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NEAR EAST FORESTRY AND RANGE COMMISSION

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Good Governance of Forests and Rangelands : Pillar of Food Security

**FINANCING SUSTAINABLE MANAGEMENT OF FOREST AND
RANGELAND RESOURCES IN NEAR EAST: CHALLENGES AND
OPPORTUNITIES**

THE SETTING

1. With 2011 declared as the International Year of Forests, forests and associated ecosystems have received a renewed impetus and are increasingly being recognized for their contribution to addressing several pressing global problems. Nowhere else is this link between good stewardship of natural resources and sustainable development more apparent than in the Near East region where a diverse set of old and emerging challenges are contributing to the degradation of the environment and thus multiplying the risk of societal instability.

2. The Near East region has a low forest cover compared to the rest of the world (3.2% of the total land area) but is endowed with extensive areas of rangelands (around 70% of the total land area is classified as rangeland). Together, these two ecosystems contribute significantly to meeting the region's economic, environmental, and socio-cultural needs. However, of late, these resources are under tremendous pressure by an increasingly dense and poorer rural population and their growing demands for various forest/rangeland products and services. Loss of natural habitats and competition from livestock has also put many rare and unique wildlife species of the region in danger of extinction. Perpetual overgrazing has not only caused drastic changes in the

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composition of vegetation of range lands but also resulted in permanent replacement of several species of perennial grasses with non-palatable weeds and often in total loss of soil fertility and desertification.

LOOMING CONSEQUENCES OF CLIMATE CHANGE

3. More importantly, the adverse effects of climate change have aggravated the existing problems such as water shortage, high temperatures, recurrent droughts, and soil degradation. The frequency and severity of dust storms have increased with dire and irretrievable consequences. While the situation is expected to deteriorate further in future, these impacts have also led to large-scale migration of rural people to urban areas and in some measure, to the emergence of new challenges and social conflicts in many countries.

4. A number of issues in this regard were highlighted at various regional and international forms such as the recent FAO Regional Conference for the Near East, the Near East Regional Forestry and Rangeland Commission, the United Nations Forum on Forests (UNFF), and the FAO's Committee on Forestry (COFO). The threat of climate change to environment and economic development was also noted with concern during the recently held workshop on this issue organized by the FAO Regional Office in Cairo. These deliberations, while acknowledging the challenges, called for additional investments in forests and rangelands to effectively respond to society's changing needs and aspirations as well as to ensure their unique role in protecting the region's environment and adaptation to climate change.

MAJOR SOURCES OF FINANCING

5. Currently, financing for these sectors comes mainly from government budget allocations, revenues from the sale of forest and rangeland related goods and services, private sector investments, and international official development assistance (ODA). With over 90 percent of forestlands being publicly owned, public-sector contribution is especially important for activities focused on social and environmental benefits of forests. But under current socio-political conditions, government priorities lie elsewhere. Declining budgets have already affected the ability of forest institutions to develop national forest programs integrating rangelands issues and to address problems like unauthorized removals of wood and non wood products, uncontrolled grazing, and forest fires. Forest agencies in many countries are in fact undergoing restructuring, downsizing and in some cases, even altogether merging with other departments. Even in oil rich countries that have substantial financial resources, not much is being channelled towards these two sectors. Enhanced financial resources are however needed to develop and implement vital programmes to promote soil and water conservation, biodiversity protection, and climate change mitigation and adaptation. They are also needed to transform forest and rangeland administrations to better equip them with requisite skills and technologies. The ODA has long been a major source of financing, particularly to support traditional areas such as forest protection, afforestation, research, and training. However, changing priorities for such assistance and its long-term sustainability remain key concerns.

