



**USAID**  
FROM THE AMERICAN PEOPLE

USAID **50** ANNIVERSARY

## FACT SHEET

---

# FORESTS FOR THE FUTURE: Sustainable Finance for Forests

About 1.6 billion people worldwide depend on forests for some food, shelter, income and medicine, and billions more benefit from cleaner air and water, climate change mitigation, regulation of floods and storms, and global markets for tourism, timber, and non-timber forest products. Despite all these benefits, forest cover is declining in most countries—an area of forest the size of Washington State is lost every year.

USAID supports approaches which help people recognize—and pay for—the value of the goods and services provided by standing forests. In turn, payments help defer the costs of managing forests, and support communities which forego certain forest uses. Tourism user fees, conservation funds, carbon and water markets, and private sector investment are among the many mechanisms used to finance forests.

### Recent USAID support for sustainable forest finance includes:

- The Tropical Forest Conservation Act (TFCA), with USAID as the Secretariat, will provide \$239 million by the year 2023 through a series of debt-for-nature agreements in 14 countries. TFCA was enacted in 1998, with the latest agreement with **Brazil**, expected to generate \$21 million for the conservation of forests. “Debt swaps” that leverage additional funds from conservation organizations, which the majority do, could improve conservation of up to 67 million acres of tropical forest annually. This amounts to an area equal to 80 percent of the size of all U.S. national parks combined.
- The Asia Regional Biodiversity Conservation Program (ARBCP) helped **Vietnamese** officials pilot the payments-for-environmental-services (PFES) scheme in Lam Dong province by linking providers of environmental services, such as rural communities, with the beneficiaries of such services -- hydropower facilities, municipal water supply companies, and ecotourism operators. Beginning in 2011, national roll-out of the PFES Decree is expected to contribute to the protection of over 12 million hectares of forest and the improvement of livelihoods of over 20 million people, many the most marginalized and poor. This is the first such policy in Asia and serves as a model for other countries in the region to develop economically-viable approaches to support conservation and sustainable management of forests and biodiversity.
- In **Ecuador**, municipal water companies in Quito, Zamora, Tungurahua, Paute, and Loja agreed to finance endowments that preserve 330,000 hectares of forests and alpine grasslands, assuring clean and plentiful water for municipal use, agriculture, and hydroelectric power.
- **Madagascar’s** first combined forest carbon and biodiversity project was brought to the international voluntary carbon market in 2008, including a precedent-setting agreement that secures most revenue from carbon sales for the communities that live in and manage the Makira watershed. Other models for valuing and monetizing carbon have been supported in Malawi, Uganda, and Guatemala.
- USAID support for eco-lodges and chimpanzee habituation increased tourism to three protected areas in **Uganda** by about 20 percent in FY 2008, providing a sustainable source of revenue for improved park management and increased income for local communities.

- USAID-supported forest conservation in the **Philippines** became more sustainable as Local Government Units demonstrated their commitment and put \$1.8 million of their own funds towards forest management - twice what they contributed in 2008.
- Agency work in the **Congo Basin** has leveraged over \$200 million in additional public and private sector funds for conservation and is building local capacity to benefit from emerging carbon markets.