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Программа Организации Объединенных Наций по окружающей среде برنامج الأمم المتحدة للبيئة

联合国环境规划署

UNEP

PROJECT DOCUMENT

SECTION 1: PROJECT IDENTIFICATION

1.1	**Project title:**	Facilitating Financing for Sustainable Forest Management in Small Island Developing States (SIDS) and Low Forest Cover Countries (LFCCs)
1.2	**Project number:**	GEF ID 4235 UNEP ID: 00553)
1.3	**Project type:**	MSP
1.4	**Trust Fund:**	GEF - Multi Focal Area
1.5	**Strategic objectives:**	
	GEF strategic long-term objective:	Biodiversity & Land Degradation
	Strategic programme for GEF IV:	SFM-SP4; SFM-SP7; SFM-REDD+
1.6	**UNEP priority:** Environmental Governance (EG)	Ecosystems Management Program (EMP) &
1.7	**Geographical scope:**	Global – multi-country
1.8	**Mode of execution:**	External
1.9	**Project executing organization:**	UNFF through UN-DESA
1.10	**Duration of project:**	24 months Commencing: June 2011 Completion: May 2013

1.11	**Cost of project**	**US$**	**%**
	Cost to the GEF Trust Fund	**950,000**	**48.72**
	Co-financing	**1,000,000**	**51.28**
	Cash		
	DFID	624,750	
	UN-DESA	189,200	
	Sub-total	**813,950**	**81.39**
	In-kind		
	UN-DESA	186,050	
	Sub-total	**186,050**	**18.61**
	Total	**1,950,000**	**100.00**

1.12 Project summary

There has been a considerable decline in financing for sustainable forest management (SFM) in the past two decades, with Small Island Developing States (SIDS) and Low Forest Cover Countries (LFCCs) being the worst hit. In 2009 all 192 member states of the United Nations decided to take

action and created the Facilitative Process to assist developing countries mobilise funds for forests. This project, which kick-starts the Facilitative Process, aims at ***Facilitating Financing for Sustainable Forest Management*** *in SIDS and LFCCs (a total of 78 countries), with the objective of enhancing the understanding of opportunities for financing sustainable forest management (SFM), in such countries, in through analyses and the strengthening of stakeholder capacity in SIDS and LFCCs under the Non-legally binding instrument on all types of forests, also known as the Forest Instrument.*

This project has been designed in three structural components in order to most effectively tackle the problem of SFM financing gaps and reaching the objective: ***Component I*** *focuses on fact-finding and analysis of the situation and prospects with regards financing for SFM. To this purpose, baseline studies have been carried out in seven countries (national level) and four in-depth analyses have been made for the LFCC and SIDS regions (inter-regional level).* ***Component II*** *will begin in June 2011 and focus on the establishment of national ownership, review of thematic papers and consultations on the way forward. For establishing ownership and participation, national preparatory meetings (in SIDS and LFCCs) are encouraged to help exchange views on key issues for SFM among key stakeholders and to provide the UNFF Secretariat (UNFFS) with national data on forest financing before their respective inter-regional workshops take place. In this context, Component II will also organize and carry out four inter-regional workshops to check for the validity and reliability of the analyses prepared during Component I and identify recommendations, including good practices and examples that can be replicated or scaled up.* ***Component III*** *will being in September 2011 until May 2013 and focus on the design and implementation of communications activities at the national and inter-regional levels. This component will help to strengthen awareness and capacity of SIDS and LFCC countries to address SFM funding gaps and increase political attention on innovative approaches on financing for SFM in SIDS and LFCCs, through the implementation of a SFM financing communications strategy.*

Component IV *will begin in June 2011 and last until May 2013. The main focus of this Component is the Monitoring and Evaluation of the overall project. Monitoring reports will be prepared for this Component, as well as a modest project monitoring and evaluation system and a terminal evaluation carried out by an independent consultant. Baselines will also be set two months after the start of this project and the impacts will be measured twice a year. Finally,* ***Component V****, which covers the same period, will include the production of progress reports, including quarterly expenditures and quarterly cash advance requests.*

TABLE OF CONTENTS

SECTION 1: PROJECT IDENTIFICATION 1
ACRONYMS AND ABBREVIATIONS 5
SECTION 2: BACKGROUND AND SITUATION ANALYSIS (BASELINE COURSE OF ACTION) 8
2.1. Background and context 8
2.2. Global significance 10
2.3. Threats, root causes and barrier analysis 11
2.4. Institutional, sectoral and policy context 13
2.5. Stakeholder mapping and analysis 15
2.6. Baseline analysis and gaps 18
2.7. Linkages with other GEF and non-GEF interventions 20
SECTION 3: INTERVENTION STRATEGY (ALTERNATIVE) 25
3.1. Project rationale, policy conformity and expected global environmental benefits 25
3.2. Project goal and objective 27
3.3. Project components and expected results 27
3.4. Intervention logic and key assumptions 40
3.5. Risk analysis and risk management measures 41
3.6. Consistency with national priorities or plans 42
3.7. Incremental cost reasoning 44
3.8. Sustainability 47
3.9. Replication 48
3.10. Public awareness and communications strategy 48
3.11. Environmental and social safeguards 49
SECTION 4: INSTITUTIONAL FRAMEWORK AND IMPLEMENTATION ARRANGEMENTS 49
SECTION 5: STAKEHOLDER PARTICIPATION 51
SECTION 6: MONITORING AND EVALUATION PLAN 51
SECTION 7: PROJECT FINANCING AND BUDGET 52
7.1. Overall project budget 52
7.2. Project co-financing 53
7.3. Project cost-effectiveness 53
APPENDIXES
Appendix 1: Budget by project components and UNEP budget lines 54
Appendix 2: Co-financing by source and UNEP budget lines 57
Appendix 3: Incremental Costs Analysis 59
Appendix 4 Results Framework/Logical Framework (LFA) 62
Appendix 5: Workplan and timetable 67
Appendix 6: Key deliverables and benchmarks 68
Appendix 7: Costed M&E plan 69
Appendix 8: Summary of reporting requirements and responsibilities 76
Appendix 9: UNEP Standard Terminal Evaluation TOR 78
Appendix 10: Decision-making flowchart and organizational chart 87
Appendix 11: ToR for lead EA, consultants and International Steering Committee 89

Appendix 12: Draft procurement plan 97
Appendix 13: Tracking Tools 99
Appendix 14: Template for 78 standardized national reports 110
Appendix 15: Template for 4 inter-regional workshops 121
Appendix 16: List of Countries per Inter-Regional Workshop 131
Appendix 17: Template communication strategy 134
Appendix 18: Extracts from 7 Country case-studies 138
Appendix 19: Extracts from 2 LFCC macro-level studies 156
Appendix 20: Extracts from 2 SIDS macro-level studies 163
Appendix 21: Co-financing commitment letters from project partners 170

ACRONYMS AND ABBREVIATIONS

ADB	Asian Development Bank
AfDB	African Development Bank
AFF	African Forest Forum
AFOLU	Agriculture, Forestry and Land Use
AGF	Advisory Group on Finance
AHEG	Ad Hoc Expert Group
AOSIS	Alliance of Small Island States
AsDB	Asian Development Bank
AU	African Union
AusAid	Australian Agency for International Development
BioCF	BioCarbon Fund
BPF	Bali Partnership Fund
CARICOM	Caribbean Community
CAS	Country Assistance Strategy
CBD	Convention on Biological Diversity
CBFF	Congo Basin Forest Fund
CBFP	Congo Basin Forest Partnership
CCC	Convention on Climate Change
CCD	Convention to Combat Desertification
CDM	Clean Development Mechanism
CEPF	Critical Ecosystem Partnership Fund
CFC	Common Fund for Commodities
CGIAR	Consultative Group on International Agricultural Research
CI	Conservation International
CIF	Climate Investment Fund
CIFOR	Centre for International Research on Forestry
CILSS	Permanent Inter-State Committee for Drought Control in the Sahel
COP	Conference of Parties
CPF	Collaborative Partnership on Forests
CSO	Civil society organization
CTF	Clean Technology Fund
DAC	Development Assistance Committee
DANIDA	Danish International Development Agency
DFID	UK Department for International Development
DPL	Development Policy Loan
EC	European Commission
ECLAC	UN Economic Commission for Latin America and the Caribbean
ECOSOC	Economic and Social Council
ECOWAS	Economic Community of West African States
EOU	UNEP Evaluation and Oversight Unit
EPFI	Equator Principles Financial Institutions
ESCAP	United Nations Economic and Social Commission for Asia and the Pacific
ESMAP	Energy Sector Management Assistance Program
ETFAG	European Tropical Forestry Advisors' Group
ETFRN	European Tropical Forest Resource Network
ETS	Emission Trading Scheme
EU	European Union
FAO	Food and Agriculture Organization

FCPF	Forest Carbon Partnership Facility
FDI	Foreign direct investment
FIP	Forest Investment Programme
FLEG	Forest Law Enforcement and Governance
FP	Facilitative Process
FSC	Forest Stewardship Council
FY	Fiscal year
GDP	Gross Domestic Product
GEF	Global Environment Facility
GHG	Greenhouse gases
GIZ	German International Cooperation Agency
GLISPA	Global Island Partnership
GM	Global Mechanism
GOF	Global Objective on Forests
IADB	Inter-American Development Bank
IBRD	International Bank for Reconstruction and Development
ICRAF	The World Agroforestry Centre
IDA	International Development Association
IFAD	International Fund for Agriculture Development
IFC	International Finance Corporation
IFCI	International Forest Carbon Initiative
IIED	Intl. Institute for Environment & Development
IGO	Inter-governmental Organisation
IMF	International Monetary Fund
IPCC	Intergovernmental Panel on Climate Change
ITTA	International Tropical Timber Agreement
ITTO	International Tropical Timber Organization
IUCN	The World Conservation Union
IUFRO	Intern Union of Forest Research Organizations
JICA	Japanese International Cooperation Agency
LFA	Logical Framework
LFA	Logframe Analysis
LFCC	Low Forest Cover Country
LUCF	Land-Use Cover Change and Forestry
M&E	Monitoring and Evaluation
MDB	Multilateral Development Bank
MDGs	Millennium Development Goals
MoI	Means of Implementation
MPMF	Montreal Protocol Multilateral Fund
MYPOW	Multi-Year Programme of Work
NAP	National Action Plan
NBSAP	National Biodiversity Strategy and Action Plan
NES	National Environmental Strategy
NFP	National Forest Programme
NGO	Non governmental organization
NLBI	Non-Legally Binding Instrument
NORAD	Norwegian Agency for Development
NTFP	Non-Timber Forest Product
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
PES	Payment for Environmental Service

PMU	Project Management United
PPCR	Pilot Program on Climate Resilience
PPG	Project Preparation Grant
PROFOR	Program on Forests
PRS	Poverty Reduction Strategy
PRSP	Poverty Reduction Strategy Paper
RAF	Resource Allocation Framework
REDD	Reduced Emissions from Deforestation and Forest Degradation
SADC	Southern African Development Community
SCF	Strategic Climate Fund
SDC	Swiss Agency for Development Cooperation
SFM	Sustainable Forest Management
SIDA	Swedish International Development Agency
SIDS	Small Island Developing States
SME	Small and medium-sized enterprise
SPREP	South Pacific Regional Environment Programme
TFA	Tropical Forest Account
TFRK	Traditional Forest-Related Knowledge
TIMOs	Timberland Management Organization
TNC	The Nature Conservancy
UEMOA	West African Economic and Monetary Union
UN	United Nations
UNCCD	United Nations Convention to Combat Desertification
UNCT	United Nations Country Team
UNCTAD	UN Conference on Trade and Development
UNDAF	United Nations Development Assistance Framework
UNDESA	United Nations Department of Economic and Social Affairs
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNFF	United Nations Forum on Forests
UNFFS	United Nations Forum on Forests Secretariat
USAID	United States Agency for International Development
WB	World Bank
WBG	World Bank Group
WFP	World Food Programme
WRI	World Resources Institute
WWF	World Wildlife Fund

SECTION 2: BACKGROUND AND SITUATION ANALYSIS (BASELINE COURSE OF ACTION)

2.1. Background and context

1. A number of studies have described deforestation and forest degradation globally and in particular in LFCCs and SIDS. There is an obvious need to strengthen forest management and to assure that sustainable forest management (SFM) practices are applied in all remaining forests, including forest conservation such as REDD+ initiatives, as well as potential reforestation processes. It is also obvious that financial resources are needed to reach the goals of SFM – both as direct investment but also as a contribution to changes in policies and strategies at national and local levels.

2. SFM may be defined as all the forms of forest management which maintain or enhance the multiple values of forests, as well as avoid or mitigate any negative socio-economic impacts both on site and off site (known as 'leakage' in environmental economics) – thus ranging from strict conservation in the most fragile ecosystems to sustainable logging and use of forest products by communities. Along with causes outside the forest sector, the failure to implement SFM is the primary immediate cause of deforestation and forest degradation, but the reasons for the lack of SFM are multiple and complex. They include inappropriate governance and incentives, unclear land tenure systems, resource allocation conflicts, poverty, and the failure of markets to capture the values of forests to provide sufficient economic incentives against land conversion and alternative forms of land use.

3. Financing for sustainable forest management (SFM) has proven to be a complex issue for several reasons. Sources of forest financing broadly breaks down into three categories:

   (i) National sources (mainly national budgets; but other sources can also be identified, notably NGOs, national industries such as the timber and tourism sector, or in the case of Fiji, the water industry). National forest financing can also take "indirect" forms such as fiscal systems, investment stimuli, etc.

   (ii) International sources (mainly bilateral and multilateral ODA from organisations such as the World Bank, ADB, AfDB, UN agencies, the GEF, and bilateral donors e.g., DFID, GIZ, SIDA, NORAD, etc, but also international NGOs such as WWF and Conservation International); and

   (iii) Innovative sources, i.e., previously untapped funds or growing/emerging mechanisms such as private foundations and private sector, as well as market-based mechanisms (e.g., PES, carbon markets).

4. At first, it would appear to the casual observer that forest financing is a fairly straightforward issue and that a handful of large sources of funding are available at the international level. Moreover, REDD+ appears as a very promising source of financing that could easily outweigh the others in terms of the amount of funds (over $5 billion pledged by mid-2010, and counting).

5. However, upon closer inspection, the forest financing landscape has experienced major developments in recent years. SFM is important for the sustainable development of many developing countries. However, inadequate financing for SFM constitutes one of the biggest hurdles to implement SFM in many countries around the world, in particular in LFCCs and SIDS. Countries have difficulties in accessing forest-related financing as relevant procedures are complex and accessing funds varies according to the source.To recipient countries, the forest financing landscape is not only bewildering given its variety; it also requires trained experts (and therefore financial resources to pay them) to fulfil all the requirements to access these funds.

6. In some cases, funds available for SFM are not labelled as such. These include especially resources from connected sectors, such as tourism – where the revenue, when it is made from ecotourism in forests, could provide a major source of forest financing. Likewise, at the national level, finance ministries may allocate a limited proportion of the national budget to forests, simply because decision-makers are unaware of the considerable benefits of SFM and the multiple values of forests. These are known as potential sources of forest financing which need to be harnessed, each in their own specific ways (political leverage, increasing awareness among decision-makers, recognizing cross-sectoral linkages, etc.).

7. A third example concerns the creation of resources at intergovernmental level. New funds are created on a regular basis (e.g., REDD+ initiatives within the World Bank and the United Nations; additional SFM/REDD+ financing within the GEF; and the Green Fund, announced at the UNFCCC Conference of Parties in Cancun in December 2010). This recent increase in funds at the international level are the result of a renewed interest in SFM, partly through the emergence of REDD+ and the recognition of the role that forests can play in mitigating climate change. Where these funds are pledged, or not wholly focused on forests, they also constitute potential sources of forest financing. However, REDD+, which has been the focus of many donors and recipients in recent years, is not the sole source of SFM financing, and we therefore need to place REDD+ in its broader context and look at the bigger picture.

8. Additional complexity lies in the characteristics of forests themselves. Forests generate both ecological services locally, nationally and globally at the same time as economic profit or at least development benefits for public and private beneficiaries. Ecological services are related to services such as biodiversity or climate change mitigation on a global level. It can contribute the same on national level where functions related to watershed management and landscape productivity go beyond leasing or ownership borders. Complexity also increases when social dimensions are added as forests often plays a central role for local and indigenous people in their daily life where firewood and non-timber products contribute immediate goods and improve livelihoods. This diversity and the relationship between forests and beneficiaries creates a challenge but also an opportunity for financing SFM.

9. Forests are known to play a particularly important role in reducing poverty among the poorest categories of the population among rural communities, who are often those who rely on forests for subsistence (and sometimes their very survival). Among these, women tend to use forest resources to a greater extent than men, especially for medicine, cooking and fuel; likewise, indigenous populations also depend on forest resources to a greater extent than other rural communities, both because they are frequently marginalised from local and national economies, and because they generally have a much greater knowledge of their natural environment, which enables them to benefit from forests for a wider variety of benefits. Facilitating forest financing thus contributes indirectly but significantly to reducing poverty among women and indigenous populations.

10. Owing to great variations in local conditions, estimating financing needs for implementing SFM is difficult at best. The most detailed effort to assess financing needs for the forest sector has been carried out by the United Nations Framework Convention on Climate Change (UNFCCC) Secretariat in 2007. The study estimated that $21 billion per year for developing countries is needed[1] only if the climate change mitigation aspect is taken into account. If all principles of the Non-Legally Binding Instrument on All Types of Forests

1 Investment and financial flows to address climate change, United Nations Framework Convention on Climate Change (October 2007) (see http://unfccc.int/resource/docs/ publications/financial_flows.pdf).

(NLBI)[2] – also known as the 'Forest Instrument' – are to be implemented, the amount needed would be substantially higher. Nevertheless, the estimate related to climate change mitigation is a useful indicator of the magnitude of the global need.

11. An analysis of financial flows and needs to implement the Forest Instrument carried out in 2008 and presented to the United Nations Forum on Forests (UNFF) noted these and other significant funding gaps in external financial flows in support of SFM. In geographical terms, the report highlighted funding gaps in low forest cover countries (LFCCs), Small Island Developing States (SIDS), the least developed countries, high forest cover countries, medium forest cover countries, high forest cover low deforestation countries, low to medium-income countries, and Africa, as a region. The analysis also showed a 20-year decline in funding for all these clusters of countries, in particular the first two, and which is the reason and justification for the proposed project.

12. Several factors could account for the financing gaps specific to SIDS and LFCCs: the geographical isolation and small size of many SIDS could explain their inability to attract adequate external funding, whilst the lack of economic or political importance given to forests might hinder the securing of financial resources for SFM in some LFCCs. Some of these gaps could be partly bridged by increased political awareness, better coordination and more efficient utilization of existing sources and mechanisms, and by improving the enabling environment and the capacity of recipient countries. However, there are major gaps that would need increased financial resources both from domestic and external sources in order to achieve SFM.

2.2. Global significance

13. At the special session of the ninth session of the UNFF (UNFF9), the issue of finance was recognized by all member states as the largest obstacle to the implementation of SFM. It was decided that a facilitative process would be created to assist developing countries in mobilising existing as well as new and additional funding to finance SFM. This project, which kick-started the facilitative process, aims to better understand the current funding needs and gaps, as well as the challenges and opportunities to effectively utilize available resources and to improve the enabling environment for public and private financing. . the project will also contribute to future potential projects on other thematically related groups of countries.

14. By identifying gaps, obstacles and opportunities to forest financing in these countries, this project will contribute to the achievement of objectives in existing national forest plans (NFPs) of SIDS and LFCCs countries and international agreements, notably the forest instrument. The project also contributes to UNFF10, in 2013, as this session will take a decision on forest financing. The project activities will also contribute to the ongoing work of the UNFF with regards to implications of new forest-related funding mechanism, such as REDD+ financing and other payments for ecosystem services (PES). By definition (either because of limited land mass or low forest cover), forests in SIDS and LFCCs represent a small percentage of the world's forests. In addition, many of these countries are located in arid or semi-arid areas, which means that forests have a more limited biomass than in rainforests. As a result, timber production only rarely reaches industrial potential, and carbon sequestration is slower than in fast-growing forests typical of the wet tropics. The high value of forests in SIDS and LFCCs resides in other functions.

2 GA Resolution 62/98. A history and the text of the Forest Instrument can be found at http://www.un.org/esa/forests/about-history.html

15. Whilst both these categories of countries generally do not stand very high in the priority list for SFM funding by donors (often due to the lack of economic importance given to forests in these countries), the maintenance of forests and forested landscapes still plays a crucial role for social and environmental reasons in particular. Among LFCCs, SFM – including afforestation, reforestation and Forest Landscape Restoration more generally – has long been identified as a solution to the greatest environmental threat faced by these countries: desertification. For low-lying SIDS such as many Pacific and Indian Ocean islands, coastal forests – especially mangroves – are a major barrier against loss of land surface area due to rising sea-levels and have been recognized time and again as a key element in climate change mitigation. Forests also strongly contribute to preventing erosion among SIDS of volcanic origin where geographical relief is particularly mountainous such as in a number of Caribbean islands. The geographical isolation of SIDS also means that their forests act as hotspots for both biodiversity and endemism – many species living in these locations are found nowhere else on earth.

16. For both clusters of countries, forests protect watersheds which are of vital importance to urban populations and rural livelihoods, especially as the arid conditions of many LFCCs make water a particularly precious resource and the geographical isolation of SIDS makes imports costly. SFM is thus an essential part of sustainable rural landscapes and of Agriculture, Forestry and Land Use (AFOLU) more generally. Many LFCC countries might not stand to benefit significantly from a basic REDD mechanism (that focuses only on carbon stocks) given the limited extent of their forests; however, the recognition of the importance of SFM and its linkages with watershed protection, agriculture and rural livelihoods more generally would constitute the cornerstone of national REDD+ strategies for many of these countries, as well as contributing to enhanced carbon storage and sequestration potential compared to baseline scenarios.

2.3. Threats, root causes and barrier analysis

17. The inadequacy of financial resources for SFM is due to a broad variety of factors of which many are local and context specific. In countries where forest cover is low (LFCCs) the national political interest is often limited even if the rare and scattered forests play a crucial role in local economies and livelihoods. Key reasons for the difficulties in implementing SFM are often related to level of development and the high and direct dependence of the rural population on forest resources. Sometimes the geographical remoteness and weak policy/institutional frameworks worsen the situation and inhibit mobilization of adequate and effective financial mechanisms for sustainability in forest management. Many times, aspects such as alternative livelihoods or the dependency of indigenous peoples and communities on forests/forestry are absent in forest, land-use and/or nature resources management programmes. It can be concluded that in many of the targeted countries the policy framework, including financial and taxation mechanisms are lacking and that the institutional awareness and preparedness to tackle these issues are often low.

18. There is, however, financial support available for supporting SFM even if this support is characterized by a number of gaps and inadequacies in terms of both thematic and geographical coverage. This is the fact for both privately initiated support as well as for ODA-driven financial support. Some funding gaps are due to the specific or otherwise narrow scope of individual funding mechanisms or sources whereby not all aspects of SFM are covered and where necessary integrated concepts covering all forest benefits are taken into consideration. These problems remain in present and potential sources of financing including payments for ecosystem services such as the REDD+ mechanism underlining a structural problem related to financing SFM.

19. **Gaps and decline in global funding for SFM in SIDS and LFCCs.** The availability of funds is rather limited when compared to the needs as defined by UNFCCC research on financing climate mitigation measures through forest conservation, reforestation etc. Funds are small and scattered, causing wide gaps in funding. Distribution of REDD+ funding and preparations reflects this disparity between countries, high forest countries receiving the bulk of attention whilst others, including the vast majority of both SIDS and LFCCs, stand to benefit from REDD+ only to a limited extent. REDD+ is thus unlikely to fill this gap.

20. To further worsen the picture, several studies show a clear decline in financing SFM and especially so in the countries targeted in this proposal- there has been a clear decline over the last 20 years, notably the study commissioned by the Advisory Group on Finance of the Collaborative Partnership on Forests compiled by Markku Simula.[3]

21. **Low levels of political support**. The decline in financing SFM has been particularly sharp for SIDS and LFCCs. What both country groups have in common is that SFM and SFM financing are not given high priority by governments and donors active in the respective countries, whilst the needs for this are significant. It just means that the combination of politically low priority, low forest coverage (LFCC) and the small size and remoteness (SIDS) together creates a situation leading to low level support to SFM from donors even if the maintenance of forests and forested landscapes still plays a crucial role to secure social and environmental stability. The fact that data is not always reliable or available does not make the situation better.

22. **The need to protect forest ecosystem services in SIDS and LFCCs.** Among LFCCs, SFM – including afforestation, reforestation and Forest Landscape Restoration– has long been identified as one key contribution to combat and cope with what could be the greatest environmental threat faced by these countries: desertification. For low-lying SIDS such as many Pacific and Indian Ocean islands, coastal forests in general and mangroves in particular, are a major barrier against tsunami floods, erosion and loss of land due to rising sea levels. These forests have also been recognized as of the foundations for more effective climate change mitigation globally. For a number of Caribbean countries, forests strongly contribute to preventing erosion especially in mountainous islands with volcanic origin where soil erosion poses serious threats to security and soil fertility.

23. The relation between well managed forests and the management of watersheds is also an issue for both groups of countries where forests contribute substantial ecosystem service functions. In LFCCs dominated by arid climate conditions, water is a precious resource of importance for rural and urban populations alike, where the availability of safe drinking water is often at risk. For rural development, water is crucial for both agriculture and animal husbandry including herding. It is thereby directly linked to livelihoods and economic development. For many SIDS, freshwater and thereby drinking water availability also depends on well-managed watersheds, especially as importing water is costly given their geographical isolation.

24. There is therefore a clear need to go beyond the boundaries of the forest sector and take a cross-sectoral and cross-institutional perspective. Many of the causes of deforestation and forest degradation lie outside of the forest sector, including agriculture, energy and transport. Likewise, many of the solutions to financing SFM are also to be found in other sectors, and in a similar way, understanding forest financing requires taking a broad approach encompassing entire portfolios that include adaptation and mitigation to climate

3 Simula, M. (2008). *Financing Flows and Needs to Implement the Non-Legally Binding Instrument on All Types of Forests.* Report prepared for the Advisory Group on Finance of the Collaborative Partnership on Forests, 90 pp. Document available at www.un.org/esa/**forests**/pdf/aheg/**finance**/AGF_**Financing**_Study.pdf

change, REDD+, certified payments for ecosystem services, as well as more traditional sources of funding such as bilateral aid and trust funds.

25. The Resolution of the 9th Session of UNFF, further emphasises the importance of the Facilitative Process in contributing to the implementation of sustainable forest management, and in particular to address cross-sectoral issues.

26. Recently developed mechanisms for alternative income generation from forest management such as forest-based PES, REDD+ etc, will not stand to benefit for many of the LFCC countries as the forest cover is so limited. However, the wider importance of SFM linked to watershed protection, soil fertility and agriculture productivity and rural livelihoods would probably constitute a cornerstone for many of these in their national REDD+ strategies.

27. Even if forests in protected areas are better off when it comes to financial support (especially the management of natural tropical forests), restoration of degraded forests and lands, and the reforestation and afforestation of drylands suffer from a lack of financial contribution. To a certain extent, this means that large areas of natural tropical forest receive little or no funding and that many LFCCs do not receive adequate external support to address forest degradation, reforestation and afforestation. In this regard, it is important to point out that according to the 2008 analysis over the past decade, annual ODA for SIDS ranged only between $1.2 -1.9 billion. Forests were not even a significant component in that financing.

28. **Low level of information and awareness on forests financing in SIDS and LFCCs.** The current situation reveals a rather gloomy picture of both limited interest in many countries themselves as well as a drop in available resources to support SFM practices due to declining ODA. This in turn leads to the conclusion that a diversity of measures is needed in order to reverse the trend. It is not one mechanism or one stakeholder group that requires attention. It is rather a mix of measures pending the specific local context. There is need for more reliable data, increased awareness and commitment to SFM and SFM financing and finally a need for active use of available or even the creation of alternative mechanisms for financing.

29. **Low level of country capacity to identify sources of SFM financing.** Low awareness and low capacity to identify and access sources of SFM act as a vicious circle: the less is known about the importance of SFM, the fewer resources are allocated to gaining capacity to fill this gap, simply because forest financing is so rarely identified as a political issue and the limited resources are difficult to access. As a result, policies focusing on forest financing are few and far between and the means to solve this problem are frequently non-existent.

2.4. Institutional, sectoral and policy context

30. **Current needs in forest financing knowledge.** The Facilitative Process aims to assist developing countries mobilise existing as well as new and additional funding to finance SFM. This project comes as a first component towards reaching this objective, by focusing on those countries worst affected by the decline in forest financing in the past two decades. In a field (i.e., forest financing) where knowledge is very limited, it shall identify where the gaps and needs as well as challenges and opportunities lie in forest financing – a crucial step towards assisting SIDS and LFCCs to identify innovative approaches on financing SFM.

31. To mobilize increased financial resources for SFM, an extraordinary meeting of the 9th Session of UNFF was held in October 2009. This led to the adoption of a Resolution on the

Means of Implementation of SFM[4] that oversaw the creation of a Facilitative Process of which this project is a core component. This project's first logical step is to better understand the current funding needs and gaps, as well as the challenges and opportunities to effectively utilize available resources and to improve the enabling environment for public and private funding. The project is thus part of a longer-term programme of work that will be carried out in close cooperation with experts from the different countries, international experts and donors.

32. This project, entitled, "Facilitating Financing for Sustainable Forest Management in SIDS and LFCCs", focuses on the two categories of countries to have witnessed the strongest decline in funding for SFM in the past 20 years. The project has been established and initiated during 2010 and will be implemented over a period of two years, coming to completion by May 2013.

33. **Institutional landscape.** Different forest financing institutions exist at different levels. At the national level, the ministry in charge of forests (usually the Ministry of Agriculture, Environment or Forests) generally is assigned the task to request and spend the national budget on forests (set by the Ministry of Finance). At the international level, forest financing is traditionally largely within the hands of bilateral and multilateral ODA agencies (such as the World Bank, the GEF, DFID, GIZ, NORAD, etc). Fourteen forest-related instruments, institutions and secretariats have come together within a voluntary arrangement known as the Collaborative Partnership on Forests (CPF), of which UNEP, the UNFF Secretariat and the GEF are members.

34. In recent years, innovative sources of forest financing have emerged. Private foundations and trust funds play an increasing role in the field (e.g., the Ford Foundation), as do a number of new mechanisms such as payments for ecosystem services and above all REDD+. Whether they are traditional or emerging, sources of financing need not come with a clear "forests" label. Because of its cross-sectoral nature, forests can also attract funds from connected sectors such as climate change, biodiversity and combating desertification.

35. At the global level, the issue of forest financing has only started being addressed in the past decade, with a small range of international organisations collaborating on this matter (notably the UNFF Secretariat, GEF, World Bank, FAO, the NFP Facility, ITTO, the Global Mechanism of the UNCCD Secretariat and the Dutch NGO Tropenbos International). Despite this, however, data on forest financing remains thinly spread.

36. **A cross-sectoral perspective.** Initial studies carried out during the PPG to better plan for the first component of this project have shown that the existing institutional context often inhibits the mobilisation of funds for forests, both because of the limited access to existing resources and the failure to identify the lack of resources as a problem to be addressed. At the root of this lies the lack of visibility, political awareness and political attention given to forest financing, partly as a result of the perception that forest financing is a sectoral issue that only forest agencies or environment ministries can solve.

37. Studies in the past two decades have shown that SFM needs necessarily to be a deeply cross-sectoral issue that is largely influenced not only by the forestry and environmental conservation sectors, but also (and in some cases especially) by connected sectors such as agriculture, transport and energy, and integral programs such as poverty alleviation. To this list one must add the finance sector and relevant institutions such as ministries of Finance

4 The full version of the Resolution is available at http://daccess-dds-ny.un.org/doc/UNDOC/GEN/N09/563/82/PDF/N0956382.pdf?OpenElement.

which usually determine the budget allocated to SFM, national financing mechanisms such as PES, as well as fiscal measures to enable forest conservation and rehabilitation.

38. Despite widespread recognition in academic circles of the cross-sectoral reality of SFM, in practice communication – let alone consultation or collaboration – remains minimal between sectors. As a result, forest policies are elaborated within the forest sector, despite the fact that many problems which these policies aim to solve are located outside the sector. This project seeks to address this issue by reaching out to stakeholders outside of the forest sector in both the second and third project components.

2.5. Stakeholder mapping and analysis

39. A modest stakeholder analysis was conducted during the PPG to identify the key users groups of concern, the financial mechanisms and bodies to be incorporated, as well as to design the project, its implementation, and monitoring in such way as to enable adequate involvement of a variety of stakeholders, especially at national level. Without this the project would not be able to reach its objective. The preparatory meetings and four inter-regional workshops planned in the project will thus include representatives of various sectors of the society that are related to the use of forest resources and its services involved.

40. On the other side of the process are the representatives of ODA and institutions responsible for related financing mechanisms. The project will identify key stakeholders for external support and facilitate continued dialogue and enhanced cooperation between the representatives of countries and representatives of the potential donor countries and financing mechanisms. The table below gives a first broad overview of the key stakeholder groups for the implementation of this project as well as their key role (see also Section 3.3):

Key Stakeholders	Role and Function
NATIONAL	
Governmental ministries and authorities: forest agencies/directorates/ministries and ministries of connected sectors (notably agriculture, environment, tourism, energy, transport and finance)	These are the decision-makers at different levels and different departments reaching from environment/forestry departments and Protected Area institutions to finance departments, etc; they can influence policy frameworks and development, forest regulations, land use and management, fiscal measures & incentives, and business development, development plans, etc; they are responsible for the implementation of international conventions and agreements if adopted; they are formally responsible for the governance of natural resources in their respective countries and regions, and sectors etc. Both in SIDS and LFCCs, stand-alone ministries of forests are very rare, both because of the relative small 'forest' sector in the national economies, lack of expertise in small-sized countries (notably SIDS) or because of the lack of political visibility of forests (e.g., in LFCCs). As a result, most of the authorities targeted in this project will be agriculture or environment ministries.
Non-Governmental Organisations (NGOs) that are engaged in sustainability, payment mechanisms and conservation issues including rural development	Many NGOs have taken on the responsibility to support conservation of the environment and sustainable development in general; they have different focus approach depending on their organizational foundation;

i.e. national conservation trust funds, conservation organisations/associations, etc.	They have a vast experience in the implementation of conservation projects on local or regional levels and in the acquisition of funds. NGOs are a very important group of stakeholders for this project due to their professional experience and the local and regional knowledge, networking and advocacy skills and they often sit close to finding opportunities. This category may be split into a number of groups according to the type of activity they focus on (conservation, forest rehabilitation/CDM, forest certification/SFM, PES/REDD+ schemes, poverty alleviation/agriculture development and other financing mechanisms such as trust funds). However, in many countries, national-level NGOs tend to work on multiple issues related to environment and development, especially in those with smaller population bases such as in SIDS.
Community-based organisations and smallholder associations/Networks (N) that are engaged in forestry, sustainability and conservation issues i.e. smallholder or SME land owners and community forest management organisations, in/formal groups (people) dependent on forests for their livelihoods, regional organisations and civil society groups engaged in food, fishing, livestock, agriculture, natural resources, and sustainability in general.	These form associations or networks driven by community interest or need; they often wield major influence at the local level since they represent the interest of a wider group of people. They include villages involved in FSC certification, as well as groups involved in micro-credit schemes and CDM. They are therefore a very important group with regard to the implementation of this project – with great influence on ownerships, regional partnerships and the strengthening of networks. Women-based organisations and organisations representing indigenous communities are particularly important types of community-based organisations given the high dependence of these categories of populations on forests.
Private Sector (P) including professional associations i.e. paper and pulp industries, timber-wood and other wood-product industries, forest product businesses, etc; also mining industries; tourism and travel companies; and relevant agricultural sector representatives	Private sector stakeholders have a direct or indirect economic interest in forests and its products, or other forest values and functions; depending on the country, these include companies working in the timber sector, in tourism/ecotourism (especially in SIDS) and in some cases specific ecological services – for instance Fiji Water in the case of Fiji. They have a first-hand interest in the maintenance of productivity but also in long term ecologically sound and healthy forests, including the overall environment; The Private Sector therefore constitutes an important group of stakeholders in SFM and SFM financing. Their participation will be sought through national focal points established in each targeted country.
Academic Organisations/Universities (A) engaged in ecosystem services, ecology, and forestry, biology, geology/mining, climate/meteorology, planning, social forestry, environmental economics, political science and anthropology	These have a scientific interest in the matter. Research institutions can give a scientific basis to the goals and objectives of the project, such as to provide the 'evidence-base' that financing for SFM has the environmental and social benefits as targeted. It can also underline its needs and demands, which is often the pre-requisite for getting political support to SFM as well as private and/or public funding and financing. Research based facts are also crucial in raising awareness.

Media (M) especially with regard to ecological and environmental issues including tourism reporting and coverage	Media have great influence in local, regional and national communications – both through specific coverage in magazines or newspapers as well as general mass media information. They are often key in Awareness Creation and general capacity development.
INTER-REGIONAL - REGIONAL	
Same stakeholders as/ see above – but at an inter-regional level i.e. the Bali Partnership Fund to support ITTA (see below); or Timberland Management Organisations (indirect investments in forest land), AFF between foresters in Africa, Congo Basin Forest Fund, and SPREP in the Pacific.	Inter-regional organizations have grown out of a felt need to engage over borders in SFM related issues. The role of these organizations will be to influence key policy makers and spearhead commitment to SFM. They can further play a key role in linking donors and private actors to engage stronger in SFM.
Inter-governmental The project targets 78 countries many of which are part of wider regional inter- governmental cooperation (such as SADC, AU, Mauritius Strategy of Implementation for SIDS and more)	These organizations play a fundamental role in coordinating nations and not least their relation to donors. As environment and sustainability issues are often cross-country related they are also important actors for harmonizing institutional and legal frameworks.

INTERNATIONAL	
International Organisations (IO) **-** UN Agencies such as UNEP, UNDP, FAO, etc.; - International and Regional Financial Institutions (AsDB, IDB, AfDB, WB and other multilaterals); - Bilateral Donors (JICA, SDC, GIZ, DFID, and other bilaterals contributing ODA); - Additional influential international organizations/donors; etc.	These are influential at an international level with regard to conservation and sustainable development; they are providing international policy frameworks; and/or they are supporting funding for the implementation of international policies and conventions; they are also setting up environmental funds or trusts (i.e. GEF or BioCarbon Fund by WB); and they are generally the most important source for providing ODA. This international stakeholder group plays an important role in regards to the national policies. If ODA is directed to or linked with SFM whereby dialogue and policy development can be influenced, ODA could finance or facilitate SFM measures. A potential way of incorporating the findings and suggestions of the project, is to link these, through UNFF guidance, with the process of UNDAF (United Nations Development Assistance Framework), specifically in any of the upcoming 'UNDAF roll-out' countries such as for 2011 scheduled in Bhutan, Fiji, and Samoa. A reference has been added to the list of countries in Appendix 17 where a new UNDAF is being prepared or scheduled.
International Agencies and Research Institutes (IA) engaged in conservation and/or sustainability projects i.e. the Multilateral Investment Guarantee Agency (MIGA), the International Finance Corporation (by WB), the International Tropical Timber Organisation (ITTO); Research organization/institutions such as ICRAF, CIFOR, etc.	A number of Agencies have been developed to meet the needs in different sectors of forestry that are relevant to the project. Their main relation to the project is financing and sector specific stakeholder representation. Research institutes generate facts for awareness creation and developing innovative financing mechanisms.
International NGOs (ING) such as TNC, IUCN, WWF, the Conservation Fund, Conservation International, etc;	These organizations play a crucial role both when it comes to influencing policy frameworks (laws, institutions, authorities) and enforcing them. They further contribute their own funding generated advisory functions as well as set aside funding for protection of key conservation areas.

2.6. Baseline analysis and gaps

41. The study on financing flows for implementing SFM commissioned by the Advisory Group on Finance of the CPF has shown a 20-year decrease in forest financing worldwide, with two categories of countries being the worst hit, namely SIDS and LFCCs.

42. **Lack of knowledge and political awareness**. Preliminary studies carried out as part of the first component of this project have further identified a number of challenges for forest financing specific to these categories of countries, along with general recommendations for consideration. Among these is a lack of visibility of forests on the political agenda, either because of a lack of expertise (as is the case in many SIDS where human resources are limited and governments are small in the number of staff employed in ministries) or because of a lack of attention (in LFCCs, forest cover is often so limited that forests are not considered as a significant component of rural livelihoods, the environment or the national economy). As a result, forests are generally not given political priority in either type of

country. The project will strongly contribute to increasing the political visibility of forest financing as an issue to be addressed urgently for a more effective implementation of SFM, notably by targeting key decision-makers and organisation that have the capacity to leverage decisions on financing.

43. Lack of political visibility also means that the problem has only rarely been identified; and where it has, very little knowledge exists on what gaps and needs as well as challenges and opportunities effectively exist in terms of forest financing at the national basis. This project will help build and strengthen awareness and capacity of SIDS and LFCCs countries to address SFM funding gaps and initiate the implementation of a SFM financing communications strategy to help raise awareness and political attention.

44. **Need for innovation on forest financing in SIDS and LFCCs:** Forest financing globally has changed dramatically over the past five years with the exponential growth of REDD+ first as a concept, then as a financing mechanism for reducing emissions from deforestation and forest degradation. A range of initiatives have been set up at the international level to prepare developing countries to harness REDD+ funding more effectively (notably UN-REDD, FCPF and FIP).

