

# Measuring Aid to Forestry



## Summary

- Aid to forestry amounts to about USD 500 million a year (average in the period 2001-06).
- Over the last decade, aid to forestry remained stable in real terms, but declined as a share of total ODA.
- About two thirds of the total goes to afforestation projects.
- The vast majority of aid activities in the forestry sector target the objectives of the Rio Conventions (Biodiversity, Climate Change and Desertification).

Aid to forestry has remained stable in real terms over the past decade. So while total ODA has risen sharply, the share of aid to forestry has declined. It represented 0.8% of DAC countries' sector allocable aid in the mid 2000's in comparison with 1.1% at the end of the 1990s. In 2006, DAC bilateral aid to forestry amounted to **USD 435 million** and multilateral agencies' aid to **USD 102 million**.

**Chart 1. Trends in aid to forestry**

1995-2006, 3-year moving averages and annual figures, commitments, constant 2006 prices

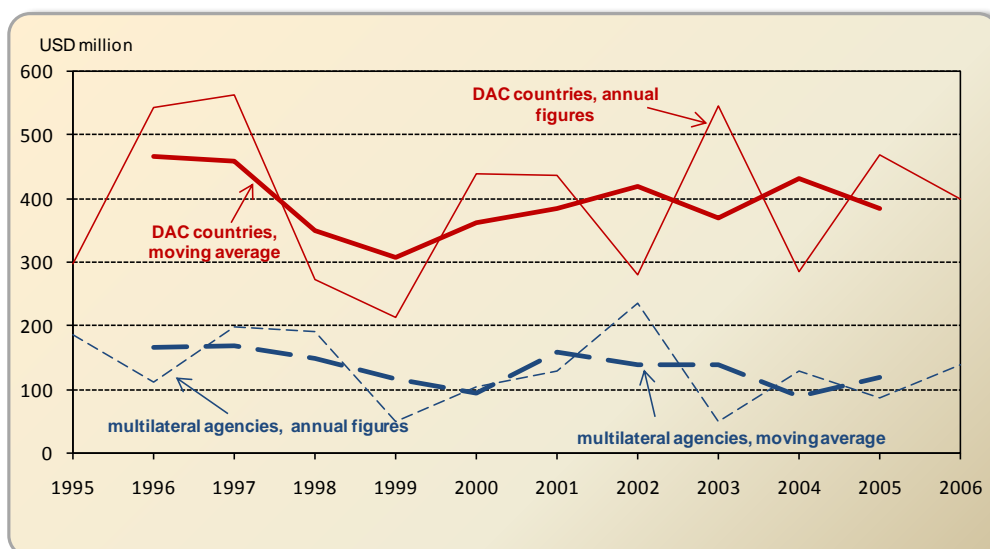


Table 1 presents data on aid to forestry for individual donors. Japan is by far the largest contributor: in 2005-2006 it accounted for more than half of DAC members' aid to the sector (57%). The other main donors were the Netherlands (9%), Germany (8%), the United States (5%) and the European Commission (5%). With 4% of its sector-allocable aid dedicated to the forestry sector, Finland is the lead-donor in relative terms.

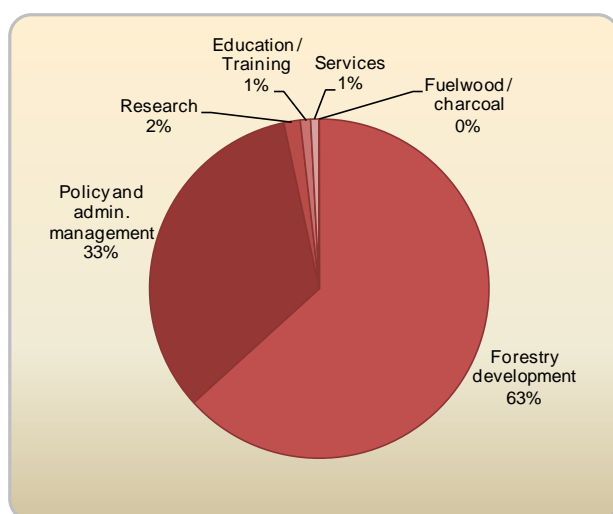
**Table 1. Aid to forestry by donor**

2001-06, annual average commitments, shares in total sector-allocable aid, constant 2006 prices

