

Economic
Development

Biodiversity

Protected areas

Conservation

livelihoods

Forest values

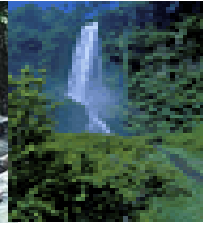
Poverty reduction

**ITTO/CONAFOR/FOREST TRENDS
TROPICAL FOREST INVESTMENT FORUM**

**Regional Forest Investment Forums
The Way Forward**

John Spears
Adviser World Bank ESSD Forests Team





Regional Forest Investment Forums

ESSD Forests

Pursue consensus on priority areas for investment between main stakeholder groups :

- ***Governments***
- ***Local Communities***
- ***Industry (both large and SME's)***
- ***Conservation agencies***
- ***Financial institutions***
- ***Identify major constraints to investment and on strategies for overcoming them.***
- ***Allow more time for in depth (working group discussion) of key issues.***

**Wood &NTFP Based
Small-Medium Enterprises
(SMEs)**



**Larger scale pulp,paper and
wood based panel Industries**



***Emerging
Investment
Opportunities***

Farm Forest Wood Lots

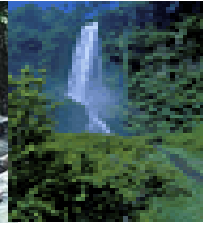


**Environmental
Services**



**Plantation Based
Construction Grade
Timber & Fibre Supply**





ACHIEVE A BALANCE BETWEEN SMALL AND LARGE SCALE ENTERPRISES : VERTICAL INTEGRATION

PROBLEMS FOR SMALL SCALE WOOD AND NTFP BASED ENTERPRISES

- *Insecure land tenure and access rights*
- *Difficulties of market access*
- *Poor technical and weak business management skills*
- *High cost of capital and financial transactions*

PROBLEMS FOR LARGER SCALE FOREST INDUSTRIES

- *Insecure wood supply*
- *Taxation policies : political risks*
- *Corruption and Illegal logging*
- *Environmental , social concerns and financing constraints*

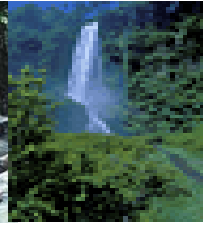
ENVIRONMENTAL SERVICES

- *Historic undervaluation of environmental services*
- *Insecure land tenure and management capacity constitute risks for potential investors .Insurance mechanisms not fully developed*

**Constraints
to
Investment**

ESSD Forests





Priorities for Action

ESSD Forests

SMALL SCALE ENTERPRISES

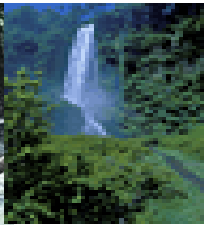
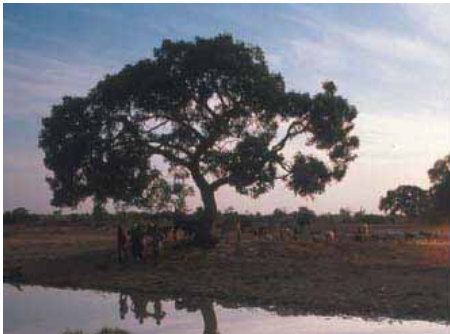
- *Support the trend towards community and private forest ownership*
- *Create Innovative financial incentive mechanisms*
- *Develop markets for certified products: Producer Consumer Groups*
- *Mobilise technical assistance for training :improve recovery*
- *Simplify Government regulatory and bureaucratic procedures*

LARGER SCALE COMPANIES

- *Transparent and secure concession contracts*
- *Political risk insurance mechanisms*
- *Less complex and more equitable taxation and revenue sharing*
- *Independent certification : market access*
- *Strengthen forest governance (i.e. FLEG processes)*
- *Promote adoption of environmental safeguard policies by financial institutions: export credit agencies ,commercial banks*
- *Outsource fiber supply to local communities and small holders*

ENVIRONMENTAL SERVICES

- *Take advantage of emerging mechanisms to pay for environmental services especially carbon: (Kyoto) Support reliable monitoring procedures.*



Sources of Investment capital & Project Development Assistance

- Private companies and consulting firms
- Institutional investors/ TIMO's, Eco Trusts
- IFC /World Bank and Regional Development Banks
- WWF's-GFTN
- ITTO/ Forest Trends Business Development Facility
- FAO's Investment Centre
- Govt. grant schemes

ESSD Forests

Development Banks
 Commercial Banks
 IFC Regional Dev. Facilities
 Government financial incentivemechanisms

Private sector companies
 Institutional investors
 IFC / GMS
 Regional Development Banks

Small holders/Local communities
 Corporate community partnerships
 Government rural dev. Schemes

GEF
 Bio-Carbon Fund
 Ecotrust funds

Private sector companies
 Institutional investors /TIMOs
 Governments



***A POSSIBLE GLOBAL FOREST SITUATION
BY YEAR 2050***

Global closed forest area 3.0 billion hectares

Global industrial round wood demand 2.5 billion cubic m³