45. However, these initiatives are limited by two factors: first, although measures have recently been taken to address this, the focus of REDD+ projects and debates have largely focused on large, forest-rich countries; SIDS and LFCCs have largely been left out of this process, with the notable exception of Papua New Guinea. Secondly, although the scope of REDD+ has widened to conservation and other aspects of SFM, it remains narrower in its focus than forest financing within which it is contained.

46. For both these reasons, current REDD+ initiatives only partly address forest financing and leave out most SIDS and LFCCs. A wide gap thus exists on forest financing that needs to be addressed, particularly in these two categories of countries. This project seeks to fill this gap specifically. In so doing, this project will include REDD+ but also go beyond it and look at the implications of new forest-related funding mechanisms (e.g., the Green Fund), private sources (e.g., the Ford Foundation among many others), as well as more traditional forms of financing (bilateral and multilateral aid and national budget allocation).

47. In short, this project targets the need for improved, valid and reliable information on forest financing in countries where this type of knowledge is frequently non-existent. In addition to identifying existing sources of financing and conditions for access, it will also focus on innovative approaches on financing for SFM in SIDS and LFCCs.

48. **Need for institutional capacity building in SIDS and LFCCs**: closely linked to the lack of knowledge and of innovation in terms of forest financing is the issue of the lack of institutional capacity to address the issue. All three issues are part of the same problem which stems from the lack of identification of forest financing as a political issue. As a result of this, relevant government agencies are not given the capacity or the resources to look into solving the problem; they are thus unable to collect data on it or implement policies, let alone innovative ones.

49. One of the primary expected outcomes of this project is to raise political awareness on forest financing in SIDS and LFCCs. This would strongly contribute to addressing the root cause of all three issues mentioned above – the need for more information, innovation and capacity building.

50. **Need for a multi-sector approach**: Finally, in a bid to reflect the multiple functions that forests fulfil and the complex interconnections with other sectors, this project will take on a cross-sectoral perspective, identifying existing and potential sources of forest financing

beyond the forest sector and targeting stakeholders outside of forests (including agriculture, energy, transport and finance).

2.7. Linkages with other GEF and non-GEF interventions

51. This Multi Focal Area GEF project focuses on the financing mechanisms for SFM and thereby the project takes a focus on two GEF Focal Areas, Biodiversity and Land Degradation. At the same time it contributes to the GEF cross–cutting area of Sustainable Forest Management. The project contributes to achieving the global outcomes of the following GEF IV Strategic Programs: BD-SP4, 'Strengthening the policy and regulatory framework for mainstreaming biodiversity' as well as LD-SP2, 'Supporting sustainable forest management in production landscapes' (also know as SFM-SP4 and SFM-SP-7).

52. **Biodiversity**: The focus of the project is to identify mechanisms and support international and national policies to strengthen the financial support for SFM and to improve awareness and support capacity for mobilising and managing this financial support. Combined with the activities on analyses and reviews of SIDS and LFCCs' potential to attract financing for SFM, the project will strengthen the knowledge base and help identify ways to remove barriers, develop institutional capacities in countries, and enhance the production and protective aspects of SFM in the LFCCs and SIDS. As such the project will contribute to GEF IV Strategic Priority - Strengthening Policy and Regulatory Frameworks (SP4 & SFM-SP4).

    Additionally, biodiversity values are a key aspect of SFM as described in international conventions such as the CBD. But the biodiversity has also local dimensions where biodiversity has a multifaceted value for local people. Many indigenous groups are strongly dependent on the diversity in the forests contributing secured livelihoods. Finally the ecosystem services and goods are dimensions included in SFM and thereby requiring financial support mechanisms.

53. **Land Degradation**: The project contributes to attaining the outcome of the GEF IV strategic program of LD-SP 2 (also known as SFM-SP7) (e.g. as measured in percentage increase in allocation of resources to sector ministries dealing with forest and woodland resources; percentage increase in net access of forest and woodland dependant land users to rural credit facilities and/or revolving funds; and/or % increase in area where SFM best practices are applied through (i) identifying a variety of financing mechanisms facilitating the implementation of SFM, and (ii) strengthening the national enabling policy-environment in the field of financing for SFM.

54. Forests also play a vital role in maintaining the key functions of land in relation to productivity and watersheds in the forests themselves as well as in surrounding and downstream areas. SFM principles take into account these functions of forests and the need to adapt forestry and management so that land qualities can be maintained. The project seeks to address these issues by finding sustainable financing mechanisms supporting SFM.

55. **Sustainable Forest Management/REDD-Plus**: The project aims to support identification of a variety of financing mechanisms facilitating the implementation of SFM. The management of sustainable ecosystems services will thereby be provided through PES or through the role of forests in reduction of GHG emissions including carbon trade and credits.

56. **Linkages with GEF-supported projects.** The GEF supports a wide variety of SFM and REDD-related projects across the world, of which many are located in SIDS and LFCCs, including the following:

- 2929: Reducing conflicting water uses in the Artibonite River Basin through Development and Adoption of a Multi-focal Area Strategic Action Programme (Haiti and the Dominican Republic)
- 3132: SFM Integration of National Park Conservation in Watershed Management (Haiti)
- 3144 (Uruguay): PROBIO – electricity production from biomass in Uruguay
- 3419: Strategic partnerships to improve the financial and operational sustainability of protected areas (Botswana)
- 3448: SFM forest landscapes development and conservation (Mongolia)
- 3450: SFM Rehabilitation of forest Landscapes and degraded land with particular attention to saline soils and areas prone to wind erosion (Iran)
- 3526: Expanding Coverage and Strengthening Management Effectiveness of the Terrestrial Protected Area Network on the Island of Mauritius
- 3575: Support for the Consolidation of a PA System in Guinea-Bissau
- 3737: Protected landscape conservation areas initiative (Namibia)
- 3818: SFM Capacity Development for Climate Change Mitigation through Sustainable Forest Management in non-Annex I Countries (Global)
- 3819: PAS Forestry and Protected Area Management (Fiji, Niue, Vanuatu, Samoa)
- 3820: Strengthening of the Protected Area Networking System in Mongolia (SPAN)
- 3825: Mountains and Markets: Biodiversity and Business in Northern Pakistan
- 3867: Improving Effectiveness of Protected Areas to Conserve Biodiversity in Burundi
- 3925: Strengthening Seychelles' Protected Area System through NGO Management modalities
- 3954: PAS Community-Based Forest and Coastal Conservation and Resource Management in Papua New Guinea
- 3955: Enhancing the Prevention, Control and Management of Invasive Alien Species in Vulnerable Ecosystems (Cuba)
- 3989: MENARID - A Circular Economy Approach to Agro-Biodiversity Conservation in the Souss Massa Draa Region of Morocco.

This project relates to all of these at least in an indirect manner. By addressing the issue of forest financing, it aims to contribute to the implementation of SFM in all its forms – whether through biodiversity conservation (e.g. projects 3132, 3419, 3448, 3526, 3737, 3819, 3820, 3925), water management and prevention of erosion (e.g., projects 2929, 3450), timber production and plantations (e.g., projects 3144, 3819) or community-based management (e.g., project 3954). In each of these countries, special care will be taken to invite representatives of these projects to the regional workshops (if feasible) as well as establish concrete links between the forest financing project and those mentioned above.

In addition, this project is unique in its scope as it focuses not on a country or a region but two categories of countries which amount to 78 countries. In so doing, it provides an opportunity for countries with similar issues (such as geographical isolation and economic vulnerability for SIDS and desertification in LFCCs) to exchange experiences well beyond

the regional scale, thus providing a space in which national experience can be scaled up in an innovative manner.

Non-GEF: International Strategies and Conventions

57. Forest financing plays a key role in several dimensions. The role is both international and local, can be of high financial importance but also related to ecosystem services such as watershed dimensions, sustainability of land productivity, biodiversity, etc. This is based on a number of international agreements and conventions with particular focus on forests and forestry and the need for sustainability in the use of forests. The following paragraphs give an overview of International Strategies and Conventions.

58. Millennium Development Goals (MDGs). Achieving SFM through enhanced financing in LFCCs and SIDS are relevant to three of the MDGs (MDG 1, 7 and 8):

    GOAL 1/Eradicate Extreme Poverty and Hunger; where forests - and sound ecosystems in general - play a key role in producing long-term and co-benefits, such as more resilient livelihoods and communities, and risk reduction from natural disasters (with urbanization, climate change and ecosystem degradation increasing vulnerability to natural disasters). SIDS in particular have a high to very high economic vulnerability to natural hazards.

    GOAL 7/Ensure Environmental Sustainability; which aims at integrating the principles of sustainable development into country policies and programmes and reversing the loss of environmental resources, reducing deforestation and responding to climate change; and by reducing biodiversity loss and preserving key habitats for threatened species;

    GOAL 8/Develop a Global Partnership for Development; which has one target addressing the special needs of the least developed countries, landlocked countries and Small Island Developing States, which have been much affected by the slowdown of economic growth and subsequent pressure on government budgets. This has adversely affected SFM financing in those countries.

59. **The Convention on Biological Diversity (CBD).** This project feeds into the CBD's expanded Programme of Work on Forests Biological Diversity adopted at the 6th Conference of Parties in 2002 notably by ensuring capacity building and the provision of adequate financial resources to support implementation of SFM.

60. The more recent CoP-10 of the CBD (www.cbd.int/cop10/doc/) underlines the important role that forests play directly and indirectly to protect biodiversity. It also emphasises the need for integrated and cross-sectoral approaches as well as involvement of local and indigenous people in the long-term engagement to sustainably managed forests resources to thereby maintain the ecosystem services provided by forests. The Parties also conclude that SFM plays an important role in the linkage between biodiversity conservation and climate change mitigations, and mechanisms such as REDD+ would provide good new financing mechanisms towards SFM.

61. **The Convention to Combat Desertification (UNCCD).** The majority of LFCC countries have signed and ratified the UNCCD. The Convention has not the same relevance in the SIDS countries where climate initiated changes follows a different pattern. The role forests in the LFCC countries and the presence of forests in the UNCCD is both related to combating and with coping with desertification. The Convention states that SFM, reclamation and restoration of forested areas are key elements in the struggle against desertification. It further mentions the role that forests play as an ecosystem and the variety of ecosystem services that forests contribute in a wider landscape approach. Forest financing is key to achieving these objectives.

62. **The Framework Convention on Climate Change (UNFCCC).** This Convention has been ratified by most targeted countries. The UNFCCC underscores the crucial role that forests plays in the Climate Change process and has established mechanisms contributing support to forest management. The Convention also explicitly mentions that parties shall promote SFM in general terms. Furthermore, the Convention has contributed to a set of mechanisms related to climate change mitigation, carbon sequestration etc in which forests sustainably managed can play a substantial role and where owners and local people can find economical benefits thereby supporting and even financing forest management.

63. **UN-REDD and REDD+ Programme.** The UN climate change debate has also led to a number of actions and programmes to which this project responds. The so called REDD concept officially initiated with the Bali Action Plan (UNFCCC COP 13) aims at strengthening SFM, conservation of forests and thereby enhancement of the carbon stock. The programme also tackles the crucial role of financing mechanisms. The proposed project for LFCCs and SIDS is closely linked to REDD+ which constitutes one source of financing for these countries.

64. **The UN Forum on Forests (UNFF).** Within UNFF, the project directly contributes to the implementation of the Non-legally binding instrument on all types of forests, also known as the Forest Instrument, in particular Global Objective 4 (GOF-4) on reversing the decline of financing for SFM. As such, the project is a core component of the Facilitative Process set up by the Resolution on the Means of Implementation of SFM adopted at the special session of the 9th Session of UNFF. The project will also contribute to the 10th Session of UNFF scheduled for 2013, as this meeting will take a decision on forest financing. The project activities will also contribute to the ongoing work of the UNFF with regards to implications of new forest-related funding mechanism, such as REDD-plus financing and other payments for ecosystem services (PES).

65. **Cooperation between Conventions.** Realizing the cross-cutting nature of the functions of forests, the Global Expert Workshop on Biodiversity Benefits of Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (Nairobi, September 2010) aimed to address biodiversity components in REDD related mechanisms

66. Another example underlining the need for cooperation between Conventions is ECOSOC Resolution 2007/40 that underscores the need for global financing mechanisms in order to implement the Non Legal Binding Instrument on all types of Forests (NLBI). The resolution – later adopted by the General Assembly – also notes the need for working with both existing and emerging innovative approaches from all sources indicating the need to work both cross sectoral and in an integrated manner and that financing for SFM will continue to be a critical political and policy issue. The resolution further underlines the three key issues which this project is targeting which are; (1) need for better and more reliable information, (2) innovative approaches to SFM financing; and (3) cross sector working methods reflecting the diversity of functions which forests perform.

67. The UNFF9 Resolution adopted on 4 February 2011 further emphasizes the need for the CPF to implement all functions of the Facilitative Process.

68. The international strategies and commitments show that the role of forests and therefore SFM has been recognised at the international level. To strengthen SFM there is need for a complementary set of actions and mechanisms that together creates the foundation for sustainability. The measures include legal and institutional frameworks, capacity development, research, inventories and data collection, awareness creation, etc. Most of these actions and mechanisms require financial support that either comes from the countries themselves through governmental budget allocations, from the forest industry in form of off

sets and adaptations but also from ODA and NGOs contributing substantial financial support.

69. The need for increase of financial support for effective SFM has been underlined in a number of documents, studies, resolutions and conventions. The design of the project is rooted in the International Conventions and Processes outlined above and will target the different needs identified including monetary issues as well as legal and institutional frameworks necessary to strengthen financing of SFM in the two groups of countries targeted in the project i.e. SIDS and LFCCs.

Coordination with other Related Initiatives

70. At the national level, the project aims to encourage coordination and interaction with initiatives and processes within the project's 78 target countries. National preparatory meetings will help strengthen coordination with stakeholders at the country level. These national meetings are encouraged to interact with existing SIDS and LFCCs initiatives, and processes, respectively, within and external to the UN system. These meetings aims to draw from experiences and lessons learned from National Forest Programmes (NFPs), related country-led initiatives and the work by CPF members as part of institutional CPF cooperation.

71. At the regional level, the project targets coordination with other GEF supported SIDS/LFCC projects, including biodiversity and sustainable development projects and projects on land degradation. Biodiversity projects include projects such as the Coral Triangle Initiative (CTI) in the Pacific, the Micronesia Challenge (under GEFPAS), the GEF-funded Dry Forest Biodiversity Conservation Project in Grenada (GEF ID 815), the Tugai Forest Project in Uzbekistan (GEF ID 1036), the Juniper Forest Ecosystem Project in Pakistan (GEF ID 1718), the Forest Conservation and Protected Area Management in Papua New Guinea, and the Caribbean Challenge, and projects within CBD programmes. The project will invite the national team of the UNDP/UNEP Poverty and Environment Initiative (PEI) in the Dominican Republic to the UNFF sub-regional workshop in Trinidad & Tobago, given their highly relevant work on:

- Mainstreaming of poverty and environment into the national development planning structure.
- Gap analysis and needs assessments to determine the extent of the required interventions on capacity building and institutional strengthening.
- Establishment of multi-stakeholder roundtables and other knowledge-sharing tools for dissemination of knowledge and experience to raise awareness among decision and policy-makers and relevant stakeholders at the national and international.
- Facilitate framework agreements and provide technical and financial assistance to poverty-environment related issues.

72. Land degradation projects, especially in LFCCs, include projects such as the GEF-funded Forest Protection Project in Kazakhstan (GEF ID 2354) or Sustainable Land Management in the High Pamir and Pamir-Alai Mountains - an Integrated and Trans-boundary Initiative in Central Asia (GEF ID 2377).

73. At the global level, the project seeks to coordinate with broader sustainable development programmes and initiatives, such as the Barbados Plan of Action and the Mauritius Strategy for Further Implementation of the Barbados Programme of Action for the Sustainable Development of SIDS. The project objective also closely aligns with the UNEP/GEF Project for Ecosystem Services (ProEcoServ). ProEcoServ aims to better integrate ecosystem

assessment, scenario development and economic valuation of ecosystem services into national sustainable development planning, including on the forestry sector, a.o through its Component on 'Science-policy interface' to reinforce linkages from local to international actors, as well as to bridge the gap between research results and policy application in developing countries and the international forest biodiversity arena. As such the project will establish cooperation with the University of West Indies and The Cropper Foundation, two of the local executing agencies of ProEcoServ in Trinidad & Tobago.

74. In view of the links between forests and coastal and water management, the Project seeks opportunities for coordination with UNEP's Global Programme of Action, targeting land-based activities in the Western Indian Ocean (WIO-LaB) which is supported by GEF, and other initiatives led by the Global Island Partnership (GLISPA) under the UNCBD, all UN projects. It also creates a mechanism for the findings from this project to be linked into or replicated in other projects and programmes with activities in SFM of financing thereof.

75. At UNFF level, the project builds on the findings and analysis on Financing Flows and Needs to Implement the Non-Legally Binding Instrument on All Types of Forests, and is designed to support the UNFF Multi-Year Programme of Work (MYPOW) 2007-2015. It marks the start of the implementation of the Facilitative Process, as decided in the recently adopted UNFF resolution on the Means of Implementation.

76. The project takes into account existing and on-going work carried out by the CPF with regards to SFM funding sources. Its mission is to support the work of the UNFF and enhance forest related coordination and cooperation.

77. Thus, in Component I, the Project already provided input to existing programmes and initiatives such as UNEP's work on forest transformation strategies, the CPF Sourcebook and regional development banks on a range of activities. This included data collection, information sharing, stakeholder consultation and engagement, and sharing of technical information. Such coordination benefits the proposed analytical studies from the aspects of both the quality and the cost-effectiveness of the work. In this regard, the project aims to engage and interact with financing institutions and multilateral development banks to bring in specific international and regional financing expertise and to influence and shape their forest financing programs.

78. A number of forest financing initiatives are underway, notably by FAO, the NFP Facility, the Global Mechanism of the UNCCD, ITTO and Tropenbos International. However, none of them focuses on SIDS or LFCCs specifically. Coordination and sharing experiences will be sought in the implementation of the project.

SECTION 3: INTERVENTION STRATEGY (ALTERNATIVE)

3.1. Project rationale, policy conformity and expected global environmental benefits

79. This project aims to identify the gaps and needs, as well as the challenges and opportunities to financing SFM in SIDS and LFCCs. It is in full conformity with the UNFF Resolution on the Means of Implementation of SFM, adopted by all Member States of the United Nations at the special session of UNFF9 held in October 2009. This resolution created a Facilitative Process with the aim (among others) of identifying gaps, obstacles and opportunities in financing SFM and assisting developing countries in mobilising existing as well as new and additional funding to finance SFM.

80. The Project is founded on the principles of SFM and that the application of SFM principles leads to improved opportunities to link forests and forestry to local people and thereby to their livelihood and related socioeconomic benefits including mechanisms such as:

- Potential income from PES, including REDD+ mechanisms;
- Non-timber forest products (NTFPs), including free and prior informed agreements on use of genetic resources;
- Secured ecosystem services such as carbon sequestration, recreational functions, water supply and water purification;
- Maintained watersheds contributing secured water for people, production and landscapes;
- Maintenance of wide range of productivity dimensions (such as forest production of firewood, NTFP and timber as well as agro-forestry).

The transformation of current land use and forestry patterns towards SFM will also have a number of regional and global environmental benefits that go beyond the local scale impacts. Among these can be mentioned:

- Improved or maintained biodiversity;
- Improved or stabilised agricultural production systems & associated reduced poverty of communities in and around the forests;
- Reduced emission of GHGs and improved function as Carbon sinks thereby contributing climate change mitigation.

81. It is important to note that the project will not explicitly lead to the above-mentioned mechanisms. However the project will strengthen opportunities for SFM financing in the 78 targeted countries and thereby contribute to strengthening the already ongoing process of securing the ecosystem services of forests, through national and global policies (e.g. REDD+), establishing PESs, and establishing payment distribution systems to local stakeholder groups in order to provide the necessary financial benefits to manage forest resources wisely.

82. Beyond the obvious environmental benefits it should also be mentioned that SFM carries a clear linkage to social dimensions and not least to gender and indigenous people. Forests are the neighbourhood for a vast number of peoples being directly dependent on the sustainability of the forest resources. Women are often the group that stands closest to the forest which they roam to collect firewood, water and NTFPs. Improved forest management applying SFM will therefore play an important and positive role for women in their daily life.

83. The project targets 78 countries which is a challenge in itself. It is also addressing a problem that is challenging. Financing of SFM by necessity involves multiple actors and processes and covers functions of forest that has validity on the very local and immediate scale. It also affects the role forests plays on national, regional and international level now and in a long term perspective. The project is designed in a way that these dimensions are reflected. This also means that what comes out of the project will have a potential of being used beyond the 78 countries and contribute to future potential projects on other thematically related groups of countries – there is a dimension of replicability included in the project design and will be an important dimension in the reports coming out of the project.

3.2. Project goal and objective

84. The project proposal has been developed within the following vision, goal and objective:

    Vision: SIDS and LFCCs are applying SFM principles whereby healthy forests sustainably contribute to local livelihoods, economic development and ecological stability.

85. Goal: Financing mechanisms for SFM are identified and mobilised whereby forests are locally managed to sustainably contribute and improve local livelihoods and economic development, including delivering and ensuring ecosystem services such as biodiversity, climate change mitigation and adaptation, watersheds and productivity on all levels (local, national and global).

86. **Project Objective**: *'To enhance the understanding on gaps, obstacles and opportunities for financing SFM in SIDS and LFCCs".*

3.3. Project components and expected results

87. To achieve the project objective most effectively, the following three technical components have been set up (in addition to the fourth and fifth components on monitoring & evaluation, and project management respectively):

- Component 1: Analysis of current financial Flows, Gaps, Needs as well as Governance Structures for Financing SFM in SIDS & LFCCs – studies on 7 countries (3 SIDS and 4 LFCCs) and 4 macro level inter-regional studies (2 each on LFCCs and SIDS respectively);
- Component 2: Establishment of National Ownership, Review of Thematic Papers and Consultations on Way Forward – national preparatory meeting (in SIDS and LFCCs) and 4 inter-regional workshops;
- Component 3: Communications Strategy for Facilitation of SFM Financing of SIDS and LFCC countries– SFM financing.

88. The single components are described in more detail below. The project flow gives an overview of the project structure and is presented in the following chart:

COMPONENT I (CI) – Analysis of current financial Flows, Gaps, Needs as well as Governance Structures for Financing SFM in SIDS & LFCCs

89. The purpose of this component is a thorough analysis of the current financial flows, gaps, and needs as well as governance structures for financing SFM in SIDS and LFCCs. This is done by means of 11 baseline studies: 7 on national level looking at 3 SIDS and 4 LFCCs, and 4 macro-level studies (2 each on LFCC and SIDS respectively).

90. **Period of implementation**: Nov 2009 – Aug 2011.

91. **Description of Component I implementation**:

- Seven national cases studies on SIDS and LFCC countries (3 for SIDS and 4 for LFCCs) are commissioned to an international consulting company. The national studies are conducted (i) to provide real life examples of the broader national level and sectoral analyses and (ii) to provide realistic scenarios on future opportunities and constraints as well as experiences on lessons learned. These were developed utilizing findings from the NFP Facility's work as a starting point.
- Case-studies are structured as follows: (i) general overview and statistics of the country (geographical, economic, demographic); (ii) state of the country's forests and forest

sector; institutional configuration of the forest sector (governmental, non governmental, academic and private); interconnectedness with other sectors and extra-sectoral impacts on forests; (iii) financing SFM (either by source or by allocation) with a focus on trends in funding, financing gaps and recommendations, including the identification of new and innovative finance solutions. Throughout each case-study, care is taken to highlight issues common and/or specific to the country categories concerned (i.e. impacts on forest biodiversity and land degradation). Each country case-studies is carried out by local consultants as part of the capacity-building process of SIDS and LFCCs.

- Four international/regional studies are commissioned to identify macro-level financial analyses on the economic, geographic and institutional situations in SFM financing in SIDS and LFCCs and to identify challenges and opportunities for funding of SFM from a variety of sources.
- The first two papers provide an introductory overview to the country category (SIDS or LFCCs) that includes the following information, in a chapter-by-chapter structure: a. general physical and human geographical data; b. Forest cover and forest sector data (including the importance of forests both from economic and social perspectives); c. institutional configuration of forest policies and management, including the architecture of relevant government bodies dealing with forests, of civil society and any other potential stakeholders (notably academia and economic actors inside and outside of the forest sector); d. interconnectedness between the forest sector and other sectors (e.g., agriculture, public infrastructure and transport, climate change), especially in terms of extra-sectoral impacts on SFM; and e. assessing and analyzing long-standing challenges in financing for SFM in SIDS and LFCCs. This last section will act as a link with the next macro-paper which would delve into this issue in greater detail. Attention is paid to the diversity contained within each cluster. Common features specific to each cluster should be highlighted.
- The second set of macro-level papers focus on financing SFM in the relevant country categories, including current and potential sources of financing related to future schemes based on Reducing Emissions from Deforestation and Forest Degradation (REDD). The first part of this paper is organized either (i) by source of financing (e.g., governmental, non-governmental, private, bilateral or multilateral donor); or (ii) by allocation (e.g., to commercial forestry activities, community forestry, tourism, conservation). In the second part, attention is paid to (i) identifying financing gaps in SFM, (ii) assessing private investment conditions and enabling environments for financing SFM, and (iii) identifying new and innovative finance solutions.
- In total, eleven analytical reports - five focusing on SIDS and six on LFCCs – are carried out.
- The findings of these studies are important sources for the work in Component II and III. They provide an initial overview of forest financing in SIDS and LFCCs as categories of countries, along with 7 country case-studies. Both these types of data will be used to better understand the situation in each country through the participation of country representatives at the workshops of Component II.

92. Within each of the two respective country groups (SIDS and LFCCs), challenges on forest financing vary significantly from country to country, because of the various geographic and climatic conditions, forest coverage, economic activities, forest governance, and institutional capacities among other factors. Therefore, an in-depth analysis complemented by selected country studies is necessary to address thematically related challenges and share experiences. Similar consideration has been given for the implementation of Component II

of the Project in grouping countries for participation in inter-regional workshops that are tailored to meet specific needs, build capacity and promote south-south exchange.

93. The 11 studies are carried out from a cross-sectoral perspective and focus on highlighting the linkages between the forest sector and other sectors (climate change, agriculture, livelihoods, infrastructure), thus integrating SFM into broader social and economic issues. In so doing, they will emphasize the importance of SFM in the national development priorities of both SIDS and LFCCs.

94. **Outcomes**: The component will lead to two outcomes, namely:

- Enhanced understanding of the specifics of SFM in SIDS or LFCCs and its socio-economic and ecosystem services potential.
- Improved understanding of the status, obstacles, needs and prospective mechanisms for enhanced SFM financing in SIDS & LFCCs.

95. **Outputs and deliverables:**

- 2 macro-level studies on SIDS countries on financing of SFM (CI.a.);
- 2 macro-level studies for LFCC countries on SFM financing (CI.b.);
- 7 country studies on SFM (CI.c.);
- 4 preparatory inter-regional workshop papers (with regard to Component II) reported (CI.d).

COMPONENT II (CII) – Establishment of National Ownership, Review of Thematic Papers and Consultations on Way Forward

96. The goal of this component is participation and the creation of a sense of ownership of the project and its results by targeted countries, and the strengthening of interregional and regional cooperation and networks. UNFF focal points in each SIDS and LFCCs will carry out a national preparatory meeting, either through a self-funded meeting or through electronic means, (which will receive no funding from this project) to prepare for the subsequent four inter-regional workshops (2 SIDS and 2 LFCC workshops). During the national preparatory meetings and inter-regional workshops the findings of Component I will be discussed and reviewed and serve as a basis to plan a common way forward leading to the development of a SFM Financing Communication Strategy in Component III.

97. **Period of implementation**: June 2011 – August 2012.

98. **Description of Component II implementation**: Component II aims to reach out to national stakeholders. In order to achieve measurable results it is fundamental to involve the stakeholders at this stage and to convince them about the necessity of engagement and action in the respective national context. They will be invited (i) to provide input, local knowledge and expertise into the process, (ii) to analyze and comment on the 11 papers produced in Component I, and (iii) to transfer a sense of ownership of the project to the countries concerned. In promoting participation from national stakeholders, not only will the reliability and validity of the data be increased, but national contributors should also partly appropriate the project, thus potentially increasing the project's impact in targeted countries. To facilitate this process a standardized reporting format will be sent to all the project's National Focal Points for discussion and exchange of views prior to the inter-regional workshops. This will require the commitment of the National Focal Point to facilitate discussion and a meeting with key stakeholders. During national preparatory meetings,

respective countries may choose to propose the experts to participate in the four inter-regional workshops with a view to represent more than one of the sectors involved in SFM/SFM financing in their country. An important outcome of the inter-regional workshops is the initiation of a national network to be active in the field of SFM and SFM financing.

99. To facilitate the complex process of engaging key stakeholders at the national level in contributing facts, knowledge and expertise a proposed reporting format is included as Appendix 14. The proposal includes a reporting format, the function of which is to see to that similar information is collected in all countries, that a sector wide approach has been applied and finally that the reporting is such that it is easily handled by the UNFF Secretariat.

100. Following national preparatory meeting a set of four inter-regional workshops will be arranged. The purpose of these workshops is to contribute to future engagement and action rather than reporting and looking back. The workshops will be facilitated to address specific topics related to SFM funding gaps, including an exchange of views by country-level experts to review and add input to the specific thematic analytical reports and national case studies, and to prepare respective action recommendations for governments, the private sector, the international community, financing institutions, philanthropy and other stakeholders. At the end of the workshops, participants will acquire concrete ideas on how to initiate processes leading to improved financing for SFM.

101. Each workshop will focus on experience-sharing and dialogue which in turn will lead to initiation of cooperation and potentially sub-regional networks on financing for SFM will be established and/or strengthened. The workshops are planned in **Appendix 15** and will be arranged in September 2011 and January 2012 for LFCCs while SIDS will be invited in April and July 2012. The experience from the first workshop will be brought into the following workshops in order to strengthen the outputs. A team including facilitation, communication and forest financing experts will lead the workshops supported by a national coordinator and the UNFF team as indicated in the list of consultants (see **Appendix 11** & the **GEF CEO endorsement proposal**).

102. Besides the participants representing the targeted countries a number of relevant institutions and organisations will be invited to participate, including those supporting SFM such as members of the CPF and ODA institutions such as bilateral and multilateral donors and banks. Organisations active in the respective regions on international, regional and sub-regional levels representing intergovernmental mechanisms and NGOs will also be asked to contribute to the outcome of the workshop. The ambition is to see to that stakeholders from all sectors relevant to SFM financing be present in order to reflect the cross-sector role that forests play. Gender parity will be actively sought throughout the process of selection of workshop participants.

103. The agenda of each workshop could include the following elements:

- An introduction to the workshop: spelling out objectives, expected outputs and expected outcomes;
- An introduction to forest financing: categories, examples, basic concepts;
- Presentations based on the country case-studies and macro-level papers provided by Component I, followed by discussions;
- Additional presentations from participating member states, with a minimum of 1 presentation from a developed country, where relevant, and 1 from a developing country;

- Additional presentations, where relevant, from participating donor organisations;
- Interactive exercises in working groups to encourage participants to reflect on forest financing in their national settings and focusing on questions such as: what makes a forest financing stakeholder? Which sectors are linked to forest financing? Where do funds currently come from?
- A second set of interactive exercises on the following questions: what are the stumbling blocks to increasing forest financing? How may they be overcome? Specific attention will be paid to examples which can be scaled up beyond the national level. North-South, South-South and donor-recipient exchanges will be strongly encouraged;
- A one-day field trip to a relevant site, preferably on the first or second day of the workshop. The two objectives of this trip are (i) so that participants may familiarise themselves with each other, which facilitates discussions later on, and (ii) to have a forest financing illustration close at hand for discussions during the week;
- Depending on the nature of national and local partners, additional events or sessions may be proposed during the week.

104. The distribution of SIDS and LFCCs into the four workshops has been devised according to physical and governance criteria. LFCCs without a forest policy will attend the first workshop (Iran) whilst those with a policy will attend the second workshop (Niger). SIDS with a forest cover below 50% will attend the third workshop (Trinidad & Tobago) whilst those with forest cover exceeding 50% will attend the fourth workshop (Fiji). Countries which are both SIDS and LFCCs will attend SIDS workshops given the larger number of LFCCs, and the need to balance out the number of countries attending each workshop. The following table gives a full list of participating countries for each workshop.

Workshop	**Countries attending**
Iran September 2011	1. Afghanistan (2012) 2. Chad 3. Djibouti 4. Iceland 5. Iran (Islamic Republic of) 6. Iraq 7. Jordan 8. Kazakhstan 9. Kuwait 10. Kyrgyzstan 11. Libyan Arab Jamahiriya 12. Malta 13. Mauritania 14. Oman 15. Pakistan 16. Qatar 17. Saudi Arabia 18. Tajikistan 19. Togo 20. Turkmenistan 21. United Arab Emirates 22. Uzbekistan 23. Yemen

Niger January 2012	1. Algeria 2. Bangladesh 3. Burundi 4. Egypt 5. Ireland 6. Israel 7. Kenya 8. Lesotho 9. Mali 10. Mongolia 11. Morocco 12. Namibia 13. Niger 14. South Africa 15. Syrian Arab Republic 16. Tunisia 17. Uruguay
Trinidad & Tobago April 2012	1. Antigua and Barbuda 2. Bahrain 3. Barbados 4. Cape Verde 5. Comoros 6. Cuba 7. Dominican Republic 8. Haiti 9. Jamaica 10. Kiribati 11. Maldives 12. Mauritius 13. Nauru 14. Saint Kitts and Nevis 15. Sao Tome and Principe 16. Singapore 17. Tonga 18. Trinidad and Tobago 19. Tuvalu 20. Vanuatu
Fiji July 2012	1. Bahamas 2. Belize 3. Dominica 4. Fiji 5. Grenada 6. Guinea-Bissau 7. Guyana 8. Marshall Islands 9. Micronesia (Federated States) 10. Palau 11. Papua New Guinea 12. Saint Lucia

	13. Saint Vincent and the Grenadines 14. Samoa 15. Seychelles 16. Solomon Islands 17. Suriname 18. Timor-Leste

105. At this point in time, it is impossible to describe in detail the forest financing networks of each country as their creation will actually be an output of this component II. However, the following tables summarise the main national and regional stakeholders to be included in forest financing networks at the national and international levels. These suggested lists are not necessarily exhaustive and may evolve as additional data are collected from participating Member States. Among national actors, workshop participants will include the national UNFF focal point (generally in the Ministry of Forests or of Environment) and one additional non-forest sector actor to be determined based on the specificities of each country.

Level	**Expected members of forest financing networks**	
National	Ministries and government agencies: forests, environment, agriculture, transport, energy, tourism and finance; and other sectors where a relevant link to forest financing is noted	
	Non-governmental organisations involved in forest-related issues, environment and/or social and livelihood-related fields. Organisations representing women and/or indigenous groups will be actively encouraged to participate.	
	Academic actors and/or national experts	
	The private sector (including landowners as well as industries related to forests such as timber, tourism, etc.) where relevant, e.g., plantation owners in Uruguay, Fiji Water in Fiji, etc. (this includes private investors in carbon credits)	
International	Iran workshop	Global agencies: UNDP, UNEP, FAO, UNCCD Secretariat, ICRAF, CIFOR
		Bilateral donors: Canada, Denmark (DANIDA), Finland and Germany (GIZ)
		Additional intergovernmental and regional organisations: ESCAP, LFCC Secretariat, Economic Cooperation Organisation, Asian Development Bank, FSC
		International NGOs: WWF, IUCN, Rainforest Alliance
	Niger Workshop	Global agencies: UNDP, UNEP, FAO, UNDP, UNCCD Secretariat, ICRAF, CIFOR
		Bilateral and multilateral donors: World Bank, European Union, France
		Additional international and regional organisations: UEMOA, ECOWAS, CILSS, African Union, African Development Bank, FSC

		International NGOs: WWF, IUCN, AFF, Rainforest Alliance
	Trinidad and Tobago Workshop	Global agencies: UNDP, UNEP, FAO, UNDP, UNCCD Secretariat, ICRAF, CIFOR
		Bilateral donors: Germany (GIZ), United Kingdom (DFID), United States (USAID)
		Additional international and regional organisations: ECLAC, AOSIS, Commonwealth Forestry Association, CARICOM and Caribbean Environmental Health Institute, FSC
		International NGOs: WWF, IUCN, Canari, Rainforest Alliance
	Fiji Workshop	Global agencies: UNDP, UNEP, FAO, UNDP, UNCCD Secretariat, ICRAF, CIFOR
		Bilateral donors: Germany (GIZ), Australia (AusAid), Japan (JICA), New Zealand
		Additional international and regional organisations: ESCAP, SPREP, Secretariat of the Pacific Community, ADB, FSC
		International NGOs: WWF, IUCN, CI, Rainforest Alliance

106. The project will facilitate countries and conduct the workshops effectively so to guide completion of the planned SFM Financing Communications Strategy targeting the specifics of the participating countries. At the end of the workshops, country representative will take home concrete ideas on how to apply the strategy in her/his respective country.

107. Finally and after the last workshop, a concluding report will be produced based on experiences shared from component II. The report shall be analytical and forward striving so as to give good examples and constructive directions on SFM financing opportunities.

108. **Outcomes**: The overall outcomes of component II can be summarised as follows:

- Strengthened national awareness and ownership**,** as well as strengthened inter-regional and regional cooperation through networks on SFM financing.
- Enhanced insight and agreement on common way forward towards the elaboration of a SFM financing communications strategy and overall approach to SFM

109. **Challenges and Measures**: The project will identify prioritised actions and other points in common between countries to enhance SFM financing in SIDS and LFCC countries. As the countries are highly different in many aspects including climate, capacity, policies and economics this is a challenge in itself. For Component II a number of challenges have been identified.

The challenges….	***… and how the project aims to tackle them.***
To generate interest in the project with stakeholders in 78 countries while managing the process from UNFF	Identification of National Focal Points engaged in and committed to SFM financing is key to a successful outcome.
Create a sense of ownership by countries (as a pre-supposition for national and inter-regional networks)	The project includes 78 countries with highly diverse backgrounds. Arranging national preparatory meetings and

	initiating national networks among stakeholders will help to address this challenge.
Ensure gender parity at the workshop and adequate representation of indigenous groups whenever possible and relevant	The project management unit will pay special attention during the selection of workshop participants to reach gender parity for all four workshops. Organisations representing indigenous groups will be actively encouraged to participate.
Find/collect reliable data on SFM,, role & benefits forests play, and financing towards SFM (This was underlined in the assessment during PPG towards Component I)	The national preparatory meetings aim to encourage dialogue and an exchange of views to identify the availability, reliability and gaps of data in order to persuade key stakeholders and governments of the importance of SFM and financing
Involvement of all sectors related to the use and management of forests and the active integration of those. (PPG studies show that forestry issues are often handled by the forestry sector alone and in isolation). The role of forests however is highly cross-sectoral and requires integration of a wide group of sectors engaged in social, economical, rural development processes).	The national preparatory meetings are supposed to mirror the broad role the forests play in respective country. By encouraging the National Focal Point to involve an appropriate mix of key stakeholders in the national preparatory meetings and see that the complexity is reflected in the selection of participants in the 4 inter-regional workshops so that a broad representation is secured. The UNFF Secretariat will also invite regional and international organisations to broaden representation.
Making the four inter-regional workshops build on lessons learnt from the precedent ones and focus on driving the process forward. With many different actors involved and a huge number of countries, there is a risk that the project ends up compiling project reports rather than bring about effective a common way forward towards the elaboration of a SFM financing communications strategy.	To avoid this, the project must focus on workshop agendas that are interactive and creating a sharing, learning, networking and forward looking process rather than a reporting stand still. This proposal contains a proposal on a standardized reporting format and the agendas for 4 inter-regional workshops (Appendix 14 & 15). Professional facilitation is also budgeted for - see **Appendix 1**.
Design Component II process in a way that it feeds into and kicks off Component III.	It is crucial that the perspective of designing *a way forward* is present from the first national preparatory meetings to the last reporting of the second component and that each meeting results in defined actions and networking to be implemented. The work- plan of the project (see **Appendix** 5) has also been designed in a way that the components will mutually feed into each other thus make optimal use of restricted funds and limited time.

110. Main activities: The main activities for the implementation of Component II can be distinguished in two parts: the activities with regard to national preparatory meetings, including a standardized reporting format to be completed prior to the inter-regional workshops, and the activities with regard to the 4 inter-regional workshops. Agendas with detailed description inter-regional workshops have been suggested and can be found in draft format in **Appendices 14 and 15**. Further details on the activities for CII can be found in the LFA (**Appendix 4** Results Framework). The component will be concluded by a report focusing on the progress made and the direction forward on the elaboration of a SFM financing communications strategy.

111. **Outputs and deliverables**:

- Baseline awareness levels set. (CII.a)
- National preparatory meetings planned and implemented and key stakeholders identified and national networks initiated. (CII.b)

- Standardized reports (in questionnaire format) with national findings and key issues to influence/steer the inter-regional workshops submitted. (CII.c.)
- Four inter-regional workshops with selected key stakeholders planned and implemented and inter-regional and regional networks on SFM financing initiated. (CII.d.)
- 11 Component I papers (CI) and identified national key issues/outcomes in national preparatory reports acknowledged and evaluated for integration into a common SFM financing communications strategy. (CII.e.)
- Four workshop reports indicating the way forward (with regard to Component III) incl. four SFM financing communications strategies submitted. (CII.f.)
- One project report concluding on Component II and linkage with Component III submitted. (CII.g.)