	Commitments, USD constant million			% of donor sector-allocable ODA
	2001-02	2003-04	2005-06	2005-06
Australia	14.5	2.6	4.6	0.4
Austria	0.0	0.4	0.1	0.0
Belgium	2.0	2.1	1.6	0.2
Canada	10.9	2.6	3.9	0.2
Denmark	3.8	3.9	4.5	0.4
Finland	21.9	8.5	18.3	4.1
France	9.0	5.4	3.1	0.1
Germany	56.2	41.5	38.2	0.7
Greece	0.0	-	0.1	0.0
Ireland	0.1	0.2	0.0	0.0
Italy	0.5	1.0	0.2	0.0
Japan	92.2	251.8	260.4	3.1
Luxembourg	-	5.0	1.2	0.9
Netherlands	61.5	31.5	39.2	1.2
New Zealand	0.1	0.4	1.5	0.8
Norway	4.9	8.7	3.0	0.2
Portugal	0.1	0.2	0.1	0.0
Spain	0.9	1.6	1.3	0.1
Sweden	3.4	11.2	9.1	0.5
Switzerland	11.8	6.8	5.5	0.8
United Kingdom	40.6	21.1	15.6	0.4
United States	22.7	8.2	22.3	0.1
<b>Total DAC countries</b>	<b>357.3</b>	<b>414.6</b>	<b>433.9</b>	<b>0.8</b>
AfDF	22.2	9.6	26.4	2.1
AsDF	-	-	22.9	1.9
EC	59.4	27.2	21.4	0.2
IDA	100.6	43.4	42.6	0.7
IDB Sp.Fund	-	9.2	-	0.0
<b>Total multilateral</b>	<b>182.3</b>	<b>89.3</b>	<b>113.4</b>	<b>0.6</b>
<b>Total</b>	<b>539.6</b>	<b>504.0</b>	<b>547.3</b>	<b>0.7</b>

**Chart 2. Sub-sectoral breakdown of aid to forestry**

Bilateral and Multilateral Commitments in 2005-2006, constant 2006 prices



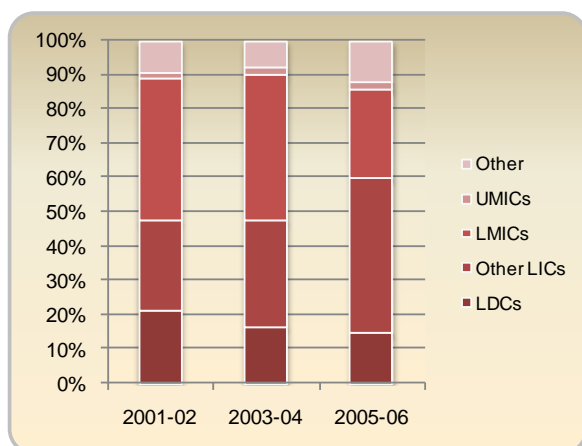
The major sub-sector is forestry development (63%), followed by policy and administration management (33%).

DAC members' largest activities in the forestry sector were Japanese loans to India (Karnataka forest management and biodiversity conservation project; Orissa forestry development project; Tamil Nadu sector development project) and China (Henan province afforestation project; Sichuan eco-environmental construction and treatment project). Other large activities were undertaken by the Netherlands (grant to finance a multi-country leverage programme to catalyse the sustainable use and conservation of forest-related biodiversity and ecosystem services), and by Finland in Kenya (grant in support to the forestry development).

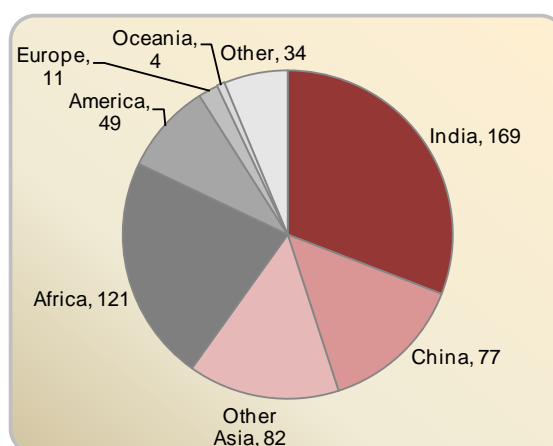
### Chart 3. Geographical allocation of aid to forestry

Biennial average commitments, constant 2006 prices

3.1 Aid to forestry by income group, 2001-06, %



3.2 Aid to forestry by region, average 2005-06, USD million



Aid to forestry is concentrated in the low income countries. India was the major recipient in the years 2005-06 (31% of total ODA to the forestry sector). All in all, Asia received more than 60% of total aid to the sector.

