signed a VPA and is working on REDD+. The tenure system has prevented the private sector from investing without fear of losing access over the land. Commercial banks are unwilling to finance natural and planted forests because returns are slow to come in. The donor community constantly requires complex rules. At the level of the international market, the difference in timber prices between certified and non-certified products is not an incentive to invest in timber certification. Microfinance has become an emerging source of financing which is popular among donors and local communities alike, particularly when it comes to commercializing NTFPs.

### **Forest Financing in Least Developed Countries**

22. Ms Karoliina Lindroos presented Indufor's background studies on forest financing in LDCs. 48 countries were covered in this study and two case-studies were chosen (Uganda and Nepal). Like the Africa study, this one focuses primarily on ODA figures which are the ones that are most readily available. What is not available is financing from the private sector, both domestic and foreign, as are sources of domestic financing. Also, cross-sectoral patterns of forest financing are not available and it is very difficult to access information on this issue. LDCs are home to 15% of the world's forests. 33 of 48 LDCs are located in Africa. The common denominator of LDCs is an unequal income distribution, low income and low development index. Most LDCs have national forest policies or programmes – those who lack one are usually LFCCs. Where poverty reduction strategies are available, forests are mentioned, but in economic growth strategies, they are rarely included. Data show again a strong skew of forest financing in just a handful of countries. Key gaps in forest financing in LDCs include the following: very few examples of payments for ecosystem services (PESs), continued decrease in the share of LDCs in forestry ODA, limited private sector financing. Institutions are weak, governance is poor and policy and law enforcement are limited, as well as many countries being home to political conflict. These reasons might explain why private sector investment remains limited. In addition, fiscal policies often make the timber sector unattractive. Opportunities are numerous and begin with PESs, although the cost of setting these up can be high. Communities can benefit substantially from such initiatives.
23. Colonel Théophile Kakpo made a presentation on Benin's experience with forest financing. Benin and Togo are located in the Dahomean Gap, which means that their forest cover is much more limited than that of their neighbours, east and west. However, Togo and Benin enjoy a cooperation agreement between each other on a number of issues, including related to SFM. In the 1990s, there was a gradual awakening as to the

importance of SFM, which enabled the legislation to change from a prohibitive approach to one of incentives. A number of donors have come forward to implement projects on forests in productive forests, protected areas and in community and communal forests. Benin is known as the ancestral home of Voodoo and contains up to 3,000 sacred or “fetish” forests. The existing law states that all forests have to be equipped with a sustainable forest management plan developed in collaboration with local communities. Rural timber markets have also been established in a similar way to Mali and Niger. Constraints include donors’ conditionalities and the limited availability to communicate successfully on the value of forests.

24. Christine Sagno provided an overview of forests in Guinea, which is considered as the “water tower” of West Africa. It is home to dry dense forests, dense rainforests, savannahs and mangroves. Forest degradation and deforestation are both rife in Guinea, due to logging, fires and fuelwood consumption. Forests are shrinking by about 35,000 ha a year according to FAO’s latest figures. A national forest policy has been established with the creation of a forestry and fauna code. Communities have been trained to set up committees to fight forest fires and each community receives GF 1.8 million when it successfully avoids forest fires over a year. Charcoal production is a major problem in Guinea and requests have been made to increase the country’s dependency on gas rather than fuelwood or charcoal. “Agriculture is the first enemy of forests”: with this statement, Ms Sagno pointed out that Guinea is plagued by constant burning for rice planting. Another cause of deforestation comes from fuelwood consumption for producing salt, as it is traditionally processed by cooking above burning large amounts of fuelwood. An externally funded project has enabled local communities to access plastic covers to process salt, that act as a replacement for fuelwood burning.