112. Baseline awareness levels: At this stage of the project, it is difficult to establish precise baseline awareness levels given the large number of targeted countries and the number of existing and potential forest financing stakeholders within them. However, the initial studies carried out in Component I tend to show that awareness of forest financing *as an issue* is very limited, even within the forest sector.

- Within the forest sector: the connections, in terms of policy networks, between forestry and financial institutions, are generally very limited, meaning that the knowledge of funds and sources of financing are little known to the forest sector, apart from national budget allocations to forests.
- Outside of the forest sector: forest financing is generally non-existent as an issue, non-forest stakeholders being unaware that the lack of financial resources is one of the main inhibitors of SFM implementation. The widespread debate on REDD+, which many outside of the forest sector are aware of, tends to distort the issue in their eyes as it gives the impression of an abundance of resources, whilst most of these funds are either pledged only, or are difficult to access, especially for countries with limited human and technical resources.
- At the international level: forest-related organisations are often aware of this issue, particularly the handful of organisations working specifically on forest financing (e.g., NFP Facility, FAO, ITTO, PROFOR). However, in many cases, donors have limited feedback on the difficulties of recipient countries in accessing these funds.

COMPONENT III (CIII) – Communications Strategy for Facilitation of SFM Financing of SIDS and LFCC countries

113. The purpose of this component is to generate an **SFM financing strategy** that will aim to overcome gaps, obstacles and opportunities for forest financing and attract new investment opportunities. To reach this goal communication will be established at national, inter-regional and international levels. An overall common SFM financing communications strategy based on the inter-regional strategies and workshop outcomes of Component II will form the basis for implementation of Component III – specifically in the field of opportunities and viable approaches towards financing SFM. The detailed activities of this component may be somewhat adapted depending on the outcome of Component II during which national anchoring and inter regional experience sharing has led to improved foundation for the implementation of Component III.

114. **Period of implementation**: October 2011- May 2013 (completion of project). The implementation of component III basically starts in immediate subsequence to each of the four inter-regional workshops. The implementation period for each of the four regions is therefore different, an overview of which is given in the workplan **Appendix 5**.

115. **Description of Project Implementation of Component III**: The main activity in this component is communication activities. A common SFM financing communications strategy will have been developed during Component II covering SIDS and LFCC countries and further refined with the outcomes from the national preparatory meetings and 4 inter-regional workshops. The focus is to create a better awareness about and increase political attention to the need for innovative approaches of SFM financing and to attract new investment opportunities. Similar activities are expected through the inter-regional and international networks and organisations.

116. A final project report will be developed outlining clear priorities for future action. The report will also expose good examples and lessons learned and thereby be useful for replicability in other thematically related groups of countries facing similar SFM financing challenges. An evaluation report will also be produced following up on an established monitoring system (under component IV) and using as far as possible participatory mechanisms.

117. Finally the findings will be reported back to the 10th session of the UNFF in 2013.

118. **Outcomes.** In agreement with the project goal, this component has two outcomes, namely:

- Improved process towards building/strengthening **awareness and capacity** of SIDS and LFCC countries to address SFM funding gaps.
- Increased **political attention** and awareness on **innovative approaches** on financing for SFM in SIDS & LFCCs through improved dialogue.
- In concrete terms, At least 9 countries are expected to report a 'start-made' or mechanisms towards SFM financing in the national policies of SIDS & LFCCs (see **Appendix 6 & 7**).

119. **Challenges and Measures:** A number of challenges will face the implementation of Component III. The table below identifies the challenges and the measures proposed to tackle the challenges in order to meet the defined outputs and outcomes.

The challenges….	***… and how the project aims to tackle them.***
Outcomes and findings of Component II workshops must be adequately integrated and able to influence Component III	The conclusion in the reporting from the workshops must allow to influence the design of a SFM financing communications strategy and the format for support to networking on regional and national levels. The successive phasing in of Component II creates an excellent opportunity for learning while doing and therefore make Component II reach defined outcomes.
Make this short-term project have tangible results, i.e. long-term approaches for SFM financing. In addition the project deals with 78 disparate countries where both forests, forestry and SFM face different challenges.	The SFM financing Communications Strategy must be designed in a way that the result will be *concrete* both in the individual countries but also in the wider regional and international fora. Reporting shall be made in a way that it contributes concrete to future action rather than reporting "backwards".
The national and regional networks that have been initiated must be sustained and contribute to change – and maintain the ownership at these different levels.	The component needs to maintain working relations with the involved countries and the initiated networks throughout the project period. Integration and cross-sectoral modes of operation is crucial to maintain

	ownership and sustain impact. However whatever network created will not sustain if there is not a need for it and something good coming out of it- this is a challenge for UNFF secretariat as well as for the national focal points.
To keep all 78 disparate countries engaged and active throughout the project period	Develop a webpage on the SFM financing Communications Strategy to be on the UNFF website that is exclusive to the networks and that is managed in a way that it stimulates dialogue and sharing of experiences
To include issues specific or highly relevant to women and indigenous groups in the communication products and SFM financing strategy	Use FSC principle 3 criteria for indigenous issues and GEF gender mainstreaming lessons learned as benchmarks. For indigenous issues, the most stringent guidelines shall be adopted, including the prior and informed consent principle.
To identify key mechanisms for sustainability in financing and create mechanisms for mobilizing these.	For the UNFF Secretariat to maintain relations with the stakeholders engaged during Component II and who were invited for the inter-regional workshops. Initiate dialogue and find modes of operation for increased funding.

120. Baseline awareness levels on the logframe indicators will be completed during the first months of the project implementation. This will be carried out by a specially recruited consultant for this purpose.

121. **Main Activities & Approach:** The activities will focus on a number of communication activities/ events and products as well as on a SFM Financing Communications Strategy and a project report including an evaluative report by external experts. Activities will also focus on the awareness creation within and by the national networks in SIDS and LFCC countries as well as regional and international dialogue based on the experiences and reporting from the component and the project.

122. *Target Audiences and basic baseline awareness levels:* the audiences targeted are identical to the stakeholders of the forest financing networks which have been sketched in the table in Component II above. However, one needs to retain flexibility as the composition of the audiences will vary widely from one country to the next given that sources of forest financing will differ according to national contexts. However, in terms of SFM financing communications strategies, one may generally break down the audiences into the following broad categories:

- **Forest sector stakeholders**. These stakeholders have adequate technical knowledge on sustainable forest management and are assumed to be able – both politically and technically – to implement sustainable forest management when given the financial means. However, they do not necessarily have adequate knowledge to identify sources of financing and the rules for accessing them.

- **Finance sector stakeholders** (Finance ministries, donors, private investors). These stakeholders have adequate financial knowledge and well-defined decision-making authority over the allocation of the funds which they have access to, but in the vast majority of cases they are not aware of the importance of sustainable forest management in achieving the goals which their financing is aiming to reach (notably with respect to the multiple values of forests or the potential contribution of forests to rural livelihoods and development).

- **Stakeholders from other connected sectors** (environment, agriculture, energy, transport, tourism). Stakeholders from these sectors do not necessarily have knowledge either in sustainable forest management or finance. Among this category, stakeholders

are unlikely to be aware of the role (either positive or negative) that they have in forest financing, and among other issues, communication packages should make them aware of this dimension of their activities.

- **Academics and researchers**. Whilst the communication products aimed at the three types of audiences above should take the form of easily accessible information (see below), articles published by research centres or think tanks (such as CIFOR and Rights and Resources Initiative) and/or by peer-reviewed journals might be more appropriate for this type of audience. In terms of baseline awareness levels, this category breaks down according to their sector (forest, finance, other).

The four workshops of Component II will have increased the awareness levels of the participants, but these are limited to two per country (one from the forest sector, one from outside the forest sector). The task of these participants will be to provide initial feedback to the network they initiated through national preparatory meetings, which in turn will prepare members of the network to the products of the SFM financing communications strategy of Component III. Appendix 17 also expands on this issue.

123. *Communication materials:* Again, a certain amount of flexibility needs to be retained in this section as communication professionals hired as part of Components II and III are supposed to contribute analysis defining target groups and designing tailor-made communication measures as well as provide additional advice. However, at this point in time, it would appear advisable to invest in a mix of communication materials, including (and not excluding others) the following initiatives based around an SFM financing strategy:

- A SFM financing communications strategy **webpage** on SIDS and LFCCs that would house all known publications (or at least links or references to them) and information sources on the issue. It will also sever as a platform where the members of national and international forest financing networks initiated through this project may interact, share experiences, links and publications. This webpage will be on the UNFF website.

- A set of **information packages** aimed at the different audiences mentioned above (forest, finance, and other sectors), building on their baseline awareness of forest financing. These information packages would include a series of policy briefs and/or leaflets on different aspects of forest financing. These will take into account issues specific to women and indigenous groups. Some aspects would be more geared toward LFCCs (such as combating desertification, increasing the importance of forests in the national agenda) whilst others would be better adapted to SIDS (e.g., the role of forest financing in adapting to sea-level rise, and the role of forests in vulnerable economies). However, since no issue is uniquely specific to one category of country, the information packages would not be labelled as such. These information packages would be made available in electronic form on the website mentioned above.

- At least one **publication** aimed at an academic audience, that would take the form of a publication by a think tank or research centre (CIFOR, Rights and Resources Initiative, IIED, etc.) or if possible a peer-reviewed journal article.

124. *Identification of languages for communications:* national stakeholders cannot be assumed to speak English. The languages used for these communication products will, wherever financially possible and deemed most relevant, be available in English, Spanish, French, Russian and Arabic. These five languages cover almost all SIDS and LFCCs. Those publications which focus primarily on issues relevant to LFCCs could be translated into English, French, Russian and Arabic, whilst those relevant to SIDS could be translated into English and Spanish.

125. **Outputs and deliverables**:

- Potential solutions on SFM financing in SIDS and LFCC countries disseminated. CIII.a
- Networks of stakeholders that have been initiated under Component II are strengthened and sustained. CIII.b
- Concluding project report with concrete lessons learnt for dissemination submitted. CIII.c.
- SFM financing communications strategy webpage on SIDS and LFCCs initiated and maintained on the UNFF website. CIII.d.
- A SIDS-LFCC forest financing and communications strategy and 4 regional forest financing strategies (1 per workshop) delivered, including in the form of policy briefs and publications. CIII.e
- All SIDS and LFCCs report on progress in forest financing in their national reporting for UNFF11 (2015). CIII.f

126. **Overarching project partnership strategy**. Partnerships have already been established both formally and informally through the Facilitative Process (FP) of which this project is part. FP partners include relevant intergovernmental organisations that already work on forest financing issues such as FAO, the UNCCD Secretariat and the Global Mechanism of the UNCCD, and ITTO. A Memorandum of Understanding has already been established with the UNCCD Secretariat and the Global Mechanism, whereby the latter shall support the implementation of the Facilitative Process and its projects wherever possible. Both institutions have expressed interest in providing additional experts to the 4 inter-regional workshops of Component II at their own expense, which will be counted as co-finance.

127. As part of the Facilitative Process, this project feeds into the Ad Hoc Expert Group (AHEG) on Forest Finance by providing data and information necessary for the AHEG to make strategic recommendations at policy level to the UNFF on forest financing. The Facilitative Process also reports directly to the UNFF; this project can thus influence intergovernmental policy-making on forests. As stipulated in the UNFF9 Resolution, members of the CPF have also been invited to support the Facilitative Process, including this project. Many CPF members are already partners (see paragraph above).

128. Additional relevant intergovernmental organisations and programmes shall constitute important stakeholders, notably in the 4 inter-regional workshops of Component II. These include the institutions relevant to REDD+ (especially the FCPF and UN-REDD), but also intergovernmental donors focusing on REDD+ and SFM more broadly, such as the GEF, the World Bank and UN Agencies involved in SFM and forest financing.

3.4. Intervention logic and key assumptions

129. In many SIDS and LFCCs, forests do not sit high on the political agenda and the visibility of the need to increase forest financing in these countries thus remains limited. The rationale behind intervention in these countries through these projects lies in the main observation that (i) collecting data on need and opportunities towards (SFM) forest financing in LFCCs and SIDS, (ii) testing data and exchanging views with national and international stakeholders through a series of workshops; and (iii) devising a SFM financing communication strategy, and partly implementing this through project support, will not only increase the importance of forest financing in the eyes of targeted decision makers, but will also promote the appropriation of the findings of this project.

130. The following observations which underlie this project are largely based on the findings of the studies commissioned as part of the first component of the project:

131. **Observation 1:** financial resources exist "out there" that are currently not being tapped into, either because they have not been identified or because potential recipient countries do not have the human resources or expertise to access them. In other words, the absorption capacity of financial resources for SFM is not being utilised fully, thus preventing more effective implementation of SFM.

132. **Observation 2:** the lack of commitment and political visibility of both forest financing and SFM is a key obstacle to forest financing in SIDS and LFCCs.

133. **Observation 3:** the lack of communication, let alone collaboration, between sectors on the issue of SFM, its prospects for enhanced financing, and its implementation is a key obstacle to forest financing in SIDS and LFCCs, and possibly beyond.

3.5. Risk analysis and risk management measures

134. Every project has risks and threats. In the planning of the project these have been dealt with in two ways. First, the table below gives an overview of risks that could arise. Secondly, in the Chapter on Project Implementation above (Chapter B.1.2) each Component has been analyzed on Challenges, and possible mitigation measures have been identified and looked into.

Risk	Level	Mitigation
The consequences of the SFM financing decline are not immediately noticeable and commitment is not easily mobilized. This is due to readiness of markets, politics, frameworks and high competition for ODA (esp. during financial crises), and the lack of political visibility of forests – which is particularly the case in SIDS and LFCCs.	M	The project targets concrete outcomes during the short period. However the targeted mechanisms will sustain beyond the project time-plan as it builds on awareness creation, identification of good replicable examples and the initiation and support of emerging networks on national, regional and international levels. However, the project results will probably benefit from a second project phase to be developed and implemented.
Some national and local capacities may be weak and project findings therefore might not be translated into adequate actions.	H	Identification of the specific needs of the countries is undertaken in Component II (through national preparatory meetings, with potential solutions discussed during the inter-regional workshops) to be communicated in Component III. The strategies developed must be on a need-based level so that ownership is strong enough to tackle the gaps independently.
The continued commitment of some governments may not be guaranteed after project ends – a risk especially high in SIDS and LFCCs given the lack of political visibility of forest-related issues.	H	The project seeks to provide practical solutions and tries to ensure that national administrations and stakeholders are involved in the project on the highest possible level. The project will also build its SFM financing communications strategy in a way that attracts participation, interest, and ownership. Also, it will encourage countries to prioritize SFM and SFM financing to be included in national forest policy, strategies and plans.
In many of the targeted 78 countries there are weak financial resources and institutional structures in place to support development towards SFM.	M	The project will through the design and implementation of the four inter-regional workshops encourage establishment of working relation between international organisations, donors engaged in forestry ODA and the countries represented. This will mitigate this risk and lead to new cooperation possibilities in favour of SFM and SFM financing.
Some countries might be concerned that increasing financing flow for SFM will compete with existing financing priorities and donor commitments to other activities in the country. Such concern might lead to reluctance to	M	The project will identify a key focal point in each country that does not yet have one. One criterion for selection will be the insight in and capacity to influence policy makers and involve stakeholders. The mechanism described above of creating common stands between national and donor representatives

participate in the project.		will further reduce this risk. The structure of the project as well as the GEF support will also build in a process which will evolve and lead to increase awareness and strengthen capacities of SIDS and LFCCs to address SFM funding gaps. Emphasis will also be placed on the focus of exploring innovative approaches on financing and the effective use of existing sources of funding for SFM.
Local and national ownership and participation is weak.	M	National preparatory meetings have been added within Component II to ensure that local and national ownership is guaranteed. Lessons learned from these meetings will be shared with participants of the inter-regional workshops in order to ensure national and local ownership.
The project deals with theoretical issues at the global level and does not reach practical implementation in SIDS and LFCCs where conditions are very particular (economic vulnerability, arid or semi arid conditions with few economic opportunities for forests, etc.)	H	The project is set out to integrate all levels (local/national, inter-regional, regional and international) and feed from top to bottom and bottom to top. Part of the project strategy is to define key target groups/ stakeholders to make the process more relevant also at the local/national level. Special attention will be paid to issues that particularly affect SIDS (e.g., geographical isolation, small size, economic vulnerability) and LFCCs (small or non-existent forest sector but high political visibility of the issue of desertification).
Potential of climate change to impact project objectives by altering volumes and value of ecosystem services such as water supply or biodiversity (-based products) through ecological changes in the forests.	M	The project indirectly supports increased numbers and practices of SFM. SFM practices enhances resilience to climate change of both the natural systems as well as human populations involved

3.6. Consistency with national priorities or plans

135. The project targets 78 countries worldwide, namely those countries which fall into two categories – 39 small island developing states (SIDS) and 48 low forest cover countries (LFCCs). The situation in the countries describes both a diversity of reasons for the limitation of forest distribution as well as a highly varied set of institutional and legal frameworks inhibiting the implementation of SFM. There are few good examples of financing SFM and the frameworks supporting financing mechanisms for SFM are often sporadic and weakly implemented.

136. During the preparation of this project a number of studies were carried out in order to paint a clear picture of the situation. The following paragraphs summarise the situation for forest financing with regard to national country strategies and international conventions.

137. National Strategies: The relationship between the project and national strategies. The project selected two groups of countries: SIDS (Small Island Development States) and LFCCs (Low Forest Cover Countries). During the preparation of the project a number of baseline studies were conducted to collect facts and to better describe the possibilities and obstacles in SFM and particularly in SFM financing. For seven out of the 78 countries a nationwide study was carried out and reported on, describing the situation at the national level. Among the seven countries were Cape Verde, Fiji and Trinidad & Tobago (for SIDS) - and Jordan, Kyrgyzstan, Mali and Uruguay (for LFCCs).

138. Furthermore, two macro-level baseline studies were carried out in each of the two country groups: one LFCC study containing an overview of SFM followed up by one study focusing more on the SFM financing. The two SIDS studies followed the same structure. These studies build on data collected from all the 78 countries. The information and data quality varies substantially between countries both when it comes to reliability but also availability.

This demonstrates how challenging SFM financing is: raising funds for a sector that cannot provide and argument with reliable data is a challenge. Nevertheless, the reports give a good overview of the role (economical, ecological and social) of forests on a national level and how they were (or not) integrated in the respective national policy frameworks.

139. Based on the findings of the baseline studies carried out for Component I, a number of conclusions can be made from the eleven studies:

- Forest cover and the role of forests vary substantially between the countries. In most of them forests contribute to local and basic human needs such as fire wood/charcoal while industrial usage (paper pulp) is less pronounced. Most national poverty reduction strategies bring up forests and forest management as key factors related to livelihoods for local people. The ecological services provided by forests in relation to biodiversity, desertification and climate change are often – but not always – reflected in the respective national action plans and in the fulfilment of obligation related to international conventions.
- The fact that many of the targeted countries do not even have or are not implementing any national forest policy is of course affecting the opportunities to encourage SFM, let alone mobilize funding for SFM. This constitutes one main challenge for this project and will require serious consideration on how to raise awareness and commitment for financing SFM.
- Another main challenge is the role that forests play. As mentioned above the main role in the targeted countries seems to be local and meeting local and non-cash needs such as firewood. This in turn means that the economic value of forests cannot easily be captured and does therefore not appear as a factor of importance in national documents presenting economic growth, GNP or similar.
- The lack of reliable data should however not threaten the process for immediate and sustainably enhanced support for SFM and SFM financing in SIDS and LFCCs. One of the great risks lies in the fact that the consequences of declining SFM funding are not immediately noticeable. It is therefore very important to identify, communicate and build awareness on mechanisms that can support increase in SFM itself but also finding a variety of financing mechanisms that can contribute forest support to local livelihoods, economic development and ecosystem services on all levels (local, national, international). The studies show that there is an urgent need for both improved SFM and increased SFM financing in many of the SIDS and LFCC countries.

140. An overview of the 78 countries' national strategies revealed that although forests are not a priority *per se*, forest financing remains fully in line with the national country strategies. In a large number of cases, forests themselves are not mentioned in national development strategies or poverty reduction strategy papers. Preliminary results from Component I's seven country case-studies confirm these observations:

- **Cape Verde**'s most recent Strategy Document on Growth and Poverty Reduction (GPRSP II, 2008) includes a section on environmental issues but fails to mention forests. However, it states that "Conservation and development of ecosystems of the islands of Cape Verde and valorization of natural resources will constitute a central concern of the Government, which should translate into a horizontal policy orientation, in consultation with the other sector policies".
- **Fiji**'s poverty reduction strategy paper does not mention forests either, but the country also published a Forest Policy Statement in 2007 where forest financing is described at length in section 6.

- **Jordan**'s national priorities as set out in relevant policy documents do not mention forests, and even the country's forest policy document has never gone beyond draft status.
- **Kyrgyzstan**'s Poverty Reduction Strategy Paper underlines the need to promote the development of the micro-processing industry and includes a state reforestation programme.
- **Mali** mentions forests in its MDG report and in its Poverty Reduction Strategy Paper where the role of agroforestry in rural livelihoods is emphasised, as well as the importance of fuel wood as a source of energy.
- **Trinidad & Tobago**'s National Strategic Plan mentions the need to "Promote sustainable resource use and best practices in forestry: maintain the forest cover, reforest, and promote community ownership and cooperation for the protection of environment".
- **Uruguay** mentions forests in its MDG report. It also has a comprehensive range of forest-related policies which mention forest financing on a recurring basis.

This further illustrates the lack of political visibility of forests and forest financing in many of these countries. However, this does not mean that forests are irrelevant with the countries' development strategies. A majority of these strategies refers to at least one forest function as a national priority, such as clean water, preventing erosion or combating desertification, reducing carbon and other greenhouse gas emissions, and above all improving rural livelihoods and local development. In so doing, forests can be highlighted as contributing to reducing poverty and promoting development, and forest financing highlighted as one of the main ways of implementing sustainable types of forest management that will achieve this goal.

141. This paradox (absence of forests from national development strategies despite their contribution to many of the strategies' components) partly stems from the fact that many of the values of forests, and their ecological, social and even economic contributions, do not enter any recognised markets and are thus never translated into financial terms. As a result, much of the benefits that people get from forests are never taken into account and forests end up undervalued. This might also explain why forest financing is so low, given that decision-makers do not always consider forests as an important component of national development to invest in.

142. It is considered important to establish project links to the process and UN country teams (UNCT), in countries where applicable, on the integration of project results and recommendations into scheduled UNDAF roll-outs (period 2011-2013). For each country where this is applicable a year has been indicated in the project country list in Appendix 17.

3.7. Incremental cost reasoning

143. The value added through GEF financing in the project can be demonstrated through incremental reasoning. Below, two alternative scenarios, one without GEF intervention (scenario 1) and another with GEF intervention (scenario 2) are outlined.

Scenario 1 - Business as Usual and no GEF intervention:

144. Current financing gaps on SFM have been studied before. The reports from Component I indicate certain defined patterns but also confirm that data is unreliable and sometimes not available. This means that there is still not sufficient in-depth understanding of the underlying causes of the decline in SFM financing.

145. 1) A report commissioned in 2008 by the CPFs' Advisory Group on Finance, entitled "Financing flows and needs to implement the Non-Legally Binding Instrument on All Types of Forests", already provided a global perspective on external (rather than domestic) financing patterns for SFM. Reports from Component I of this project confirm that there is a substantial decrease in funding and insufficient resources mobilised for establishing SFM as a functional mechanism in the targeted LFCC and SIDS countries.

2) This conclusion motivated the UNFF Secretariat to initiate this project. A large part of co-financing provided by UNFFS has been allocated to Component I of this project, with focus on the countries included in SIDS and LFCCs. The emerging understanding of the mechanisms and opportunities for mobilising funding for SFM risks to remain unconfirmed at the national level nor validated and discussed by stakeholders from sectors dependent on forests and forestry. The anchoring of the findings among key policy and decision makers and their expected action to follow will probably not take place.

146. 3) Even if part of the data have been provided through Component I it can be estimated that the impact of this project on the state of financing SFM in both SIDS and LFCCs is likely to be much more limited if the two remaining components are not implemented. The result is likely to be restricted to reports rather than action creating change, including national ownership in consultation on the way forward. The decline in SFM financing is less likely to be reverted, leading to a greater probability of countries maintaining less sustainable practices in the use and management of forests and their resources, which could lead to greater deforestation and forest degradation.

4) The reports produced so far also indicates that the fewer forests a nation has or the more remote a nation is in relation to forest product markets, the more difficult it is to attract donors and external support to establish SFM. The presence of a GEF fund will improve the opportunities for a nationally anchored dialogue with key stakeholders. The absence of a GEF grant would thus greatly reduce the project's ability to potentially revert all the social, economic and environmental impacts such as deforestation and forest degradation and including loss of productivity, increased food and water insecurity, displacement of populations, and losses of other ecological goods and forests services related to climate change mitigation.

147. **To Conclude**: In absence of GEF financing, insufficient awareness on needs, obstacles, and funding opportunities and mechanisms will remain a critical missing element for countries to improve their SFM finaning situations. Moreover, lack of GEF involvement may contribute to poor political and private sector commitment to tackle the funding challenge for SFM . The situation in the majority of countries is such that without monetary contribution or policy support, resources will not be available for SFM which in turn will negatively affect both local and indigenous people, their livelihoods and economic development as well as ecological services including climate change mitigation.

Scenario 2 – Alternative Scenario with GEF Involvement:

There are a number of added values related to the involvement of GEF in this project. Some of these are:

148. 1) With GEF involvement the project will enable SIDS and LFCCs to better identify opportunities for enhanced funding for SFM. This will be done through provision of tailor made information, dialogue and experience sharing and lessons learnt during the inter-regional workshops. These workshops will give the participants insights into new approaches to address funding gaps as well as communication means to reach key stakeholders, including policy makers and potential funding agencies/mechanisms. The

impact will improve institutional frameworks leading to increased awarness of innovative approaches on financing for SIDS and LFCCs. Selected communication activities, in accordance with the SFM financing communications strategy could also help to identify new financing oppportunities towards SFM in LFCC and SIDS countries. Specifically the reforestation and afforestation of drylands will be better addressed. As a consequence the opportunities for better contribution to GEF Strategic Areas such as Biodiversity and Land Degradation will increase in the targeted countries. In the long run this will lead to improved conservation of forest and savannas biodiversity, reduction of negative impacts of land degradation, such as poverty, invasive species, carbon emissions, and shortages in water resources, to mention a few.

2) GEF funding will also enable the project to initiate networks with key stakeholders in SIDS and LFCCs on forest financing, both at national and regional levels. At the national level, such a network will open communication channels between ministries to overcome the problem of sectoral isolation (notably between forests and finance, but also agriculture, energy, transport and tourism), but also with NGOs, the private sector, academics and any other relevant stakeholder. At the regional level, a network would allow stakeholders to continue exchanging experiences and lessons learned, even after the current project comes to an end, and promoted South-South cooperation on SFM financing.

3) The GEF's involvement in the project sends strong signals to national governments, authorities and not least to donors and other stakeholders supporting forests and SFM. This in turn will strengthen the opportunities for policy changes as well as supporting external funding thus taking first and important steps towards the implementation of SFM financing in the targeted countries. The presence of GEF will also support identifying new opportunities in the maintenance of global forest public goods and ecosystem services in SIDS and LFCCs.

4) The way the project is designed will also help integrate the components of a SFM financing communications strategy into national policy, providing a cross-sectoral focus to promote a better understanding of the multiple co-benefits that forests provide. To strengthen this, the project will help to generate a better appreciation of the environmental, economic and social co-benefits that forests offer in terms of mitigating and adapting to climate change, protecting biodiversity and combating land degradation, among other benefits. Identifying opportunities which target the generation of new sources of income will also be an important impetus for widening the area of SFM and will be of particular importance for community groups and indigenous peoples who have not been able to compete in conventional markets for timber products, water resources or eco-tourism revenue, to mention a few. In this regard, it will also make the relationship between SFM, PES, certification as well as REDD+ more explicit. However, this requires implementation of the project which in turn can only be facilitated through GEF presence and financing support to the project.

5) GEF also plays a catalytic effect among other institutions and conventions focusing on forestry and natural resources management. As a member of the CPF, the GEF's involvement will also help to communicate key findings of the project to relevant audiences and thereby strengthen the impact of the project within and beyond the targeted countries. The GEF presence will also foster a coordinated approach in addressing SFM and SFM financing challenges among CPF members and other crucial fora.

6) Ultimately, facilitating forest financing in SIDS and LFCCs will contribute to forests providing a range of goods and services to rural populations, thus making significant **economic and social contributions** to all targeted countries. Increasing funds for SFM means better implementation of SFM, which in turn means that rural populations, especially those near forests, have access to clean water (both for drinking and agriculture), and to forest products such as timber for shelter and medicine. SFM is also a powerful tool against desertification in arid and semi-arid areas (LFCCs), and against coastal erosion due to sea-level rise (SIDS) Beyond rural communities, the timber industry will have a renewed source of timber to extract and trade; cities will have access to drinking water, and where relevant, fuelwood. On a global scale, implementing SFM will contribute to carbon storage and mitigating climate change.

149. **To conclude:** With GEF involvement the project can be implemented successfully and contribute to increased policy interest towards financing for national SFM programs, legislation and governance. The impact will also contribute to increased confidence and interest in direct investments as GEF through name and reputation gives an improved status to the project. This will in turn lead to further awareness and capacity building opportunities for SIDS and LFCCs, also for the financing of forests outside protected areas, as well as the restoration of forests, and reforestations of drylands. Finally as the project design builds on an integrated approach to forest management, GEF support will facilitate a broader sector representation in SFM processes in the targeted countries.

The incremental costs and benefits of the proposed project are summarized in the incremental cost matrix (Appendix 3). Baseline expenditures amount to US$ 2,203,750 while alternative has been estimated at US$ 4,153,750. As such an incremental cost of the project, US$ 1,950,000 is required to achieve the project's global environmental benefits. Of this amount US$ 950,000 (representing 48.7 %) is being requested from GEF. The remaining amount of US$ 1,000,000 (51.3 %) of the total cost will come from the co-finance contributions. This figure includes both in-kind and cash contributions..

3.8. Sustainability

150. As mentioned in section 3.5 above, there remains a risk that the continued commitment of national stakeholders and decision-makers to this project may not be sustained once the project comes to an end. In order to overcome this potential obstacle, the project includes a number of safeguards, notably to ensure that national stakeholders involved in the project are those with strategic decision-making powers – not necessarily placed high in the hierarchy, but with sufficient leverage to influence decision-making processes. Not only will these stakeholders be informed of the findings of the project, but they will also participate in data production and verification, particularly in Component II (the four workshops). Sustainability of the project will also be increased through the creation of forest financing stakeholder networks as mentioned in the section above. Finally, expertise gained at the level of the UNFF Secretariat will enable UNFF staff to remain at the disposal of member states to provide advice and information on forest financing after the end of the project.

151. This method of stakeholder participation and involvement in the project not only aims to test the reliability of data to be collected under Component I, but also to provide these stakeholders with a sense of partial ownership of the project, which will encourage them to take measures to implement the findings and recommendations in their countries, even after the project has come to an end.

152. In addition, the UNFF and the project Communications specialist shall initiate a dialogue with national focal points of Member States. This way, channels of communication remain open between the UNFF Secretariat, which is executing this project, and national focal

points who will have contributed to this project, thus ensuring greater sustainability of the project on the long term. Finally, depending on additional funding, the UNFF Secretariat will follow up on this project by fulfilling other functions of the Facilitative Process in SIDS and LFCCs.

153. The main deliverable of Component III – an SFM financing and communications strategy – will enhance sustainability for the project in two ways. First, it will provide elements on an advisory basis for SIDS and LFCCs to pick up on when revising policies related to forests (within and outside of the forest sector). Secondly, it will provide valuable information applicable to other categories of countries targeted by the Facilitative Process (high forest cover countries, medium forest cover countries, high forest cover, low deforestation countries, Africa and Least Developed countries) which will be involved in future activities of the Facilitative Process.

154. All SIDS and LFCCs will be required to include a description of progress made in forest financing in their country reports for the 10th Session of the UNFF planned in 2015.

3.9. Replication

155. The Resolution on the Means of Implementation of sustainable forest management adopted at the special session of the ninth session of the UNFF states that the Facilitative Process, of which this project is part, to "tak[e] into account the special needs and circumstances of Africa, the least developed countries, low-forest-cover countries, high-forest cover countries, medium-forest-cover countries, high-forest-cover low-deforestation countries and small island developing states".

156. As such, this project is the first of a series to identify gaps and needs as well as challenges and opportunities to forest financing in different categories of countries. The Federal Republic of Germany has already accepted to finance the next project of this kind which will focus on Africa and Least Developed Countries. The findings and experience gained with this project will thus be invaluable to the implementation and success of the upcoming projects of the Facilitative Process.

3.10. Public awareness and communications strategy

157. The entire third component of this project (see section 3.3) shall be devoted to setting up a SFM financing communications strategy based directly on the findings of Components I and II, and adapted to the different types of stakeholders targeted, in particular (i) national forest sector stakeholders, (ii) national non-forest sector stakeholders, and (iii) donors. Given that these stakeholders have varying levels of prior expertise with respect to forest financing and SFM, care will be taken to make the technical complexity of the project's findings accessible to all. This means that the wider public will also be able to access information with minimal difficulty, especially as all results will ultimately be available on the UNFF website. Additionally through UNFF global network of focal points, partner agencies, as well as ongoing public awareness and information services programs, the findings of the project will receive a wide dissemination, specifically to the participating SIDS and LFCC countries.

158. Given the difficulties in establishing baseline awareness levels during the PPG, the project will put resources during the first months of the project implementation, specifically during the regional workshops, towards setting the baselines of the logframe indicators related to this.

159. Section 3.3 and Appendix 17 provide the main elements for the project's strategy on public awareness and communications strategy.

3.11. Environmental and social safeguards

160. Environmental and social safeguards systems and analyses ensure understanding of a project's impact on the social and environmental context in which the project is to be executed. The purpose of the analysis is thus to identify negative impacts and describe the possibilities to minimize or mitigate these negative impacts.

161. In the case of this specific project the overall ambition is to strengthen SFM through increasing understanding and awareness about SFM and the financing needs. SFM itself is targeting sustainability and aims to maximize the ecological and environmental benefits and to minimize the socio-economic impacts of forestry operations, both on site and beyond the project boundaries. The approach includes both direct and local environmental and social impacts as well as wider global impacts in terms of GHG emissions, climate change and biodiversity. The format for and principles of SFM has been developed through wide stretching consultations with stakeholders and experts in the field of environmental management, ecological services and includes social dimensions related to indigenous people, gender and respect for the local societies and their sustainable use of forest resources.

162. The social and environmental impact of this project will be the strengthening of SFM applications in the targeted countries. Positive impact on environmental and social values or ecological services delivered by forests and SFM created are thus expected. Further Environmental and/or Social Impact Assessments are therefore not required for this project. A summary of UNEP checklist on Social and Environmental Risks has been developed and will be provided to GEFSEC separately.

SECTION 4: INSTITUTIONAL FRAMEWORK AND IMPLEMENTATION ARRANGEMENTS

163. The GEF Implementing Agency (IA) is UNEP, while formally the lead Executing Agency (EA) is UNDESA, it is represented by the United Nations Forum on Forests Secretariat (UNFFS) on day to day project execution.

164. The complexity of the project and the relative short time for its execution requires effective project management. The need for close collaboration and sharing of experiences also puts pressure on the project to both create a project management structure to make the 78 countries engage as requested in the project plans, according to the LFA.

165. The institutional arrangements have been based on the PPG preparation process as well as UNFFS's experience in working with its many country partners. The UNFFS is assigned the responsibility to execute the project in accordance with objective, outcomes, outputs and deliverables as described in this document and specifically the Results Framework (or LFA) in Appendix 4. UNEP will be the GEF IA with the responsibility for technical oversight and monitoring the quality of project implementation and management, as well as to ensure consistency with the GEF and UNEP policies and procedures. UNEP will also enable that the project is coordinated with related UNEP and GEF funded activities.

166. It is the responsibility of UNFFS to cooperate fully with UNEP in order for UNEP to effectively play its role as IA versus GEF. UNEP shall have free access to all documentation and information gathered during the project.

167. A project management unit (PMU) will be set up within UNFFS where one staff member will be assigned the role of Project Manager. She/he will be assisted with relevant administrative and financial management resources in accordance with the Budget (Appendix 1). This means that the Project Manager will work part time in the project and

will be supported by one administrator/ financial manager and one Secretary – both on part time assignment for the project.

168. The Project Manager will have the overall responsibility of mobilising the project resources and seeing that the project is initiated and executed as efficient as possible following the agreed project design, as well as to mobilize country and regional project partners, compile and disseminate lessons learned, apply adaptive management, and function as a facilitator on actions to be taken in the involved countries. The Project Manager shall prepare annual detailed work plans and budgets, get these approved annually by the International Steering Committee (ISC) members (see Appendices 10 and 11), and see that the project execution includes proper financial management, timely delivery of outputs and deliverables, and at the same time encourage the relevant national focal points to be fully engaged in the project.

169. In addition, on a daily basis the project manager will work with consultants wherever relevant in the execution and production of all outputs of the project, including the preparation, organisation and smooth running of workshops, from the logistics, and the completion of all communication products for Component III, as described in Appendices 10 and 11. The project manager will be assisted in these functions by the Project Management Unit composed of UNFF Secretariat staff members. For the workshops, the Project Manager, with assistance from the Project Management Team and local and international consultants, will be responsible for organizing both the logistics and substantive details of all 4 workshops, including ensuring that all outputs and outcomes are met. Administrative and financial details will be primarily fulfilled by the Project Management Unit, in collaboration with local partners as follows:

- Iran: UN Country Team (UNCT)
- Niger: West African Sub-Regional Office of the Economic Commission for Africa (ECA)
- Trinidad & Tobago: Sub-Regional Headquarters for the Caribbean of the Economic Commission for Latin America and the Caribbean (ECLAC)
- Fiji: Pacific Operations Centre of the Economic and Social Commission for Asia and the Pacific.

170. As much as the process builds on active participation on national level the Project Communications specialist will as early as possible set up a SFM financing communications strategy linked to the UNFF website. The format for this "platform for dialogue and sharing of lessons learned" has not been decided here but will require urgent and rapid response from the Project Manager in order to stimulate dialogue and thereby improve the outcomes of the Inter-regional workshops. To further strengthen engagement and involvement at national level the Project Manager as well as the Communication specialist shall initiate a dialogue with the SIDS and LFCC countries in order to identify national Focal Points for the project.

171. Bearing in mind the nature of the project it is suggested that the Project Manager reports progress within the UNFFS as well as to UNEP and the ISC. It is suggested that the reporting with/to countries is managed in a concise and effective way, however the semi-annual progress reports to UNEP will follow the standard procedures and templates of UNEP. For the guidance of the project it is especially important to note that all actions and measures should strengthen the linkage between the project and the GEF objectives - the Biodiversity and the Land Degradation priority areas in particular.

SECTION 5: STAKEHOLDER PARTICIPATION

172. A number of stakeholders were already consulted during the implementation of the project preparation grant. In particular, in each of the seven case-study countries, forest financing stakeholders took part in a one-day brainstorming workshop to assist in providing data.

173. The second component will revolve around full stakeholder participation at two levels. First, national preparatory meetings in countries participating in this project. These will bring together a number of forest financing agencies and program staff, and government agencies directly or indirectly involved or influencing the fate of forests in their respective countries, as well as other stakeholder groups such as resource users This way the process will be the basis in creating (informal) national networks as well as act as the immediate mechanism to exchange views on the studies compiled during Component I. Secondly, each countries will send two representatives to one of the four inter-regional workshops to be held in Iran, Niger, Trinidad and Tobago, and Fiji. Care will be taken to seek representatives from a range of sectors rather than focusing solely on the forest sector, for the reasons explained in section 2.4 above. The workshops will target mainly professionals rather than high-level elected officials so as to ensure greater sustainability of the project over the long term. Although professionals are not those who carry out the policy-making, they largely contribute to influencing it and have the advantage of staying in the profession longer than elected officials. Targeting experts thus increases sustainability over the long term. Wherever possible, elected officials will also be included, notably during the inter-regional workshops.

174. Overall, given the importance of raising awareness, of seeking a sense of participation and of creating networks, stakeholders involved are the primary targets of this project. This is why their participation is essential to this project, and why the latter is different from merely carrying out a series of studies. The consultations with experts and reviews by broader forums at the national level are not only aimed at collecting data; their objective is also to involve targeted stakeholders so that these may ensure greater sustainability of the project. Section 2.5 offers an indicative list of stakeholders to be involved.

SECTION 6: MONITORING AND EVALUATION PLAN

175. The project will follow UNEP standard monitoring, reporting and evaluation processes and procedures. Substantive and financial project reporting requirements are summarized in Appendix 6. Reporting requirements and templates are an integral part of the UNEP legal instrument to be signed by the executing agency and UNEP.

176. The project M&E plan is consistent with the GEF Monitoring and Evaluation policy. The Project Results Framework presented in Appendix 4 includes SMART indicators for each expected outcome as well as mid-term and end-of-project targets. These indicators along with the key deliverables and benchmarks included in Appendix 6 will be the main tools for assessing project impacts as well as implementation progress. The means of verification and the costs associated with obtaining the information to track the indicators are summarized in Appendix 7 (Costed M&E Plan). Other M&E related costs are also presented in the Costed M&E Plan and are fully integrated in the overall project budget.