6. Overall, as noted by a UNFF study, both public and private sector forest investments have fallen short of their potential in many low-forest-cover countries¹. This is often due to (i) these sectors' perceived low political and economic significance in the eyes of national planners and policy makers; and (ii) the absence of requisite knowledge and skills among forest and rangeland administrations to create conditions that improve the ability of these sectors to access additional funds. Some of the underlying factors include:

¹ http://www.un.org/esa/forests/pdf/aheg/finance/AGF_Financing_Study.pdf

- Lack of timely and reliable data on forest and rangeland resources and their contribution to society;
- Forest and rangeland sectors' legacy of dependence on public resources, both domestic and international with a focus on limited instruments;
- Limited knowledge of financing language, instruments, and processes and inadequate attention to efforts to innovate and develop new mechanisms;
- Inherent hesitation on the part of these sectors to engage other sectors, particularly the finance sector, and other key stakeholders; and
- Absence of appropriate multi-stakeholder platforms and institutional structures that allow mainstreaming of these sectors in national planning and policy making.

POTENTIAL FUTURE STRATEGIES

7. Some potential ways in which the above limitations could be addressed and financial resources augmented include:

- i. Enhancing the public profile and political significance of forests and rangelands through systematic advocacy and improved communication. Decision-makers need to be made aware of the social and environmental importance of these ecosystems and their potential contribution to other sectors such as energy, tourism and water. New responses need to be pursued and renewed commitments need to be actively sought.
- ii. Improving the economic viability of forest and rangeland enterprises. This entails enhancing the investments *per se* as well as improving the investment environment. As most of the investments are needed from the private sector, there is a need to promote necessary enabling environment, for instance, clarifying tenure and resource ownership and having clear rules and regulations on harvesting and transport.
- iii. The fact that the ecosystem services provided by forest and rangelands are often not valued or considered in decision-making is a key factor affecting their loss and degradation. This lacuna is often addressed through payments for ecosystem services (PES). While these mechanisms are gaining importance as potential sources of financing, they require considerable institutional innovation and acceptability.
- iv. Proactively seeking funding opportunities designed to address climate change, particularly those associated with adaptation. They include existing and upcoming funds managed by multilateral agencies, international conventions and bilateral initiatives. The forest and rangeland agencies however need to be aware of these resources and make sure that the national ministries responsible for availing these sources involve them. There is also a concern that dry-land-country concerns are not sufficiently recognised by the new international funding mechanisms (e.g. REDD+, the World Bank's FCP Facility).

NEAR EAST REGIONAL FOREST AND RANGELAND FINANCING FORUM AND FUND

8. The above analysis indicates that several countries in the region more or less face similar issues and challenges with regard to financing sustainable management of forests, trees and rangelands. The strategies aimed at addressing them also have many common elements. So it appears that a regional forum on financing can greatly promote inter-country cooperation and synergies. It could also help better collaboration of related communication, capacity building, and knowledge dissemination activities. Such a united platform for predominantly dry and arid land

countries could also serve as a powerful venue for voicing a common message in international conventions and negotiations. Strong motivation, strategic leadership, and genuine commitment are however needed to make this happen and help mobilize necessary funds. Inevitably, forestry and rangeland organizations and their leaders have a key role in realizing this goal and help place this vital issue on a high pedestal in the region.

OBJECTIVES OF THE HEADS OF FORESTRY DIALOGUE

9. The Heads of Forestry dialogue is intended to contribute to sharing experiences and help the NEFRC provide inputs for developing suitable strategies for sustained financing and related regional and international cooperation. The specific objectives of this dialogue are to:

- i. Share information on how countries have responded to the challenges of financing sustainable forest and rangeland management in the region; and
- ii. Outline as to what may be done to make forest and rangeland management more attractive to investments, particularly in the context of emerging opportunities.

KEY ISSUES FOR DISCUSSION

10. Key issues that the Heads of Forestry of the Near East Forest and Rangeland Commission may wish to consider for discussion include:

- Specific national programmes or strategies where the forest and rangeland agencies mobilized external public and/or private sector support and successfully realized additional funding.
- Potential new and innovative approaches to augmenting financing for very visible and concrete forestry and rangeland efforts and services.
- Views on regional coordination for agreed regional position towards international agreements and dialogues on forests and rangelands related issues and to effectively harness resources from existing and emerging international funding opportunities.

11. The dialogue may further wish to provide guidance to FAO in supporting ongoing initiatives related to financing forests and rangelands, particularly in the development of a Regional Forum and Fund discussed above.