### **Summary of Interactive Discussions**

25. Several questions were asked on the concession system in Central Africa, notably about the tenure system. In Gabon, for instance, the forest belongs to the State which delegates its management to a private company. Indigenous communities are not recognized as having a particular right – all citizens have equal rights in this respect. There are no sacred forests in Gabon. Local communities have a right of use within these concessions. In many countries (e.g., Cameroon, Congo), they also benefit from a percentage of the revenue collected centrally from timber production. Cameroon has sacred forests, notably in Bamiléké land, which is being taken into account in the revision of the 1994 Forestry Law. The question of the sustainability of the concession system was also raised.
26. Several participants suggested joining forces and applying for ODA at the regional, rather than the national, level. This already exists at the regional level in Central Africa (e.g., Congo Basin Partnership Fund, CBFP, COMIFAC). Central Africa has received additional funding not only because of high forest cover, but also because heads of state and ministers agreed to coordinate and align. This is a very powerful message for donors. Each country is then motivated to implement a strategy at national level.
27. Finally, Spiritual, cultural and customary values of forests are critical and should be respected according to the UNFF. The implementation of this should differ between countries but should be done in close coordination with local communities. If we only focus on the value of trees as far as what can be sold, then it will only reveal a superficial perspective of forests.

## **WEDNESDAY 11 DECEMBER: PLENARY AND WORKING GROUPS**

### **Ecotourism and Forest Financing**

28. Théodore Mbaro made a presentation on ecotourism in the Central African Republic. The Central African Republic is a landlocked LDC home to a large number of national parks teeming with megafauna. This presentation focuses on the Dzanga-Sangha National Park. This is where the latest species of primate was located, known as *Cercopithecus ngottoensis*. The CAR Government has set up a local project aiming to reduce poverty at the local level, in partnership with WWF and GIZ. There is a double strategy in the Sangha's ecotourism – via ecotourism and community tourism. The National Park is also home to a population of BaAka (“pygmies”). 586 tourists visited the park in 2007 – a number that increased to 1,500 tourists in 2010, generating over FCFA 150 million in that single year. 24% of the income comes from gorilla tracking; 19% from accommodation; 15% from elephants, filming rights 7%, as well as other sources such as transport, research rights, souvenirs sales, BaAka ceremonies for tourists, etc. In addition, conservation communication takes place during the visits of tourists who are willing to pay USD 500 each for a one-hour visit to a group of gorillas. Challenges are as follows: lack of specialized gorilla trackers, high forest density, difficulty in tracking and habituating gorillas. Potential improvements include road-building, working more closely with tour operators and the private sector more generally.
29. Ms Lydie Raharimaniraka presented the main contributions of ecotourism to forest financing in Madagascar. In Madagascar, the ecotourism industry is based on the country's network of national parks where local cultures are respected and the private sector is mobilized. Ecotourism is defined as tourism that respects the natural and cultural environments. Madagascar developed a strategic plan for 2012-2016 which focuses on (i) conservation, (ii) co-management with local communities, (iii) management of the National Park Agency as a private company, and (iv) aims to increase income (which goes to the Ministry of Forests, not Tourism) to US\$ 3 million. In 2005, tourism became the country's first source of foreign income. 50% of the entrance fees collected from tourists goes to local communities. This is used as a springboard for community development. In short, national parks are managed for ecological, social and economic sustainability. Products and services include accommodation, guides, etc. The World Bank assisted in financing in 2005 with improvements in tourist infrastructure, welcoming services, collaboration with the private sector, the evaluation of tourism development, and development of communication tools. A further US\$ 9 million is planned to be disbursed by the World Bank between 2011 and 2014. The World Bank, European Union, GEF, France, Germany and Japan are the main donors in the sector.

### **Forest Financing in Guinea-Bissau**

30. Mr Kaoussou Diombera summarized the state of forest financing in Guinea-Bissau, classified as a small island developing state (SIDS) in virtue of the large number of islands it is home to. In 1978, 75% of the country was covered in forests but this figure has dropped since. Mangroves cover 7% of the country's surface area – where 45% of the population is located. Forests are still in a precarious position in Guinea-Bissau, especially as timber concessions are not yet delineated and selective logging still contributes to the degradation of 30,000 to 40,000 ha per year. That and forest fires as well as shifting cultivation contribute to a high rate of deforestation – 40 to 60,000 ha per year. Timber constitutes 6.2% of the country's exports and 9% of GDP. One of the policies to limit this trend has been the introduction of community forestry. During the colonial era, forests were managed rationally with traditional chiefs having control over forests. Many of these were killed by the new independent authority as they were seen as collaborators with the colonial system, but given their potential usefulness in SFM, they