177. The M&E plan will be reviewed and revised as necessary during the project inception workshop to ensure project stakeholders understand their roles and responsibilities vis-à-vis project monitoring and evaluation. Indicators and their means of verification may also be fine-tuned at the inception workshop. Day-to-day project monitoring is the responsibility of the project management team but other project partners will have responsibilities to collect

specific information to track the indicators. It is the responsibility of the Project Manager to inform UNEP of any delays or difficulties faced during implementation so that the appropriate support or corrective measures can be adopted in a timely fashion.

178. The International Steering Committee will receive periodic reports on progress and will make recommendations to UNEP concerning the need to revise any aspects of the Results Framework or the M&E plan. Project oversight to ensure that the project meets UNEP and GEF policies and procedures is the responsibility to the Task Manager in UNEP-GEF. The Task Manager will also review the quality of draft project outputs, provide feedback to the project partners, and establish peer review procedures to ensure adequate quality of scientific and technical outputs and publications.

179. Baseline data gaps will be addressed during the first two months of project implementation. A plan for collecting the necessary baseline and monitoring data is presented in Appendix 7. The main aspects for which additional information are needed are (i) baseline awareness levels of target groups, and (ii) reliability and validity of the data from the 7 country case-studies of Component I in the 71 remaining SIDS and LFCCs which have not yet been studied in detail.

180. Project supervision will take an adaptive management approach. The Task Manager will develop a project supervision plan at the inception of the project which will be communicated to the project partners during the inception workshop. The emphasis of the Task Manager supervision will be on outcome monitoring but without neglecting project financial management and implementation monitoring. Progress vis-à-vis delivering the agreed project global environmental benefits will be assessed with the International Steering Committee at agreed intervals. Project risks and assumptions will be regularly monitored both by project partners and UNEP. Risk assessment and rating is an integral part of the annual Project Implementation Review (PIR). The quality of project monitoring and evaluation will also be reviewed and rated as part of the PIR. Key financial parameters will be monitored quarterly to ensure cost-effective use of financial resources.

181. An independent terminal evaluation will take place at the end of project implementation. The Evaluation and Oversight Unit (EOU) of UNEP will manage the terminal evaluation process. A review of the quality of the evaluation report will be done by EOU and submitted along with the report to the GEF Evaluation Office not later than 6 months after the completion of the evaluation. The standard terms of reference for the terminal evaluation are included in Appendix 9. These will be adjusted to the special needs of the project.

182. The GEF tracking tools are attached as Appendix 15 including the baseline situation at start of the project. These will be updated at mid-term and at the end of the project and will be made available to the GEF Secretariat along with the project PIR report. As mentioned above the mid-term and terminal evaluation will verify the information of the tracking tool.

SECTION 7: PROJECT FINANCING AND BUDGET

7.1. Overall project budget

183. The overall project budget is given in **Appendix 1**, with a summary given in the following table:

PROJECT FRAMEWORK			
Focal Area	***GEF Grant Amount***	***Cofinancing***	***Total***
COMPONENT I	0	571,186	571,186
COMPONENT II	607,734	189,200	796,934
COMPONENT III	236,766	119,614	356,880
COMPONENT IV	20,000	20,000	40,000
COMPONENT V	85,500	100,000	185,500
Total Project Costs	**950,000**	**1,000,000**	**1,950,000**

7.2. Project co-financing

184. The sources of confirmed co-financing for this project are as follows, and detailed in Appendix 2 (see also Appendix 21 for confirmation letters):

SOURCES OF CONFIRMED COFINANCING			
Name of cofinancer	***In kind***	***Cash***	***Total***
UN-DESA	0	189,200	189,200
UNFFS	186,050	0	186,050
UK-DFID	0	624,750	624,750
Total Cofinancing			**1,000,000**

7.3. Project cost-effectiveness

185. The fact that this project focuses on enabling increased financing for SFM actions and approaches, as well as it mainstreaming in government and donor programmes, makes it highly cost-effective. It is constructed on the now widely verified hypothesis that funds exist "out there" to implement sustainable forest management more widely and efficiently that are not being tapped into by recipient countries. This project seeks to understand the reasons where these funds are, and why they are not being used. These reasons fall into two inter-related categories: (i) limited absorption capacity of recipient countries for such funds, and (ii) institutional and technical complexity posed by donors in accessing these funds.

186. Implementing this project is the first step towards unlocking these funds: by identifying gaps, obstacles and opportunities to forest financing in SIDS and LFCCs, the UNFFS and UNEP will make the first step in facilitating access of developing countries to these funds and will thus improve the implementation of sustainable forest management on the long term.

187. In turn, implementing sustainable forest management will stabilise and sometimes enhance the values of forests in SIDS and LFCCs, which include (i) improving livelihoods and their sustainability, (ii) improving ecological services of forests such as preventing erosion and desertification, preserving biodiversity, providing people with clean water, shelter, food and medicine, and (iii) making the contribution of forests to the national economy (through production and trade of timber and non-timber forest products) more sustainable.

APPENDICES

Appendix 1: Budget by project components and UNEP budget lines

Project implementation period:
Reporting period:

UNEP Budget Line for GEF grant		CII US$	CIII US$	CIV US$	CV US$	Total US$	Expenditure by Year 2011 US$	2012 US$	2013 US$	Total US$
1100	**Project personnel**									
1101	Project Coordinator	0	0	0	0	**0**	0	0	0	**0**
1102	Component Coordinators	0	0	0	0	**0**	0	0	0	**0**
1199	Subtotal	0	0	0	0	**0**	0	0	0	**0**
1200	**Consultants**									
1201	Consultant to set up baseline awareness levels	8,000	0	0	0	**8,000**	8,000	0	0	**8,000**
1202	4 National Coordinators	9,000	0	0	0	**9,000**	2,250	6,750	0	**9,000**
1203	SFM experts for SIDS and LFCCs	4,600	0	0	0	**4,600**	1,150	3,450	0	**4,600**
1204	International Workshop facilitator	16,000	0	0	0	**16,000**	4,000	12,000	0	**16,000**
1205	International Forest expert for SFM finance	12,000	0	0	0	**12,000**	3,000	9,000	0	**12,000**
1206	Commmunication expert for website	0	28,000	0	0	**28,000**	0	28,000	0	**28,000**
1207	Communication expert for forest sector, finance sector and non-specialist stakeholders	0	72,000	0	0	**72,000**	0	36,000	36,000	**72,000**
1299	Subtotal	49,600	100,000	0	0	**149,600**	18,400	95,200	36,000	**149,600**
1300	**Administrative support**									
1301	Administrative support	0	0	0		**0**	0	0	0	**0**
1399	Subtotal	0	0	0		**0**	0	0	0	**0**
1600	**Travel**									
1601	Staff travel	112,400	0	0		**112,400**	29,688	82,712	0	**112,400**
1602	Travel for consultants	56,200	0	0		**56,200**	14,844	41,356	0	**56,200**
1699	Subtotal	168,600	0	0		**168,600**	44,532	124,068	0	**168,600**

1999	**Component Total**	**218,200**	**100,000**	**0**		**318,200**	**62,932**	**219,268**	**36,000**	**318,200**
2300	**Subcontracting to commercial organisations**									
2301	Subcontracting Component I studies to Indufor, Oy	0	0	0		**0**	0	0	0	**0**
2399	Subtotal	0	0	0		**0**	0	0	0	**0**
2999	**Component Total**	**0**	**0**	**0**		**0**	**0**	**0**	**0**	**0**
3300	**Meetings/Conferences**									
3301	Steering committee meetings	0	0	0		**0**	0	0	0	**0**
3302	Iran workshop: participants' travel, DSA, equipment, information and dissemination materials	151,530	0	0		**151,530**	151,530	0	0	**151,530**
3303	Niger workshop: participants' travel, DSA, equipment, information and dissemination materials	51,713	0	0		**51,713**	0	51,713	0	**51,713**
3304	Trinidad and Tobago workshop: participants' travel, DSA, equipment, information and dissemination materials	122,189	0	0		**122,189**	0	122,189	0	**122,189**
3305	Fiji workshop: participants' travel, DSA, equipment, information and dissemination materials	64,102	0	0		**64,102**	0	64,102	0	**64,102**
3399	Subtotal	**389,534**	0	0		**389,534**	151,530	238,004	0	**389,534**
3999	**Component Total**	**389,534**	**0**	**0**		**389,534**	**151,530**	**238,004**	**0**	**389,534**
4300	**Premises**									
4301	Office rental	0	0	0		0	0	0	0	0
4399	Subtotal	0	0	0		0	0	0	0	0
4999	**Component Total**	**0**	**0**	**0**		**0**	**0**	**0**	**0**	**0**
5200	**Reporting costs**									
5201	Policy briefs and other publications (printing)	0	47,266	0		**47,266**	0	0	67266	**47,266**
5202	Policy briefs and other publications (translation)	0	25,000	0		**25,000**	0	0	25,000	**25,000**
5203	Policy briefs and other publications (distribution)	0	64,500	0		**64,500**	0	0	64,500	**64,500**
5299	Subtotal	0	136,766	0		**136,766**	0	0	136,766	**136,766**
5300	Sundry									
5301	Programme management costs for DESA	0	0	0	85,500	**85,500**	21,446	45,727	18,327	**85,500**
5399	Subtotal	0	0	0	85,500	**85,500**	21,446	45,727	18,327	**85,500**
5500	**Evaluation**									
5581	Terminal Project Evaluation Consultant (Component IV)	0	0	20,000	0	**20,000**	0	0	20,000	**20,000**

5599	Subtotal	0	0	20,000	0	**20,000**	0	0	20,000	**20,000**
5999	**Component Total**	**0**	**136,766**	**20,000**	**85,500**	**242,266**	**21,446**	**45,727**	**175,093**	**242,266**
99	**Grand Total**	**607,734**	**236,766**	**20,000**	**85,500**	**950,000**	**235,908**	**502,999**	**211,093**	**950,000**

Appendix 2: Co-financing by source and UNEP budget lines

Project implementation period: From June 2011 to May 2013

Reporting period: From June 2011 to May 2013

UNEP Budget Line for GEF grant		GEF Grant	Co-finance			Total co-finance	
		Cash	Cash (DFID)	Cash (DESA)	In-kind (UNFF)	Cash	In-kind
1100	**Project personnel**						
1101	Project Coordinator	**0**	43,224		60,500	43,224	60,500
1102	Component Coordinators	**0**	19,652		50,424	19,652	50,424
1199	*Subtotal*	*0*	*62,876*	*0*	*110,924*	*62,876*	*110,924*
1200	**Consultants**					0	0
1201	Consultant to set up baseline awareness levels	**8,000**				0	0
1202	4 National Coordinators	**9,000**				0	0
1203	SFM experts for SIDS and LFCCs	**4,600**				0	0
1204	International Workshop facilitator	**16,000**				0	0
1205	International Forest expert for SFM finance	**12,000**				0	0
1206	Commmunication expert for website	**28,000**				0	0
1207	Communication expert for forest sector, finance sector and non-specialist stakeholders	**72,000**				0	0
1299	*Subtotal*	*149,600*	*0*	*0*	*0*	*0*	*0*
1300	**Administrative support**						
1301	Administrative support	0			27,000	0	27,000
1399	*Subtotal*	*0*	*0*	*0*	*27,000*	*0*	*27,000*
1600	**Travel**						
1601	Staff travel	112,400					0
1602	Travel for consultants	56,200	0				0
1699	*Subtotal*	*168,600*	*0*	*0*	*0*		*0*
1999	**Component Total**	**318,200**	**62,876**	**0**	**137,924**	**62,876**	**137,924**
2300	**Subcontracting to commercial organisations**						
2301	Subcontracting Component I studies to Indufor, Oy	0	490,000			490,000	0
2399	*Subtotal*	*0*	*490,000*	*0*	*0*	*490,000*	*0*

2999	**Component Total**	**0**	**490,000**	**0**	**0**	**490,000**	**0**
3300	**Meetings/Conferences**						0
3301	Steering committee meetings	**0**				0	0
3302	Iran workshop: participants' travel, DSA, equipment, information and dissemination materials	151,530				0	0
3303	Niger workshop: participants' travel, DSA, equipment, information and dissemination materials	51,713		63,067		63,067	0
3304	Trinidad and Tobago workshop: participants' travel, DSA, equipment, information and dissemination materials	122,189		63,067		63,067	0
3305	Fiji workshop: participants' travel, DSA, equipment, information and dissemination materials	64,102		63,066		63,066	0
3399	*Subtotal*	*389,534*		*189,200*		*189,200*	*0*
3999	**Component Total**	**389,534**	**0**	**189,200**	**0**	**189,200**	**0**
4300	**Premises**						
4301	Office rental	**0**			28,126	0	28,126
4399	Subtotal	**0**	**0**	**0**	**28,126**	0	28,126
4999	**Component Total**	**0**	**0**	**0**	**28,126**	**0**	**28,126**
5200	**Reporting costs**						
5201	Policy briefs and other publications (printing)	**47,266**				0	0
5202	Policy briefs and other publications (translation)	**25,000**				0	0
5203	Policy briefs and other publications (distribution)	**64,500**				0	0
5299	*Subtotal*	*136,766*	*0*	*0*	*0*	*0*	*0*
5300	Sundry					0	0
5301	Programme management costs for DESA	**85,500**	71,874	0	0	71,874	0
5399	Subtotal	*85,500*	*71,874*	*0*	*0*	*71,874*	*0*
5500	**Evaluation**						
5581	Terminal Project Evaluation Consultant (Component IV)	**20,000**	0	0	20,000	0	20,000
5599	*Subtotal*	*20,000*	*0*	*0*	*20,000*	*0*	*20,000*
5999	**Component Total**	**242,266**	**71,874**	**0**	**20,000**	**71,874**	**20,000**
99	**TOTAL**	**950,000**	**624,750**	**189,200**	**186,050**	**813,950**	**186,050**
				GRAND TOTAL CO-FINANCE		**$1,000,000**	

Appendix 3: Incremental Costs Analysis

The incremental costs and benefits of the proposed project are summarized in the incremental cost matrix (Appendix 3). Baseline expenditures amount to US$ 2,103,750 while alternative has been estimated at US$ 4,053,750. As such an incremental cost of the project, US$ 1,950,000 is required to achieve the project's global environmental benefits. Of this amount US$ 950,000 (representing 48.7 %) is being requested from GEF. The remaining amount of US$ 1,000,000 (51.3 %) of the total cost will come from the co-finance contributions. The figure includes both in-kind and cash contributions.

Project Component	Baseline	Alternative (Baseline +Increment)	Increment
1. Analysis of current financial flows, gaps, and needs as well as governance structures for SFM in SIDS and LFCCs	The activities of the Advisory Group on Finance of the Collaborative Partnership on Forests, in particular a preliminary study on forest financing written by Markku Simula, indicate a global decrease in forest financing in the past two decades, which is particularly sharp in small island developing states and low forest cover countries. Among member organisations of the Collaborative Partnership on Forests, forest financing has been highlighted as an issue to be addressed. **Total: US$ 822,500**	A series of 11 papers on forest financing in small island developing states and low forest cover countries identifies the broad gaps, obstacles and opportunities to forest financing in these two categories of countries which have suffered from a particularly sharp decline in forest financing. These studies raise awareness and initiate reflection among national forest financing networks in 7 case-study countries (Cape-Verde, Fiji, Trinidad & Tobago, Mali, Kyrgyzstan, Jordan, Uruguay). **Total: US$ 1,393,686**	GEF: US$ 0 Co-finance: US$ 571,186 Total: **US$ 571,186**
2. Establishment of National Ownership, Review of Thematic Papers and Consultations on the Way Forward	In terms of small island developing states and low forest cover countries, the Facilitative Process concludes on the main findings of the 11 studies of Component I, posted on the UNFF website. Baseline costs include paying staff allocated to the Facilitative Process in the absence of the implementation of Component II of the project. **Total: US$ 908,750**	Four inter-regional workshops are convened with national and international stakeholders to discuss the findings of the 11 papers of Component I and share experiences. In so doing, data collected in the 11 papers are validated or corrected, additional experiences from targeted countries are added, forest financing networks are initiated, both at national and inter-regional levels, and political awareness is increased at national level through the creation of national networks. **Total US$ 1,705,684**	GEF: US $607,734 Co-finance: US$ 189,200 **Total: US$ 796,934**

3. Communications Strategy for Facilitation of SFM Financing of SIDS and LFCCs	The UNFF Secretariat collects information in different formats from the workshops of Component II and posts whatever is in electronic format on the UNFF website. Workshop participants provide feedback to their respective national networks on experiences shared among countries. Baseline costs include paying staff allocated to the Facilitative Process in the absence of the implementation of Component II of the project. **Total: US$ 186,250**	Reflections and information collected during the four workshops of Component II are compiled with the data obtained in Component I, and formatted to fit a variety of communication products such as a website, leaflets and policy briefs, and publications. Each communication product is targeted at specific audiences, thereby sharply increasing both awareness and knowledge of forest financing among key stakeholders both at national and international levels. **Total: US$ 542,630**	GEF: US$236,766 Co-finance: US$ 119,614 **Total US$ 356,380**
4. Project Monitoring and Evaluation	The project is not monitored or evaluated, so lessons learned on the implementation of workshops are lost. Lessons learned on the overall implementation of the project are lost. **Total: US$ 0**	The project is monitored and evaluated, meaning that lessons learned from Component II are used to adapt Component III to better reach its objectives. The project is evaluated overall so lessons are learned for the implementation of future similar projects, such as the one on identifying gaps, obstacles and opportunities in Africa and Least Developed Countries which shall begin in 2011. **Total: US$ 40,000**	GEF US$ 20,000 Co-finance US$ 20,000 Total **US$ 40,000**
5. Project Management	In the absence of project management, the project's coordination is mitigated; events are planned but do not run smoothly, conveying among participants a lack of preparation and weakening the message about the importance of forest financing. Data from Components I and II are not collected appropriately and are not fed into the communication products of Component III. **Total: $186,050**	Adequate human resources are provided at events so they run smoothly, contributing to convey a powerful message to participants on the need to increase forest financing. Data and reflections from studies and workshops are fed into the communication products which are generated in time. Overall coordination of the project is ensured, making sure each component feeds into the next. **Total: $ 371,550**	GEF US$ 85,500 Co-finance US$ 100,000 Total **US$ 185,500**

TOTAL COST:	**Baseline: $ 2,103,550**	**Alternative: $ 4,053,550**	**Incremental Cost:** GEF: US$ 950,000 Co-financing: US$ 1,000,000 **Total: US$ 1,950,000**

Appendix 4 Results Framework/Logical Framework (LFA)

OBJECTIVE	**To enhance understanding on opportunities for financing sustainable forest management (SFM) in Small Island Developing States (SIDS) and Low Forest Cover Countries (LFCCs) through analysis and strengthening stakeholder capacity in SIDS and LFCCs under the UNFF Forest Instrument**
COMPONENT I	**Analysis of current financial Flows, Gaps, Needs as well as Governance Structures for Financing SFM in SIDS & LFCCs**

Expected Outcomes	SMART Indicators				Source of Verification	Risks & Assumptions
	Indicators	Baselines	Mid-Term Target	End-term Target		
CI.1. Enhanced understanding of the specifics of **SFM** in SIDS or LFCCs and its socio-economic and ecosystem services potential.	Number of detailed studies in place by 30 Nov. 2010 – describing the *specifics of SFM* for SIDS and LFCC countries at county-level.	78 countries with scattered, non-specific information on SFM and forest management in 2010.	Number of studies on SFM reviewed and suggestions for improvement incorporated by UNFF (by 30 Sept. 2010)	7 baseline studies on integrated SFM – in high-quality standardized, finalized and approved by UNFF (by 30 Aug 2011)	UNFF – -seven country studies	Political engagement, interest and capacity of SIDS and LFCC countries. Engagement, interest and capacity of key stakeholders (with the consequences of SFM decline not immediately noticeable). Capacity of national sub-consultants to carry out studies Conflict between global/national 'goods' & national/local private benefits.
CI.2. Improved understanding of the status, obstacles, needs and prospective mechanisms for enhanced **SFM financing** in SIDS & LFCCs.	Number of detailed studies in place by 30 Nov. 2010 – describing the *SFM financing* situation for SIDS and LFCC countries at macro-level.	78 countries with scattered, non-specific information on SFM financing in 2010.	Number of studies on SFM financing reviewed and suggestions for improvement incorporated by UNFF (by 30 Sept. 2010)	4 SIDS/LFCC specific baseline studies on integrated SFM and SFM financing – in high-quality standardized, finalized and approved by UNFF (by 30 Aug 2011)	UNFF – -two SIDS studies -two LFCCs studies -four preparatory inter-regional workshop papers (in regard to CII) reported.	

Outputs for Component I:

CI.a. Two macro level studies on SIDS countries on financing of SFM reported.

CI.b. Two macro level studies for LFCC countries on SFM financing reported.

CI.c. Seven country studies on SFM reported.

CI.d. Four preparatory inter-regional workshop papers (in regard to CII) reported.

COMPONENT II Establishment of National Ownership, Review of Thematic Papers and Consultations on Way Forward						
Expected Outcomes	**SMART Indicators**				**Source of Verification**	**Risks & Assumptions**
	Indicators	**Baselines**	**Mid-Term Target**	**End-term Target**		
CII.1. Strengthened national **awareness** and **ownership** as well as strengthened inter-regional and regional **cooperation through networks** on SFM financing.	a) Increased number of national and sub-regional cross-sectoral partnerships. b) Number of national preparatory reports prepared through national network meetings with key stakeholders	a) no inter-regional cooperation through cross-sectoral networks, and national prioritized actions not existent in 2010 b) There is awareness only on individual basis.	a) Identification of potential inter-regional and cross-sectoral partnerships and networks reported to UNFF. b) Awareness and ownership on an inter-/regional level is enhanced before holding inter-regional workshops and country data are gathered in a standardized format and sent to UNFF at least one month	a) Increased number of inter-regional and cross-sectoral partnerships and networks reported to UNFF, and agreement on the way forward with regards to SFM financing communications strategies by participating countries during inter-regional workshops. b) National prioritized actions are shared, discussed and evaluated for further strategy development at respective inter-regional workshops.	UNFF -standardised national preparatory meeting reports UNFF analysis of national reports, through Power Points Four complete workshop reports (incl. four inter-regional communications strategies) Project report Summary of project report	Political engagement, interest and capacity of SIDS and LFCC countries. Engagement, interest and capacity of key stakeholders (with the consequences of SFM decline not immediately noticeable). Definition and selection of national focal points to carry out the tasks (risk: unclear responsibilities on a national level). National ownership and commitment. General conflict between global/ national ‘goods’ & national/ local private benefits.

			before the respective inter-regional workshop.			
CII.2. Enhanced insight and agreement on common way forward towards the elaboration of a SFM financing communications strategy and overall approach to SFM	A number of defined communication products and media approaches are agreed and proposed to be implemented by each inter-regional network after each workshop respectively.	There is no inter-regional common SFM financing communications strategy in 2010.	Stakeholders have proposed/ implemented at least one communication product/ event for their inter-regional networks, within two months after implementation of their respective inter-regional workshop.	a) At least two common communication products/ events to be prepared/ organized by inter-regional networks by Dec. 2012 (UNFF website). .		

Outputs for Component II:

CII.a. A baseline awareness levels set

CII.b. National preparatory meetings planned and implemented and key stakeholders identified and national networks initiated.

CII.c. Standardized reports (in questionnaire format) with national findings and key issues to influence/steer the inter-regional workshops submitted.

CII.d. Four inter-regional workshops with selected key stakeholders planned and implemented and inter-regional and regional networks on SFM financing initiated.

CII.e. 11 Component I papers (CI) and identified national key issues/outcomes in national preparatory reports (CII, part A) acknowledged and evaluated for integration into a common SFM financing communications strategy.

CII.f. Four workshop reports indicating the way forward (with regard to Component III) incl. four SFM financing communications strategies submitted.

CII.g. One project report concluding on Component II and linkage with Component III submitted.

COMPONENT III	**Communications Strategy for Facilitation of SFM Financing of SIDS and LFCC countries**					
Expected Outcomes	**SMART Indicators**				**Source of Verification**	**Risks & Assumptions**
	Indicators	**Baselines**	**Mid-Term Target**	**End-term Target**		
CIII.1. Improved process towards building/strengthening **awareness and capacity** of SIDS and LFCC countries to address SFM funding gaps.	Number and contents of SFM financing communications	None in 2010.	Initiation of implementation of SFM financing communications strategy within respective countries and regions. UN website in SFM financing designed	Number of communication activities/ events/products in accordance with respective national situation successfully implemented. UNFF website up and running and counting increased number of hits/users	UNFF – -draft of SFM financing communications strategy -project updates on UNFF-website -Final SFM financing communications strategy on UNFF website -communications products -project report	Political engagement, interest and capacity of SIDS and LFCC countries. Engagement, interest and capacity of key stakeholders (with the consequences of SFM decline not immediately noticeable). Continued commitment by governments also after project end (start of implementation with communication activities). National ownership and continued commitment.
CIII.2. Increased **political attention** and awareness on **innovative approaches** on financing for SFM in SIDS & LFCCs through improved dialogue.	Level of integration of SFM financing references into national policies.	None in 2010.	Compilation on required actions on SFM financing, based on Communica-tion Strategy (Aug. 2012).	At least 9 countries report a 'start-made' or mechanisms towards SFM financing in the national policies of SIDS & LFCCs.		

Outputs for Component III:

CIII.a. Potential solutions on SFM financing in SIDS and LFCC countries disseminated.

CIII.b. Networks of stakeholders that have been initiated under Component II are strengthened and sustained.

CIII.c. Concluding project report with concrete lessons learnt for dissemination submitted.

CIII.d. SFM financing communications strategy webpage on SIDS and LFCC initiated and maintained on the UNFF website.

CIII.e A SIDS-LFCC forest financing strategy and 4 regional forest financing strategies (1 per workshop) delivered, including in the form of policy briefs and publications.

CIII.f .All SIDS and LFCCs report on progress in forest financing in their national reporting for UNFF11 (2015)

COMPONENT IV Project Monitoring and Evaluation					
Expected Outcomes	**SMART Indicators**			**Source of Verification**	**Risks & Assumptions**
	Indicators	**Baselines**	**Targets**		
CIV.1. Successfully monitored and evaluated SFM Financing Project.	a) Project M&E system designed and baselines set (2 months after project start) and impacts measured (every 6 months)	Accepted UNEP project document and GEF CEO project endorsement (May 2011)	a) UNFF – Impact Monitoring System; and UNFF - Activity Monitoring System in place by Sept 2011	UNFF – project document and progress reports	Overall adequate financial and competent Human Resources.

COMPONENT V Project Management					
Expected Outcomes	**SMART Indicators**			**Source of Verification**	**Risks & Assumptions**
	Indicators	**Baselines**	**Targets**		
CIV.1. Successfully managed and reported SFM Financing Project.	a) Management systems established (1 month after project start)	Accepted UNEP project document and GEF CEO project endorsement (May 2011)	a) Targeted project activities and reports are successfully implemented according to LFA and deadlines	UNFF – project document and progress reports	Overall adequate financial and competent Human Resources.

Appendix 5: Workplan and timetable

See attached file

Appendix 6: Key deliverables and benchmarks

The following table provides the deadlines for the project's main deliverables and benchmarks. Further detail is provided in Appendix 5.

Outputs	***Deliverables***	***Deadline***
	Component I	
CI.a./b.	4 macro studies for LFCC (2) and for SIDS (2) on SFM and SFM financing	30 Nov. 2010
CI. c.	7 country studies on SFM and SFM financing	30 Nov. 2010
CI.d.	4 preparatory inter-regional workshop papers	30 August 2011
	Component II	
C.II	Baselines of indicators set	1 Sep. 2011
C.II.a.	Recommended national preparatory meetings planned and implemented and key stakeholders identified and national networks initiated (to be staggered to precede each workshop according to the list of participating countries)	Depending on workshop date
C.II.b	Standardized national reports (in questionnaire format)	Depending on workshop date
C.II.d	4 inter-regional workshops	
	Iran (LFCC workshop) *- final report*	2-9 Sep. 2011 1 Nov. 2011
	Niger (LFCC workshop) *- final report*	Jan. 2012 15 Mar. 2012
	Trinidad & Tobago (SIDS workshop) *- final report*	Apr. 2012 15 Jun. 2012
	Fiji (SIDS workshop), combined with ISC meeting *- final report*	Jul. 2012 15 Sep. 2012
	Component III	
C.III.d.	Webpage (date of initiation)	31 Dec. 2011
C.III.d.	Webpage (date of completion)	28 February 2012
C.III.c.	Concluding project report (incl. SFM financing communications strategy) - Draft (outline) Communications Strategy - Final Project Report (incl. final **Communications Strategy**)	May 2013
C.III.e.	SFM Financing Strategy in the form of policy briefs and publications	May 2013
C.III.f.	All SIDS and LFCCs report on progress in forest financing in their national reporting for UNFF11 (2015)	Early 2015
	Component IV (Project Monitoring & Evaluation)	
	Terminal Evaluation Report (by UNEP EIU)	Oct. 2013
	Component V (Project Management)	
	First steering committee meeting	Aug 2011
	Second steering committee meeting	July 2012
	Third steering committee meeting	May 2013

Appendix 7: Costed M&E plan

Section 1:

Logframe Item	Objective level indicator	Baseline Conditions	Mid point Target (as relevant)	End of Project Target	Means of Verification	Monitoring / sampling (frequency / size)	Respon -sibility	Time frame	Budget (Object of expenditure & cost) IN USD
COMPONENT I	**Analysis of current financial Flows, Gaps, Needs as well as Governance Structures for Financing SFM in SIDS & LFCCs**								
Outcomes	**Outcome level indicator**	**Baseline Conditions**	**Mid point Target (as relevant)**	**End of Project Target**	**Means of Verification**	**Monitoring / sampling (frequency / size)**	**Respon sibility**	**Time frame**	**Budget (Object of expenditure & cost) IN USD ONLY FOR INDICATORS**
CI.1. Enhanced understanding of the **specifics of SFM** in SIDS or LFCCs and its socio-economic and ecosystem services potential.	Number of detailed studies in place by 30 Nov. 2010 – describing the specifics of SFM for SIDS and LFCC countries at county-level.	78 countries with scattered, non-specific information on SFM and forest management in 2010.	Number of studies on SFM reviewed and suggestions for improvement incorporated by UNFF (by 30 Sept. 2010)	7 baseline studies on integrated SFM – in high-quality standardized, finalized and approved by UNFF (by 30 Aug 2011)	UNFF -seven country studies	N/A	UNFF	June 2010-Aug 2011	Completed. Monitoring data provided through routine admin budget
CI.2. Improved understanding of the status, obstacles, needs and prospective mechanisms for enhanced **SFM financing** in SIDS & LFCCs.	Number of detailed studies in place by 30 Nov. 2010 – describing the SFM financing	78 countries with scattered, non-specific information on SFM financing in 2010.	Number of studies on SFM financing reviewed and suggestions for improvement	4 SIDS/LFCC specific baseline studies on integrated SFM and SFM financing – in high-quality standardized,	UNFF – -two SIDS studies -two LFCCs studies -four preparatory inter-regional	N/A	UNFF	June 2010-Aug 2011	

	situation for SIDS and LFCC countries at macro-level.		incorporated by UNFF (by 30 Sept. 2010)	finalized and approved by UNFF (by 30 Aug 2011)	workshop papers (in regard to CII) reported.				
COMPONENT II	**Establishment of National Ownership, Review of Thematic Papers and Consultations on Way Forward**								
Outcomes	**Outcome level indicator**	**Baseline Conditions**	**Mid point Target (as relevant)**	**End of Project Target**	**Means of Verification[i]**	**Monitoring / sampling (frequency / size)**	**Respon sibility**	**Time frame**	**Budget (Object of expenditure & cost)** IN USD ONLY FOR INDICATORS
CII.1. Strengthened national awareness and ownership as well as strengthened inter-regional and regional cooperation through networks on SFM financing.	a) Increased number of national and sub-regional cross-sectoral partnerships. b) Number of national	a) no inter-regional cooperation through cross-sectoral networks, and national prioritized actions not existent in 2010 b) There is awareness	a) Identificatio n of potential inter-regional and cross-sectoral partnerships and networks reported to UNFF. b) Awareness	a) Increased number of inter-regional and cross-sectoral partnerships and networks reported to UNFF, and agreement on the way forward with regards to SFM financing communicatio ns strategies by participating countries during inter-regional workshops. b) National	UNFF – Standardised national preparatory meeting reports - UNFF analysis of national reports, through Power Points -Four complete workshop reports (incl. four inter-regional communications strategies) -Project progress reports	a) After every national preparatory meeting and/or inter-regional workshop (standard-dised report) b) After every inter-regional workshop (summary reports)	a) UNFF to coordin ate and set reportin g guidelin es for use of national focal points from SIDS and LFCCs b) UNFF	a) nationa l level: June 2011 – May 2012 b) inter-regiona l level: *June 2011-Aug. 2012:* - Worksh op A (Iran): Sept. 2011 - Worksh	No additional costs

	preparatory reports prepared through national network meetings with key stakeholders	only on individual basis.	and ownership on an inter-/regional level is enhanced before holding inter-regional workshops and country data are gathered in a standardized format and sent to UNFF at least one month before the respective inter-regional workshop.	prioritized actions are shared, discussed and evaluated for further strategy development at respective inter-regional workshops.				op B (Niger): Jan. 2012 - Workshop C (Trinidad & Tobago): April 2012 - Workshop D (Fiji): July 2012	
CII.2. Enhanced insight and agreement on common way forward towards the elaboration of a SFM financing communications strategy and overall approach to SFM	A number of defined communication products and media approaches are agreed and proposed to be implemented by each	There is no inter-regional common SFM financing communications strategy in 2010.	Stakeholders have proposed/ implemented at least one communication product/ event for their inter-regional networks, within two	a) At least two common communication products/ events to be prepared/ organized by inter-regional networks by Dec. 2012 (UNFF website).		After inter-regional workshops: summary reports, draft communications strategy)	UNFF-Countries to report	*June 2011-Aug. 2012:* - Workshop A (Iran): Sept. 2011 - Worksh	

	inter-regional network after each workshop .		months after implementation of their respective inter-regional workshop.					op B (Niger): Jan. 2012 - Workshop C (Trinidad & Tobago): April 2012 - Workshop D (Fiji): July 2012	
COMPONENT III:	**Communications Strategy for Facilitation of SFM Financing of SIDS and LFCC countries**								
Outcomes	**Outcome level indicator**	**Baseline Conditions**	**Mid point Target (as relevant)**	**End of Project Target**	**Means of Verification**	**Monitoring / sampling (frequency / size)**	**Respon sibility**	**Time frame**	**Budget (Object of expenditure & cost)** IN USD ONLY FOR INDICATORS
CIII.1. Improved process towards building/strengthening awareness and capacity of SIDS and LFCC countries to address SFM	Number and contents of SFM financing communications	None in 2010.	Initiation of implementation of SFM financing communications strategy within respective	Number of communication activities/ events/products in accordance with respective national	UNFF – draft of SFM financing communications strategy -project updates on UNFF-website	After every inter-regional workshop (workshop summary reports)	UNFF In cooperation with networks	Aug. 2011- May 2013	No added costs / routine admin budget

funding gaps.			countries and regions. UN website in SFM financing designed	situation successfully implemented. UNFF website up and running and counting increased number of hits/users	- software counter at website -Final SFM financing communications strategy on UNFF website - communications products -project progress reports				
CIII.2. Increased political attention and awareness on innovative approaches on financing for SFM in SIDS & LFCCs through improved dialogue.	Level of integration of SFM financing references into national policies.	None in 2010.	Compilation on required actions on SFM financing, based on Communica-tion Strategy (Aug. 2012).	At least 9 countries report a 'start-made' or mechanisms towards SFM financing in the national policies of SIDS & LFCCs.		Communicati on products to be reported and delivered to UNFF continuously	UNFF In coopera tion with network s	Aug. 2011- May 2013	
COMPONENT IV	**Project Monitoring and Evaluation**								
Outcomes	**Outcome level indicator**	**Baseline Conditions**	**End of Project Target (Mid point Target not relevant)**		**Means of Verification**	**Monitoring / sampling (frequency / size)**	**Respon sibility**	**Time frame**	**Budget (Object of expenditure & cost)** IN USD ONLY FOR INDICATORS
CIV.1. Successfully monitored and evaluated SFM Financing Project.	a) Project M&E system designed and	Accepted UNEP project document and GEF CEO	a) UNFF – Impact Monitoring System; and UNFF - Activity Monitoring		UNFF – - project document and progress reports	Yearly progress reports	UNFF	June 2011- May 2013	No added costs

	baselines set (until 2 months after project start) and impacts measured (every 6 months)	project endorsement (May 2011).	System in place by June 2011	and 6-monthly monitoring reports)				
COMPONENT V	**Project Management**							
Outcomes	**Outcome level indicator**	**Baseline Conditions**	**End of Project Target (Mid point Target not relevant)**	**Means of Verification**	**Monitoring / sampling (frequency / size)**	**Respon sibility**	**Time frame**	**Budget (Object of expenditure & cost)** IN USD ONLY FOR INDICATORS
CV.1. Successfully managed and reported SFM Financing Project.	a) Management systems established (until 1 months after project start)	Accepted UNEP project document and GEF CEO project endorsement (May 2011).	a) Targeted project activities and reports are successfully implemented according to LFA and deadlines	UNFF – - project document and progress reports (incl. quarterly expenditure reports (QER), quarterly cash advanced request (CAS) and 6-monthly progress reports)	Yearly progress reports	UNFF	June 2011- May 2013	No added costs

Section 2. Other M&E costs:

Type of M&E activity	Responsible Parties	Budget (GEF & co-finance)	Time Frame
Setting baseline values of M&E indicators & measuring/reporting over life of project	▪ M&E consultant ▪ Project manager	$8000 (GEF)	Baseline by Sept 2011
PIR	▪ Project Manager UNFF & UNEP TM	None	Annually, part of reporting routine
Semi-annual Progress Reports to UNEP	▪ Project manager	None	
International Steering Committee meetings	▪ Project Manager ▪ UNEP	No additional costs: Will be combined with Regional Workshops or through teleconference	Once a year minimum
Project Final Report	▪ Project Manager	From core administrative budget	May 2013
TE	▪ UNEP EOU	$20,000 (GEF	July - Oct 2013
TOTAL		**$28,000** (GEF)	

TOTAL COSTS M&E (C-IV): $28,000

Appendix 8: Summary of reporting requirements and responsibilities

Component	Reporting requirements	Due date	Responsibility of
Comp IV	Terminal Evaluation	Start July – end Oct 2013	UNEP EOU
V Project Management	Procurement plan (see Appendix 12) (goods and services)	Final: within one month of project start	Project manager
	Inception Report	8 weeks after project start	Project manager
	Expenditure report accompanied by explanatory notes (spreadsheet)	Quarterly on or two weeks after 30 March, 30 June, 30 September, 31 December	UN-DESA administration and accounting
	Quarterly Cash Advance request and details of anticipated disbursements	Prior to next Quarter or when required	UN-DESA administration and accounting
	Progress report	Half-yearly on or before 31 January and 31 July	Project manager
	Inventory of non-expendable equipment	Yearly on or before 31 January	Project manager
	Co-financing report	Yearly on or before 31 July	Project manager
	Mission reports and "aide memoire"	Within 1 week of return	Project manager
	Final Project / Terminal Report	2 months of project completion date	Project manager
	Final expenditure statement	3 months of project completion date	UN-DESA administration and accounting
	Final audited report for expenditures of project	6 months of project completion date	UN-DESA administration and accounting
	Annual audit 1 accompanied by explanatory notes (spreadsheet)	31 May 2012	UN-DESA administration and accounting
	Annual audit 2 accompanied by explanatory notes (spreadsheet)	31 May 2013	UN-DESA administration and accounting
	Project Implementation Review 1 (PIR1)	Aug 2012	Project manager
	Project Implementation Review 1 (PIR2)	Aug 2013	Project manager
	International Steering Committee meeting 1 report/minutes	Aug 2011	Project manager

	International Steering Committee meeting 2 report/minutes	July 2012	Project manager
	International Steering Committee meeting 2 report/minutes	May 2013	Project manager
	Baseline awareness levels report	1 August 2011	Project manager with specially recruited consultant

Appendix 9: UNEP Standard Terminal Evaluation TOR

Terminal Evaluation of the UNEP/UNFFS/GEF Project Facilitating Forest Financing in Small Island Developing States and Low Forest Cover Countries:

Standard Terms of Reference

1. Objective and Scope of the Evaluation

The objective of this terminal evaluation is to examine the extent and magnitude of project impacts to date and determine the likelihood of future impacts. The evaluation will also assess project performance and the implementation of planned project activities and planned outputs against actual results. The evaluation will focus on the following main questions:

1. Did the project help to identify gaps, obstacles and opportunities for forest financing for key target audiences in SIDS and LFCCs (international conventions and initiatives, national level policy-makers, regional and local policy-makers, resource managers and practitioners)?
2. Did the outputs of the project articulate options and recommendations for forest financing in SIDS and LFCCs? Were these options and recommendations used? If so by whom?
3. To what extent did the project outputs produced have the weight of scientific authority and credibility necessary to influence policy makers and other key audiences?

