

Break-out Group 1: Session 3 – Economic Contribution and Financing

Questions:

1. How to develop efficient and profitable forest operations (incl. services) and ensure appropriate distribution of benefits from locally controlled forests between actors?
2. How to develop SMEs?
3. How to overcome problems in access to financing of investment in a broad sense to enhance benefits from locally controlled forests?
4. What should be the role of actors in the development of locally controlled forests including among others
 - donors
 - support organizations
 - service providers
 - private sector and other investors

Setting up and developing efficient and profitable forest SMEs

- Improve information flows
 - Ways of sharing information include texting market prices, web based, radio programmes, etc
- Reducing the bureaucratic and administrative load
- Key steps in capacity strengthening:
 - Community establishing priorities
 - Negotiating with investors and other outsiders
 - Basic management skills
- Sharing stories of success and failure
- Places to share information, equipment, etc between SMEs – co-operation
- Organisations and alliances

Access to financing

Finance systems and training are linear, FRH systems are complex – huge understanding/language gap between them.

- Training and information
- Exchanges within finance sector on FSME investment
- Identification of products in the market eg green labelling, certificates etc

Role of actors

- FRHs and alliances – sharing experiences, lobbying and advocacy
- State – tackling problem of large scale being favoured over small scale – either in policy or in practice
- Investors – talk to each other more
- Other organisations – compiling list of existing efforts to tackle the financing challenge and share that info with alliances, FRHs

Next steps

- Documenting and sharing info about existing efforts to deal with financing issue
- Invite local finance people to future field dialogues
- Investors dialogue – have a pre-dialogue scoping or planning dialogue/meeting
- Documentation of successful case studies
- Sharing learning from dialogues with decision makers and other actors in the dialogue host country

Break-out Group 2: Session 3 – Economic Contribution and Financing

Questions:

1. How to develop efficient and profitable forest operations (incl. services) and ensure appropriate distribution of benefits from locally controlled forests between actors?
2. How to develop SMEs?
3. How to overcome problems in access to financing of investment in a broad sense to enhance benefits from locally controlled forests?
4. What should be the role of actors in the development of locally controlled forests including among others
 - donors
 - support organizations
 - service providers
 - private sector and other investors

Efficient and profitable forest operations

- Organisation important
- Start a dialogue
- Licensing all forest sector services
- Strong policy environment (fair pricing and taxation)
- Decentralisation
- Strategic measures that exist to be implemented
- Support production of final products

How to develop SMEs, and how to attract investment finance to LCF

- Scale is important for – reducing transaction costs – attracting investment
- Increase number of development funds to support SMEs
- Lower interest rates available
- Third party guarantees to business plans
- Increasing knowledge in governments about the value of SMEs to the overall economy and to local communities
- Property rights to attract international ‘pure investment’

Role of other actors in LCF development

- Investment-preparedness – soft investment required from donors, knowledge and capacity building from support organisations
- This enables favourable investment climate for private sector
- Donors should engage with governments to play their role in awareness-raising – however, communities and small rights holders must be involved in this process to avoid historically typical, top-down, donor/state strategic planning.

Break-out Group 3: Session 3 – Economic Contribution and Financing

Questions:

1. How to develop efficient and profitable forest operations (incl. services) and ensure appropriate distribution of benefits from locally controlled forests between actors?
2. How to develop SMEs?
3. How to overcome problems in access to financing of investment in a broad sense to enhance benefits from locally controlled forests?
4. What should be the role of actors in the development of locally controlled forests including among others
 - donors
 - support organizations
 - service providers
 - private sector and other investors

Question 1

- *How to develop efficient and profitable forest operations including services and ensure that appropriate distribution of benefits from locally controlled forests between actors?*
- 1. Support the establishment and strengthening of local forest organisations / associations
- 2. Use of cooperatives as far as possible
- 3. Establish locally controlled enterprises to add value to forest products and services
- 4. Identify and support local/national initiatives that undertake effective forest operations that ensure local control

Question 2

- *How to develop SMEs?*
- 1. Existing local communities and forest owners should be supported to start forest enterprises, for example saw mills, honey processing, mushrooms
- 2. Establish appropriate partnerships with outside businesses and market entities without losing local control. These could bring in knowledge, finance and additional markets.
- 3. Put in place appropriate legal and institutional frameworks to support the establishment and strengthening of SMEs – for example financing mechanisms and operations.
- 4. Provide start-up seed capital from public sources to enable SMEs to develop

Question 3

- *How to overcome problems in access to financing of investment in a broad sense to enhance benefits from locally controlled forests?*
- 1. Use local saving schemes to leverage extra financing from outside.
- 2. Government should put in place modalities that enable easy access to financing for local communities.
- 3. Ensure a level playing field to enable locally controlled forests to sell their products and obtain financing for their operations.
- 4. Address issues of cooperation in relation to financing among existing and potential SMEs.
- 5. Undertake joint planning, shared facilities for transportation and storage.
- 6. Obtain finance from profits made by SMEs

Question 4

- *What should be the role of actors in the development of locally controlled forests?*
- 1. All actors should actively support and not undermine local control.
- 2. All actors should put all their interests on the table – ensure transparency.
- 3. The roles and responsibilities of all the actors should be defined and be clarified.
- 4. All actors should support and respect local ownership and prevent dependency
- 5. Avoid mis-using the concept of social responsibility

Break-out Group 4: Session 3 – Economic Contribution and Financing

Questions:

1. How to develop efficient and profitable forest operations (incl. services) and ensure appropriate distribution of benefits from locally controlled forests between actors?
2. How to develop SMEs?
3. How to overcome problems in access to financing of investment in a broad sense to enhance benefits from locally controlled forests?
4. What should be the role of actors in the development of locally controlled forests including among others
 - donors
 - support organizations
 - service providers
 - private sector and other investors

How to develop efficient and profitable forest operations

- There are no real ownership rights, so it is hampering all development
- To follow the Strategy for sustainable development of forestry in Macedonia (2006)
- To ensure that policy will not influence forestry
- Decentralization – local governance in forestry
- Depolitization
- Local selfgovernment (Example BiH Law on Forest was ..
- Cross sectoral cooperation (agriculture/ rural development)

How to develop small and medium enterprises

- Capacity building (association /members)
- Communication between relevant stakeholders
- Investments /financial issue

How to overcome problems in access to financing of investments

- registration of the firm is very easy (2 days procedure)
- high taxes for registered enterprises
- lack of information about the financial and regulative incentives
- lack of information how to access the funds (credits, donors,..) – more transparency
- finances and regulation system are controlled by the state (incomes, taxes) which makes the situation more difficult
- social dimension is also very important and should be included
- state and private forests should be equal (when budget is on question)
- donors are short term finances
- focusing on long term finances (state should be focused on)
- appropriate system for controlling the private forestry (less expensive and more efficient)
- birocratic system

Which is the role of the actors for the development of local controlled forestry

- donors/support organizations - preparatory phase
- service providers/private sector should further development
- associations oriented into service provision (information, training and economic activities)
- cooperation of Balkan associations in terms of common approaching for international funds -networking