are slowly being rehabilitated. In 1991, a new forestry law was introduced to reflect the newly recognized role of communities in this respect. Community forests were thus established from 1996. In addition, taxes are collected from the timber sector, mainly to finance the “reforestation month” (July) where communities are mobilized to assist in planting trees. The Ministry of Agriculture is responsible for agriculture, fisheries, animal herding and forests, which explains why the forest strategy is integrated into a broader agriculture policy paper. Ecotourism is limited in Guinea-Bissau because of the political situation but the potential is considerable, especially in the insular part of the country. 12% of the country’s surface area is located in protected areas which are teeming with elephants, hippopotamuses and other mammals.

### **Summary of Interactive Discussions**

31. Participants emphasized the need to connect forest financing with cross-sectoral priorities. The first presentation showed the direct link between poverty reduction and ecotourism. This is the kind of message that needs to be conveyed to the world. Making the connection with other objectives – poverty reduction, food security – is where member states will be able to raise funds from donors and the private sector. Many companies have pension funds that invest in sustainable development initiatives. The more these connections can be developed, the more powerful the message becomes. The World Bank has relocated the Environment Department in other departments to delete the silo approach it had been using so far. This might shift the way recipient countries need to work, but the more they can demonstrate this new perspective, the more effectively they will be able to harness funds. Connections have to be made to move forward. Working together with other ministries is crucial in connecting the dots. Finally, two positive notes should be made. First, the UN General Assembly agreed to mark 21 March as the International Day of Forests. Secondly, many of the fauna depicted are large mammals, but in the United States and Europe, many tourists would travel to see birds, and many African countries and LDCs would benefit from putting forward an ecotourism strategy focusing on that.

### **Forest Financing in Low Forest Cover Countries**

32. Mr Boubacar Diop opened his presentation on Mauritania by pointing out that his country covers over 1 million square kilometers but is home to less than 3 million inhabitants. It is primarily covered in Saharan desert (75% of the country). Forest financing comes primarily from international donors (World Bank, FIDA, GEF, AfDB, Germany, Spain, etc.), although the national government has invested heavily in reforestation in recent years. However, Mauritania continues to be very vulnerable to climate change and forests cover a mere 4% of the country’s surface area. Deforestation is primarily due to fuelwood collection and forest fires, as well as charcoal production. 85% of the country’s energy comes from wood, in the form of fuelwood or charcoal. Demand for these two sources of fuel largely exceeds production at the national level. Forests are thus mainly constrained by climatic variability and overexploitation of natural resources. International funding largely focuses on the conservation of national parks and other protected areas.
33. Oyéoundé Djiwa explained that Togo is home to a forest cover of 6.8%, although teak plantations (50,000 ha) are frequent, and these are mostly privately owned (for 75% of them). Togo is the country with the second largest deforestation rate (over 5%) according to FAO’s latest figures, which is mainly due to agricultural encroachment. Vegetation is burned to make way for agriculture, while fuelwood collection and charcoal production are also rife. Togo has a national forest programme (NFP), nested inside a Ministerial strategy which itself is part of the country’s PRSP. Six strategic axes have been developed for forests – climate change, investments, REDD+, and communication, knowledge management, capacity building and support to the scaling up of good

practices. State forest financing increased sharply from between 200 and 300 million FCFA until 2008 to 600 million in 2010. However, human resources remain vastly insufficient, with 58% of staff having a level of education of BEPC (equivalent of junior high school), not beyond. Togo aims to increase forest cover to 30% by 2050. Agriculture, Mining and energy will all be mobilized to reach this objective. However, due to the land tenure system (much of the land belongs to private individuals; only 14% of the land is in the hands of the state, of which much is located in protected areas. Out of this, 4% is being claimed by local communities), this objective can only be reached in close collaboration with the private sector.

