

FINANCING IN SFM

Major Groups Partnership on Forests

Financing in SFM

- To meet direct cost of Forest Management
- Fulfill the gap of Economic benefit
- Prevent non-sustainable activities such as excessive use of Timber.
- Save our environment
- Train society for sustainable forest management

Source of Financing in SFM

National and Public

- General government revenue
- Revenue from state-owned forests
- Forests sector fiscal revenue

Sources (AGF 2012), Simula (2008) (adapted)

Source of Financing in SFM

National and Private

- Forests owners
- Communities
- Forests industry
- Intuitional and individual investors
- Philanthropic funds and donors
- NGOs
- Payment for Environmental fee

Sources (AGF 2012), Simula (2008) (adapted)

Source of Financing in SFM

International and Private

- Forests industry
- Institutional and individual investors
- Philanthropic funds and donors
- NGOs
- Payment for Environmental fee

Sources (AGF 2012), Simula (2008) (adapted)

Source of Financing in SFM

International and Public

- Bilateral aid agencies
- Multilateral/intergovernmental financing intuitions

Sources (AGF 2012), Simula (2008) (adapted)

Overview of international financing flow on forests

- Official Development Assistant is the core of international public sector finance
- Bilateral funds depends on donor policies
- Significant SFM comes from international REDD+ Process
- The estimate of finance requirements lies between US\$ and 160 billion (AGF 2012)

External Finance flows to Forestry

USD in million

Sources	2002-2004	2005-07	2008-10
Bilateral	324.4	397.1	704.8
Multilateral	233.9	337.0	734.1
Total	558.3	734.1	1260.7

Recent data on bilateral ODA

- For 2011 is US \$1458.8 million
- For 2012 is 124.8 million

Source: Table 1.4 AGF 2012, OECD stats accessed 25 august 2014

Forest Financing

AHEG on Forest financing

- Mobilize resources
- Implementation of the forest instrument
- Improve access to the member group
- Establishment of voluntary Global Forest Fund

Forest Financing

- National forest programmes and their funding
- Members led initiatives
- Green climate fund
- Global Environmental facility

Constrain in SFM

- Short term financial benefits
- Lack of knowledge of effects of deforestation's effect
- It is long term capital investment
- Minimum return and high investment.
- Better benefit from alternative use of resources

Need of Financing in SFM

- Investment in SFM not being priority in many developing countries
- Educate people about SFM
- Fulfill the gap between economic benefits from forest and alternative use of the resources

Need of Financing in SFM

- Promote private sector participation in SFM
- Compensate the short term benefits
- Subsidies to the capital investment
- Save the forests and climate change

Conclusion

- Financing on SFM a priority issue
- Initiative by International and Governmental agencies
- Funding mechanism should be implemented
- Participation of Member led initiatives



THANK YOU