Methods

This terminal evaluation will be conducted as an in-depth evaluation using a participatory approach whereby key representatives of the executing agency and other relevant staff are kept informed and consulted throughout the evaluation. The consultant will liaise with the UNFFS Task Manager on any logistic and/or methodological issues to properly conduct the review in as independent a way as possible, given the circumstances and resources offered. The draft report will be circulated to the UNFFS Task Manager and other key representatives of the executing agency. Any comments or responses to the draft report will be sent to UNFFS for collation and the consultant will be advised of any necessary or suggested revisions.

The findings of the evaluation will be based on the following:

1. A desk review of project documents including, but not limited to:
   (a) The project documents, outputs, monitoring reports (such as progress and financial reports to UNFFS, UNEP and GEF annual Project Implementation Review reports) and relevant correspondence.
   (b) Other project-related material produced by the project staff or partners.
   (c) Relevant material published on the project website (to be set up).

2. Interviews with project management and technical support including UNFFS staff and consultants hired at various stages of the project.

3. Interviews and telephone interviews with intended users for the project outputs and other stakeholders involved with this project, including in the participating countries and international bodies. The Consultant shall determine whether to seek additional information and opinions from representatives of donor agencies and other organizations. As appropriate, these interviews could be combined with an email questionnaire.

4. Interviews with the UNFFS project task manager, and other relevant staff in UNEP dealing with biodiversity and land degradation-related activities as necessary. The Consultant shall also gain broader perspectives from discussions with relevant GEF Secretariat staff.

Key Evaluation principles

In attempting to evaluate any outcomes and impacts that the project may have achieved, evaluators should remember that the project's performance should be assessed by considering the difference between the answers to two simple questions ***"what happened?***" and ***"what would have happened anyway?"***. These questions imply that there should be consideration of the baseline conditions and trends in relation to the intended project outcomes and impacts. In addition it implies that there should be plausible evidence to **attribute** such outcomes and impacts **to the actions of the project**.

Sometimes, adequate information on baseline conditions and trends is lacking. In such cases this should be clearly highlighted by the evaluator, along with any simplifying assumptions that were taken to enable the evaluator to make informed judgements about project performance.

2. <u>Project Ratings</u>

The success of project implementation will be rated on a scale from 'highly unsatisfactory' to 'highly satisfactory'. In particular the evaluation shall **assess and rate** the project with respect to the eleven categories defined below:5

A. Attainment of objectives and planned results:

The evaluation should assess the extent to which the project's major relevant objectives were effectively and efficiently achieved or are expected to be achieved and their relevance.

- *Effectiveness:* Evaluate how, and to what extent, the stated project objectives have been met, taking into account the "achievement indicators". The analysis of outcomes achieved should include, *inter alia*, an assessment of the extent to which the project has directly or indirectly assisted policy and decision-makers to apply information supplied by biodiversity indicators in their national planning and decision-making. In particular:
  - Evaluate the immediate impact of the project on forest financing in national planning and decision-making and international understanding and use of forest financing indicators.
  - As far as possible, also assess the potential longer-term impacts considering that the evaluation is taking place upon completion of the project and that longer term impact is expected to be seen in a few years time. Frame recommendations to enhance future project impact in this context. Which will be the major 'channels' for longer term impact from the project at the national and international scales?
    - *Relevance*: In retrospect, were the project's outcomes consistent with the focal areas/operational program strategies? Ascertain the nature and significance of the contribution of the project outcomes to the 3 Rio Conventions and the wider portfolio of the GEF.
    - *Efficiency*: Was the project cost-effective? Was the project the least cost option? Was the project implementation delayed and if it was, then did that affect cost-effectiveness? Assess the contribution of cash and in-kind co-financing to project implementation and to what extent the project leveraged additional resources. Did the project build on earlier initiatives, did it make effective use of available scientific and / or technical information. Wherever possible, the evaluator should also compare the cost-time vs. outcomes relationship of the project with that of other similar projects.

[5] However, the views and comments expressed by the evaluator need not be restricted to these items.

B. Sustainability:

Sustainability is understood as the probability of continued long-term project-derived outcomes and impacts after the GEF project funding ends. The evaluation will identify and assess the key conditions or factors that are likely to contribute or undermine the persistence of benefits after the project ends. Some of these factors might be outcomes of the project, e.g. stronger institutional capacities or better informed decision-making. Other factors will include contextual circumstances or developments that are not outcomes of the project but that are relevant to the sustainability of outcomes. The evaluation should ascertain to what extent follow-up work has been initiated and how project outcomes will be sustained and enhanced over time.

Five aspects of sustainability should be addressed: financial, socio-political, institutional frameworks and governance, environmental (if applicable). The following questions provide guidance on the assessment of these aspects:

- *Financial resources.* Are there any financial risks that may jeopardize sustenance of project outcomes? What is the likelihood that financial and economic resources will not be available once the GEF assistance ends (resources can be from multiple sources, such as the public and private sectors, income generating activities, and trends that may indicate that it is likely that in future there will be adequate financial resources for sustaining project's outcomes)? To what extent are the outcomes of the project dependent on continued financial support?

- *Socio-political:* Are there any social or political risks that may jeopardize sustenance of project outcomes? What is the risk that the level of stakeholder ownership will be insufficient to allow for the project outcomes to be sustained? Do the various key stakeholders see that it is in their interest that the project benefits continue to flow? Is there sufficient public / stakeholder awareness in support of the long term objectives of the project?

- *Institutional framework and governance.* To what extent is the sustenance of the outcomes of the project dependent on issues relating to institutional frameworks and governance? What is the likelihood that institutional and technical achievements, legal frameworks, policies and governance structures and processes will allow for, the project outcomes/benefits to be sustained? While responding to these questions consider if the required systems for accountability and transparency and the required technical know-how are in place.

- *Environmental.* Are there any environmental risks that can undermine the future flow of project environmental benefits? The TE should assess whether certain activities in the project area will pose a threat to the sustainability of the project outcomes. For example; construction of dam in a protected area could inundate a sizable area and thereby neutralize the biodiversity-related gains made by the project; or, a newly established pulp mill might jeopardise the viability of nearby protected forest areas by increasing logging pressures; or a vector control intervention may be made less effective by changes in climate and consequent alterations to the incidence and distribution of malarial mosquitoes.

C. Achievement of outputs and activities:

- Delivered outputs: Assessment of the project's success in producing each of the programmed outputs, both in quantity and quality as well as usefulness and timeliness.
- Assess the soundness and effectiveness of the methodologies used for developing the technical documents and related management options in the participating countries

- Assess to what extent the project outputs produced have the weight of scientific authority / credibility, necessary to influence policy and decision-makers, particularly at the national level.

D. Catalytic Role

Replication and catalysis. What examples are there of replication and catalytic outcomes? Replication approach, in the context of GEF projects, is defined as lessons and experiences coming out of the project that are replicated or scaled up in the design and implementation of other projects. Replication can have two aspects, replication proper (lessons and experiences are replicated in different geographic area) or scaling up (lessons and experiences are replicated within the same geographic area but funded by other sources). Specifically:

- Do the recommendations for forest financing coming from the country studies have the potential for application in other countries and locations?

If no effects are identified, the evaluation will describe the catalytic or replication actions that the project carried out.

E. Assessment monitoring and evaluation systems.

The evaluation shall include an assessment of the quality, application and effectiveness of project monitoring and evaluation plans and tools, including an assessment of risk management based on the assumptions and risks identified in the project document. The Terminal Evaluation will assess whether the project met the minimum requirements for 'project design of M&E' and 'the application of the Project M&E plan'. GEF projects must budget adequately for execution of the M&E plan, and provide adequate resources during implementation of the M&E plan. Project managers are also expected to use the information generated by the M&E system during project implementation to adapt and improve the project.

M&E during project implementation

- *M&E design.* Projects should have sound M&E plans to monitor results and track progress towards achieving project objectives. An M&E plan should include a baseline (including data, methodology, etc.), SMART indicators (see Appendix 4) and data analysis systems, and evaluation studies at specific times to assess results. The time frame for various M&E activities and standards for outputs should have been specified.

- *M&E plan implementation.* A Terminal Evaluation should verify that: an M&E system was in place and facilitated timely tracking of results and progress towards projects objectives throughout the project implementation period (perhaps through use of a logframe or similar); annual project reports were complete, accurate and with well justified ratings; that the information provided by the M&E system was used during the project to improve project performance and to adapt to changing needs; and that projects had an M&E system in place with proper training for parties responsible for M&E activities.

- *Budgeting and Funding for M&E activities.* The terminal evaluation should determine whether support for M&E was budgeted adequately and was funded in a timely fashion during implementation.

F. Preparation and Readiness

Were the project's objectives and components clear, practicable and feasible within its timeframe? Were the capacities of executing institution and counterparts properly considered when the project was designed? Were lessons from other relevant projects properly incorporated in the project design? Were the partnership arrangements properly identified and the roles and responsibilities negotiated prior to project implementation? Were counterpart resources (funding, staff, and facilities), enabling legislation, and adequate project management arrangements in place?

G. Country ownership and appropriation:

This is the relevance of the project to national development and environmental agendas, recipient country commitment, and regional and international agreements. The evaluation will:

- Assess the level of country ownership. Specifically, the evaluator should assess whether the project was effective in providing and communicating forest financing information that catalyzed action in participating countries to improve decisions relating to the conservation and management of the focal ecosystem in each country.
- Assess the level of country commitment to the generation and use of forest financing indicators for decision-making during and after the project, including in regional and international fora.

H. Stakeholder participation / public awareness:

This consists of three related and often overlapping processes: information dissemination, consultation, and "stakeholder" participation. Stakeholders are the individuals, groups, institutions, or other bodies that have an interest or stake in the outcome of the GEF-financed project. The term also applies to those potentially adversely affected by a project. The evaluation will specifically:

- Assess the mechanisms put in place by the project for identification and engagement of stakeholders in each participating country and establish, in consultation with the stakeholders, whether this mechanism was successful, and identify its strengths and weaknesses.
- Assess the degree and effectiveness of collaboration/interactions between the various project partners and institutions during the course of implementation of the project.
- Assess the degree and effectiveness of any various public awareness activities that were undertaken during the course of implementation of the project.

I. Financial Planning

Evaluation of financial planning requires assessment of the quality and effectiveness of financial planning and control of financial resources throughout the project's lifetime. Evaluation includes actual project costs by activities compared to budget (variances), financial management (including disbursement issues), and co-financing. The evaluation should:

- Assess the strength and utility of financial controls, including reporting, and planning to allow the project management to make informed decisions regarding the budget and allow for a proper and timely flow of funds for the payment of satisfactory project deliverables.
- Present the major findings from the financial audit if one has been conducted.
- Identify and verify the sources of co- financing as well as leveraged and associated financing (in co-operation with the IA and EA).
- Assess whether the project has applied appropriate standards of due diligence in the management of funds and financial audits.
- The evaluation should also include a breakdown of final actual costs and co-financing for the project.

J. Implementation approach:

This includes an analysis of the project's management framework, adaptation to changing conditions (adaptive management), partnerships in implementation arrangements, changes in project design, and overall project management. The evaluation will:

- Ascertain to what extent the project implementation mechanisms outlined in the project document have been closely followed. In particular, assess the role of the various committees established and whether the project document was clear and realistic to enable effective and efficient implementation, whether the project was executed according to the plan and how well the management was able to adapt to changes during the life of the project to enable the implementation of the project.
- Evaluate the effectiveness and efficiency and adaptability of project management and the supervision of project activities / project execution arrangements at all levels (1)

policy decisions: Steering Group; (2) day-to-day project management within the UNFFS.

K. UNEP Supervision and Backstopping

- Assess the effectiveness of supervision and administrative and financial support provided by UNEP/DGEF.
- Identify administrative, operational and/or technical problems and constraints that influenced the effective implementation of the project.

The ***ratings will be presented in the form of a table***. Each of the eleven categories should be rated separately with **brief justifications** based on the findings of the main analysis. An overall rating for the project should also be given. The following rating system is to be applied:

HS = Highly Satisfactory
S = Satisfactory
MS = Moderately Satisfactory
MU = Moderately Unsatisfactory
U = Unsatisfactory
HU = Highly Unsatisfactory

3. Evaluation report format and review procedures

The report should be brief, to the point and easy to understand. It must explain; the purpose of the evaluation, exactly what was evaluated and the methods used. The report must highlight any methodological limitations, identify key concerns and present evidence-based findings, consequent conclusions, recommendations and lessons. The report should be presented in a way that makes the information accessible and comprehensible and include an executive summary that encapsulates the essence of the information contained in the report to facilitate dissemination and distillation of lessons.

THE EVALUATION WILL RATE THE OVERALL IMPLEMENTATION SUCCESS OF THE PROJECT AND PROVIDE INDIVIDUAL RATINGS OF THE ELEVEN IMPLEMENTATION ASPECTS AS DESCRIBED IN SECTION 1 OF THIS TOR. ***THE RATINGS WILL BE PRESENTED IN THE FORMAT OF A TABLE*** WITH BRIEF JUSTIFICATIONS BASED ON THE FINDINGS OF THE MAIN ANALYSIS.

Evidence, findings, conclusions and recommendations should be presented in a complete and balanced manner. Any dissident views in response to evaluation findings will be appended in an annex. The evaluation report shall be written in English, be of no more than 50 pages (excluding annexes), use numbered paragraphs and include:

i) An **executive summary** (no more than 3 pages) providing a brief overview of the main conclusions and recommendations of the evaluation;

ii) **Introduction and background** giving a brief overview of the evaluated project, for example, the objective and status of activities; The GEF Monitoring and Evaluation Policy, 2006, requires that a TE report will provide summary information on when the evaluation took place; places visited; who was involved; the key questions; and, the methodology.

iii) **Scope, objective and methods** presenting the evaluation's purpose, the evaluation criteria used and questions to be addressed;

iv) **Project Performance and Impact** providing *factual evidence* relevant to the questions asked by the evaluator and interpretations of such evidence. This is the main substantive section of the report. The evaluator should provide a commentary and analysis on all eleven evaluation aspects (A − K above).

v) **Conclusions and rating** of project implementation success giving the evaluator's concluding assessments and ratings of the project against given evaluation criteria and standards of performance. The conclusions should provide answers to questions about whether the project is considered good or bad, and whether the results are considered positive or negative. The ratings should be provided with a brief narrative comment in a table;

vi) **Lessons (to be) learned** presenting general conclusions from the standpoint of the design and implementation of the project, based on good practices and successes or problems and mistakes. Lessons should have the potential for wider application and use. All lessons should 'stand alone' and should:

- Briefly describe the context from which they are derived
- State or imply some prescriptive action;
- Specify the contexts in which they may be applied (if possible, who when and where)

vii) **Recommendations** suggesting *actionable* proposals for improvement of the current project. In general, Terminal Evaluations are likely to have very few (perhaps two or three) actionable recommendations.

Prior to each recommendation, the issue(s) or problem(s) to be addressed by the recommendation should be clearly stated.

A high quality recommendation is an actionable proposal that is:

1. Feasible to implement within the timeframe and resources available
2. Commensurate with the available capacities of project team and partners
3. Specific in terms of who would do what and when
4. Contains results-based language (i.e. a measurable performance target)
5. Includes a trade-off analysis, when its implementation may require utilizing significant resources that would otherwise be used for other project purposes.

viii) **Annexes** may include additional material deemed relevant by the evaluator but must include:

1. The Evaluation Terms of Reference,
2. A list of interviewees, and evaluation timeline
3. A list of documents reviewed / consulted
4. Summary co-finance information and a statement of project expenditure by activity
5. The expertise of the evaluation team. (brief CV).

TE reports will also include any response / comments from the project management team and/or the country focal point regarding the evaluation findings or conclusions as an annex to the report, however, such will be appended to the report by UNEP EOU.

Examples of UNEP GEF Terminal Evaluation Reports are available at www.unep.org/eou

Review of the Draft Evaluation Report

Draft reports submitted to UNEP EOU are shared with the corresponding Programme or Project Officer and his or her supervisor for initial review and consultation. The DGEF staff and senior Executing Agency staff are allowed to comment on the draft evaluation report. They may provide feedback on any errors of fact and may highlight the significance of such errors in any conclusions. The consultation also seeks feedback on the proposed recommendations. UNEP EOU collates all review comments and provides them to the evaluators for their consideration in preparing the final version of the report.

4. <u>Submission of Final Terminal Evaluation Reports.</u>

The final report shall be submitted in electronic form in MS Word format and should be sent to the following persons:

Head of UNEP Evaluation and Oversight Unir (EOU):
Segbedzi Norgbey, Chief,
UNEP Evaluation and Oversight Unit

P.O. Box 30552-00100
Nairobi, Kenya
Tel.: (254-20) 7624181
Fax: (254-20) 7623158
Email: segbedzi.norgbey@unep.org

With a copy to:

Jan L. McAlpine
Director
UNFF Secretariat
1 United Nations Plaza
DC1-1255
New York, NY 10017
USA
Tel: +(1) 212 963 3401
Fax: +(1) 917 367 3186
Email: mcalpine@un.org

Maryam Niamir-Fuller,
UNEP GEF Coordinator
P.O. Box 30552-00100
Nairobi, Kenya
Tel: +(254-20)762-4166
Fax: +(254-20)762-4041/2
Email: Maryam.Niamir-Fuller@unep.org

Max Zieren (Task Manager)
Regional Programme Coordinator – Asia PacificNational Coordinator UNEP/DGEF
UNEP/ESCAP, UN Building, Fl.2SCN Quadra 2 - Bloco A
Radjamnern Nok Avenue
Bangkok 10200
Thailand
e-mail: max.zieren@unep.org

The final evaluation report will be published on the Evaluation and Oversight Unit's web-site www.unep.org/eou and may be printed in hard copy. Subsequently, the report will be sent to the GEF Office of Evaluation for their review, appraisal and inclusion on the GEF website.

5. Resources and schedule of the evaluation

This final evaluation will be undertaken by an international evaluator contracted by the Evaluation and Oversight Unit, UNEP. The contract for the evaluator will begin approximately in July 2013 and end in August 2011 (30-45 working days) spread over 8 weeks. The evaluator will submit a draft report on 1 September 2013 to UNEP/EOU, UNFFS, the UNEP/DGEF Task Manager, and key representatives of the executing agencies. Any comments or responses to the draft report will be sent to UNEP / EOU for collation and the consultant will be advised of any necessary revisions. Comments to the final draft report will be sent to the consultant by 15 September 2013 after which, the consultant will submit the final report no later than 1 October 2013.

After an initial telephone briefing with UNFFS, UNEP/EOU and UNEP/GEF, the evaluator will conduct initial desk review work.

In accordance with UNEP/GEF policy, all GEF projects are evaluated by independent evaluators contracted as consultants by UNFFS. The evaluator should have the following qualifications:

The evaluator should not have been associated with the design and implementation of the project in a paid capacity. The evaluator will work under the overall supervision of the Chief, Evaluation and Oversight Unit, UNEP. The evaluator should be an international expert in finance and forests with a sound understanding of evaluation issues. The consultant should have the following minimum qualifications: (i) experience in forest-related issues; (ii) experience with management and implementation of environmental projects and targeted at policy-influence and decision-making; (iii) experience with project evaluation. Knowledge of UNFFS, UNEP and GEF programmes and activities is desirable. Knowledge of UN languages is an advantage. Fluency in oral and written English is a must.

6. Schedule Of Payment

The consultant shall select one of the following two contract options:

Lump-Sum Option

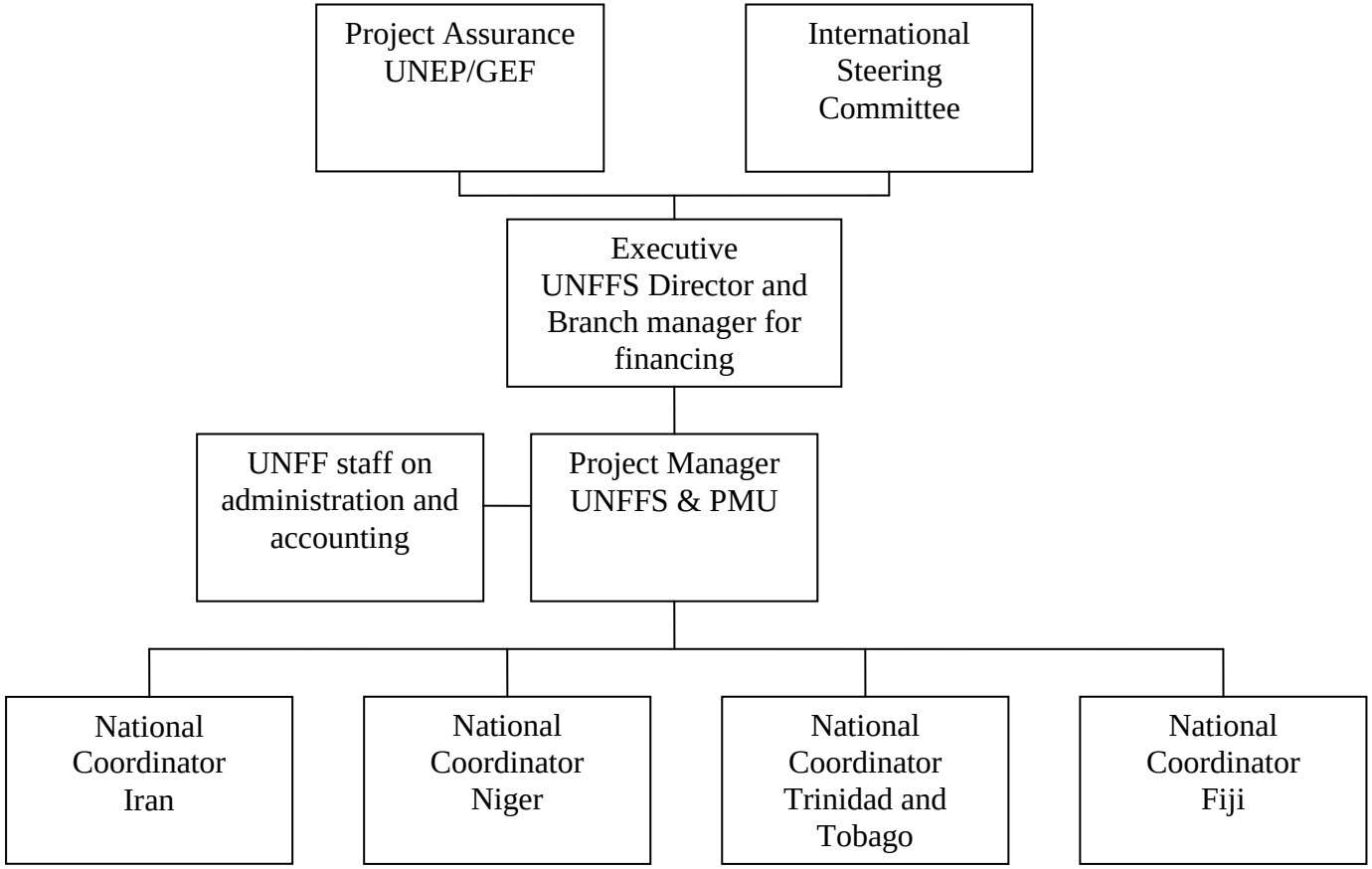
The evaluator will receive an initial payment of 30% of the total amount due upon signature of the contract. A further 30% will be paid upon submission of the draft report. A final payment of 40% will be made upon satisfactory completion of work. The fee is payable under the individual Special Service Agreement (SSA) of the evaluator and **is inclusive** of all expenses such as travel, accommodation and incidental expenses.

Fee-only Option

The evaluator will receive an initial payment of 40% of the total amount due upon signature of the contract. Final payment of 60% will be made upon satisfactory completion of work. The fee is payable under the individual SSAs of the evaluator and is **NOT** inclusive of all expenses such as travel, accommodation and incidental expenses. Ticket and DSA will be paid separately.

In case, the evaluator cannot provide the products in accordance with the TORs, the timeframe agreed, or his products are substandard, the payment to the evaluator could be withheld, until such a time the products are modified to meet UNEP's standard. In case the evaluator fails to submit a satisfactory final product to UNEP, the product prepared by the evaluator may not constitute the evaluation report.

Appendix 10: Decision-making flowchart and organizational chart



UNFFS

- At the international level, a Project Manager within the UNFF Secretariat will manage and execute the project in accordance with the objective, outcomes, outputs and deliverables as described in this document and specifically the Results Framework (or LFA) in Appendix 4. The Project Manager will work part time in the project and will be supported by one administrator/ financial manager and one Secretary – both on part time assignment for the project.. S/he will be supervised by the UNFFS Director and Branch manager for financing and overseen by senior suppliers, namely representatives from co-financing institutions.
- UNEP/GEF will execute the Project Assurance role, ensuring throughout the lifetime of the project that it meets the required UNEP/GEF standards.
- National coordinators will only be active during the workshops which will be taking place in each of the four countries (Iran, Niger, Trinidad and Tobago, and Fiji).
- An International Steering Committee (ISC) will be created to oversee the project and approve annual work plans and budgets. It shall convene once in mid-2011, once mid-2012 one year after inception of the GEF-funded period, on the occasion of the UNFF Organisation-led initiative on forest financing, and a third time at the end of the project, during the 10th Session of the UNFF (planned for June 2013). The Steering Committee shall be composed of six members the UNFF Secretariat, UNEP/GEF, the Economic Commission for Latin America and the Caribbean (ECLAC), the Economic Commission for Asia and the Pacific (ESCAP), the Food and Agriculture Organisation (FAO) and the Secretariat of the United Nations Convention to Combat Desertification (UNCCD). The two former and two latter organisations are members of the Collaborative Partnership on Forests (CPF).
- Together, the Project Manager, the administrator and support staff from the UNFFS will act as a secretariat for the International Steering Committee (ISC).

Appendix 11: ToR for lead EA, consultants and International Steering Committee

Project manager-UNFFS	Tasks and Responsibilities	Deliverables
	• To execute the project in accordance with the LFA and ensure that the project execution is efficiently initiated and includes proper financial management, timely delivery of outputs and deliverables. • To identify national Focal Points for the project. • To initiate a dialogue among the key stakeholders to strengthen engagement and involvement at the national level • To develop channels of communication between the UNFFS, national coordinators, and national focal points. • To devise a format for sharing of lessons learned and to mobilize regional partnerships, including S-S partnerships. • To hire, supervise and work with national consultants on the workshop preparations, including the logistical arrangements, budgetary details, workshop agenda, invitation letters, and venue facilities. • To supervise and coordinate the work of all consultants. • To fully cooperate with UNEP and provide UNEP with access to all documents and information gathered during the project. • To report to the UNFFS, UNEP and the ISC on progress made and challenges encountered. • To serve as a secretary of the ISC, convene meetings and prepare summary reports of all meetings.	• List of national Focal points in SIDS and LFCCs • Questionnaire for reporting to regional workshops. • Lessons learned compiled and disseminated. • SFM Communication Financing Strategy developed on the UNFF website, together with the Communication Specialist. • Annual detailed work plans and budgets approved annually by the ISC and UNEP specifically. • Semi- annual progress reports to UNEP, UNFFS and the ISC. • Minutes of the ISC meetings.

International Steering Committee	Tasks and Responsibilities	Deliverables
The ISC membership is built on principles of cross sector and integration approaches. It does not consist of the forestry sector soley, but rather is composed of the UNFFS, UNEP/GEF, the Economic Commission for Latin America and the Caribbean (ECLAC), the Economic Commission for Asia and the Pacific (ESCAP), the Food and Agriculture Organization (FAO) and the Secretariat of the United Nations Convention to Combat Desertification (UNCCD). The two former and latter organizations are members of the Collaborative Partnership on Forests (CPF).	• to provide regional expertise and advice and guidance as needed. • to provide logistical input for the preparations for workshop meetings • to review progress made and help find solutions to any challenges encountered. • to work in a collaborative manner, and exchange relevant information to all members • to review project against its M&E indicators and targets • To meet and discuss key priorities of the project. Three meetings will be held: once in mid-2011; in mid-2012 (one year after inception of the GEF-funded period) on the occasion of the UNFF Organisation-led initiative on forest financing; and the last meeting at the end of the project, during the 10th Session of the UNFF (planned for June 2013).	• ISC meeting minutes and recommendations revised and accepted by ISC members. • Input and guidance provided to project management

Consultants	**Tasks to be performed/ ToR**	**Deliverables**
National Coordinator Iran	• To carry out all national arrangements in relation to the Inter-regional workshop in Iran (Sept. 2011) • To prepare budgetary arrangements in accordance with UNFF specifications • To plan and execute the workshop in accordance with UNFF specification • To identify key national experts and keynote speakers to be invited by UNFF for the workshop and agree with the UNFF project manager on the workshop agenda • To arrange all logistical details, such as simultaneous interpretation, airport transfers, visa arrangements, hotel accommodation, workshop venue, printed materials for dissemination, field trips, as well as meals and coffee breaks, in accordance with UNFF specification.	• A detailed budget of all the workshop expenses (submitted to the UNFFS one month before workshop) • A detailed outline of the workshop arrangements, including all confirmed participants, keynote speakers, background documentation, substantive documentation, and agenda (submitted to the UNFFS two week before workshop) • Summary report of the workshop (submitted to the UNFFS one week after workshop implementation)

	• To devise the workshop agenda with a focus 'on the way forward' in cooperation with the workshop facilitator and the UNFF project manager • To support the workshop facilitators and the UNFF project manager as well as other UNFF staff during the workshop • To prepare a summary report of the workshop, and include a report of the budget expenses within 2 weeks after workshop • To regularly liaise with the UNFF project manager	
National Coordinator Niger	• To carry out all national arrangements in relation to the Inter-regional workshop in Niger (January 2012). • To prepare budgetary arrangements in accordance with UNFF specifications • To plan and execute the workshop in accordance with UNFF specification • To identify key national experts and keynote speakers to be invited by UNFF for the workshop and agree with the UNFF project manager on the workshop agenda • To arrange all logistical details, such as simultaneous interpretation, airport transfers, visa arrangements, hotel accommodation, workshop venue, printed materials for dissemination, field trips, as well as meals and coffee breaks, in accordance with UNFF specification. • To devise the workshop agenda with a focus 'on the way forward' in cooperation with the workshop facilitator and the UNFF project manager • To support the workshop facilitators and the UNFF project manager as well as other UNFF staff during the workshop • To prepare a summary report of the workshop, and include a report of the budget expenses within 2 weeks after workshop • To regularly liaise with the UNFF project manager	• A detailed budget of all the workshop expenses (submitted to the UNFFS one month before workshop) • A detailed outline of the workshop arrangements, including all confirmed participants, keynote speakers, background documentation, substantive documentation, and agenda (submitted to the UNFFS two week before workshop) • Summary report of the workshop (submitted to the UNFFS one week after workshop implementation)
National Coordinator Trinidad & Tobago	• To carry out all national arrangements in relation to the Inter-regional workshop in	• A detailed budget of all the workshop expenses (submitted to the UNFFS one month

	Trinidad &Tobago (April 2012) • To prepare budgetary arrangements in accordance with UNFF specifications • To plan and execute the workshop in accordance with UNFF specification • To identify key national experts and keynote speakers to be invited by UNFF for the workshop and agree with the UNFF project manager on the workshop agenda • To arrange all logistical details, such as simultaneous interpretation, airport transfers, visa arrangements, hotel accommodation, workshop venue, printed materials for dissemination, field trips, as well as meals and coffee breaks, in accordance with UNFF specification. • To devise the workshop agenda with a focus 'on the way forward' in cooperation with the workshop facilitator and the UNFF project manager • To support the workshop facilitators and the UNFF project manager as well as other UNFF staff during the workshop • To prepare a summary report of the workshop, and include a report of the budget expenses within 2 weeks after workshop • To regularly liaise with the UNFF project manager	before workshop) • A detailed outline of the workshop arrangements, including all confirmed participants, keynote speakers, background documentation, substantive documentation, and agenda (submitted to the UNFFS two week before workshop) • Summary report of the workshop (submitted to the UNFFS one week after workshop implementation)
National Coordinator Fiji	• To carry out all national arrangements in relation to Inter-regional workshop in Fiji (July 2012) • To prepare budgetary arrangements in accordance with UNFF specifications • To plan and execute the workshop in accordance with UNFF specification • To identify key national experts and keynote speakers to be invited by UNFF for the workshop and agree with the UNFF project manager on the workshop agenda • To arrange all logistical details, such as simultaneous interpretation, airport transfers, visa arrangements, hotel accommodation, workshop	• A detailed budget of all the workshop expenses (submitted to the UNFFS one month before workshop) • A detailed outline of the workshop arrangements, including all confirmed participants, keynote speakers, background documentation, substantive documentation, and agenda (submitted to the UNFFS two week before workshop) • Summary report of the workshop (submitted to the UNFFS one week after workshop implementation)

	venue, printed materials for dissemination, field trips, as well as meals and coffee breaks, in accordance with UNFF specification. • To devise the workshop agenda with a focus 'on the way forward' in cooperation with the workshop facilitator and the UNFF project manager • To support the workshop facilitators and the UNFF project manager as well as other UNFF staff during the workshop • To prepare a summary report of the workshop, and include a report of the budget expenses within 2 weeks after workshop • To regularly liaise with the UNFF project manager	
Expert on SFM financing (LFCC workshops)	• To prepare a presentation for the two Inter-regional LFCC workshops presenting tangible best practices and examples of SFM financing in coordination and agreement with UNFF (Iran, Sept. 2011; and Niger, Jan. 2012) • To participate in the two workshops and present best practices and examples in professional PP presentations • To contribute in the workshop by actively participating in discussions and stimulating dialogue • To help prepare the workshop summary report, together with the national coordinator of Iran and Niger, highlighting key recommendations and outcomes	• PP Presentations prepared and presented at two workshops. • Summary report of the workshop (submitted to the UNFFS one week after workshop implementation)
Expert on SFM financing (SIDS workshops)	• To prepare a presentation for the two Inter-regional SIDS workshops presenting tangible best practices and examples of SFM financing in coordination and agreement with UNFF (Trinidad & Tobago, April, 2012; and Fiji, July 2012) • To participate in the two workshops and present best practices and examples in professional PP presentations • To contribute in the workshop progress by actively participating in discussions and stimulating dialogue • To help prepare the workshop summary report, together with	• PP Presentations prepared and presented at two workshops. • Summary report of the workshop (submitted to the UNFFS one week after workshop implementation)

	the national coordinator of Fiji and Trinidad and Tobago, highlighting key recommendations and outcomes	
Consultant for baseline awareness levels	• To examine and review the 11 papers produced as part of Component I and to compare it with other relevant data published by other organizations on forest financing • To establish baseline awareness levels on forest financing for relevant stakeholders based on available data • Base work on GEF tracking tools (Appendix 13)	• A final report containing baseline awareness levels for all stakeholders, and in particular for (i) forest sector stakeholders, (ii) finance sector stakeholders, and (iii) non specialist stakeholders, for SIDS and LFCCs respectively. Other key stakeholders may be identified by the consultant. (for example, what about donors?)
Workshop Facilitator	• Responsible for the programme contents (i.e., agenda) and overall execution of the four inter-regional workshops in Iran, Sept. 2011; and Niger, Jan. 2012; Trinidad & Tobago, April, 2012; and Fiji, July 2012 • To work in close cooperation and agreement with UNFF and in close cooperation with all the four national facilitators • To effectively plan for the four workshops • To devise approaches for information exchange, the sharing of experiences and use the standardized reporting questionnaire to collect information for all participants. • To facilitate the four workshops in accordance with agreed plans • To hold daily meetings with UNFFS and the national facilitators during the workshops • To build strategic links between the SFM Financing Communication specialist and national representatives at the workshops • To function as a facilitator for information exchange and dialogue between donors and national representatives • To evaluate and report to UNFF's project manager after each workshop to help and improve the next workshop	• A detailed plan for each workshop, including programme agenda and schedule, methodology for effective workshop facilitation (to be submitted to the UNFFS one month before workshop) • Successful workshop execution, measured by effective dialogue between all participants and elaboration of key regional priorities for SFM financing. • A report after each workshop on key successes and lessons learned, including proposals to how to improve forthcoming workshops (to be submitted to the UNFFS one month after each workshop)
Forestry expert (SFM financing) for LFCC	• To support the planning and organization of the two LFCC workshops, in coordination and agreement with the UNFF project manager (Iran, Sept. 2011; and Niger, Jan. 2012)	• Prepare a presentation on SFM experiences from the LFCC countries (to be submitted to UNFFS in digital format one month before the workshop) • To serve as a resource person

	• To plan, design and present the paper on SFM experiences from the LFCC countries • To actively participate in the two workshops, stimulate discussions among participants, and foster and strengthen regional network initiatives and discussions with donors • To help prepare the workshop summary report, together with the national coordinator of Iran and Niger, drawing on the key conclusions for future action to be taken to support sustained and invocative approaches on SFM financing	and help the facilitator catalyze discussions at the two LFCC workshops • A report from each workshop with key conclusions for future action to be taken to support sustained and innovative approaches on SFM financing •
Forestry expert (SFM financing) for SIDS	• To support the planning and organization of the two SIDS workshops in coordination and agreement with UNFF (Trinidad & Tobago, April, 2012; and Fiji, July 2012) • To plan, design and present the paper on SFM experiences from the SIDS countries • To actively participate in the two workshops, stimulate discussions among participants, and foster and strengthen regional network initiatives and discussions with donors • To help prepare the workshop summary report, together with the national coordinator of Fiji and Trinidad and Tobago, drawing on key conclusions for future action to be taken to support sustained and innovative approaches on SFM financing.	• Prepare a presentation on SFM experiences from the SIDS countries (to be submitted to UNFFS in digital format one month before the workshop) • To serve as a resource person and help the facilitator catalyze discussions at the two SIDS workshops • A report from each workshop with key conclusions for future action to be taken to support sustained and innovative approaches on SFM financing
Communication expert for UNFF's forest financing website	• To synthesize the lessons learned from all four workshops and design an overall final SFM financing communication strategy (CS) in collaboration with the UNFF project manager, based on Appendix 17 • To design a webpage on the UNFF website accessible to all stakeholders. The webpage should: (i) provide information on all the four workshops; (ii) provide forest financing stakeholders specific information on SFM financing (iii) provide a discussion forum for exchange of experiences on forest financing in SIDS and	• Regularly updated webpage on forest financing in SIDS and LFCCs in English only. • A webpage containing various sections, for example: (i) information and data on forest financing in SIDS and LFCCs, including the 11 papers of Component I, (ii) the feedback from the four workshops , (iii) policy briefs, leaflets and publications as they are released; and (iv) a discussion forum for forest finance stakeholders to exchange experiences on forest financing. • The webpage should include

	LFCCs. • To update the webpage regularly as additional data is provided to the UNFF project manager • To help coordinate information provided by the communication experts (see below), for example policy briefs and leaflets aimed at different categories of stakeholders	links to outside information, notably the work carried out on forest financing by other organizations such as FAO
Communication expert for forest sector stakeholders	• To synthesize the lessons learned from all four workshops and the overall final SFM financing communication strategy (CS) and compile findings and conclusions specifically relevant to forest sector stakeholders in SIDS and LFCCs • To design communication products specifically geared towards forest sector stakeholders • To gear communication according to awareness levels of forest sector stakeholders	• Set of policy briefs and/or leaflets in English containing the main findings, conclusions and recommendations on forest financing in SIDS and LFCCs with special attention to data relevant to the forest sector.
Communication expert for finance sector stakeholders	• To synthesize the lessons learned from all four workshops and the overall final SFM financing communication strategy (CS) and compile findings and conclusions specifically relevant to finance sector stakeholders in SIDS and LFCCs • To design communication products specifically geared towards finance sector stakeholders • To gear communication according to awareness levels of finance sector stakeholders	• Set of policy briefs and/or leaflets in English containing the main findings, conclusions and recommendations on forest financing in SIDS and LFCCs with special attention to data relevant to the finance sector.
Communication expert	• To synthesize the lessons learned from all four workshops and the overall final SFM financing communication strategy (CS) and compile findings and conclusions specifically relevant to non-specialist stakeholders in SIDS and LFCCs • To design communication products specifically geared towards non-specialist stakeholders • To gear communication according to awareness levels of non-specialist stakeholders	• Set of policy briefs and/or leaflets in English containing the main findings, conclusions and recommendations on forest financing in SIDS and LFCCs with special attention to data relevant to the non-specialists.

Appendix 12: Draft procurement plan

Principles for Procurement

As the UNFFS implements its approved work plan activities, it will procure goods and services. These procurement actions will conform to generally accept good business practices. In particular, it will follow the procurement rules and regulations of the United Nations system, and of course comply with all applicable local laws and regulations where relevant. Particular importance will be placed on the development of terms of reference that are complete and clearly specify services to be performed and deliverables to be produced, and their contribution to the achievement of outputs.

Procurement Steps

All UNFFS procurement actions, regardless of value, will follow these five steps:

1. **Specifications**. This is the process of determining what the project needs to procure (*not* what is wanted). In most cases, specifications are based on minimum required performance characteristics.

2. **Competition**. Procurement is predicated on the belief that open and unrestricted competition – to the maximum extent practical – over the life of the project will result in accumulated best value. However, competition has real cost in terms of documentation preparation, staff time, etc. The determinant of what constitutes practical competition is that estimated competition costs should not outweigh anticipated best value gain.

3. **Selection**. UNFFS will do business with reputable vendors, i.e., known, established vendors who offer products and services that fully meet stated specifications. When competition is involved, and there are three or more offers, UNFFS should select the vendor who offers best value. When cost is the primary consideration, selection is easy: UNFFS awards to the lowest offered price. When other factors are involved, such as warranties, delivery time, installation, etc., then price is just one of the evaluation factors. The proven test one can apply when selecting for best value is: if it was your personal money being used, which vendor would you select for best value?