### **Summary of Interactive Discussions**

34. Asked about the role of “Pygmy” populations in SFM, Mr Mbaro (Central African Republic) replied that they are not a tourist attraction. They are active stakeholders in adding value to the tourism industry and also benefit from poverty reduction in this regard. Participants recognized that the cultural aspect has not been approached in these presentations, despite the fact that spiritual values often help reduce deforestation through the existence of taboos. This would help attract external financing. On the question about whether armed conflict could impact on forest financing, Mr Maro replied that having Darfur as a neighbour means that poaching has increased substantially in the area bordering Sudan, limiting tourism in the eastern half of the country. On a question on the CAR’s timber industry, he pointed out that 8% of CAR is covered in production forests, of which a large proportion is under SFM management plans. CAR is the third partner in the Congo Basin to have signed a VPA with the European Union, with implementation expected starting 2014. The timber sector provides up to 15% of the country’s GDP.
35. In terms of regional cooperation, COMIFAC was created out of the Summit of Heads of State held in Yaoundé in 1999, with the aim of coordinating policies over the world’s second largest tropical forest. A regional convergence plan was set up, which partly explains why policies between these countries are so similar. In addition, bi- and trilateral initiatives have been set up, such as the Trinationale de la Sangha.
36. The cross-sectoral aspect of forests was also highlighted during the discussions. 7% of Guinea-Bissau’s territory is covered with mangroves which provide both timber and fish. Yet these ecosystems are very vulnerable, especially as local populations cut the trees for fuelwood. In order to release pressure on these ecosystems, we need to develop aquaculture, particularly oyster farming. A Senegalese agency has been established to address this issue. Finally, Guinea called upon West African countries present at the workshop to come together to form a regional organization similar to COMIFAC.

### **Forest Financing and Conflict in Côte d’Ivoire**

37. Mr Adjumane Aimé Kadio made a presentation on the impact of armed conflict on forest financing in Côte d’Ivoire. The country’s timber sector employs 40,000 people; it is a source of energy for 70% of the population, and bushmeat constitutes a major source of protein for the country’s population. Over 6,700 sacred forests have been identified, thus providing medicine for local communities. A large number of international donors (World Bank, AfDB, KfW, CIDA, etc.) have provided assistance to forests between 1991 and 1998, with FCFA 86 billion disbursed. A ministerial declaration was even established but was aborted due to the coup d’état. The Declaration stated that communities should be involved in SFM; that the private sector should be mobilized in investing in forests; that agricultural activities needed to be controlled inside forests; that forests’ natural capital had to be valued; and that a specific instrument with all the above objectives needed to be established. At the same time, the timber sector was being reformed with the aim of reducing pressure on forests. A complex fiscal system exists to provide revenue from the

timber sector. Until 1999, these taxes provided between 4 and 10% of the national budget; this figure has since dropped to 2.3 to 3.9% (40 to 60 billion today).

38. The impact of conflict on forests was strongly felt across the country. When the war broke out, the whole forestry administration in the north fled, leaving people to move in and log in a situation of lawlessness. Pillaging and destruction of infrastructure alone cost FCFA 4 billion. Donors stopped financing forests across the country. Deforestation increased, two national parks were severely damaged and the land tenure system was disturbed in the West with the arrival of migrants. After the end of the conflict, the GEF, Japan and Germany all funded reconstruction of the forest sector. Côte d'Ivoire is expected to benefit from French funds (debt swaps) shortly and is currently working on REDD+ readiness.

### **Summary of Interactive Discussions**

39. UNFF Director Jan McAlpine pointed out that there is an excessive focus on chasing whatever funds exist at the international level. It is essential first to establish a national strategy before addressing how funds can help fulfill the gaps identified. Otherwise, the "tail is wagging the dog". The GEF's REDD+/SFM window enables to address cross-sectoral issues.

