



Forestry

giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH

Expert Meeting on National Forest Funds

CIFOR, Bogor

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Motivation for NFFs

- Growing significance of investing in forests
 - “Double squeeze” (growing demand and reducing supplies)
 - Climate change and other pressing needs (energy)
 - Investment diversification (FDI)
- More money available but with increasing complexity to access



Issue: January/February 2009

Two major areas of focus

- Realizing the full functional value of forests
- Improving the efficiency and effectiveness of financial governance



Can NFFs meet these needs?

- Dedicated funds designed to set aside a portion of revenue and funding for forestry
- Exist for more than a single budget cycle
- Government has significant role
- Not private investment funds
- Not global funds (GEF, GCF) or those held by major banks (national or multi-lateral)

Key elements of a NFF



Capitalization
(income sources)



Organization
(Governance)



Usage
(Access and usage)



Oversight
(MRV and performance)

National Forest Funds - overview

- More than 80 NFFs or similar mechanisms exist (Tree Fund, Greening Fund, Conservation Trust Fund, CA Fund MPA) (list)
- Extremely diverse (objectives/scale/modus operandi)
- Continuously evolving
- More and more countries are interested but very little systematic and comprehensive information

Why the renewed interest in NFFs?

- Meet specific SFM investment needs
 - Long-term & seasonal forestry planning horizons
 - Shield against the uncertainty of national budgets
 - Insulate forest programs from political manipulations
- Increased transparency and accountability
 - Potential for outside government presence
 - Independent auditing
- help to leverage additional sources of funding
 - attract the positive attention of international partners
 - attract private sector money to the forestry sector
 - help to harmonize the work of multiple donors
- No progress with GFF- and *ad hoc* approaches at national levels

NFFs as an evolving institution

Transfer
funds



Catalytic
funds

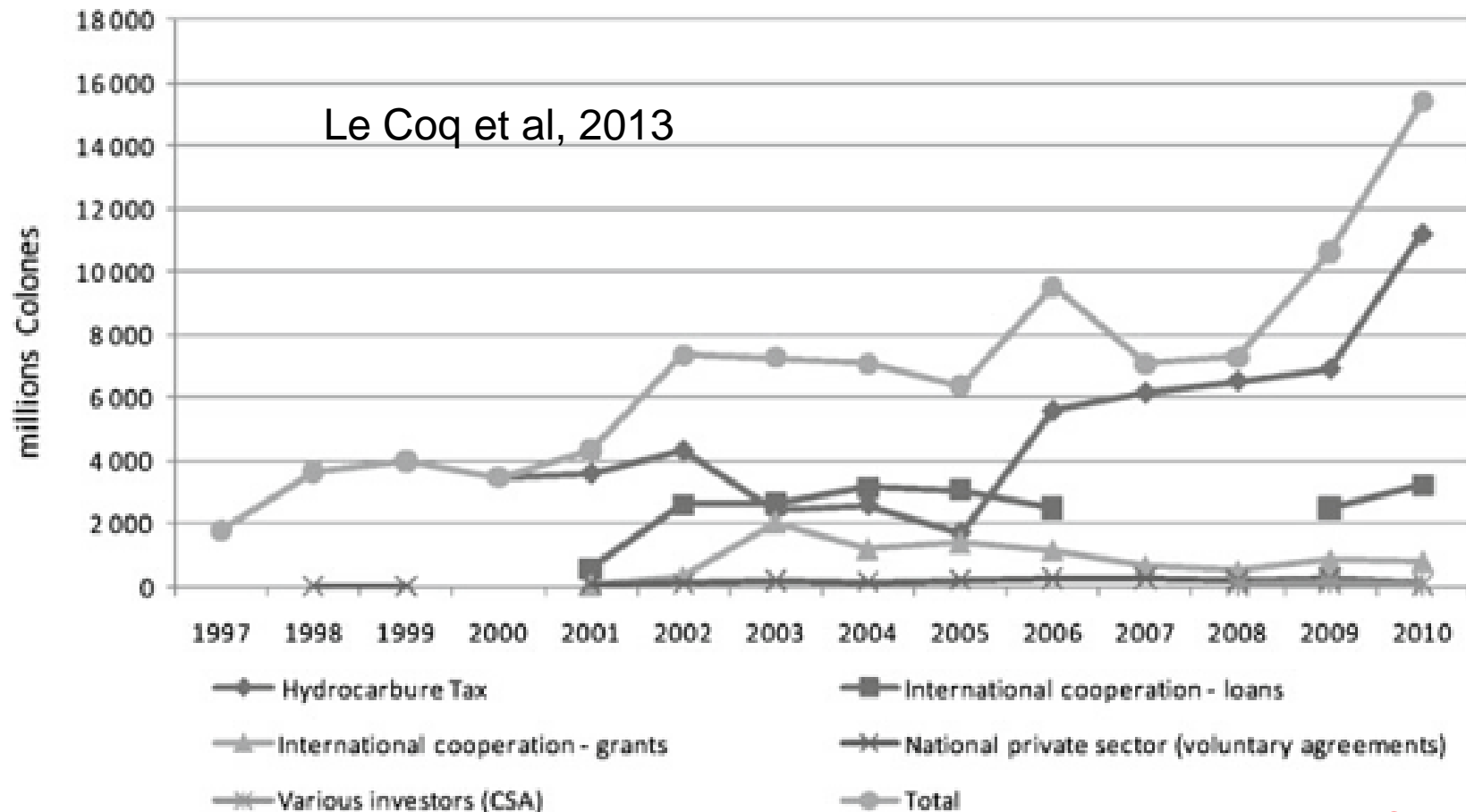
A distribution
platform for funding
flows from
govt/donors