4. **Negotiation, Acceptance and Documentation**. Procurement actions are brought to closure by means of negotiation and/or acceptance with the selected vendor. In some cases, this can be accomplished by issuing a purchase order and having the vendor sign acceptance, or accepting a product "over the counter" and paying against an invoice. For more complex procurements, there may be need to reach agreement on such items as payment, deliverables and delivery terms, i.e., these need to be negotiated and specified in a subcontract. In all cases, a procurement action is closed by mutual acceptance, whether it be a purchase order, letter of agreement, subcontract, or payment of vendor invoice. All transactions, without exception, require supporting documentation such as a receipt. In small value situations when a vendor receipt is not available, this can be a pre-printed form or memo note that the UNFFS staff fills out, signs and submits. For large value procurement, this will consist of an entire package of documents including the specifications, the request for quotation or invitation for bids, an award memo describing the rationale for selection, the purchase contract or order, and a commercial grade receipt on the vendor's pre-printed letterhead.

5. **Thresholds**. The work input for UNFFS varies with the size and nature of the procurement action. This is best explained as follows:

- For goods worth up to $10,000, written approval is required from UN-DESA's Capacity Development Office;

- For services by consultants or contractors worth up to $30,000, a selection process must be submitted to and approved by UN-DESA's Capacity Development Office, according to a duly filled-out PT.104 form (see Annex A of this Appendix);

- For services by consultants or contractors worth over $30,000, the process must follow the strict rules of the UN Procurement Department which submits the selection process to open bidding and a complex list of selection criteria established in coordination with UNFFS.

Appendix 13: Tracking Tools

GEF Tracking Tool Biodiversity SP-2:
'*Mainstreaming Biodiversity in Production Landscapes/Seascapes and Sectors'*

I. Project General Information

Project Name: Facilitating financing for sustainable forest management in small island developing states (SIDS) and low forest cover countries (LFCCs)

1. Project ID (GEF): 4235
2. Project ID (IA): GFL-2328-2713-4B56
3. Implementing Agency: UNEP
4. Country(ies): All small island developing states and low forest cover countries (78 countries in total; see appendix 16 for full list)

Name of reviewers completing tracking tool and completion dates:

	Name	**Title**	**Agency**
Work Program Inclusion	**Benjamin Singer**	**Forest Affairs Officer**	**UNFF Secretariat**
Project Mid-term	**Benjamin Singer**	**Forest Affairs Officer**	**UNFF Secretariat**
Final Evaluation/project completion	**Benjamin Singer**	**Forest Affairs Officer**	**UNFF Secretariat**

5. Project duration: ***Planned***_____2_ years ***Actual*** _ years

6. Lead Project Executing Agency (ies): UNFF (UNDESA)

7. GEF Operational Program:
☐ drylands (OP 1)
☐ coastal, marine, freshwater (OP 2)
☑ forests (OP 3)
☐ mountains (OP 4)
☐ agro-biodiversity (OP 13)
☐ integrated ecosystem management (OP 12)
☐ sustainable land management (OP 15)

Other Operational Program not listed above:_____

8. Production sectors and/or ecosystem services directly targeted by project:

8. a. Please identify the main production sectors involved in the project. Please put "**P**" for sectors that are primarily and directly targeted by the project and "**S**" for those that are secondary or incidentally affected by the project.
Agriculture_S_____
Fisheries_____
Forestry__P_____
Tourism__S_____
Mining_____
Oil_____

Transportation__ _____
Other (please specify)__Energy (S), Finance (P)_____

8. b. For projects that are targeting the conservation or sustainable use of ecosystems goods and services, please specify the goods or services that are being targeted, for example, water, genetic resources, recreational, etc

1. _All forest goods and services including: timber and non-timber forest products,_
2. _water supply & purification, carbon sequestration,
3. _genetic resources,
4. _recreational, spiritual, cultural services

II. Project Landscape/Seascape Coverage

9. a. What is the extent (in hectares) of the landscape or seascape where the project will directly or indirectly contribute to biodiversity conservation or sustainable use of its components? An example is provided in the table below.

Targets and Timeframe **Project Coverage**	**Foreseen at project start**	**Achievement at Mid-term Evaluation of Project**	**Achievement at Final Evaluation of Project**
Landscape/seascape6 area directly7 covered by the project (ha)	All forests in SIDS and LFCCs. Note: Baselines will be established at start of project		
Landscape/seascape area indirectly8 covered by the project (ha)	All degraded lands in SIDS and LFCCs		

Explanation for indirect coverage numbers:

- Many lands in SIDS and LFCCs are not currently covered by natural forests but either once were, or have a strong afforestation/reforestation potential in the near future. Both forests and these lands are targeted in forest landscape restoration, and thus forest financing.

9. b. Are there Protected Areas within the landscape/seascape covered by the project? If so, names these PAs, their IUCN or national PA category, and their extent in hectares.

6 For projects working in seascapes (large marine ecosystems, fisheries etc.) please provide coverage figures and include explanatory text as necessary if reporting in hectares is not applicable or feasible.
7 Direct coverage refers to the area that is targeted by the project's site intervention. For example, a project may be mainstreaming biodiversity into floodplain management in a pilot area of 1,000 hectares that is part of a much larger floodplain of 10,000 hectares.
8 Using the example in footnote 5 above, the same project may, for example, "indirectly" cover or influence the remaining 9,000 hectares of the floodplain through promoting learning exchanges and training at the project site as part of an awareness raising and capacity building strategy for the rest of the floodplain. Please explain the basis for extrapolation of indirect coverage when completing this part of the table.

	Name of Protected Areas	IUCN and/or national category of PA	Extent in hectares of PA
1.	Not specifically		
2.			
3.			
4.			

III. Management Practices Applied

10.a. Within the scope and objectives of the project, please identify in the table below the management practices employed by project beneficiaries that integrate biodiversity considerations and the area of coverage of these management practices? Note: this could range from farmers applying organic agricultural practices, forest management agencies managing forests per Forest Stewardship Council (FSC) guidelines or other forest certification schemes, artisanal fisherfolk practicing sustainable fisheries management, or industries satisfying other similar agreed international standards, etc. An example is provided in the table below.

Targets and Timeframe Specific management practices that integrate BD	Area of coverage foreseen at start of project	Achievement at Mid-term Evaluation of Project	Achievement at Final Evaluation of Project
1. surface are of FSC-certified forests (as a proxy for SFM)	5,170,214 ha in 10 countries (out of 78)9		
2. Additional practices to be established by Sept 2011 by M&E consultant			
3…			

10. b. Is the project promoting the conservation and sustainable use of wild species or landraces?
_X_ No , not specifically

If yes, please list the wild species (WS) or landraces (L):

Species (*Genus sp*., and common name)	Wild Species (please check if this is a wild species)	Landrace (please check if this is a landrace)
1.		
2.		
3.		
4…		

9 April 2011 figures. Source: http://www.fsc.org/fileadmin/web-data/public/document_center/powerpoints_graphs/facts_figures/2011-03-15-Global-FSC-Certificates-EN.pdf

10. c. For the species identified above, ***or other target species of the project not included in the list above (E.g., domesticated species)***, please list the species, check the boxes as appropriate regarding the application of a certification system, and identify the certification system being used in the project, if any. An example is provided in the table below.

Certification **Species**	A certification system is being used	A certification system will be used	Name of certification system if being used	A certification system will not be used
1. to be set by September 2011 by M&E consultant				
2…				

IV. Market Transformation and Mainstreaming Biodiversity

11. a. **For those projects that have identified market transformation as a project objective**, please describe the project's ability to integrate biodiversity considerations into the mainstream economy by measuring the market changes to which the project contributed.

The sectors and subsectors and measures of impact in the table below **are illustrative examples, only**. Please complete per the objectives and specifics of the project.

Name of the market that the project seeks to affect (sector and sub-sector)	**Unit of measure of market impact**	**Market condition at the start of the project**	**Market condition at midterm evaluation of project**	**Market condition at final evaluation of the project**
Financing for SFM (all sources)	Number of projects or programs targeting SFM or applying SFM	510		

11. b. Please also note which (if any) market changes were directly caused by the project.

_____
_____
_____
_____
_____
_____
_____
_____
_____

10 Among the 7 case-study countries selected during Component I (Cape Verde, Fiji, Kyrgyzstan, Mali, Jordan, Trinidad & Tobago and Uruguay). Data for all 78 SIDS and LFCCs will be available upon submission of all standardized national reports.

V. Improved Livelihoods

12. For those projects that have identified improving the livelihoods of a beneficiary population based on sustainable use /harvesting as a project objective, please list the targets identified in the logframe and record progress at the mid-term and final evaluation. An example is provided in the table below

Improved Livelihood Measure	**Number of targeted beneficiaries (if known)**	**Please identify local or indigenous communities project is working with**	**Improvement Foreseen at project start**	**Achievement at Mid-term Evaluation of Project**	**Achievement at Final Evaluation of Project**
2.					
3…					

VI. Project Replication Strategy

13. a. Does the project specify budget, activities, and outputs for implementing the replication strategy? Yes___ No_X_

13. b. Is the replication strategy promoting incentive measures & instruments (e.g. trust funds, payments for environmental services, certification) within and beyond project boundaries?
Yes___ No___

If yes, please list the incentive measures or instruments being promoted:
_____
_____
_____

13. c. For all projects, please complete box below. Two examples are provided.

Replication Quantification Measure (Examples: hectares of certified products, number of resource users participating in payment for environmental services programs, businesses established, etc.)	**Replication Target Foreseen at project start**	**Achievement at Mid-term Evaluation of Project**	**Achievement at Final Evaluation of Project**
1. Established network of forest financing stakeholders in targeted countries	0 countries		
2. National forest financing strategy	0 countries		
3. National identification of obstacles to forest financing	0 countries		
4. National identification of gaps to forest financing	0 countries		
5. National identification of new opportunities in forest financing	0 countries		

VII. Enabling Environment

For those projects that have identified addressing policy, legislation, regulations, and their implementation as project objectives, please complete the following series of questions*:* 18a, 18b, 18c.

An example for a project that focused on the agriculture sector is provided in 18 a, b, and c.

14. a. Please complete this table at **work program inclusion for each sector** that is a primary or a secondary focus of the project.

Please answer YES or NO to each statement under the sectors that are a focus of the project.

Data presented below concern the forest sector in the 7 case-studies collected so far. Additional information will be provided upon submission of all 78 standardized national reports.

Sector **CAPE VERDE** **Statement: Please answer YES or NO for each sector that is a focus of the project.**	**Agriculture**	**Fisheries**	**Forestry**	**Tourism**	**Other (please specify)**	**Other (please specify)**
Biodiversity considerations are mentioned in sector policy			Yes			
Biodiversity considerations are mentioned in sector policy through specific legislation			Yes			
Regulations are in place to implement the legislation			Yes			
The regulations are under implementation			No			
The implementation of regulations is enforced			No			
Enforcement of regulations is monitored			No			

Sector **FIJI** **Statement: Please answer YES or NO for each sector that is a focus of the project.**	**Agriculture**	**Fisheries**	**Forestry**	**Tourism**	**Other (please specify)**	**Other (please specify)**
Biodiversity considerations are mentioned in sector policy			Yes			
Biodiversity considerations are mentioned in sector policy through specific legislation			Yes			
Regulations are in place to implement the legislation			Yes			
The regulations are under implementation			Yes			
The implementation of regulations is enforced			Yes			
Enforcement of regulations is monitored			Yes			

Sector **JORDAN** **Statement: Please answer YES or NO for each sector that is a focus of the project.**	**Agriculture**	**Fisheries**	**Forestry**	**Tourism**	**Other (please specify)**	**Other (please specify)**
Biodiversity considerations are mentioned in sector policy			Jordan has no forest policy			
Biodiversity considerations are mentioned in sector policy through specific legislation			No			
Regulations are in place to implement the legislation			No			
The regulations are under implementation			No			
The implementation of regulations is enforced			No			
Enforcement of regulations is monitored			No			

Sector **KYRGYZSTAN** **Statement: Please answer YES or NO for each sector that is a focus of the project.**	**Agriculture**	**Fisheries**	**Forestry**	**Tourism**	**Other (please specify)**	**Other (please specify)**
Biodiversity considerations are mentioned in sector policy			Yes			
Biodiversity considerations are mentioned in sector policy through specific legislation			Yes			
Regulations are in place to implement the legislation			Yes			
The regulations are under implementation			Yes			
The implementation of regulations is enforced			No			
Enforcement of regulations is monitored			No			

Sector **MALI** **Statement: Please answer YES or NO for each sector that is a focus of the project.**	**Agriculture**	**Fisheries**	**Forestry**	**Tourism**	**Other (please specify)**	**Other (please specify)**
Biodiversity considerations are mentioned in sector policy			Yes			
Biodiversity considerations are mentioned in sector policy through specific legislation			Yes			
Regulations are in place to implement the legislation			Yes			
The regulations are under implementation			Yes			
The implementation of regulations is enforced			No			
Enforcement of regulations is monitored			No			

Sector **TRINIDAD AND TOBAGO** **Statement: Please answer YES or NO for each sector that is a focus of the project.**	**Agriculture**	**Fisheries**	**Forestry**	**Tourism**	**Other (please specify)**	**Other (please specify)**
Biodiversity considerations are mentioned in sector policy			Yes			
Biodiversity considerations are mentioned in sector policy through specific legislation			Yes			
Regulations are in place to implement the legislation			Yes			
The regulations are under implementation			Yes			
The implementation of regulations is enforced			Yes			
Enforcement of regulations is monitored			Yes			

Sector **URUGUAY** **Statement: Please answer YES or NO for each sector that is a focus of the project.**	**Agriculture**	**Fisheries**	**Forestry**	**Tourism**	**Other (please specify)**	**Other (please specify)**
Biodiversity considerations are mentioned in sector policy			Yes			
Biodiversity considerations are mentioned in sector policy through specific legislation			Yes			
Regulations are in place to implement the legislation			Yes			
The regulations are under implementation			Yes			
The implementation of regulations is enforced			Yes			
Enforcement of regulations is monitored			Yes			

14. b . Please complete this table at **the project mid-term for each sector** that is a primary or a secondary focus of the project.
Please answer YES or NO to each statement under the sectors that are a focus of the project.

Sector **Statement: Please answer YES or NO for each sector that is a focus of the project.**	**Agriculture**	**Fisheries**	**Forestry**	**Tourism**	**Other (please specify)**	**Other (please specify)**
Biodiversity considerations are mentioned in sector policy						
Biodiversity considerations are mentioned in sector policy through specific legislation						
Regulations are in place to implement the legislation						
The regulations are under implementation						
The implementation of regulations is enforced						
Enforcement of regulations is monitored						

14. c. Please complete this table at **project closure for each sector** that is a primary or a secondary focus of the project.
Please answer YES or NO to each statement under the sectors that are a focus of the project.

Sector **Statement: Please answer YES or NO for each sector that is a focus of the project.**	**Agriculture**	**Fisheries**	**Forestry**	**Tourism**	**Other (please specify)**	**Other (please specify)**
Biodiversity considerations are mentioned in sector policy						
Biodiversity considerations are mentioned in sector policy through specific legislation						
Regulations are in place to implement the legislation						
The regulations are under implementation						
The implementation of regulations is enforced						
Enforcement of regulations is monitored						

All projects please complete this question at the project mid-term evaluation and at the final evaluation, if relevant:

14. d. Within the scope and objectives of the project, has the private sector undertaken **voluntary** measures to incorporate biodiversity considerations in production? If yes, please provide brief explanation and specifically mention the sectors involved.

An *example* of this could be a mining company minimizing the impacts on biodiversity by using low-impact exploration techniques and by developing plans for restoration of biodiversity after exploration as part of the site management plan.

_____
_____
_____
_____
_____

VIII. Mainstreaming biodiversity into the GEF Implementing Agencies' Programs

15. At each time juncture of the project (work program inclusion, mid-term evaluation, and final evaluation), please check the box that depicts the status of mainstreaming biodiversity through the implementation of this project with on-going GEF Implementing Agencies' development assistance, sector, lending, or other technical assistance programs.

Time Frame **Status of Mainstreaming**	**Work Program Inclusion**	**Mid-Term Evaluation**	**Final Evaluation**
The project is not linked to IA development assistance, sector, lending programs, or other technical assistance programs.			
The project is indirectly linked to IAs development assistance, sector, lending programs or other technical assistance programs.	X		
The project has direct links to IAs development assistance, sector, lending programs or other technical assistance programs.			
The project is demonstrating strong and sustained complementarity with on-going planned programs.			

IX. Other Impacts

16. Please briefly summarize other impacts that the project has had on mainstreaming biodiversity that have not been recorded above.

_____
_____
_____
_____
_____

Appendix 14: Template for 78 standardized national reports

Standardized National Reporting *(Part A of Component II)*

Background and purpose:
Each participating country will need to produce a standardized report informing the project manager of a number of elements relevant to forest financing specific to each country. National focal points will be responsible for reporting. They will be encouraged to complete the report in a participatory manner and consult with other national forest finance stakeholders, either through electronic means or through a self-funded one-day meeting (see below). These reports serve several purposes, namely:

1) The effective preparation of the 4 inter-regional workshops;
2) Creating a sense of ownership in the process also on a national level;
3) Contributing to the national network on SFM (incl. first stakeholder analysis);
4) Contributing to data collection (as basis for SFM financing);
5) Analysis and evaluation of SFM financing mechanism on a national level;
6) Selection of the participants for the inter-regional workshops.

Target group in each of the 78 countries:
The 78 SIDS and LFCCs, their governments and the stakeholder groups covering key sectors related to INTEGRATED and sustainable forest management (SFM) and the financing of SFM. The target groups comes from different levels of society from national to local as well as from private sector, NGOs, etc. If found suitable, representatives from international organizations, incl. bi- and multi- lateral organizations could be invited - but the main target should remain representatives on the national level.

Participants:
The participants are the key stakeholders of the process – on a national level. 10-20 key stakeholders from each country should participate – see *target group* above. Considering the wide economic, social and environmental role forests play it is crucial that the combination of participants reflects the complexity of roles plaid by forests. This means that different sectors should be invited but also that gender and youth perspective needs coverage.

Time/Duration:
Each consultation will be led by the UNFF national focal point who will fill out the form attached in coordination with key forest financing stakeholders in the country. If deemed suitable or necessary by targeted stakeholders, each country will be encouraged to hold a 1 day- national consultation workshop that will be self-funded. All national consultation meetings should be held within the three months before the respective inter-regional workshop. (Preliminary

dates are: 1st workshop for LFCC countries in September 2011 in Iran, 2nd LFCC workshop in January 2012 in Niger, 1st workshop for SIDS countries in April 2012; and 2nd SIDS workshop in July 2012).

Consultation Objectives:
The national consultations are to prepare for the effective organization and implementation of the four inter-regional workshops on SFM for SIDS and LFCC with meaningful and impact-oriented outcomes. The objectives of the 78 national consultations therefore include:

- A sense of ownership for the overall project and process on a national level;
- Selection of suitable stakeholders to participate in the inter-regional workshops on "Financing Mechanisms for SFM for SIDS and LFCCs"
- The initiation and/or strengthening of the national network on SFM financing
- Enhanced understanding on opportunities for SFM financing in SIDS and LFCCs and strengthened stakeholders' capacity
- Identification of SFM financing challenges and opportunities
- Strengthening stakeholder capacities, networking and ownership in SIDS and LFCCs on a national level.

Consultation Outputs:
The concrete outputs from the consultations will be 78 filled standardized reporting forms, covering:

1. Participant List (will also function as a reference for the stakeholder analysis);
2. Data on and analysis of national forests and SFM financing;
3. Stakeholder analysis on SFM financing and communication analysis; and
4. Selection of country representatives for participation in the four respective inter-regional workshops.

Project Activities – in each country:
The following activities are suggested as preparation/implementation/reporting for the 78 national consultations:
- The national focal point is to decide, based on funds available, to consult with other national stakeholders electronically or through a meeting.
- The focal point shall then report back to UNFF latest one month before the inter-regional workshop (cf. formatted report sheets/questionnaires).

Budget:
The costs for the 78 national consultations are the responsibility of the respective countries. Reports and background material will be provided through the UNFF Secretariat.

M&E:
Administrative monitoring
Each consultation will be documented by a report with identified indicators (incl. number of participants, sectors represented, data sheets filled by country, etc.)

Quality monitoring

1) The consultation will be concluded through an evaluation form to be filled with indicators related to consultation content and expected outcomes such as networking, financing mechanisms identified, etc.

2) Likewise, the careful selection of two national stakeholders to participate in the inter-regional workshop ensures quality control of the overall process in the project.

3) The reporting format with pre-defined questions and standardized sheets (see annex) supports the quality control of the overall process.

4) Overall, the *implementation* of the 78 national consultations and their linking to the inter-regional workshops is an important means to contribute to the quality and impact-oriented outcomes of the overall project (through creating a sense of national ownership of the project and its results, repetition, reflection, awareness-raising, increased network building and enhanced capacity).

Annex 1-4: Reporting Sheets

The Sheets below has been designed in a standardized way to be applied in all 78 national consultant workshops. The purpose of the this is to minimize the administrative and reporting pressure on the UNFF secretariat and also to see to that all participating countries come to the inter-regional workshops with similar information and data collected and structured in a way that it will contribute to the successful outcome of these workshops.

The report must be sent to the UNFF Secretariat – who will compile the 78 national workshop data as preparation for the four inter-regional workshops.

It is the responsibility of the national workshop facilitator, in each of the 78 countries, to organize, implement and report on the workshop in the respective country.

Sheet 1: National Consultation Workshop Framework *(To be filled by the national facilitator)*

Number of Participants:	***Country:***
Date of Workshop:	***Place of Workshop:***
Name of Partner Organisation/Organizer (incl. website details)	***Name of Responsible/ National Facilitator (incl. contact details):***
Gender of Participants: ….. female (……) - …… male (…..%)	
Short account of workshop performance (use this box only):	
Evaluation/summary in regards to project objectives – in bullet points (most important conclusions of workshop) (use this box only):	

Sheet 2: Participant List – Key Stakeholders on National SFM Financing

No.	Name	Gen-der	Position/ Function	Sector	No. of Years	Organisation											Your Email or Contact Details
		Are you fe-male (f) or male (m)?		Indicate the sector you are working with, i.e. *water, forest, rural development*, finance, etc.	… that you have worked in this sector?	Name of Organisation (incl. website)	Type of Organisation *Please tick the box – for reference, see below.*										
							GN	GL	NG	IG	IO	IA	P	A	N	M	
1																	
2																	
3																	
4																	
5																	
6																	
7																	
8																	
9																	
10																	
11																	
12																	
13																	
14																	
15																	
16																	
17																	
18																	

Type of Organisation:
GN: Government – national level
GL: Government – local level
NG: Non-Gov.Org (NGO)
IG: Inter-governmental Organisation
IO: International Organisation (i.e. FAO, UN, ADB, etc.)
IA: International Agency/Private Consulting
P: Private Sector
A: Academic Organisation/University
N: Associations/Networks
M: Media

Sheet 3: National Forests and SFM Financing Data

No.	National SFM Data Collection – Country Name: …….		
1	What is the surface area of forest in your country?	……..…….. hectares or km^2 ……..……. % of land area	
2	What is the present (estimated) total monetary value of the forest in your country?	…… Total standing value or …….…… Annual production value	
3a	What is the value and function of forests in your countries at the current situation? *Please rank from most important to least important.*	Who has benefited from it?	How - in monetary/ other terms?
	-		
	-		
	-		
	-		
	-		
3b	What other possible value and function could the forests in your country have in the future?	Who could/would benefit from it?	How - in monetary/other terms? (What are the dimensions?)
	-		
	-		
	-		
	-		

4a	**Which are the possible SFM financing mechanisms already existing in your country?** **(i.e. Legal Framework, Tax Mechanisms, Set asides, PES, Donor Support etc. …)**	**Describe how well they function today?**	**What would you and/or your country need in order to make those mechanisms more effective or applicable?**
	-		
	-		
	-		
	-		
	-		
	-		
4b	**What surface area of forests in your country is FSC certified?**		
4c	**What other SFM financing mechanisms could be applicable?**	**Potential role and strength of mechanism**	**What would one need to make these mechanisms applicable?**
5	**What are the KEY ISSUES that should be covered in the inter-regional workshops -** *(A) September 2011, Iran; B) January 2012, Niger; C) April 2012, Trinidad and Tobago; and D) July 2012, Fij)* **– please indicate/describe the 5 most important issues:**		

Sheet 3: Stakeholder Analysis and Communication Approach

No.	Stakeholder Analysis and Communication Approach - Country Name: …….		
1	**Which are the forest stakeholders in your country?** *Please list them according to type…*	**Governmental :**	
		Private:	
		NGOs:	
		Academic:	
2	**Which of those stakeholders do you consider to be among the five most important stakeholders *in SFM financing?*** *Please list them below*	**Why?**	**How would you best approach those stakeholders?** (What is their foremost interest? How would you approach them? What Comm. Strategy would you choose?)
	a.		
	b.		
	c.		
	d.		

Sheet 4: Selection of country representatives for participation in inter-regional workshops

Select four candidates for the participation in the inter-regional workshop. (Please note that the UNFF Secretariat will make the final selection of the two national participants so that a balanced sectoral representation at the inter-regional workshops will be ensured).

Name	Organisation (incl. website)	Sector	Justification of Selection
Candidate 1 (name): **……** **Contact/ Email:**			
Candidate 2 (name): **……** **Contact/ Email:**			
Candidate 3 *(reserve)* **(name):** **……** **Contact/ Email:**			
Candidate 4 *(reserve)* ***(name)*:** **……** **Contact/ Email:**			

Sheet 5: Tracking tools

Please complete this table at **work program inclusion for each sector** that is related to forests.
Please answer YES or NO to each statement under the sectors that are a focus of the project.

Sector **Statement: Please answer YES or NO for each sector that is a focus of the project.**	**Agriculture**	**Fisheries**	**Forestry**	**Tourism**	**Other (please specify)**	**Other (please specify)**
Biodiversity considerations are mentioned in sector policy						
Biodiversity considerations are mentioned in sector policy through specific legislation						
Regulations are in place to implement the legislation						
The regulations are under implementation						
The implementation of regulations is enforced						
Enforcement of regulations is monitored						

Please describe the project's ability to integrate biodiversity considerations into the mainstream economy by measuring the market changes to which the project contributed.

Name of the market that the project seeks to affect (sector and sub-sector)	**Unit of measure of market impact**	**Market condition at the start of the project**	**Market condition at midterm evaluation of project**	**Market condition at final evaluation of the project**
Financing for SFM (all sources)	Number of projects or programs targeting SFM or applying SFM			

Annex 5: Draft Agenda for the recommended self-funded National Consultation Meetings

Time	Subject	Format / Materials	Purpose
9.00 - 9.45	Introduction to the workshop	PoP provided by UNFF	Central introduction of workshop background and purpose of overall process
9.45 – 10.30	Intrroduction of participants	Sheet 2: Participant List – Key Stakeholders on National SFM Financing	Compilation of key stakeholders and awareness of participants of their important role in the national SFM financing
10.30 – 11.00	BREAK		Strengthening of national network
11.00 – 12.30	National forest data and value/function of the national forests	Sheet 3: National Forests and SFM Financing Data	Collection of national forest data and discussion about function and values of the national forests
12.30 – 13.30	LUNCH		Strengthening of national network
13.30 – 14.30	National SFM financing mechanisms	Sheet 3: National Forests and SFM Financing Data	Discussion on the national SFM financing mechanisms, identification of opportunities, challenges, obstacles
14.30 – 16.00	Stakeholder Analysis and Communication Approach	Sheet 4: Stakeholder Analysis and Communication Approach	Indicative way forward for communication strategy
16.00 – 16.30	BREAK		Strengthening of national network
16.30 – 17.15	Selection of country representatives	Sheet 5: Selection of country representatives for participation in inter-regional workshops	National ownership for process and selection of participants
17.16 - 17.30	Closing of Workshop	PoP provided by UNFF (1 slide)	Wrapping up and perspectives

Appendix 15: Template for 4 inter-regional workshops

The 4 Inter-Regional Workshops *(Part B of Comp. II)*

Background and purpose:
The four inter-regional workshops form the main part of component II of the UNFF - SFM financing project for LFCCs and SIDS. The overall goal of these workshops is to verify and validate the data collected so far with stakeholders from all 78 countries concerned. The workshops will initiate partnerships, strengthen networks and define a common way forward leading to improved SFM financing. They are based on the information and outcomes of the standardized national reporting (part A of Comp. 2), and integrate the information gathered and reported in Component I. The inter-regional workshops will thus build a foundation for inputs and actions carried out in Component III. The four workshops therefore have the following purposes:

a) contributing to the establishment and strengthening of regional and inter-regional networks on SFM;
b) contributing to strengthened national sense of ownership of the project and its results for improved SFM financing;
c) analyzing and evaluating SFM financing mechanisms for SIDS and LFCC;
d) developing a communication strategy for their respective country categories (one strategy per workshop);
e) contributing to the development of a common overall communication strategy on SFM financing (in regard to Comp. 3);
f) translating and/or adapting those strategies down to a national level with concrete actions defined for implementation on a national level; and overall
g) defining a common way forward.

Target group and participants of the workshop:
The workshops will target two groups of participants:

1) Two *key actors per country* from sectors related to *integrated* and sustainable forest management and different levels of society from national and local as well as from private sector, NGOs, GOs, etc. Four possible candidates (of which two are 'reserves') to represent each country have been pre-selected during the consultations for national reporting. Out of these four the UNFF secretariat will select two candidates - with the purpose to ensure a balanced cross-sector representation at the inter-regional workshops.

2) Experts involved in SFM financing from (inter-) regional organizations will be invited, as well as donors and international actors active in SFM and SFM financing and in the countries represented at the respective workshops.

Additionally, a group of experts will be present to facilitate the successful implementation of the workshop. Wherever funds are available, this *facilitator group* includes - besides the main workshop facilitator - 1 international SFM and/or SFM financing expert, 1 national/international expert on SFM financing (i.e. from Costa Rica or Uruguay) in order to present 'best practices' of relevance, 1 communications expert for support in the elaboration of the common

communications strategy, 1 national coordinator responsible for the overall logistics of the workshop including the organization of the fieldtrip. Further UNFF Secretariat will have three participants.

Time/Duration and Place:
Four workshops will be held. Each of them will last 5 days (of which one day is a field trip):

-Workshop A: 1st LFCC inter-regional workshop: ***September 2011, in Iran*** (23 countries) – countries without Forest Policy.
-Workshop B: 2nd LFCC inter-regional workshop: ***January 2012, in Niger*** (17 countries) – countries with Forest Policy.
-Workshop C: 1st SIDS inter-regional workshop: ***April 2012, in Trinidad and Tobago*** (20 countries) – countries with less than 50% forest cover.
-Workshop D: 2nd SIDS inter-regional workshop: ***July 2012, in Fiji*** (18 countries) – countries with more than 50% forest cover.

For the detailed list of countries for each workshop, see **Appendix 16.**

Workshop Objectives:
The objectives of the four respective workshops will be to:
-Strengthen awareness of needs and key mechanisms for SFM financing.
-Strengthen awareness of and improved capacity to identify potential opportunities for SFM financing.
-Share national experience on SFM/SFM financing initiating networks and strengthened relationships based on commonalities.
-Analyze need and targets for a communication strategy advocating SFM/SFM financing.
-Define and agree on a common way forward
-Initiation of partnerships between nations and ODA representatives

Workshop Outputs:
The concrete outputs from each of the four inter-regional workshops will be:
-4 workshop reports – including 4 inter-regional communication strategies - indicating recommendations and a clear way forward.
-156 highly motivated participants to further actively engage in SFM/ SFM financing in their respective nations and implement activities according to commonly strategies and identified way forward.

Risks & Assumptions:
The successful outcome of the four Inter-Regional workshops requires attention to the following risks:
-Lack of continued/ political engagement, interest and capacity in respective country.
-Little engagement, interest and capacity of key stakeholders.
-Unclear responsibilities in respective countries that could lead to a non-optimal selection of national focal points and participants.
-Low national ownership and commitment.

Workshop Activities:

Selection and invitation of participants of the four inter-regional workshops:

1. Compile a balanced list of of key actors important for SFM financing: a. international actors (such as FAO, UNEP, etc); b. donors (active in the SFM and in the 78 countries); c. NGOs (such as WWF, TNC and regional NGOs active in SFM as well as rural development, and other integrative sectors, etc); d. private companies (active in SFM); e. research/universities (active in SFM); f. media and others, etc (see report sheet 2).
2. Review the candidates suggested by the national reporting (see report sheet 5) and make a final selection of country participants for each of the four workshops (group 1).
3. Select experts and stakeholders in SFM and financing from regional and international organizations (group 2).
4. Invite selected participants (group 1 and 2) to the four regional workshops so that stakeholder-wide representation on an integrative SFM financing is ensured.

Identify and select workshop facilitators

Identify suitable facilitators in regard to a) a main workshop facilitator, b) SFM experts/facilitator group, and c) national coordinator/institution:

5. (a) The workshop facilitators of the four workshops should have the capacity to make the workshop *dynamic, sharing, learning, forward-striving,* and with *tangible results*. Preferably, the same facilitator for all four workshops should be contracted. This would ensure the 'learning factor' (i.e. lessons learnt from workshop A can be transferred to workshop B, and to C, etc). The facilitator should primarily understand the need for integration and cross-sector approaches (and must not necessarily be a specialist in forestry issues).
6. (b) Select and invite SFM experts (preferably selected from those experts that produced the macro-level reports in Component I), a communication expert (who has the capacity to work out concrete tangible proposals for the regions and be a constructive dialogue partner for participants) and a representative from a "good country example" on financing SFM/SFM financing (who has the capacitate to expose good examples showing that SFM financing is possible), and contract these experts to make challenging presentations and contribution at the four workshops.
7. (c) Select and contract a national coordinator to host and organize these workshops in *Iran* (Sept. 2011), *Niger* (Jan. 2012), *Trinidad and Tobago* (April 2012), and *Fiji* (July 2012). These national coordinators must have the capacity to plan and implement these multi-cultural workshops including all implications, such as cultural, religious and special food requirements, as well as be able to facilitate visa and customs issues whenever possible. They will also be responsible for the planning and implementation of the fieldtrips, which make one of the most important parts of the workshop.

Workshop agenda/preparation

8. Define the workshop agendas with a focus on "the way forward": ensure that workshop outcomes contribute to a practical and constructive way forward on local, national and regional levels. Compile and integrate outcomes and suggestions from national reporting. Adapt the agenda of workshop B with included lessons learnt from workshop A, etc.
9. Ensure effective practical workshop arrangements and clear responsibilities for participants (travel arrangements, ticketing, visa issues, logistics, venue, program incl. excursion, facilitation, reporting) through selection of suitable facilitators (see above).

10. Ensure that workshop design and facilitation contribute to a dynamic workshop climate, avoiding pure reporting back, and rather focus on looking forward, the sharing of experiences, networking and a constructive contribution to a strategy for future actions with tangible results.

Workshop material dissemination

11. Distribute key documents (in digital format) necessary and contributing to the workshop such as a) the Project Document, b) A selection of the 11 papers from Component I relevant for the respective workshops, c) background papers such as Simula; "Financing flows and needs to implement the non-legally binding instrument on all types of forests" d) the compiled data (outcomes and info) from the national reporting.

Workshops

12. Run the four inter-regional workshops and ensure that outputs will cover the key issues identified so that the lessons learnt from the inter-regional workshop carried out first are integrated in the inter-regional workshops that follow (i.e. workshop C is based on the lessons learnt from workshop B, etc).
13. Ensure careful workshop reporting – and make sure that the LFCC-workshops have capable interpreters (the LFCCs require several interpreters, while the SIDS do not require any at all).
14. Organise a field trip for each workshop – ideally on the second day. The fieldtrip serves as a practical example of SFM financing and additionally contributes to the strengthening of a network among the participants.
15. Ensure that the findings of the national reports flow into the inter-regional workshop. Use the communications strategy format for support when elaborating the recommendations for the common strategy and way forward in SFM financing.
16. Contribute and support to network building through organizing the field trip, social evening, small dinner events, etc.

Discussing Forum and Network Building

17. Open up and initiate the use of a discussion forum on the UNFF-linked website to stimulate exchange of lessons and experiences in a demand-driven format. Make the forum exclusive for the national participants and thereby strengthen *the group* function.

Reporting

18. Report each of the four inter-regional workshops to the UNFF: ensure reports will have a clear focus on the way forward with concrete good examples and envisioning of future financing possibilities.
19. The reports must include an (inter-regional) communications strategy elaborated during the workshop by the participants. They serve as guidelines/best practices for the countries to be adapted and translated for use on a national level. They also serve as a contribution to the overall communication strategy for SFM financing for SIDS and LFCCs.

Budget:

Approximate total for all four workshops amounts to 700'000 USD. For more details, see Annex G.

M&E:

Administrative monitoring

Each workshop will be documented by a report with identified indicators (incl. number and names of participants and sectors).

Quality monitoring

1) The four workshops will be concluded with an evaluation form to be filled with indicators related to workshop content and expected outcomes.

2) Essential for the quality control of the four inter-regional workshops is the careful preparation of the workshop – integrating the lessons learnt of each proceeding of the four inter-regional workshops, the selection of the interpreters, and the facilitators.

3) Overall and central coordination by UNFF will support the quality control of the overall workshop. This is also supported through standardised reporting formats, presentations and working sheets to give guidelines and overall input.

Reporting of the 4 Inter-regional Workshops

The sheets below have been standardized to be applied for the reporting of all four inter-regional workshops. The purpose of this is to minimize the administrative and reporting pressure on the UNFF secretariat and ensure the successful outcome of these workshops.

Sheet 1: Inter-regional Workshop Framework in …… *(To be filled by the workshop facilitator)*

Number of Participants:	***Number of Represented Countries:***
Date of Workshop:	***Place of Workshop:***
Name of Partner Organisation/ Organizer (incl. website details)	***Name of Responsible/ Facilitator (incl. contact details):***
Gender of Participants: ….. female (……) - …… male (…..%)	
Short account of workshop performance (use this box only):	
Evaluation/summary in regards to project objectives – in bullet points (most important conclusions of workshop) (use this box only):	

Sheet 2: Participant List – Key Stakeholders on SFM Financing in the Inter-Regional Workshop in …… (Date: ……)

No.	Name	Position/ Function	Sector	Country	No. of Years	Organisation											Your Email or Contact Details
			Indicate the sector you are working with, i.e. *water, forest, rural development*, finance, etc.		… that you have worked in this sector?	Name of Organisation (incl. website)	Type of Organisation *Please tick the box – for reference, see below.*										
							GN	GL	NG	IG	IO	IA	P	A	N	M	
1																	
2																	
3																	
4																	
5																	
6																	
7																	
8																	
9																	
10																	
11																	
12																	
13																	
14																	
15																	
etc																	
…																	

Type of Organisation:
GN: Government – national level
GL: Government – local level
NG: Non-Gov.Org (NGO)
IG: Inter-governmental Organisation
IO: International Organisation (i.e. FAO, UN, ADB, SDC..)
IA: International Agency/Private Consulting
P: Private Sector
A: Academic Organisation/University
N: Associations/Networks
M: Media

Proposed Draft Agenda for Inter-regional Workshops

Note: The agenda of the inter-regional workshop must be based on the outcomes and integrate the identified key issues of the national reports. Each of the four inter-regional workshops must then be adapted based on the lessons learnt by the precedent inter-regional workshop.

The workshop dates are preliminary set for A) September 2011, Iran; B) January 2012, Niger; C) April 2012, Trinidad and Tobago; and D) July 2012, Fiji. Below is the suggestion of contents for each of the five workshop days.