### **Forest Financing and Ecotourism in Senegal**

40. Mr Souleye Ndiaye gave a rapid overview of Ecotourism in Senegal as a type of forest financing. In the 1960s, the emphasis of forest financing was on national park conservation and protection. However, by the 1970s it had evolved, leading in 1994 to the recognition of the need to take account of local communities in protected area management. By 2003, the Durban Summit enabled policies the emphasis on the need to go beyond the boundaries of protected areas for an integrated landscape approach. Financing for Senegal's protected areas comes from the State, international sources (especially for flagship species or specific areas such as World Heritage sites) and even the private sector through public-private partnerships, but most of the time these funds are for projects – thus short-term financing – which is not ideal for the management of protected areas.

### **Working Groups**

41. At this stage, participants were split into two working groups and 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**

42. Gaps and obstacles at the international level included the following:

- The international financial crisis has led to a decrease in ODA
- Priorities of ODA are based on donor's assessment rather than the real needs of SFM
- Access mechanisms to forest financing are highly complex
- Country capacity to identify, solicit, mobilize and negotiate funding is limited
- Resources allocated by international donors to forests is vastly insufficient

43. At the national level, gaps and obstacles to forest financing are as follows:

- National resources allocated to SFM in LDCs rarely exceeds 1% of the national budget
- Funds for research and development, as well as human resources, are insufficient
- Adding value to NTFPs and other aspects of the diversity of forest goods and services is insufficient
- Other sectors are higher up on the political agenda, leaving forests close to the bottom of the pile
- The real contribution of forests to the national economy is vastly underestimated
- Governments pay greater attention to short-term priorities than long-term ones such as SFM
- Institutional and political instability, as well as the high level of mobility of forestry staff, prevent any continuity and lesson-learning in SFM and forest financing
- Insufficient knowledge of the forest resource means that countries are unable to evaluate the financing needs for SFM
- Means and tools for effective SFM implementation are unequally distributed within a country
- Institutional capacity building for SFM and forest financing is lacking
- There is a lack of advocates for SFM financing among LDCs.

44. At the subnational or local level, the following gaps and obstacles were identified:

- Lack of a legal framework to attract private investment
- Local government is insufficiently organized to tap into funding effectively
- Decentralisation has not been completed
- Clear land tenure systems are lacking
- Inadequate positioning of investments in the sector
- Lack of knowledge on value added in SFM-related goods and services

## **Working Group 2**

45. Obstacles included the following:

- In terms of public financing, weak political will; low level of national resources, length of forest regeneration cycles and difficulty in implementing efficiently resources in the field
- At the international level, limited compatibility with national policies, weak capacity of appropriation of international funds, land tenure insecurity, weak coherence between sectoral policies, competition between land uses (e.g., agriculture, mining, etc.), weak forest governance and corruption, political and institutional instability, weak ability to capture financing, insufficient communication, donor conditionalities, fragmentation of financing.

46. Gaps identified were as follows:

- Insufficient knowledge of resources and national statistics
- Unequal distribution of resources geographically and thematically
- Insufficient grouping at regional level
- Lack of strategic planning
- Weak state investment

47. Solutions included the following:

- Create forest and fauna funds
- Produce a statistics strategy
- Invite the private sector to mobilize funds

## Summary of Interactive Discussions

48. In terms of regional coordination, Mali, Senegal and Guinea-Bissau came together previously under an FAO initiative. UEMOA also represents 8 West African countries and produced an environmental initiative that extended to CEDEAO (ECOWAS) and CILSS. This represents an opportunity for greater coordination at regional level. In October 2012, ECOWAS organized a meeting to validate a forest convergence plan, so elements are progressing at the regional level.
49. One example of political instability as an obstacle to forest financing is provided below. National forest mechanisms were an FAO initiative that was being implemented in Guinea-Bissau. The project papers were prepared and approved by FAO. A workshop was even organized, but due to a coup d'état, the new team decided to put an end to the project before its implementation began, and the funding from FAO – the remaining USD 300,000 – was never disbursed, despite efforts made by FAO to ensure project continuity. Once the ministry began picking up the pieces and requested the project to be implemented, FAO announced that it was too late. Other examples of political instability concerned Côte d'Ivoire and Togo where conflict put an end to the arrival of external funds.
50. Additional gaps and obstacles were also identified. In Tunisia, a forest policy, strategy and framework all exists, but it is not integrated into the national development plans, which explains why it is not being implemented. In Tanzania, policies do not reach all aspects of SFM, many of which remain informal. In terms of geographical gaps, the Congo Basin concentrates the bulk of funding within Africa, at the expense of more arid countries such as those of the Sahel and West Africa. Finally, innovative financing has hardly been discussed. Groups mentioned national and international financing, but not innovative financing. These should be included in the list of obstacles to forest financing.