A leveraging
platform for
entrepreneurship;
self-sustenance

Many NFFs combine both the objectives

Innovative financing through NFFs

FONAFIFO



**Innovative : Fly Clean
Clean Travel**

REDD+ financing through NFFs

FONAFIFO

FCPF Carbon Fund ER-PIN Template v.3 September 8, 2012

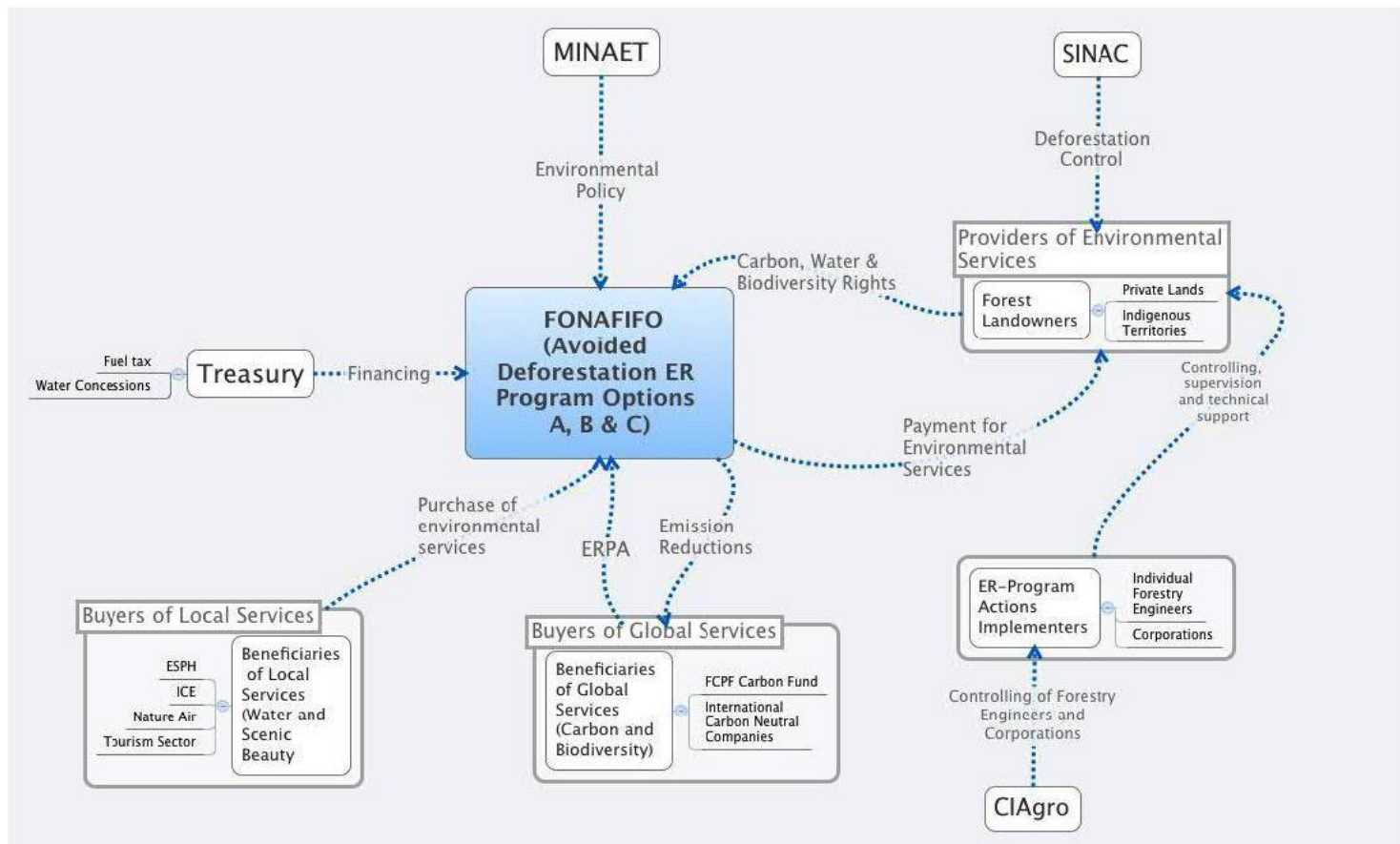
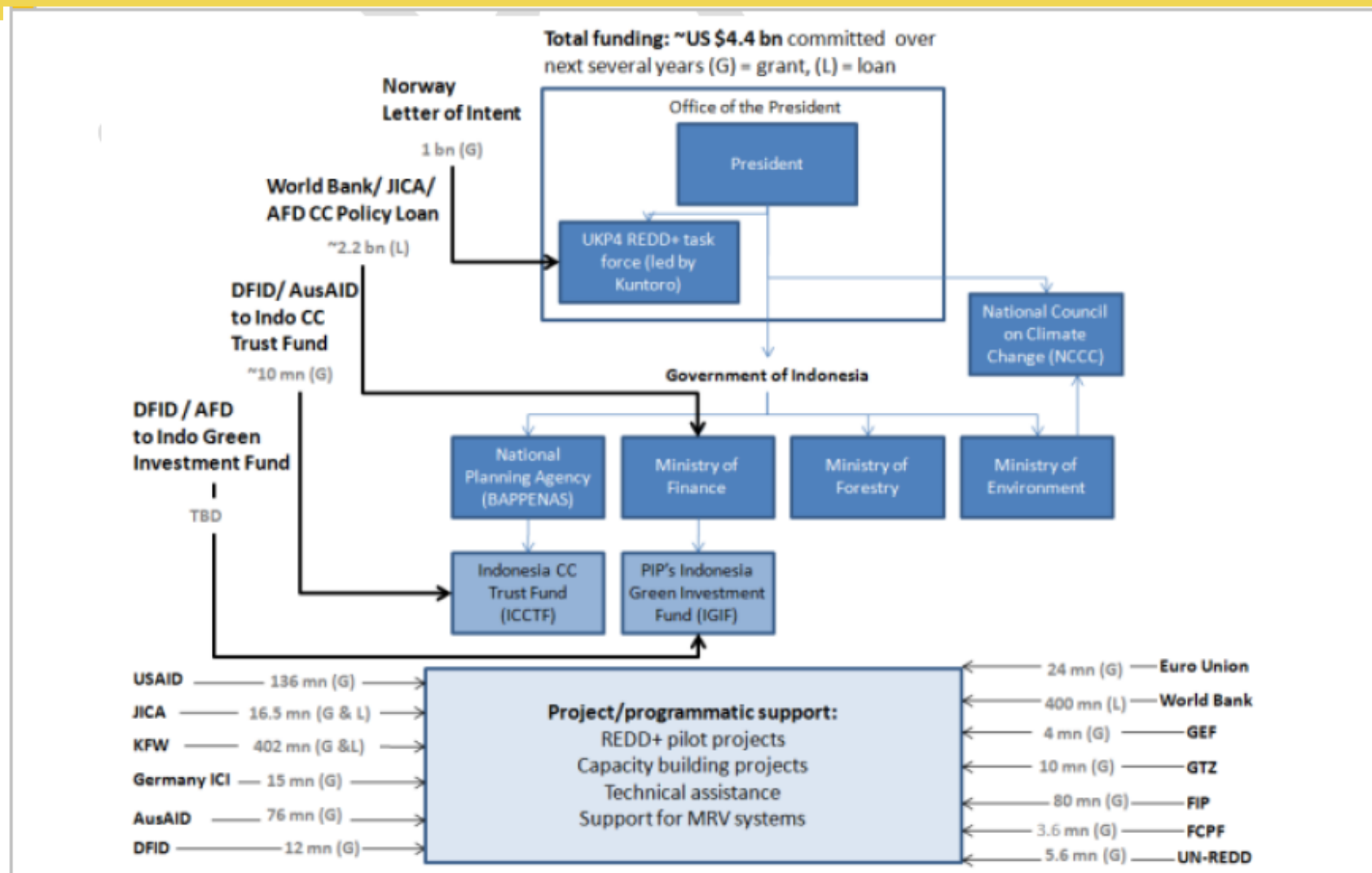