Day	Subject	Contents & Materials	Purpose	Outputs
Day 1	**INTRODUCTION DAY** -UNFF Intro (project background, goal, timetable of the week, key data, key findings, etc) -UNFF concluding presentation of outcomes of national reports -UNFF concluding presentation of the other inter-regional workshops (if held already) -Questions & Answers -Introduction of participants (including *team building* session) -Adoption of Workshop Agenda -Introduction to SFM/SFM financing, with opening debate by the international SFM expert (consultant from Indufo/responsible for macro studies) -Introduction to Fieldtrip Day 2 -Social event/cocktail in the evening	Intro PoP by UNFF Compiled overviews about national reports Other useful overview info papers/data (see also Activities: activity 11, above) Agenda Fieldtrip Materials	Central introduction of workshop background and purpose of overall process Creating a common view on the workshop: *sharing, networking and forward-looking* (rather than reporting) Overview of the week Getting to know each other	Participants are aware of their key role in SFM financing Goals for the week are introduced and agreed on Fieldtrip is well prepared Participants had the opportunity to get to know each other

Day 2	**FIELDTRIP DAY** *Should ensure:* -Visit to a site/sites that are most relevant for SFM or SFM financing -understanding/awareness for the cross-sector nature and need for integration in regard to SFM -the presence of SFM financing stakeholders -Common dinner	Fieldtrip Materials Format for reporting the field trip	Having a common practical example/experience of SFM and SFM financing for workshop references Initiation of networks	Network is initiated Sense of ownership for the process is created Practical example has been studied (common reference)
Day 3	**SFM & SFM FINANCING** -Review Day 2 -Reporting, Review and Conclusions of Field trip -Group discussions and plenary reporting on: a) need for SFM and SFM financing b) discussion of forest stakeholders (i.e. *Who needs forests*?) c) consequences and implications of reduced support to SFM (on different levels) -Presentation of 'Best Practices' and Experience (on one selected country, by facilitators/experts)	National report Summary Compilation on SFM and SFM Financing Data (Sheet 3) and discussion of: -special forest situation in LFCC and SIDS -monetary value of forests (currently, future) -functions and values of forests in your country -benefit – how? Whom? -existing and possible SFM financing mechanisms -obstacles and challenges for identified SFM financing mechanisms -opportunities and solutions	Discussion on the SFM financing mechanisms, identification of opportunities, challenges, obstacles, solutions Prioritise and evaluate SFM financing mechanisms most suitable for respective regions and countries	List with prioritised SFM financing mechanisms – incl. advantages, disadvantages and conditions to make them work properly Awareness of benefits of SFM (on different levels) by all participants
Day 4	**KEY STAKEHOLDERS & COMMUNICATIONS APPROACH** -Review Day 3	a) National report Summary Compilation on Key Stakeholders in SFM financing and Communications Approach (Sheet 3) and discussion of: -key forest stakeholders (governmental, private, civil	Indicative way forward for communication strategy First discussion of most useful approach towards key stakeholders First discussions on most useful communication products/ activities	Draft Communications Strategy

	Group discussions and plenary reporting on d) weaknesses and obstacles for SFM/SFM financing e) key stakeholders in SFM f) necessary communication approach towards key stakeholders	societies) -what are their key interests? -communications approach b) Draft Communications Strategy	in regard to strengthened SFM financing	
Day 5	**COMMON WAY FORWARD** -Review Day 4 -Group discussions and plenary reporting on g) key measure to improve financing h) common way forward – prioritized strategy i) way forward on a national level -Key Conclusions and adoption of workshop minutes -Official conclusion of the workshop by UNFF -Evaluation form filled by all -Common social event	a) Draft Communications Strategy	-Summing up, concluding the week -definition of a clear Way Forward	-final communications strategy for resp. workshop (inter-regional level) -adapted communications strategy/transfer of communications strategy onto a national level -defined and prioritized products -agreement on a common way forward

Appendix 16: List of Countries per Inter-Regional Workshop

Note: *year (e.g. 2011) indicates the year that the UNDAF 'roll-out' is scheduled – where UN agencies will prepare the new UNDAF with governments in the Asia Pacific region (no date are available for other regions).*

Workshop A
1st LFCC Inter- Regional Workshop

Target countries: ***Countries without Forest Policy***
Time: ***September 2011***
Host Country: ***Iran***

1. Afghanistan (2012)
2. Chad
3. Djibouti
4. Iceland
5. Iran (Islamic Republic of)
6. Iraq
7. Jordan
8. Kazakhstan
9. Kuwait
10. Kyrgyzstan
11. Libyan Arab Jamahiriya
12. Malta
13. Mauritania
14. Oman
15. Pakistan (2011)
16. Qatar
17. Saudi Arabia
18. Tajikistan (2013)
19. Togo
20. Turkmenistan
21. United Arab Emirates
22. Uzbekistan
23. Yemen

Workshop B
2nd LFCC Inter-Regional Workshop

Target countries: ***Countries with forest policy***
Time: ***January 2012***
Host Country: ***Niger***

1. Algeria
2. Bangladesh
3. Burundi
4. Egypt
5. Ireland
6. Israel
7. Kenya
8. Lesotho
9. Mali
10. Mongolia
11. Morocco
12. Namibia
13. Niger
14. South Africa
15. Syrian Arab Republic
16. Tunisia
17. Uruguay

Workshop C
1st SIDS Inter-Regional Workshop

Target countries: ***Countries with less than 50% forest cover***
Time: ***April 2012***
Host country: ***Trinidad and Tobago***

1. Antigua and Barbuda
2. Bahrain
3. Barbados
4. Cape Verde
5. Comoros
6. Cuba
7. Dominican Republic
8. Haiti
9. Jamaica
10. Kiribati
11. Maldives
12. Mauritius
13. Nauru
14. Saint Kitts and Nevis
15. Sao Tome and Principe
16. Singapore
17. Tonga
18. Trinidad and Tobago
19. Tuvalu
20. Vanuatu

Workshop D
2nd SIDS Inter-Regional Workshop

Target countries: ***Countries with more than 50% Forest cover.***
Time: ***July 2012***
Host Country: ***Fiji***

1. Bahamas
2. Belize
3. Dominica
4. Fiji (2011)
5. Grenada
6. Guinea-Bissau
7. Guyana
8. Marshall Islands
9. Micronesia (Federated States)
10. Palau
11. Papua New Guinea (2011)
12. Saint Lucia
13. Saint Vincent and the Grenadines
14. Samoa (2011)
15. Seychelles
16. Solomon Islands
17. Suriname
18. Timor-Leste (2012)

Justifications for allocation of countries per workshop

a. The Fiji and Trinidad and Tobago workshops are for SIDS, whilst the Iran and Niger workshops are for LFCCs. Countries that are both SIDS and LFCCs have been allocated to SIDS workshops so as to balance out the number of countries per workshop.
b. For SIDS workshops, countries with forest cover over 50% have been allocated to the Fiji workshop and under 50% to the Trinidad and Tobago workshop.
c. For LFCC workshops, countries with a forest policy have been allocated to the Niger workshop, and those without to the Iran workshop.
d. Countries that are both SIDS and LFCCs have been allocated to SIDS workshops so as to balance out the number of countries per workshop.

Appendix 17: Template communication strategy

As a Contribution to

Change in SFM Financing

The following template provides the key questions and elements to ensure a good communication strategy for the future financing of SFM.

1. Our Current Situation / Background of SFM Financing in our Countries

In order to define where the communications strategy should take us, it is good to be aware of the following:

Where are we now? What have we accomplished so far? And how effective have our previous communications on SFM financing been? With what success? If failures – why?

2. Our Overall Objective

*What is our **overall** objective?*

(i.e. Our overall objective is to increase the financing for sustainable forest management (SFM) in SIDS and LFCCs.... in our specific country, in our network on SFM financing...)

What are our overall key targets? – for our country, for our organisations, institutions, forestry or other sectors – on global, national, inter-regional, regional, local level?

3. Communications Objectives

What do we hope to reach as a result of our communications activities?
How can we reach our overall objectives through our communications activities?

Tip: Our objectives should be SMART (specific, measurable, achievable, realistic, time-bound). And we should distinguish between *external* and *internal* (within our department, organisation, institution, etc.) communications objectives.

4. Who is our Target Audience?

Who do we want to get our message across to? (We have different key stakeholders for SFM and SFM financing, and we need to approach each target group with the appropriate messages in order to be successful, different groups require different message and/or form of message delivery)

Who will best help achieve our goals?
Who are we trying to reach? (name them)
What do we know about the best ways to reach them? (our experience, others' experience, their own perspective)

How can our target audience(s) be described?
What is their current behaviour?
What is their level of awareness?
What is their level of knowledge?
What are their preferred methods for receiving information?
What are the motivations and barriers to hearing and believing/accepting our information?

If we are targeting an internal audience...
Which individuals, teams or departments do we need to reach within the organization?

Tip: The more refined the target audience description, the more precise and effective your communication will be. (For example: „parents, particularly mothers of children aged 0 – 6 years“. Or: forest users, mostly young male tourists, aged 30-40). You can also distinguish between primary and secondary target audiences.

5. What are the Key Messages for our Target Audience?

For each target audience that we want to communicate to (external, internal, primary or secondary, etc), we should know and define:

What is it that we want to change?
What do we want the target audience to know?
What do we want them to feel - what perception do we want to create?
What do we want them to do - what action do we want as a result?

6. How can our Key Audience best be approached?

How do we want to get the message across? What tools will we need to use? - Our choice depends on what we want to achieve, the level and type of message we want to communicate, and the profile of our audience. And how good the tool is in reality- will it just be another leaflet? Below is an overview of communications tools:

External Communications

Press
- Press release
- Radio
- Opinion editorial
- Features
- Features advisories

Online
- Internal News
- Multimedia: Screensavers, online games, photo galleries, e-cards... etc.
- E-mail Newsletters
- Websites (with restricted access or open)
- Blog
- Twitter

TV
- News and features
- Long-format programmes and online television options

Advertising
- Print
- Radio
- Television

Print
- Brochures
- Posters
- Letters
- Leaflets
- Scientific reports
- Etc

Public Relations
- Events or PR action
- Endorsements
- Telephone calls
- conferences
- etc

Internal Communications

- Conference calls
- Face-to-face dialogues
- Announcements
- Meetings
- Etc

7. Promotion

When we have decided on our communications mix in regard to our SFM financing objectives, we need to determine *how* we promote our "product". Promotion should be done on two levels: *internally* (our departments, organisations, etc need to know what we are doing and why) and *externally*.

8. Budget

What is the amount of money available now – so that we can carry out our communications strategy successfully?

What funds could be available in the future? How can we make them available?

9. Responsibility

Who is given or who can take over the responsibility for the implementation of the here commonly defined communication measures? The clearer the responsibilities are defined the better chance for success.
Who can support?

10. Timeline

What is our timeline for implementing our communications strategy?

What are our key events or activities that will need communications (incl. launch of a report, forum, conference, etc). Is there need for a sequencing (i.e. talk to Permanent Secretary/ Head of Department before launching a new leaflet in order to get her/his support or approval)

Tip: Make a list of key dates – WHAT do we need to do - and WHEN, i.e with help of the following box:

What:
Why:
Where:
When:
Who:
How:
Target Audience:
Objective:
Key Message(s):

11. Corporate Design and Branding

Be aware: Is our communications *on brand*? Does it follow the corporate design rules of our organisation, institution, department, etc.? Do we want to create a common symbol for our common actions? Consider logo, typefaces, colours, key messages or your organisations, etc. – if applicable.

12. Reporting, Monitoring & Evaluation, and Learning

It's important that we can assess our strategy so that we can make changes when engaging in a similar strategy and/or to adapt our project in the future, and/or to pass on our lessons learnt to other countries in our network or to UNFF.

How can we know whether we have succeeded and met our objectives?
How are we going to evaluate our success?
What performance indicators and evaluating measures shall we use?

Good reporting (i.e. by the national focal points to UNFF) is one way to ensure quality – so that we can monitor progress, learn from lessons and share the experience with other countries and stakeholders.

Appendix 18: Extracts from 7 Country case-studies

Commissioned to Indufor Oy
and executed during Component I of the project

Country Case Study: Cape Verde

Extract from:

Facilitating Financing for Sustainable Forest Management in Small Islands Developing States and Low Forest Cover Countries.

An analytical report prepared by Indufor for the United Nations Forum on Forests.

Authors: José Augusto Lopes & Margarida Santos

EXECUTIVE SUMMARY

In Small Island Developing States and Low Forest Cover Countries (SIDS and LFCCs), forests are extremely important to the well-being of the inhabitants and contribute significantly to the national economy through trade and local consumption.

This study aims to briefly describe the forests in Cape Verde, and includes a compilation of financial information linked to the forests as well as an evaluation of the sources and funding opportunities.

The methodology of work has consisted of identifying, collecting and analyzing information relevant to the forested area in Cape Verde; participating in meetings and interviews with entities and/or institutions operating in this sector; and making trips to the Islands and municipalities to collect information from stakeholders.

The history of afforestation in Cape Verde began in 1928 with the emergence of a legislative decree creating agricultural and forestry services. The decree put into effect a) the submission of landowners to the State forestry regime or to forestry policing; b) policing rules concerning the products and the uses of the forests, in particular for firewood and grazing and c) the criminal provisions. From 1928 to 1975, the date of national independence, Cape Verde has acquired 2,977 hectares of forested areas of which 2,232 ha are in altitude zones and 745 ha are in arid zones.

Thanks to the efforts of successive Governments, currently the forested area in Cape Verde is, according to official data, approximately 84,000 ha. This forested area has been planted mainly by the State and it corresponds to approximately 22 per cent of the national territory.

Over the past 10 years, investments in forest have reached a total of USD 44.083. 245. Of this amount, only 23 per cent corresponds to government funding.

The financing of the forests in Cape Verde essentially comes from the public sector. There is a need to involve private stakeholders more consistently in forest activities and to leverage existing opportunities both nationally and internationally.

In previous years, the funding for forests was channelled to forest projects. This procedure has been lately changed as a consequence of new international strategies that consider the forests to be a component of the environment. As a result of this, the level of funding for forests has decreased, mainly because international priorities have shifted to projects directly related to climate change. Afforestation and funding for sustainable forest management must be targets of new forms of financing.

In order for Cape Verde to have a dynamic national forest sector, new funding schemes that address the challenges and strategies outlined for the sector are strongly recommended. The sustainability of forested areas is dependent on the better management of the forest resources.

The report from Cape Verde also contains a chapter on Conclusions and recommendations
Chapter 9. CONCLUSIONS AND RECOMMENDATIONS

One of the constraints to integrating forests into the national economy is the lack of a forest inventory to ascertain the potential of the sector. A reliable economic analysis of the sector cannot be done in the absence of inventory data. Cape Verde imports a great majority of the wood it consumes from the surrounding countries.

The State has determined the system of exploitation of forest areas. Private areas forested with the support of the State are operated by the owners of the land under licensing and technical assistance from the State. In the high-altitude forest and sub-humid zone, exploitation is be done solely by the State, although these areas suffer from rampant illegal cutting by private parties.

The main causes of deforestation are related to urbanization and the construction of infrastructure. Economic development and population increase have resulted in the construction of infrastructure and enhancement of urban centres.

In order to have a dynamic national forest sector, new funding schemes that correspond to the challenges and strategies outlined for the sector are strongly recommended. The sustainability of forested areas is highly dependent on the better management of the forest resources.

The financing of forests in Cape Verde essentially comes from the public sector. There is a need to involve private stakeholders more in forest activities and to leverage existing opportunities both nationally and internationally.

Afforestation and funding for sustainable forest management are important measures for mitigating the effects of climate change. New forms of national and international financing must address these two measures.

Over the past 10 years, a total of USD 44,083,245 has been invested in the forests. From this amount, only 23 per cent corresponds to government funding.

Budgetary aid represents approximately 18.8 per cent of external funding and 15 per cent of total investments at the national level. The foreign funding for forests in the 2000-2010 period is USD 33,822,282.

Funding for the management of forested areas should be strategically diversified. New opportunities for funding should be explored, such as taxation on the distribution of certain products and own-revenue generation, in order to reduce dependence on the State budget.

Country Case Study: Fiji

Extract from:
Facilitating Financing for Sustainable Forest Management in Small Islands Developing States and Low Forest Cover Countries.

An analytical report prepared by Indufor for the United Nations Forum on Forests.

Author: Deborah Sue

EXECUTIVE SUMMARY

The United Nations Forum on Forests (UNFF) commissioned this case study to determine the gaps, obstacles, opportunities and enabling environment for financing sustainable forest management in Fiji. The Fiji case study represents an example of a Small Island Developing State in the first stage of the UNFF initiative of a facilitative process on forest financing, to assist countries to mobilize funding from all sources.

Data for this case study was collected through a questionnaire, interviews and a workshop, all of which produced the preliminary results for further discussion. Input was sought from all government and non-government forest and cross-cutting sectors representing finance, environment, indigenous peoples, and intergovernmental/bilateral aid agencies.

Fiji is tropically situated around the geographic coordinates 18°00′S 179°00′E, consisting of approximately 330 islands (total landmass of 18,270 km2), with the highest peak on Viti Levu Island at 1,324 m elevation. Indigenous people make up 57 per cent of the population and communally own 83 per cent of the land. Fiji is heavily reliant on agriculture for local food security and the export of produce. As a result, agriculture is the main driver of deforestation, followed by human settlement. Moreover, tree extraction and downstream value-adding processing is promoted, further encouraging deforestation. Fiji's current forest cover is approximately 60.9 per cent of the country's landmass.

The Government of Fiji established pine and mahogany plantations from the 1970s in efforts to afforest and reforest respectively. The Government-owned commercial companies, Fiji Pine Ltd. and Fiji Hardwood Corporation Ltd., have since taken over the management of these plantations and together make up 14.6 per cent of Fiji's forested land and 90 per cent of the forest economy.

Recent Forestry Department projects undertaken in the shift towards sustainable forest management include collaboration with the SPC/GTZ-PGRFP and SPC/GTZ-CC; reviews of the National Code of Logging Practice and the national forest policy, followed by the on-going legislative review; REDD Policy and National Forest Certification Project. Other initiatives for SFM include reforestation and afforestation by CI and FFF; SFM awareness by NFMV; forest parks management by NTF; and the IUCN-MESCAL Project in the promotion of sustainable mangrove forest management.

As a result of these recent initiatives, investment into SFM has been on the rise; however, there are still gaps to finance SFM, for which the 2007 Fiji Forest Policy provides the framework. In addition to the Forestry Department being understaffed and underfinanced to fully assume its roles as set out in the new Forest Policy, finance is lacking for the participation of indigenous people in forestry, and the conservation of forests and biological resources is only partially funded.

The key challenge in creating an enabling environment for SFM will be how to create sustainable access routes to private and public-sector funds for forest rehabilitation via afforestation and reforestation. This could be achieved by several means, including grant funding; trading carbon

stocks within a REDD+ framework; creating a scheme in lending institutions to allow for loans with lower interest rates and longer repayment terms; or offering incentive packages for investment into the forest sector by the local and international private sectors, including enterprises, indigenous peoples, groups and individuals.

The recommended strategy for increasing financing flows for SFM is the National Forest Development Strategy, which would include a National Forest Financial Strategy. The Forestry Department must initiate formulation of this as soon as possible. All forest stakeholder groups should have input into the National Forest Development Strategy, which then could be used to lobby for an increase in funds budgeted to the Forestry Department by the Government of Fiji, as well as to lobby other international donor agencies and the private sector.

The Report from Fiji also contains a chapter on Recommendations

RECOMMENDATIONS: STRATEGIES FOR INCREASING FINANCING FLOWS FOR SFM, INCLUDING NEW AND INNOVATIVE SOLUTIONS

The following recommendations are a reflection of the outcome of the two stakeholder consultations that were carried out in May and August 2010. They focus on the strategy for increasing financial flows for SFM, including new and innovative solutions:

1. Formulate a **National Forest Development Strategy** (NFDS) that includes a **National Forest Finance Strategy** with an appropriate committee to guide and monitor its development. This would provide the implementation framework for the Forest Policy and become the firm base for the prioritizing of activities and sourcing of funds. The NDFS could be incorporated into the Fiji Roadmap or into the National Strategic Development Plan to attract official development assistance (ODA) from international sources.

2. Strengthen collaboration with the Council of Regional Organizations in the Pacific (CROP) agencies and NGOs in areas of forest conservation and in accessing **conservation grants** in particular. The collaboration is to address the fundraising and implementation challenges of SFM.

3. Encourage the private sector and corporate entities to exhibit **Corporate Social and Environmental Responsibility** with a tax rebate, e.g., commercial banks, telecommunications, infrastructure, power utilities, etc. Airline companies and hotels could be encouraged to offset their carbon emissions locally, and this could be used as a means for raising funds for afforestation and reforestation projects.

4. Encourage **SFM certification** to secure the future of overseas markets for forest products. This will include the completion and implementation of the draft Fiji Forest Certification Standard.

5. Encourage **Public-Private Partnerships** to fund large-scale public infrastructure developments, such as the management of forested watersheds, and the improved provision of water to urban areas. A portion of the water bills should be returned to forest investment, particularly water catchment management.

6. Review of the **licence and service fees** of the forest towards a user-pay system, in view of a revolving fund for the funding of monitoring and enforcement operations.

7. Establish **incentives** for forest establishment and sustainable forest-related activities.

8. Encourage the development of **non-timber and non-wood forest products** linked with assistance provided towards Small and Medium Enterprises, particularly value adding, bio-prospecting, etc.

9. Levy a **Green Fee** on foreign visitors (e.g., port tax) and earmark the proceeds for forest conservation activities, or contribute to a Trust Fund for long-term reforestation and afforestation programs.

10. Introduce a **levy** system on the sales of logs sourced from native forests to be paid by the industry to fund SFM activities.

11. Promote a**groforestry** practices such as grazing of livestock in the understory of young plantations and woodlots to promote complementary land use practices with multiple stages of return on investment before the final maturity of tree crops.

12. Promote **forest-based ecotourism** for both the international and local markets as an additional source of revenue for the financing of SFM.

13. Implement the ***REDD+* policy** enabling local parties to engage as soon as possible in REDD+ activities; most important are the areas of co-benefits of REDD+, SFM, and forest conservation.

Country Case Study: Jordan

Extract from:
Facilitating Financing for Sustainable Forest Management in Small Islands Developing States and Low Forest Cover Countries.

An analytical report prepared by Indufor for the United Nations Forum on Forests.

Author: Nedal Al Ouran

EXECUTIVE SUMMARY

Jordan has limited forest resources, with about 1 per cent of the country classified as forests. The forests in Jordan are generally neither productive nor capable of producing good quality wood for commercial or industrial purposes (i.e., they have low commercial value). However, they provide other kinds of important services, including contribution to soil conservation, watershed management, aesthetic and recreational value, biodiversity conservation and carbon fixing.

Jordan faces dual challenges in achieving sustainable forest management (SFM). In addition to dealing with forest degradation attributed to overgrazing, overexploitation and clearing activities, the country must mobilize new and additional funding to support SFM of its forests.

This report is prepared to research and analyse forest financing in Jordan in general, to discuss the aforementioned financing challenges in particular and to come up with relevant recommendations. The report aims to compile all pertinent forest financing information available in Jordan and to analyse the current and potential funding sources and flows, as well as the related gaps, opportunities and lessons learned.

The methodology adopted to carry out the analysis includes five parts: (a) a desk study, (b) data compilation from extensive existing databases and relevant sources, (c) analysis of the compiled data, (d) individual and group interviews, and (e) meetings of key experts. The main findings of the first draft of the analysis were discussed in a national consultation workshop held in Amman, Jordan on 26 May 2010, and all comments, suggestions and input from the participants have been integrated into this final report.

This report explores the linkages between the forest sector and other sectors. The review of the strategies and policies of the most relevant sectors reveals that several key ones (e.g., tourism and energy) do not integrate forests. Furthermore, it should be noted that the national Poverty Reduction Strategy (PRS) has addressed neither forests nor their role in supporting the livelihoods of the poor and providing opportunities for eradicating poverty through forest programmes and projects.

Analysis of the internal financial flow for forest management finds that most of the funding allocated to forests comes almost entirely from the public budget. The contribution of the private sector to this financial flow is very limited. The analysis discusses the involvement of this important sector and provides a set of recommendations that would improve the quality of the existing enabling environment, particularly concerning the legal and regulatory frameworks.

The level of foreign assistance (external financing resources) has increased in recent years. Assistance has been allocated to (a) support and finance priority developmental projects in various sectors, including the water and wastewater (considered high priority for most donors), health, energy and education sectors; and to (b) enhance economic opportunities, infrastructure, microfinance and budget support. Forests receive limited attention and recognition by donors. This is clear, as no foreign assistance has been allocated to forests in the last few years.

This report identifies several innovative finance sources for SFM in Jordan. These include retaining a portion of fines/penalties for forestland violations; charging a minimal fee for forest plants, which are currently provided free-of-charge to institutions and individuals; creating a National Forest Fund; and collecting tourism fees on forestlands. None of these innovative sources has been applied yet in Jordan; therefore, they should be further examined and explored in terms of their applicability and suitability.

Concerning current financing opportunities and sustainability, the implementation of SFM in Jordan requires external financing. Various options exist for obtaining foreign assistance. SFM could even be self-financing in the long term, assuming that there would be a set of measures to improve both the legal and institutional frameworks, and that the services and products provided by forests would also be enhanced and paid for. This report provides recommendations that encourage resource mobilization. However, as a priority, specific actions must be taken to integrate forest development and management clearly and effectively

into relevant national development plans and strategies. There should be a focus on addressing forests in the PRS and action plans. Also, necessary steps should be taken to facilitate and support private sector investments as a source of financing in SFM. This means first carrying out policy reforms and strengthening institutions. The agencies concerned should work on raising awareness among decision makers on the potential contribution of forests in national sustainable development.

The Report from Jordan also contains a Chapter on Recomendations

Recommendations

The following recommendations are derived from analysis, are generally related to SFM or are formulated specifically for enhancing resource mobilization:

(a) Clearly and effectively integrate forest development and management into relevant national development plans and strategies.

(b) Facilitate and support private sector investment in forest management by carrying out policy reforms and institutional strengthening, which would create, for instance, incentives and tax exemptions.

(c) Create adequate awareness among decision-makers with regard to the potential contribution of forests in national sustainable development.

(d) Enhance forest products and services in terms of quality and diversity in order to be considered as a source for funding (e.g., by enhancing infrastructure, facilities and interpretation investments).

(e) Return to the FD a proportion of forests entrance and service fees, such as concessionaire licences and fines to support protection, interpretation, and maintenance as well as to support local development. This re-investment is a key to funding proper operations and management.

(f) Examine and explore the innovative sources proposed in this analysis with respect to their applicability for Jordan.

(g) Develop and establish positive incentives for the private sector, NGOs, private citizens, etc., to reduce the loss of forests, to promote reforestation, afforestation and rehabilitation.

(h) Maintain a special unit of the FD responsible for following up on proposals, projects and other administrative aspects related to forest development. The unit should consist of a strong scientific and management team capable of setting up technical and financial aspects of the projects.

(i) There is an urgent need to have a coordination mechanism that is legally established or (at least) operable under current legislation. A coordinating body governing this mechanism should have a clear mandate, financial autonomy, and an institutional framework. This would allow the entity to coordinate efficiently different efforts related to SFM through the implementation of strategies and plans, thus satisfying the commitments made to achieving sustainable management objectives. This proposed coordination body could, during its creation, benefit from lessons learned from other similar coordination mechanisms (such the National Committee for Combating Desertification and the National Committee for Biodiversity).

(j) Consider involving more than one party for possible financing when defining financial plans of projects. This will encourage the international parties to get involved in financing these projects as a multi-donor fund.

(k) Classify project proposals based on the duration of projects (short-, medium- and long-term activities), based on the amount of expenditures of the proposed activities, or based on technical aspects of the proposed projects (e.g., capacity building and equipment). Other projects could be under the emphasis of capacity building, public, etc.). This would help the owner of the project identify the right donors, and it would make it easier to market the projects under such categories for possible donors.

(l) Most international donors consider the water and environmental sectors as high priority in Jordan. Present the projects to those donors in such a way that shows the linkages between forests and water and environment management, such as watershed management. USAID, World Bank, and GTZ are examples of such donors.

(m) Secure enough seed funding from the government or donors at the first stage of the resource mobilization plan to prepare the required feasibility studies, environmental impact assessment studies, detailed designs, socio-economic surveys and other project preparation documents.

(n) Organize donor meetings and partnership conferences to present the proposed projects face-to-face with potential donors and receive commitments from them.

(o) Elicit public participation in the projects, starting from the identification phase down to the final stages of the project implementation. Getting the public involved will build trust in the projects and may also build more confidence in the donors.

(p) It is highly recommended that the MoA/FD investigate the feasibility of establishing a National Forest Fund. The experience of the establishment of the EPFand lessons learned could be reviewed.

Country Case Study: The Kyrgyz Republic

Extract from:
Facilitating Financing for Sustainable Forest Management in Small Islands Developing States and Low Forest Cover Countries.

An analytical report prepared by Indufor for the United Nations Forum on Forests.

Author: Alexander Temirbekov

The report does not contain an explicit Executive Summary but concludes the following:

As noted in the introduction, the objective of this document is to produce an analytical report on forest financing in the case of the Kyrgyz Republic. In the course of this work, all available relevant and up-to-date information on forest financing has been collected and analyzed. It turned out that the data available from different sources was sometimes contradictory. An ensuing debate contributed to a decision to look jointly for ways to establish a reliable database on the national forest resources and sustainable use of forest lands. Two open discussions on the topic of SFM financing by experts from institutions of the public and private sectors and civil society revealed interest in the SFM approach and shed light on the current internal funding situation.

The case study shows that considerable changes in the near future as far as state budget allocations to the forest sector are concerned are hardly to be expected. Thus, administrative barriers curbing self-financing opportunities of the state forest management units should be removed. The Republic Nature Protection and Forestry Development Fund shows promise in providing institutional support to the *Leshozes* transfer of function from production to regulation. New financial mechanisms and tools already used in many countries could undoubtedly contribute to the financial sustainability of SFM. An important means to overcoming the shortage in state funding is inter-agency cooperation. However, this has always been a barrier for the state institutions because of chronic underfunding of budget. There are many intentions expressed during the joint forums, but in reality, cooperation is reduced to a few formal events in order to show off.

More favourable conditions should be established for private initiatives in forestry and processing as an alternative source of finance to promote SFM. Public-private cooperation should become one of the national priorities to give a new impetus to general economic development.

At the same time, organizations of the non-governmental sector today are also ready to carry out various functions. Fair access to resources and a transparent decision-making process are always in the sights of civil society. “Sustainability” is a sacred word in the NGO community. They have already taken upon themselves a number of social services, including the forest sector. They could act as intermediaries between the government, citizens, self-governance bodies of the communes and private businesses.

The international community is contributing considerable support today towards ensuring environmental security and sustainability of nature ecosystems. Support to the “green sector” can still be improved as far as liaising of the help is concerned. Consultative meetings could become an important coordination and informational tool to verify ongoing support programmes.

In writing this case study, the authors came to a general conclusion that is relevant to all segments of financial sustainability of the Kyrgyz forest sector. This conclusion is that *active dialogue and partnership between the state, private sector, communities and civil society is the main condition for ensuring sustainability of all the stakeholders - the state machinery, business, civil society and communal institutions - in their work for the benefit of environment, society, and human*

development, SFM being one of the elements. This requires certain joint efforts and actions:

- Distribution and clarification of responsibilities of the state and other actors of the forest sector under new conditions
- Development of interaction between the governmental institutions and other stakeholders of the sector in the decision-making process and outsourcing of state contracts for provision of forestry services, etc.
- Identification of partnership potential and securing interests of all the parties in the formulation and implementation of policies on natural resource management and socio-economic development
- Independent monitoring and information exchange as a tool of local communities' control over the state forest management units

The direction taken in further development of SFM depends on the launching of effective dialogue. Pursuit by the State of a policy that is in the interest of all the stakeholders of the sector depends on the cooperation of the new political leadership with civil society and business, which could result in increased trust and confidence on the part of society. Such cooperation could reconcile the many contradictions in the transition economy, by approaching problems through representative democracy in the form of self-governance bodies and the participation of all people in market transformations. In addition, benefits of these transformations would be shared.

The system of forest governance in Kyrgyzstan still has a long way to go before it can take on all needed reforms and innovations. It has to progress from its closed, eco-centric narrow technical mentality to openness and wide representation of all groups of interests; from abstract appeals for forest protection to specific inclusion of local people in SFM; from development of numerous strategies to development of practical collaboration instruments with a clear distribution of rights, responsibilities and benefits of forest cooperation.

The events of spring 2010 give Kyrgyzstan a second chance to change towards being a society that is on the road to economic transition and democratization, even under such challenging or truly drastic conditions.

Country Case Study: Mali

Extract from:
Facilitating Financing for Sustainable Forest Management in Small Islands Developing States and Low Forest Cover Countries.

An analytical report prepared by Indufor for the United Nations Forum on Forests.

Author: Salif Kanouté

SUMMARY
Mali runs from the Sahara on the edge of the Guinean Forests to the Ivory Coast in the agro-climatic area of northern Guinea. Its pluviometry varies greatly in terms of both time and location, ranging from 100mm in the north to around 1200mm in the south. Mali has several open forest stands, as well as the remainders of a few closed forests, meaning that it has a low level of forest cover and has to resort to importing wood to meet its needs. With the exception of the northern parts of the country, needs for construction wood, heating wood and charcoal are met by national production.

Besides ligneous forest products, forest stands also provide environmental services and a significant amount of non-ligneous forest products which are either consumed domestically or exported. Their (largely underestimated) contribution to the formation of GDP over the 2001-2008 period was 13.5% for primary GDP and 5.01% for the overall GDP.

Despite this significance, forests are deteriorating as a result of the combined effects of climate change and the actions of mankind, with land-clearing through agriculture and the felling of heating wood and charcoal alone costing some 500,000ha per year, not to mention degradation as a result of mining exploitation and extensive breeding practices.

Failure to find appropriate solutions will result in the continuation of this deterioration as it is encourage by climate change and increasing poverty among rural populations for whom the forest is a last resort when the land has nothing left to offer them. It will also continue for as long as the benefits of other means of exploiting the land are considered more profitable by both politicians and the various populations concerned.

Faced with this situation and the consequent inability of certain countries with a low level of forestry cover, such as Mali, to finance the forestry sector, notably through initiatives relating to the restoration and development of forest resources, the contribution of the international community is vital, particularly if we want the roles forest stands play in countries with low levels of forest cover to contribute to the overall balance of the environment.

The budget of the Ministry of the Environment, a key player in the financing of forest management in Mali, dropped from 10,785.498 million FCFA (21.57 million US$) in 2000 to 9,185.729 million FCFA (18.37 million US$) in 2008, only to rise again to 10,743.916 million FCFA (21.48 million US$) in 2009. Whilst in 2000 the budget available to this Department accounted for 2.02% of the total budget (with 86% of this budget allocated to investment), in 2009 it accounted for barely 1% of the national budget (with 80% being allocated to investment). An increase can be noted in the share of this budget allocated to financing operating expenditure.

The financing of investment in the forestry subsector has changed in terms of both its level and its composition. Over recent years, the financing in terms of volume of investment in the subsector has increased from 5,818 million FCFA (11.63 million US$) in 2005 to 6,609 million FCFA (13.22 million US$) in 2007, before dropping to 4,079 million FCFA (8.16 million US$) in 2009 (a drop of 38% between 2007 and 2009). The forest-related financing accounted for 5.64%, 6.16%

and 4.05% of public investment in the rural economy sector (1.54%, 1.87% and 1.03% of total public investment) in 2005, 2007 and 2009 respectively.

The composition of the investment has also undergone some changes, with the share of internal financing increasing to 36% of financing in the subsector in 2009 (less than 20% on average between 200 and 2005 and 24% in 2007). At the same time, external financing (consisting of grants and loans) decreased to 64% in 2009 as opposed to 76% in 2007 and 82% in 2008. Although the forestry situation is a matter of increasing concern for national public authorities, it has to be acknowledged that the poor coordination of initiatives (planning, negotiations, etc.) and failure to fully take into account the transverse nature of the subsector are restrictions on the mobilisation of external financing resources, among other things.

The report from Mali also contains a chapter on Recommendations

RECOMMENDATIONS FOR STRATEGIES FOR INCREASING SFM FINANCING IN MALI

Various recommendations should be borne in mind by the national authorities in order to increase the level and quality of financing for sustainable forest management. These include:

- Reinforcing the power of the *Direction Nationale des Eaux et Forêts* (National Directorate of Water and Forests) for the purposes of creating a Mid-Term Expenditure Framework for the 'Water and Forestry' sector and improving the monitoring and evaluation framework governing sustainable forest management initiatives.

- Knowledge of existing sources of financing and reinforcing national negotiation capacities with a view to taking advantage of major international opportunities relating to the financing of sustainable forest management including the REDD and REDD+ financing mechanism. Over the past few years, regional and international contracts have in fact been developed to promote and provide financial recognition of the efforts made by populations in relation to the management of natural resources, particularly forests. Acquiring additional financing through these mechanisms should represent a challenge with regards to the implementation of sustainable forest management initiatives. However, it is crucial that the financial and monetary resources acquired thanks to reductions in emissions as part of the quest for sustainability be passed on to the populations, who are the main players in such changes, notably in the form of PES.

- Reviewing the forestry tax system and the application thereof with a view to increasing the contribution of internal financial resources to the financing of sustainable forest management.

- Wide distribution of the texts and agreements in force in Mali.

- Continuation of the transfer of skills and resources in relation to the management of environmental resources in the framework of decentralisation, since improved organisation and greater support for rural populations could have a significant impact on concerted forest management.

- Taking into account the transverse nature of the sector, sectoral development policies and also, most importantly, the financing thereof. Returns from tourism or mining research and exploitation, for example, should benefit the local populations surrounding the exploited sites. This profit could take the form of monetary payment, development projects or the provision of socio-economic infrastructures (schools, drilling, reforestation, the use of renewable energies, revenue-generating activities, microcredit, etc.).

In addition to such measures, private sector support by means of the development of forestry industries and the trade and use of forest products could represent a very interesting opportunity to investment in forest management (conservation, development and protection of forest and fauna resources).

Country Case Study: Trinidad and Tobago

Extract from:

Facilitating Financing for Sustainable Forest Management in Small Islands Developing States and Low Forest Cover Countries

An analytical report prepared by Indufor for the United Nations Forum on Forests.

Authors: Professor Dennis Pantin & Mr. Justin Ram

EXECUTIVE SUMMARY

Trinidad and Tobago's economy has experienced considerable economic growth from 1995 to 2008. However, significant incidences of poverty and inequality still exist. The structure of the economy and government energy revenues have helped to alleviate possible pressures on forest resources, and have helped to maintain forest cover at substantial levels – close to 50 per cent of the land mass is still covered by forests. In contrast to the overall growth in the economy, the forests sector has been in decline, primarily due to the competitiveness and marginal productivity of labour between the different industrial sectors of the economy.

Although forests cover substantial proportions of land, insufficient funds have been spent on forest management. Forest financing is primarily provided from central government revenues, with little linkage to actual forest financing demand and sustainable forest practices. This is due primarily to incorrect price signals and incentives for forest management, including policy ignorance of the total economic values of the forest resources within Trinidad and Tobago. Illegal settlement and indiscriminate use of forest resources could in time provide downside risks to forest cover and conservation.

There is significant potential for forests to be self-financing and sustainably managed, if timber and non-timber products are sustainably harvested. However, sustainable financing of forests within Trinidad and Tobago needs to become a priority, particularly since current financing comes from the Government's consolidated fund. Since the majority of government revenues comes from the energy sector, if there are declines in energy revenues, forest financing from the government would also decline. Thus, in Trinidad and Tobago, there is an imperative to protect forest management from the vagaries of energy revenues and government austerity measures. Therefore, the priority for sustainable forestry financing in Trinidad and Tobago is to research the feasibility of new financing mechanisms such as payment for ecosystem services (PES). There is potential for a PES system to be coordinated by the Water and Sewage Authority of Trinidad and Tobago (WASA), with WASA paying upper watershed users for managing the watersheds and by extension the water supply for its customers. This report has provided some initial analysis of possible PES options and the demonstration of total economic values of Trinidad and Tobago forests. However, further research is required and should be a priority for initial sustainable financing.

Official data suggests that there is little employment related to forests. The reasons for this have been explained above. However, forest cover is threatened by illegal settlement and unregulated use of forest products. Sustainable forestry therefore has significant potential to provide jobs and alleviate poverty while becoming self-financing and leading to adequate conservation of forest cover within Trinidad and Tobago.

The Report from Trinidad& Tobago also contains a sub-chapter on Recommendations
Chapter 8.3 Recommendations for forest financing

As shown earlier, the management of Trinidad and Tobago's forests is incoherent and dispersed, meaning that tapping additional sources of forest financing may be a challenge. Recently the shift in paradigms suggests that there is recognition of community participation in forest management as being vital to the sustainability of forests, together with innovative methods of finance for sustainable forests. However, neither of these approaches is going to be successful unless there is continuous monitoring of forest trends, through continuous forest inventories, coordination of the agencies responsible for forest management via a council of forest managers, research on the long term productivity of forests and biodiversity and greater understanding of the socio-cultural and economic value of the country's forests.

As mentioned earlier, the strategies for sustainable forest finance under consideration in the draft forest policy should be the foundation upon which innovative solutions of forest finance should be constructed. However, if these are to be successful, property rights in which property and utilization rights are created must be a clear objective.

The managers and policy makers responsible for the management of Trinidad and Tobago's forests must be cognizant of the values embedded within forests in order to attract the right type of financing from both domestic and international agencies. Until alternative sources of funding are identified and the revised policies implemented to ensure that these funds are utilized effectively, it is clear that domestic funds from the Government's consolidated fund will be the most important in the immediate future. The short-term question therefore becomes, how best to ensure that Government funds are used for sustainable forest management.

The overall strategy for accessing sustainable finance for forests must be time delineated in terms of short-term, medium-term and long-term strategies, with each clearly containing their own objectives, complimentary policies and time lines for success.

Table 24, adopted from Verweij (2002), shows the institutional set-up for financing mechanisms, classified under institutional arrangements and valued environmental services.

Country Case Study: Uruguay

Extract from:
Facilitating Financing for Sustainable Forest Management in Small Islands Developing States and Low Forest Cover Countries.

An analytical report prepared by Indufor for the United Nations Forum on Forests.

Authors: Carlos Mermot & Eduardo van Hoff

EXECUTIVE SUMMARY

Uruguay is a small country where forests currently cover 1.7 million ha (9 per cent of the territory), and the majority of lands, including forest lands, are under private ownership. Only 10 per cent of the total 3.5 million population is considered rural. The country's economy is highly dependent on the agricultural sector. Forests are traditionally used for fuel wood collection and hunting. However, within two decades, Uruguay has managed to develop its forest sector from a marginal business into one of the major pillars of Uruguay's foreign trade.