## THURSDAY 12 DECEMBER: WORKING GROUPS AND PLENARY

### Working Groups

51. On Thursday, participants were split again into working groups and requested to discuss and answer 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

52. Working group 1 identified the following opportunities at the local, national and regional levels:
- Restore and revitalize specific existing mechanisms aimed at SFM implementation such as the National Forest Fund or the National Environment Fund. The money going into these funds comes from forestry and timber taxes
  - Introduce taxes on NTFFPs such as ornamental birds, cashew nuts, etc.
  - Impose a tax on agricultural products such as cotton, peanuts and rubber
  - Search for voluntary contributions
  - Take advantage of innovative mechanisms such as private foundations for SFM
  - Allocate part of environmental taxes coming from polluting industries (air transport etc.) to forests
  - Sponsorships (*mécénat*) and adopt-a-forest programmes
  - Strengthen public-private partnerships

- Involve local communities in reforestation programmes.

## **Working Group 2**

53. The second working group identified a different range of opportunities:

- Public –private partnerships
- Ecological taxes to feed into a forest fund that goes into adding value to NTFPs etc.
- Incentives to stimulate income from the private sector
- Developing micro-finance initiatives
- Partnerships between forests and other sectors to identify arrangements for the negative impacts of other forests on forests
- Identify synergies between mangroves and fisheries and other positive relationships between sectors
- Strategic planning of SFM
- Legislative reforms for greater land tenure security

54. Practical solutions to seize these opportunities are as follows:

- Studies of cross-sectoral relationships with forests
- Institutional and legislative reforms
- Incentives to the private sector
- Setting up cross-sectoral platforms bringing together different ministries
- Improve communication between forest and finance ministries

55. Working group 2 also provided specific examples, such as:

- Special economic zones in Gabon
- Mauritania's solidarity programme that funds renewable energies
- Transnational initiatives that already exist e.g., Trinationale de la Sangha

## **Conclusions and Recommendations**

56. In the afternoon, participants convened in plenary again to discuss conclusions and recommendations proposed by the UNFF Secretariat. The adopted conclusions and recommendations of the first workshop on forest financing in Africa and LDCs are as follows:

**57. Improving knowledge: need to improve knowledge and carry out additional research in the following domains:**

- **Identification of needs in terms of forest financing at the national level**
- **Going beyond the forest sector and ODA, and in particular in innovative financing mechanisms and cross-sectoral impacts, to better understand forest financing as a whole**
- **Understanding the multiple values of forests.**
- **Better knowledge at the national level of these three elements would enable stakeholders to communicate more effectively on the importance of forests.**

**58. National Strategies: create national forest financing strategies:**

- **That includes a communication strategy underlining (i) the total economic value of forests and (ii) the contribution of forests to poverty reduction, food security and post-conflict reconstruction;**

- Based on an interministerial dialogue and which includes both government and non-government stakeholders;
- Based on a participatory process which calls for the integration of ecological, economic and social functions with all related sectors
- With the UNFF playing the role of facilitator and/or catalyst

**59. Diversity of Financing Sources:** these strategies must encourage a diversification of financing sources:

- Cross-sectoral opportunities (marine resources, ecotourism, forest-mines-agriculture nexus)
- Promote commercialisation of NTFPs and strengthen relevant taxation systems
- Innovative financing mechanisms such as PESs, public-private partnerships and micro-financing
- Introduce taxes on related or polluting industries to replenish national forest funds
- Revise investment codes in order to attract the private sector
- Strengthen existing forest funds to ensure that their allocation goes towards SFM rather than other activities.