Figure 1: Agencies and organizations involved in the ER Program, for the avoided deforestation options: A. Additional PES area for avoided deforestation in old growth forest; and B. Additional PES area in secondary regeneration forest.

Emission Reduction Program Idea Note (ER-PIN)

CC Financing Indonesia - FREDDI



Source: Brown and Peskett, 2011

Objectives of the initiative

- Promote a better global understanding of how NFFs work, their strengths and weaknesses.
- Provide opportunities for sharing of information on how they could be better designed and managed.
- Develop guidance material on effectively establishing and managing NFFs.
- Develop a support system to strengthen capacities on NFFs at the national level (design, test, and operate).

Objectives of the expert meeting

- Share knowledge and real-world experiences related to NFF in specific country contexts
- Enumerate major challenges (or new developments) to ensure their effective management
- Identify successful ways and means of addressing the challenges or to further strengthening their functioning

First expert meeting on NFFs

Costa Rica : January 2013



- Argentina
- Chile
- Colombia
- Costa Rica
- Honduras
- Guatemala
- Nicaragua
- Peru
- Trinidad & Tobago
- Morocco
- Turkey
- Lebanon
- Indonesia

Success factors

- Political support and incentive policies (forest sector to move from subsidies to a contributor to national development) (**carbon neutral by 2020**)
- Strong legal and institutional structures including stakeholder platforms- more “**inclusive**”
- Establish minimum capacities and governance criteria (**principles and procedures**)
- Systematic, qualified assessments of financial requirements (**from applicants for usage**)
- Setting standards for good financial governance and defining basic accountability C&Is

Terima kasih
Thank you