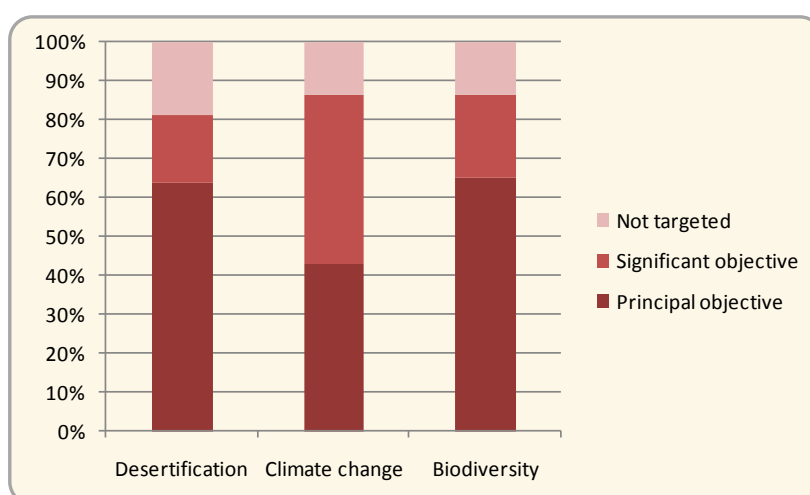
### Targeting of aid to forestry to objectives of the Rio Conventions

The Rio markers allow for the identification of activities that target the objectives of the three Rio Conventions: the United Nations Convention on Biological Diversity (UNCBD); the United Nations Convention on Biological Diversity (UNCBD) and the United Nations Convention to Combat Desertification (UNCCD).

Chart 4 below shows that more than 80% of aid activities in the forestry sector target the objectives of the Rio Conventions, mostly as the principal objective.

Chart 4. Aid to forestry in relation to the objectives of the Rio Conventions

2005-06 average commitments, constant 2006 prices



Note: 90% of aid activities in the forestry sector were screened against the Rio markers. Chart 4 is based on screened activities.

## Annex - Technical note: monitoring aid flows to the forestry sector (DAC STATISTICS - CRS AID ACTIVITY DATABASE)

### DAC and CRS data are the unique source for official, standard and comparable statistics on ODA.

The OECD Development Assistance Committee (DAC) collects aid flows at activity level through the Creditor Reporting System (CRS) and expanded CRS (CRS++), and in the form of aggregates through the annual DAC Questionnaire. The data collection is based on a standard methodology and agreed definitions. Data can be used to analyse trends and compare the efforts of donors.

### Aid to forestry is sub-divided in six sub-sectors.

CRS CODE	DESCRIPTION	Clarifications / Additional notes on coverage
31210	Forestry policy and administrative management	Forestry sector policy, planning and programmes; institution capacity building and advice; forest surveys; unspecified forestry and agro-forestry activities.
31220	Forestry development	Afforestation for industrial and rural consumption; exploitation and utilisation; erosion control, desertification control; integrated forestry projects.
31261	Fuelwood/charcoal	Forestry development whose primary purpose is production of fuelwood and charcoal.
31281	Forestry education/training	
31282	Forestry research	Including artificial regeneration, genetic improvement, production methods, fertilizer, harvesting.
31291	Forestry services	

The definition of aid to forestry excludes aid to forest industries which is coded elsewhere in the classification (industrial sector). It also excludes other forest-related activities delivered within multisector programmes such as environmental protection and rural development that may have a direct or indirect effect on forestry (examining the description of these activities can give an idea of their relevance to forestry).

### Example of data collection at activity level.

For most types of financial flows, the CRS database records the face value of the activity at the date a grant or loan agreement is signed with the recipient ("commitments"). Data on the amounts disbursed each year are also available at the activity level ("disbursements"). Aid flows are measured on a calendar year basis.

*Example:* Japan supports the "Reinforcement of capacities of the national center for forest seeds in Burkina Faso" (original commitment in 2004 and subsequent disbursements up to 2006, current million Yen).

#### Original commitment

Year	Donor	Agency	Project number	Recipient	Sector code	Amount	Flow type	Currency
2004	Japan	MOFA	MOFA140105	Burkina Faso	31210	321.0	Grant	Yen

#### Subsequent disbursements

Year	Annual disbursement	Cumulative disbursement	Remains to be disbursed
2005	245.0	245.0	76.0
2006	33.9	278.9	42.1