**60. Regional Synergies**

- Seize regional organizations as opportunities to combine capacity to access regional and international financing based on the following existing initiatives: (i) the Central African example, as illustrated by COMIFAC and CBFP, and (ii) transnational initiatives including the Trinationale de la Sangha, the W, and the Fouta-Djallon region.
- Activities include policy convergence plans, strategies to mobilize funds, and the harmonization of investment codes.

**61. Forests and Conflict**

- Promote further knowledge on the impact of political instability and land tenure insecurity on forest financing. In the case of land-related conflict, promote FAO's voluntary guidelines on land tenure
- Coordinate will crisis units to integrate quick-impact activities into national forest financing strategies that can be launched in case of conflict
- Request that donors establish emergency funds to allow the release of funds aimed at limiting the impact of acute crises due to political instability.

62. Mr Diouf, Director of Water and Forests, thanked the UNFF for organizing the workshop in Senegal. A workshop such as this enabled to bring ideas together. If Africa and LDCs did not need forest financing, there would be no participants in this workshop. There is a need to diversify sources of forest financing. We need to prospect different forms of financing in order to sustain forests for future generations. Over 60% of our populations live at least partly off forests, directly or indirectly, whether through forest products, water cycles, climate or other forest-related means. We must not forget the cross-sectoral aspect of forests which was well emphasized in this workshop. This is where the importance of this workshop lies. The ideal is to make forests autonomous in terms of financing. Mr Diouf then declared closed the first workshop on forest financing in Africa and LDCs.

## **ANNEX 2**

### **List of Participants**

	<b>Country/Organization</b>	<b>Name</b>
1	<b>Benin</b>	Mr. Théophile Kakpo
2	<b>Cameroon</b>	Martin Cyrille Nkie
3	<b>Central African Republic</b>	Mr. Théodore Mbaro
4	<b>Central African Republic</b>	Mr. Robert Pani
5	<b>Congo (Rep. of)</b>	Mr. Donatien Nzala
6	<b>Congo (Rep. of)</b>	Mr. Antoine Ngakegni
7	<b>Côte d'Ivoire</b>	Mr. Jean-Luc André Agkpo
8	<b>Côte d'Ivoire</b>	Mr. Adjumane Aimé Kadio
9	<b>Gabon</b>	Mr. André-Jules Madingou
10	<b>Guinea</b>	Ms. Christine Sagno
11	<b>Guinea Bissau</b>	Mr. Kaoussou Diombera
12	<b>Guinea Bissau</b>	Mr. Saquiro Camara
13	<b>Madagascar</b>	Ms. Lydie Norohanta Raharimaniraka
14	<b>Madagascar</b>	Mr. Christin Edmond Randriamanasina
15	<b>Mauritania</b>	Mr. Boubacar Diop
16	<b>Mauritania</b>	Mr. Moussa Tacko Beye
17	<b>Togo</b>	Mr. Oyétoundé Djiwa
18	<b>Finland (Indufor OY - Resource Person)</b>	Ms. Anna Karoliina Lindroos
19	<b>UNFF/DESA</b>	Ms. Jan L. McAlpine
20	<b>UNFF/DESA</b>	Ms. Njeri Kariuki
21	<b>UNFF/DESA</b>	Mr. Benjamin Singer
22	<b>Senegal</b>	Mr. Daniel André



23	<b>Senegal</b>	Mr. Pape Walil Gueye
24	<b>Senegal</b>	Mr. Amadou Lamine Diagne
25	<b>Senegal</b>	Mr. Souleye Ndiaye
26	<b>Senegal</b>	Mr. Matar Cisse
27	<b>Senegal</b>	Mr. Baïdy Ba
28	<b>Senegal</b>	Mr. Abdourahmane Tamba
29	<b>Senegal</b>	Mr. Ibra Sounkarou Ndiaye
30	<b>Senegal</b>	Mr. Ndiawar Dieng