The Uruguayan forest sector is well organized, and various public and private stakeholders communicate and cooperate well with each other. Since the late 1980s, Uruguayan governments have implemented consistent forest policies that aim to diversify the production base of agroindustries by providing incentives for afforestation activities and SFM. Land use planning has clearly designated lands devoted to forestry. In addition, afforestation activities have been directly subsidized, and tax exemptions have been provided. Policies supporting SFM have been coordinated with environmental and agricultural policies, and more recently, forests have been integrated into Uruguay's energy policies. Forest policies have already supported afforestation and forest management for industrial purposes; however, environmental services provided by forests and SFM, especially in the context of climate change mitigation, have only recently been recognized as an additional value and are yet to be fully investigated and utilized in generating financing for SFM. To ensure SFM and improve access to European markets, the majority of planted forests are certified; in addition, the National Code for Good Forestry Practices in Cultivated Forests has been developed.

The regulations that foster investments in general as well as those that specifically aim at promoting investment in forestry and in the management of native woodland have led to a forestry boom in Uruguay in the course of the last 20 years. As a result, the area covered by native forests went from less than 3 per cent of the national territory in 1990 to over 4 per cent of the national territory. Likewise, the artificial forests that used to occupy barely over 1 per cent of the national territory now cover more than 5.5 per cent. Combined together, the native forests and the planted forests, which used to occupy 4 per cent of the national territory, now occupy 9 per cent. However, the financial crisis in early 2000 triggered a change in the ownership structure of forest plantations, as private small owners gave up forestry activities and sold their plantations to forest industry investors.

Planted forest resources are now feeding a growing forest industry. In 2000, the forest product exports managed to equal the imports, and ever since, the value of annual exports has exceeded the value of annual imports. It was not until 2006 that the trade balance started to show clearly positive signs, with a positive balance reaching over USD 100 million. In 2007, with forest product exports exceeding a total value of USD 350 million annually, the positive trade balance was close to the 200 million dollar mark, and in 2008, the trade balance more than tripled its previous value. Similarly, forestry employment has been increasing: in forest management, employment increased from 4,000 in 2004 to 12,000 in 2008.

In its National Communication (NC) for the UNFCCC, Uruguay has communicated its main sources of emissions, which are methane and nitrous oxide from grasslands. In addition, the NCs show transportation as the most significant source of carbon dioxide, while forests are responsible for over 70 per cent of CO2 absorption. Uruguay is one of the very few countries in the world whose forests act as carbon sinks (however, this statement does not hold true for other GHGs). Artificial forests have played an instrumental role in addressing the issue of greenhouse gases (GHGs). In recent years, several forestry and forest-industrial companies have received certified carbon fixation for their plantations, including one (Caja Bancaria) that has already traded certified bonds on the voluntary markets. On the other hand, only one project was formally presented before MVOTMA's Office of Climate Change requesting authorization to claim certified bonds under the framework of the Kyoto Protocol. Unfortunately, to this day there is no clearly defined national policy for that. Clearly, the absence of specific guidance limits the producers' chances of obtaining financial resources via carbon certificates/bonds, which are clearly a part of SFM. Consequently, the country is not receiving external resources that should be available to the forestry sector to help finance SFM. Moreover, such a mechanism would improve the management of the native forests. It would permit their expansion and promote biodiversity, owing to the enhanced profitability obtained from the trading of certificates.

Currently, the majority of funding for SFM comes from private sources: the total investment by the private sector in plantations and forestry management (accrued as of 2008) adds up to USD 800 million, not considering land value. The non-refundable and refundable public investments add up to USD 158 million, which is less than 20 per cent of the private investments in forests (excluding the land from calculations). Major gaps for financing in the public sector are development of tools for SFM and forest cover monitoring. In addition, the pace of forest sector development has caused pressure on increased investment in research activities in forest ecology and management, for example. On the private sector side, the potential of new innovative financing mechanisms, including PES, would need further investigation, and the infrastructure should be developed and improved to support SFM and forest industry development.

Within two decades, Uruguay has managed to develop its forest sector from a marginal business into one of the major pillars of Uruguay's foreign trade. A favourable political environment of strong political will and continuity and coherence of policies and legislation supporting investments in SFM and forest industries, combined with favourable climatic and demographic conditions, has enabled this development. Uruguay has shown that the public sector may provide incentives for SFM, but to make SFM successful, good cooperation between sectors and public and private actors is needed, and decision makers must have a long-term perspective, due to the long-term nature of forest activities.

However, to further diversify the financing base of SFM and to create a buffer against economic turbulence also affecting forest investments, other sources of financing could be applied to industry-oriented forestry as well. Both natural and artificial forests may provide environmental services, which should be fully valued, and national and international organizations should develop incentives and mechanisms applicable to various ecological and socio-economical contexts.

The report from Uruguay also contains a chapter on Conclusions
Chapter 11. CONCLUSIONS

Within two decades, Uruguay has managed to develop its forest sector from a marginal business into one of the major pillars of Uruguay's foreign trade. A favourable political environment of strong political will and continuity and coherence of policies and legislation supporting investments in SFM and forest industries, combined with favourable climatic and demographic conditions, has enabled this development. Uruguay has shown that the public sector may provide incentives for SFM, but to make SFM successful, good cooperation between sectors and public and private actors is needed, and decision makers must have a long-term perspective, due to the

long-term nature of forest activities.

However, to further diversify the financing base of SFM and to create a buffer against economic turbulence also affecting forest investments, other sources of financing could be applied to industry-oriented forestry as well. Both natural and artificial forests may provide environmental services, which should be fully valued, and national and international organizations should develop incentives and mechanisms applicable to various ecological and socio-economical contexts.

Appendix 19: Extracts from 2 LFCC macro-level studies

(1) Background to forest financing in Low Forest Cover Countries (LFCCs)

and

(2) Financing forests and sustainable forest management in Low Forest Cover Countries (LFCCs)

Prepared by Indufor Oy for the United Nations Forum on Forests

EXTRACT from 1st Report

Background to forest financing in Low Forest Cover Countries (LFCCs)

EXECUTIVE SUMMARY

Sustainable forest management (SFM) aims to maintain and enhance the economic, social and environmental values of all types of forests now and in the future. SFM has suffered from declining financing over the last two decades. At the same time, loss of forest cover is of major global concern, increasingly so due to the linkages of forests to climate change mitigation and adaptation.

Social and economic considerations drive land use and forest management decisions. The most common impetus for land use change is conversion from a less profitable option, such as forest/forestry, to more profitable one, such as agriculture or animal husbandry. The difference in profitability is real, at least in the short term, but often agricultural subsidies or other policies that favour agricultural expansion cause this profit disparity. In addition, some costs of land conversion are hidden. Environmental costs of logging, deforestation and forest degradation are not included in the real costs of forest logging and conversion. Moreover, forest values, such as non-wood forest products (NWFPs) and environmental services, are not included in the real forest value.

Two effective means for reducing deforestation exist: (a) regulatory control of land use change, and (b) increasing the profitability of forestry compared to alternative land use options. The latter calls for both the elimination of agricultural subsidies in areas where the policy maker wishes to slow down the deforestation rate and more comprehensive forest valuation mechanisms, which could also generate financing for forests.

This study focuses on forty-nine selected low forest cover countries (LFCCs), meaning countries with less than 10 per cent of their land under forest. Although the forest cover of LFCCs is not significant on a global scale, the forests and trees are extremely important to the well-being of the inhabitants of these countries, as forests combat against desertification and provide fuelwood, NWFPs and environmental services in watershed management.

LFCCs are a heterogeneous group concerning size, population and economy. In many LFCCs, semiarid, arid or desert climates cause low forest cover. The main forest produce in nearly all LFCCs is wood fuel and charcoal; exceptions are developed countries and countries that have other easily available energy resources. Forest resources per capita in LFCCs are extremely low, and population pressure on the scarce resources is high. The main deforestation driver in LFCCs is agriculture. The rate of deforestation is alarming, especially in many of the least developed and developing LFCCs. LFCCs like Uruguay and South Africa, on the other hand, demonstrate that a favourable political and investment environment can generate substantial financing for the forest sector and can transform a low forest cover country (LFCC) into a forest-industry country.

An important barrier to SFM in LFCCs is the lack of coordination among sectors. Forest policies, strategies and legislation are not sufficiently coordinated with other land-use and natural resource-related policies and legislation. This, together with common inter-sectoral competition at policy level, often causes those other sectors' needs and liabilities to supplant forest issues.

Even though forests and trees are very important from a poverty-reduction point of view as a source of energy and NWFPs, as a buffer against famine and as a provider of environmental services (e.g., erosion control, water services), they are not properly included in national politics. In the Poverty Reduction Strategy Papers (PRSPs) including forest elements, two common issues emphasized as a forest sector role in poverty reduction are energy and combating desertification and soil degradation.

Over half of the LFCCs covered do not have a forest policy or strategy. In countries where a forest policy and legal framework do exist, the legislation is often outdated, and law enforcement is insufficient or non-existent. Existing forest policies and strategies include an objective to maintain and (usually) to expand the forest area through SFM, afforestation and/or reforestation and forest conservation. Usually erosion control and energy production are the main objectives of reforestation and afforestation activities. In countries that do not have a forest policy, forests may be included in agricultural or environmental policies, strategies and legislation.

Institutional, socio-economic and financial constraints hamper implementation of SFM in LFCCs. Two factors that have constrained past efforts include (a) a single-sector or project- dependent approach to the problem, unable to capture and therefore address the cross- sectoral nature of forest degradation, and (b) a lack of coordination and cooperation among different sectoral branches in the government and among development partners. Forest degradation requires longer-term engagement than what individual projects and institutions are often able to provide.

Forests are not a national priority in most LFCCs where agriculture, food production and food security are of first concern. The forest sector is often seen as a backward, non-dynamic and corrupt niche sector. Also, forests are not linked effectively with other relevant sectors in policy and administrative levels; they are instead managed separately without proper coordination with other sectors.

The majority of LFCCs have signed and ratified international agreements or declarations related to forestry (United Nations Convention to Combat Desertification (UNCCD), Convention on Biological Diversity (CBD), United Nations Framework Convention on Climate Change – (UNFCCC) and Millennium Development Declaration). A will exists to take action in these areas in LFCCs. What is missing is financing and the national capacity to coordinate activities under and among separate programmes. Both financial and technical support are needed.

One key theme for LFCCs is inter-sectoral programming and coordination. Forests, desertification, biodiversity and climate change adaptation are very much interrelated in LFCCs, but countries have not been able to generate overall integrated policies, strategies and action plans linking the concerned sectors properly. Even when integrated action plans do exist, another challenge is to create successful cooperation and coordination between authorities in plan implementation. Integrated approaches would support governments in raising and allocating funding towards these sectors and would be likely to generate more sustainable results. Countries could also benefit more from regional cooperation.

Valuable lessons in developing sectoral coordination and financing could be taken from other sectoral mechanisms developed under, for example, the United Nations. The UNCCD and institutions like the Global Mechanism (GM) have worked to develop national-level Integrated Financing Strategies (IFS) and related Integrated Investment Frameworks (IIF) for leveraging national, bilateral and multilateral resources for sustainable land management (SLM).

A more detailed analysis of the status of SFM financing and its linkages to other sectors is given in the macro 2 report “Financing forests and sustainable forest management in Low Forest Cover Countries”.

The report also contains a chapter on Key Challenges:

Key challenges for financing of SFM

The second macro-level paper “Financing for sustainable forest management in LFCCs” will discuss in more detail the current status and challenges for the financing of SFM, but in order to provide background information, certain critical barriers can already be identified. LFCCs are a heterogeneous group politically, geographically and economically. Forests are not a national priority in the LFCCs in which agriculture, food production and food security are most urgent. The

forest sector is often viewed as a backward, non-dynamic and corrupted niche sector, and forests are not linked effectively with other relevant sectors in policy and administration. Only half of the LFCCs in this study have a forest policy or strategy, and the public sector capacity to develop and implement forest policies, strategies and legislation is often extremely limited. Forest policies are often sectorally restricted with no clear connections to other relevant policies. In many LFCCs, people view forests mainly as protecting the environment, but their role is not fully understood, for example, in an agricultural context. Forest activities are mainly implemented through projects or programmes, often as a by- product of agricultural projects and activities that have no institutional or economical sustainability after the project ends.

The majority of LFCCs have signed and ratified international agreements or declarations related to forestry, including the UNCCD, CBD, UNFCCC and Millennium Development Declaration. There is a will to take action in LFCCs, but what is missing is financing and national capacity to coordinate activities within one or among separate programmes. Both financial and technical supports are needed, and one key theme is inter-sectoral programming and coordination. Forests, desertification, biodiversity and climate change adaptation are very much interconnected in LFCCs, but countries have not been able to generate overall integrated policies, strategies and action plans linking these sectors properly. Even when integrated actions plans do exist, another challenge is to create successful cooperation and coordination between authorities in implementation. Integrated approaches would support governments in raising and allocating funding for these sectors and would be likely to generate more sustainable results. Countries could also benefit more from regional cooperation. A good example of a new regional cooperation effort is the African Forest Forum (AFF)4, which although it is not an LFCC-specific entity, it covers many LFCCs.

Valuable lessons in advancing sectoral coordination and financing could be learned from other sectoral mechanisms developed under organizations such as the UN. The UNCCD and its subsidiary body, the GM, have worked to develop national-level integrated financing strategies (IFS) and related IIF for leveraging national, bilateral and multilateral resources for SLM. The IFS is a process for mobilizing a mix of financial resources to fund country-specified priority programmes and projects related to SLM. The GM is supporting UNCCD country Parties by means of the IFS, which include a) direct country interactions based on a technical cooperation project and b) supportive interventions such as the organization of the Knowledge Exchange and Capacitating Workshops at sub-regional and national levels. To this aim, the GM is working closely with the United Nations Development Programme (UNDP) at all levels as well as with other organizations such as the World Bank, FAO, the United Nations Environment Programme and bilateral agencies at the country level.

Similar to forests and forest management, SLM involves various sectors. The basic definition of an integrated investment framework of the Global Mechanism derives from the multi- sectoral and cross-cutting nature of SLM, which includes agriculture and forestry in any form (subsistence, small and large scale, industrial plantations, etc.) and rural development as a whole. Traditionally SFM and SLM have been viewed mainly as environmental issues, but they should be discussed in a wider context of socio-economic development.

A more detailed analysis of the status of SFM financing and its linkages to other sectors is provided in the macro 2 report “Financing forests and sustainable forest management in Low Forest Cover Countries”.

Extract from the 2nd Report

Financing forests and sustainable forest management in Low Forest Cover Countries (LFCCs)

EXECUTIVE SUMMARY

The forests in Low Forest Cover Countries (LFCCs) are, by definition, limited, and the forest sector in these countries may be characterized as marginal in most cases. However, forests and trees provide invaluable products and services for the residents of LFCCs. In many LFCCs, the rural population depends on such forest and tree -related products as fuel wood, and on such non-wood forest products (NFWPs) as fodder, windbreaks and shade. Although often not fully acknowledged, forests and trees play important, supportive roles in rural livelihoods, such as their role in agriculture and animal husbandry. The forests and trees also provide important watershed and other environmental services. At the same time, most of the LFCCs are facing challenges stemming from deforestation, forest degradation, desertification and soil degradation. Due to their aforementioned properties, forests and trees in LFCCs are inevitably across- and multi-sectoral issue; thus, financing for the provision of services and products from forests and trees in LFCCs cannot be limited to the forest sector (in its traditional production-oriented sense). A multi-sectoral approach to financing sustainable forest management (SFM) in LFCCs has the potential to allow the services provided by forests and trees to meet the demands of local and global populations.

From 2002 to 2008, LFCCs have received forestry official development assistance (ODA) averaging USD 16.5 million per year. The trend of forestry ODA in LFCCs has been slightly decreasing. Also decreasing, but more pronouncedly, is the share of LFCC´s ODA out of all forestry ODA. Most (87 per cent) of the ODA to the LFCCs has originated from bilateral donors. Japan has accounted for almost 40 per cent of the total ODA distributed to the country group. The forestry ODA is unevenly distributed among the LFCCs, and the least developed countries (LDC) in the country group are particularly at a disadvantage.

The global financial crisis has changed the foreign direct investment (FDI) landscape: investments to developing and transition economies surged, increasing their share in global FDI flows to 43 per cent in 2008. It can be assumed that investments in the agriculture sector are the most significant forest-relevant investments in LFCCs. However, there is no information available on linkages between investments into the agricultural sector and forests in LFCCs. A detailed study specific to the topic would be required to assess the positive and negative linkages.

Innovative financing mechanisms for forests and trees have raised global interest in recent years, and these can present opportunities for the LFCCs. However, their use has thus far been modest in the LFC countries, and capacity development in the forest-relevant institutions would be needed in most countries. There are currently few carbon projects in the LFCCs. Most significant carbon activity in the group of countries is taking place under the Clean Development Mechanism (CDM), where there are eleven biomass energy projects relevant to forests and trees in LFCCs. In LFCCs, not many Payments for Ecosystems Services (PES) systems are in place. Of the 49 LFCCs, at least ten countries have currently or in the past had PES-related projects, and interest in these types of projects is growing. Although environmental services, such as carbon or water, could potentially provide opportunities for improved internal and external fund mobilization for trees and forests, none of the LFCCs with an existing forest policy explicitly recognizes this potential in the forest policy. Most PES projects have to date targeted watershed services. Use of other innovative financing mechanisms has been so far modest in LFCCs; for example, only 3 countries out of 49 had forest-relevant debt-for-nature swap or debt reduction arrangements.

Less than half of the countries in the group have a Poverty Reduction Strategy (PRS). One positive

finding was that the role of forests and trees appears to be fairly well recognized in the existing PRSs. The forest and tree relevant thematic areas present in the PRSs and other national development strategies clearly indicate the cross-sectoral emphasis of forests and trees in LFCCs. All strategies, PRSs and other national development strategy papers placed forests and trees in the wider context of providing multiple services such as biodiversity, energy, watershed management, and supporting other rural livelihoods in an integrated manner.

Main conclusions:

• Desertification is a significant thematic area in many LFCCs, as stated also in countries' poverty strategies. Combating desertification requires multi- and cross-sectoral approaches, including in financing. Development of integrated financing frameworks or strategies, such as those developed by the Global Mechanism (GM), should be encouraged.

• Forests are not high on the list of government priorities in most of the LFCCs, as only less than half of the countries included in this study have an official forest policy document. Lack of a clear forest policy has a negative impact on ODA mobilization to the forest sector. On the other hand, most countries with PRSs have mentioned forests and trees in their Poverty Reduction Strategy Paper (PRSP) and have also received some forestry ODA. LFCCs that do not have a forest policy should be encouraged to prepare national forest policies and national forest programmes (NFPs) with strong multi- and cross-sectoral elements.

• There is significant need and potential in LFCCs for financing sustainable fuelwood and charcoal production. Presently fuelwood/charcoal receives a minor amount of forestry ODA (less than 1 per cent). A majority of the population in many LFCCs continues to depend on traditional biomass fuels, mainly charcoal and firewood, for their energy needs. Wood-based energy production appears to be a significant driver for deforestation, forest degradation and desertification in many LFCCs. Special efforts should be made to increase financing through climate change funding and/or ODA, for example, in order to achieve sustainable wood energy solutions in LFCCs.

• Few LFCCs have thus far been able to benefit from climate change-related financing for forests and trees. Only 5 countries of the 49 LFCCs received or have a current commitment to receive carbon-related forest financing. LFCCs should be encouraged to prepare specific strategies for capturing climate change financing for forests and biomass.

• Forests and trees in LFCCs provide vital services, such as biodiversity, energy, wind break and forage that often go uncompensated or unrecorded either entirely or for their full value. There exists a need to encourage development of PES schemes. PES capacity development in the forest-relevant institutions is needed in most cases.

• Much of the forest land in LFCCs is in under public ownership. Various types of public- private partnerships tailored to the national conditions would combine the innovativeness and efficiency of the private sector with the government's need to generate income from the resource base. Such arrangements are suitable for practically any type of forest service, and their application should be encouraged in LFCCs.

The report also contains a separate chapter *Conclusions*:

CONCLUSIONS

Only less than a fifth (18 per cent) of forestry ODA in LFCCs was allocated to desertification-related activities. However, in the PRSs of the LFCCs, this was the most common theme (in over a third of the strategies). In addition, other national macro strategies in many LFC countries emphasize trees and forests in the combat against desertification. Multi- and cross- sectoral approaches are needed, including in financing. Development of integrated financing frameworks or strategies, such as those done by the GM, should be encouraged.

Forestry ODA is distributed among LFCCs very unevenly. Only eight countries account for almost 80 per cent of forestry ODA allocated. The least developed countries are particularly disadvantaged, as their share is only 16 per cent of the forestry ODA distributed to the country group. Poverty puts pressure on forest resources, and the LDCs should be made a priority when developing strategies to increase fund generation for forests and trees.

Political awareness on forests and trees appears to have also attracted forestry ODA. Countries that had mentioned forests and trees in their PRSP or other development strategy had also received at least some forestry ODA. Of the eight major ODA recipient countries, five mentioned forests and trees in their PRS, and all20 had a national forest policy, strategy and programme. These countries also had in most cases much higher forest cover than the LFCCs on average. The significance of the forest resource, the related political awareness, and hence the inclusion of the issue of forests and trees in the donor liaison have apparently facilitated the mobilization of donor financing in these countries.

Only a minor portion (less than 1 per cent) of the forestry ODA allocated to the LFCCs targets fuelwood and charcoal-related activities. However, these are significant activities in terms of livelihoods and energy supply in many LFCCs. A high share of population in many LFCCs continues to depend on traditional biomass fuels, consisting mainly of charcoal and firewood, for their energy needs. Population growth and inaccessibility of other reliable and affordable commercial energy forms by most households indicate the continued and probably growing dependence on the already dwindling biomass resource for energy. There is significant need and potential in LFCCs for financing sustainable fuelwood and charcoal production as well as more safe and efficient production and consumption practices to meet the household energy demand. However, only sustainable production and consumption practices should be supported, as currently unsustainable production is a major cause of deforestation.

Considering the estimated funding requirements for REDD and SFM and the current level of forestry ODA, it is clear that there is a need to tap various sources of funding. The Eliasch review estimated in 2008 that USD 15-33 billion per year is required for REDD, and according to Simula (2008), approximately USD 1.9 billion public financing from bi- and multilateral sources is available yearly. Much of the forest land in LFCCs is under state ownership; therefore, ODA is likely to continue to be a significant funding source for the forests and trees. However, various types of public-private partnerships should be further studied. Such arrangements are tailored to the national conditions and combine the innovativeness and efficiency of the private sector with the government's need to generate income from the resource base. Such arrangements are suitable for practically any type of forest service. In this context, new and innovative management arrangements of state forest property could be considered in LFCCs, for example by following the successful examples of Jordan and Kyrgyzstan.

Appendix 20: Extracts from 2 SIDS macro-level studies

(1) Background to forest financing in Small Island Developing States (SIDS)

and

(2) Financing forests and sustainable forest management in Small Island Developing States

Prepared by Indufor Oy for the United Nations Forum on Forests

Extract from 1st SIDS Report

Background to forest financing in Small Island Developing States (SIDS)

EXECUTIVE SUMMARY

Sustainable forest management (SFM) aims to maintain and enhance the economic, social and environmental values of all types of forests now and in the future. SFM has suffered from declining financing for the last two decades. At the same time, loss of forest cover is a major global concern, increasingly so due to the linkages of forests to climate change mitigation and adaptation.

Social and economic considerations drive land use and forest management decisions. The most common impetus for land use change is the conversion from a less profitable option (including forest/forestry) to more profitable one, such as agriculture or animal husbandry. The difference in profitability is real, at least in the short term, but often agricultural subsidies or other policies that favour agricultural expansion cause this economic disparity. Additionally, environmental costs of logging, deforestation and forest degradation are not reflected in the real costs of forest logging and conversion. It should also be noted that forest values, such as non-wood forest products (NWFPs) and environmental services, are not included in the real forest value. Consequently, there are at least two effective means to reducing deforestation: (a) regulatory control of land use change, and (b) increasing the profitability of forestry compared to alternative land use options. The latter includes both the elimination of subsidies to agricultural expansion in areas where the policy maker wishes to slow down the deforestation rate and more comprehensive forest valuation mechanisms, which could also generate financing for forests.

This study includes thirty-eight countries that are members of the Alliance of Small Island States (AOSIS). They are all categorized as Small Island Developing States (SIDS). Most SIDS countries are located either in the Caribbean region or in the Pacific region and have a tropical or subtropical climate. The majority of SIDS countries are quite small, both geographically and demographically, and their population density is generally high.

According to the Food and Agriculture Organization, most SIDS in this study have maintained their forest area at a steady rate from 1990 to 2005, but in a few countries, the deforestation rate is alarming. Fuelwood is the major and often only recorded wood product of forests in almost all countries included in this study. There are only four major industrial roundwood exporting countries among the SIDS: Papua New Guinea, the Solomon Islands, Guyana and Fiji. For most of the SIDS countries, the contribution of the forest sector to the GDP (gross domestic product) is marginal or even non-existent. However, in many SIDS, the agroforestry sector provides additional employment for farmers and agricultural workers to complement and diversify the income generated from agriculture.

National policies and strategies vary widely in their recognition of the forest sector. As the economic contribution of forests in the national economies in the majority of SIDS is minor, forests are not high on the list of government priorities in most of the smaller SIDS. By way of example, only half of the countries in this study even have a forest policy document and/or forest legislation. Forest agencies, where they do exist, often have limited financial and human resources to implement the policies and laws and to monitor for effectiveness and compliance.

In the countries that have included forests in their Poverty Reduction Strategy Papers (PRSPs), forests are considered as a resource, an opportunity and a prerequisite for poverty reduction and sustainable development. Income generated from the forest sector is seen as an option for diversifying the income base of the poor. Healthy forests also support the agricultural sector by helping to maintain soil production capacity and water resources. In SIDS with lower forest cover, PRSPs usually aim to increase and improve agroforestry systems in order to generate additional income and to assist in conservation efforts and watershed management. All Island State PRSPs recognize the importance of the forest sector in erosion control and watershed management. In addition, the potential benefits of forest biodiversity and tourism are sometimes recognized. In the Comoros and Haiti, wood-based energy has an important role. In SIDS with considerable forest resources, the role of the forest sector in strategic plans is more industry-oriented. Other national development plans (NDP) including forests focus mainly on biodiversity, conservation and watershed management issues of forests, often listing reforestation and afforestation as concrete means of achieving positive results in those areas.

Limited natural resources, competition for land, and adverse cross-sectoral impacts of different land uses call for integrated land use planning. Forests and trees are naturally linked to several sectors outside the forest sector. However, only a few SIDS have well-defined land use plans that would integrate agriculture, forestry, infrastructure, tourism and other relevant sectors. Based on PRSPs and national development strategies, the links between agriculture, agroforestry, the environment, conservation and watershed management are recognized, but coordination and cooperation between different ministries is often rather weak, indicating a need to improve and increase inter-sectoral coordination and to harmonize forest-related policies towards a comprehensive land use policy.

Although environmental concerns are nowadays more and more recognized and integrated into national and forest policies, a limited capacity for and interest in implementing the policies and enforcing the legislation (e.g., Code of Practices) remains a problem. Overexploitation of commercial timber resources and inappropriate harvesting practices are still serious concerns threatening the forest resource base in several SIDS. In the least developed SIDS with low forest cover and high population pressure (e.g., the Comoros, Haiti), deforestation is caused by wood fuel extraction and agricultural expansion.

In smaller SIDS, where forestry competes with other land uses, agroforestry and reforestation and afforestation activities could serve to diversify the agricultural production base and crucially aid in increasing food security and climate change adaptation. More important for smaller SIDS is, however, the contribution of the forest sector in providing water-related services and in preventing soil degradation and erosion. Production of wood and NWFPs could play an increasingly important role in import substitution, as land use for commercial agriculture is decreasing in some of the islands and such lands become available for plantation establishment or reversion to forests through natural regeneration.

SIDS would highly benefit from an integrated approach to land use and natural resources. Current financing in the forest sector and cross-sectoral distribution of financing with related sectors are analysed in the second macro-level paper entitled “Financing forests and sustainable forest management in Small Island Developing States”.

The report has also concluded with a chapter *Conclusions*

CONCLUSIONS

SIDS countries vary a great deal from each other geographically, biologically, socially, culturally, and economically. However, they share many common disadvantages that undermine their efforts to conserve and sustainably use their forest resources.

Topography, soil characteristics, climatic conditions and the small size of island countries limit the amount of land available for productive purposes. This results in fierce competition among different user groups over land use options, including competition over land that must be protected (forested watersheds, national parks and protected areas). Forests and the forest sector thus face stiff competition from other land uses and users. The restricted nature of the land resources is particularly challenging in Small Island States with high population densities.

With few exceptions, SIDS are susceptible to tropical storms, hurricanes, cyclones, storm surges, volcanic eruptions, earthquakes, forest fires and landslides. Since damage often occurs on a national scale, a single disaster can cripple an island’s infrastructure and economy. In addition, forest sector development is affected by natural catastrophes; for
example, in Samoa and Fiji plantation development suffered from cyclones in the 1990s, and the recent earthquake in Haiti has virtually destroyed the country’s economy. Like all land- based eco-systems in small islands and low-lying coastal areas, forests are threatened in the long term by rising sea levels associated with global climate change.

The majority of SIDS are small economies with small internal markets, and many of them are located far from international markets. This reduces opportunities for and interest in establishing competitive forest production and processing from the viewpoint of both national and foreign investors. Internal markets are often rather conservative, and interest in developing new innovative practices and products is tepid.

In general, SIDS still possess relatively well-preserved forest resources, and a large proportion of these countries have been able to maintain their forest cover in recent years. However, larger SIDS with more significant forest areas are currently exploiting their resource base in an unsustainable manner, and rapid,

concrete actions are needed to bring the forest management to a sustainable level. SFM practises must be developed and applied to maintain forest resources, which in these larger countries contribute significantly to the national economies. The forest industry is still underdeveloped, and exports are mainly based on roundwood. In smaller SIDS with limited forest resources, the multi-purpose use of forests and trees outside forests is the only way to guarantee all forest-based services, including wood and raw materials, energy, non-timber forest products (NTFPs) and environmental services.

As the economic contribution of forests in the national economies in the majority of SIDS is minor, forests are not high on the list of government priorities in most of the smaller SIDS. By way of example, only half of the countries in this study even have a forest policy document and/or forest legislation. Forest agencies, where they do exist, often have limited financial and human resources to implement the policies and laws and to monitor for effectiveness and compliance.

Limited natural resources, competition for land and adverse cross-sectoral impacts of different and uses call for integrated land use planning. However, only a few SIDS have well-defined land use plans that would integrate agriculture, forestry, infrastructure, tourism and other relevant sectors.

Although the environmental concerns are nowadays more and more recognized and integrated into national and forest policies, a limited capacity for and interest in implementing the policies and enforcing the legislation (e.g., Code of Practices) remains a problem. Overexploitation of commercial timber resources and inappropriate harvesting practices are still serious concerns threatening the forest resource base in several SIDS. In the least developed SIDS with low forest cover and high population pressure (e.g., the Comoros, Haiti), deforestation is caused by wood fuel extraction and agricultural expansion.

In smaller SIDS, where forestry competes with other land uses, agroforestry and reforestation and afforestation activities could serve to diversify the agricultural production base and crucially aid in increasing food security and climate change adaptation. More important for smaller SIDS is, however, the contribution of the forest sector in providing water-related services and in preventing soil degradation and erosion. Production of wood and NWFPs could play an increasingly important role in import substitution, as land use for commercial agriculture is decreasing in some of the islands and such lands become available for plantation establishment or reversion to forests through natural regeneration.

SIDS would highly benefit from an integrated approach to land use and natural resources. Current financing in the forest sector and cross-sectoral distribution of financing with related sectors are analysed in the second macro-level paper entitled “Financing forests and sustainable forest management in Small Island Developing States”.

Extract from 2nd Report

Financing forests and sustainable forest management in Small Island Developing States

EXECUTIVE SUMMARY

The scarcity of land in most Small Island Developing States (SIDS) puts pressure on the forest resources. Though the forest cover in SIDS does not represent an area with a magnitude of global significance, the forests and trees in SIDS provide invaluable products and services for the residents of SIDS and for the global population. The islands of the Caribbean, West Indian Ocean and Pacific Ocean are all considered biodiversity hotspots. Land is scarce on many islands, and the areas with forests and trees must provide multiple services to their population, including, inter alia, provision of fresh water, food, raw materials for building and energy production, shelter and means of adaptation to the effects of climate change. Forests and trees in SIDS are inevitably a multi-sectoral issue; thus, financing the provision of services and products from forest and trees in SIDS cannot be limited to the forest sector (in the traditional production-oriented sense).

With the currently available data, it is not possible to compare the relative shares and significance of different sources of finance for forests and trees in SIDS. However, in most SIDS, the forest sector, in the traditional production and downstream value-adding sense, is marginal or absent, so public financing sources such as domestic budget, official development assistance (ODA) and innovative mechanisms are more likely to play a significant role. On the other hand, nature-based tourism is an increasing source of forest-related investment and income in many SIDS. However, there are no studies concerning the impact of such tourism on forest financing in SIDS.

Official development assistance is an important funding source for forests and trees in SIDS. The majority of ODA (82 per cent) allocated to this group of countries comes from bilateral donors. On average, between 2002 and 2008, SIDS received USD 5.5 million per year of ODA for forestry as defined by the OECD. ODA has been on a slightly decreasing trend; during the same period, ODA was an average of 1.5 per cent of total forestry ODA, and the portion for SIDS has been decreasing in recent years.

There is no readily available data on domestic public financing of forests and trees in SIDS. Access to domestic financing data would be important in many SIDS where domestic public financing and ODA are likely the most important sources of financing for forests and trees. For SIDS, no information on domestic direct investments was available, and foreign direct investment (FDI) information was scarce. A financing survey carried out for the present study turned out to be unsuccessful in collecting such factual data because of a very low response rate by SIDS respondents, and study resources did not permit data collection visits to a large number of countries.

Of the 38 SIDS included in this report, 5 have a specific forest fund. A further nine countries have a fund supporting conservation and management of natural resources. Protection of biodiversity and watersheds, for example, is an activity potentially relevant to forests. The majority of forest funds in SIDS focus on conservation.

Challenges for SIDS include the small size of domestic markets (economies of scale), capacity constraints due to the small size of the population (affecting institutions, training, education and skills), high costs of overseas transport and limited access to land. However, these issues would require in-depth research such as a detailed SIDS-specific investment climate survey. In the World Bank´s Ease of Doing Business index, almost half of the SIDS rank in the bottom half, indicating a business environment that is not conducive to investments.

Watershed services are considered important benefits of trees and forests in SIDS. For example, watershed management features prominently in the SIDS Poverty Reduction Strategies (PRSs) and other national development strategies. In this context, payment for watershed services systems has the potential to mobilize financing for forests and trees in SIDS. However, capacity development is necessary in many cases. Only a few SIDS have identified the potential for generating funds through environmental services in their national strategies.

Nine countries included in this report have carbon financing related to forests and trees. All credits seem

target the voluntary markets, as there are currently no Clean Development Mechanism (CDM) projects in SIDS related to afforestation/reforestation. Among the nine countries, only two have private sector involvement in their forest carbon projects, while in the rest of the countries (Belize, Dominican Republic, Fiji, Guyana, Maldives, Papua New Guinea and Suriname), the projects are supported either fully or partially by international donor agencies or bilateral donors. Most of these forest carbon projects have multiple objectives, including generation of ecosystem services and supporting local livelihoods. Guyana has signed a Memorandum of Understanding with Norway on cooperation in Reducing Emissions from Deforestation and Forest Degradation (REDD), including the establishment of a framework for results-based financial support that will be channelled through the "Guyana REDD-plus Investment Fund". Guyana, Papua New Guinea, Suriname and Vanuatu are participants of the World Bank's Forest Carbon Partnership Facility (FCPF). Papua New Guinea is also a UN- REDD1 pilot country, and Solomon Islands is a UN-REDD partner country.

Approximately one third of SIDS included in this report have a Poverty Reduction Strategy (PRS). The majority (9 out of 12) of these countries have included forests and trees in their PRS. Although relatively few countries in the group have a PRS, the role of forests and trees is often recognized in other existing strategies. In total, 22 countries of the 38 SIDS included in this report have identified forests and trees in their development strategies. On the one hand, this clearly indicates the countries' acknowledged demand for financing for increased provision of services from forests and trees in a large number of SIDS countries. On the other hand, in the remaining SIDS, the absence of forests and trees in national development strategies may reflect a weak understanding of and/or low political priority given to the issue.

The report also contains a Chapter on Conclusions

Chapter 8. CONCLUSIONS

ODA is a major source of funding for forests and trees in SIDS. Inclusion of forests and trees into the national development strategies is crucial to enabling the mobilization of donor funds. However, a significant share of the countries (slightly less than half) have not included forests and trees in their PRSs or other development strategies, which can reflect a weak understanding of or low political priority for forests and trees. Also, more than half of the SIDS included in this report do not have a forest strategy, which might suggest that there is a lack of political interest in forests and trees in those SIDS.

Watershed, soil management and biodiversity conservation, among others, are important issues in SIDS. These thematic areas are cross-sectoral, meaning that various sectors, especially the forest, agriculture, water, energy and tourism sectors, need to address the issues together or in some combination. An integrated approach to the management and financing of land, water, and forests could be facilitated and supported to achieve better coordination and integration of strategies and policies. A good example of cross-sectoral financing strategies is the Global Mechanism (GM) facilitated Integrated Financing Strategy (IFS) process.

Domestic budgets are a significant source of financing of forests and trees in SIDS. In tapping the resources of the national budget, an understanding of the domestic budgeting process and liaison with the national planning entity in charge of the budget has the potential, as mentioned in the Fiji case study, to increase the budget allocation to the forest-relevant agency.

In various SIDS, there are significant linkages between forests and trees and other sectors of the economy. Tourism is the fastest growing economic sector in SIDS. The services and products that forests and trees generate for the tourism sector should be identified at country level, and systems for paying for forest environment services (PES) should be designed.

Presently only few countries have identified the potential for generating funds through environmental services in their national strategies. PES systems could provide an opportunity for increased fund generation for forests and trees in SIDS; however, PES capacity development is necessary in most countries. This could also imply a need to channel more ODA to forest education and training, which currently has benefited from only a minor share of forestry ODA in SIDS.

Land and forest tenure is an important component of investment attractiveness and in the designing of PES systems. Fiji provides an interesting example of clear tenure arrangement: the country's customary tenure system is integrated into the legislation. By law, the customary land cannot be sold, but the owners can lease

it and hence derive income from it. Many arrangements in Fiji combine lease payments with other income streams from forest land, such as estimated timber income forgone in conservation areas or carbon sales.

Debt-for-nature swaps have been used in some SIDS and have the potential to generate substantial funding, as demonstrated by the case of Jamaica. Experience sharing and awareness- raising could allow other countries in the group to tap into this opportunity.

Timberland investment, in countries where suitable growth potential for high-value commercial species (teak, mahogany, agarwood, sandalwood, etc.) exists and where suitable land is available, has not been fully tapped in SIDS. To benefit from the opportunities in increased domestic and foreign timberland and other direct investments, various internal and external factors need to be in place to facilitate the investments. Internal factors include clear policies concerning forests and other relevant sectors, political stability, level of transparency and clarity of land tenure. The external factors include, for example, cycles in the global economy. SIDS countries should review their policies so that policies in interlinked sectors are not counterproductive.

Appendix 21: Co-financing commitment letters from project partners

DFID Department for International Development

Leading the British Government's fight against world poverty

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Jan McAlpine
Director
United Nations Forum on Forests Secretariat
United Nations
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New York, N.Y. 10017

16 February 2010

Dear Sir/Madam,

SIDS/LFCC PROJECT ON FOREST FINANCING- CO-FINANCING CONFIRMATION LETTER

This letter is to confirm that the Department for International Development (DFID) is providing funding for Facilitating Financing for Sustainable Forest Management to the UNFF Secretariat at a total cost of £400,000.

The co-financing will be made available to component 1: Analysis of current financial flows, gaps, and needs as well as governance structures for financing Sustainable Forest Management in SIDS and LFCCs.

Yours faithfully

John Hudson

John Hudson

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REFERENCE: UNFF-11-L-BS-081 13 April 2011

SIDS/LFCC PROJECT ON FOREST FINANCING
CO-FINANCING CONFIRMATION LETTER

Dear Ms. Niamir-Fuller,

This letter is to confirm that the United Nations Forum on Forests Secretariat, on behalf of the Department of Economic and Social Affairs of the United Nations, is providing in-kind funding to the project on Facilitating Financing for Sustainable Forest Management in Small Island Developing States (SIDS) and Low Forest Cover Countries (LFCCs) at a total cost of US$ 186,050.

Yours sincerely,

Jan L. McAlpine

Jan L. McAlpine

Ms. Maryam Niamir-Fuller
GEF Executive Coordinator
United Nations Environment Programme
Nairobi 00100
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CAPACITY DEVELOPMENT OFFICE
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REFERENCE CDO/11/0132

18 April 2011

Dear Ms. Naimir-Fuller,

This letter is to confirm that within the context of the 2012/2013 budget fascicle, resources have been earmarked for the United Nations Forum on Forests in the amount of $189,200, which will be used to support activities related to Facilitating Financing for Sustainable Forest Management in Small Island Development States (SIDS) and Low Forest Cover Countries (LFCCs), funded by the Global Environment Fund. Please accept this letter as confirmation of DESA's co-financing towards this initiative.

Sincerely yours,

Nikolai Zaitsev
Head, Capacity Development Office
DESA

Ms. Maryam Niamir-Fuller
GEF Executive Coordinator
United Nations Environment Programme
Nairobi 00100
Kenya