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ANALYSIS OF THE PROCEDURAL SYSTEM OF FORESTRY FINANCIAL RESOURCES AND ITS CONTRIBUTION TO THE SUSTAINABLE MANAGEMENT OF THIS SECTOR

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ABSTRACT

Financial forest resources consist are composed of the financial benefits coming from its exploitation, the credits made available used by the Forestry Administration and funds offered by Technical and Financial Partners of the State. The determination, allocation and use of these financial resources follows a different procedure within the Ministry of the Environment and Sustainable Development (including the Forestry Administration) and the Ministry of Economy and Finance. The objective of this study is therefore to analyze the procedures of the management of these financial resources in order to know how they contribute to the sustainability of this sector. In this point of view, the SWOT method will allow us to analyze the concerned procedure and to determine its contribution for the sustainable management of the forest.

KEYWORDS: Financial resources, procedure, SWOT analysis, management

1. INTRODUCTION

Forests contribute to human survival and well-being. They provide various economic and social benefits through its exploitation and have an important impact for the community (food, medicinal and commercial resources) and for the State or the economic operators (source of income and currency income). According to importance, forest resources should be well managed.

Good forest management may contribute to sustainable management of these resources. The active participation of all actors and stakeholders affected by the decisions of the management of forest resources is essential to ensure the credibility and sustainability of the management processes.

The issue of forest resource management is often centered on deforestation. Although they are renewable resources, their exploitation and preservation are still at the center of a socio-economic debate. Despite the global efforts made by environmental conservation institutions, international and national organizations, the State on the problem of deforestation, the degradation of the forest is accentuated. From 1999 to 2015, the net loss of forests was estimated at 129 million ha, particularly in Africa and South America (FAO, 2015). For Madagascar, 48.8% forest loss was inventoried from 1990 to 2015 (FAO, 2015). And the figures of the last ten years show that deforestation continues to evolve in an alarming way throughout the national territory¹.

In addition, studies have shown that logging generates significant income but its contribution to economic development remains insignificant². From another point of view, instead of focusing on the causes of deforestation, why not focus on the solutions that can alleviate this phenomenon. In this way, our main subject concerns the analysis of the analysis of forest financial resources through their procedure of management in order to determine the impact and effect of these procedures on the management of the forest resources. It should be noted that various financial resources contribute to the sustainable management of forest resources, in particular the financial benefits of the forest (AFARB receipts), the credits allocated and made available to the Forestry Administration in the Finance Laws and financial aid in the form of Project of Public Investment (PIP) from Technical and Financial Partners (PTF). In this article, it is a question of analyzing the process of the management of financial resources, its contribution to the sustainable management of the forest before and after the year 2020.

2. METHODS

The methodological approach used in this study was essentially qualitative. It is based on the bibliographic and webographic review and the interview of the actors concerned to allow us to better understand the procedure for managing financial resources relating to the forest. The SWOT analysis will allow us to determine the advantages and the failings of these procedures. To better understand the study, an analysis of the management procedure of another sector and another country will be associated with this research.

¹ MEEF. 2017. Madagascar Forest Policy: towards sustainable and responsible management of Malagasy forests. Decree n°2017-376 of May 16, 2017. April 2017

2.1- Literature Search

The literature review was one of the main methods used. Various works on forest management were consulted. Scientific journals and articles were analyzed to better understand forest revenue management procedures and their contribution to sustainable forest management. Through the collection of qualitative data, national studies and documentaries were also requested from the Ministries concerned.

2.2- Interview

Interviews were carried out with the actors concerned (see Annex 5) by the sustainable management of forests and the related financial management within the Ministry of the Environment and Sustainable Development (DGGE: DAPRN) and with the Ministry of Economy and Finance (DGT: PGA, DCP and DGBF: DB). These interviews were carried out using an interview guide (see Annex 4), which will allow us to know and materialize the reality of the procedure relating to the management of the financial resources of the forest, in order to identify a point of view to know if the procedure concerned has any impact on the sustainable management of its resources.

SWOT analysis

On the one hand, the SWOT analysis will indicate the efforts (Strength and Opportunities) made in the management of financial resources by the actors concerned within the MEF and the Forest Administration with the MEDD. On the other hand, it makes it possible to identify the failures (Weaknesses and Threats) existing in the procedure mentioned above. And finally, the choice of this analytical model is to determine “what contributes”, “what does not contribute” and “what could not contribute” to the sustainable management of forest resources.

3. RESULTS

Better forest management is characterized by effective and efficient management of these resources as well as the involvement of all actors, decision-makers and other stakeholders. The role of the forest administration is essential to achieve its objectives. Good forest governance relies on a well-structured management procedure. Thus, the purpose of this study is to analyze the procedure for managing the financial resources of the forest within the Forest Administration and the Ministry of Economy and Finance (MEF), based on the following elements:

- the processes for managing forest revenue, credits made available to the Forestry Administration in the Finance Laws and financial aid from Technical and Financial Partners (PTF);

- the comparison of the budget allocated to the Ministry of the Environment and Sustainable Development (MEDD) before and after the year 2020 to have an overall view of the management of the budget allocated to the Ministry of the MEDD.

In order to be able to do constructive criticism to improve the concerned procedure, we will complete the study with a SWOT analysis of the process for managing forest financial resources.

3.1- Procedure for managing the financial resources of the forest

Financial resources for sustainable forest management cover three aspects. The first concerns the financial benefits arising from logging under the name of AFARB revenue, the second is characterized by the credits granted by the State and made available to the Forestry Administration through the Finance Laws and the last is made up of financial aid in the form of a public investment project (PIP) from TFPs.

3.1.1- The AFARB revenue management procedure

AFARB revenue is part of Non-Tax Revenue (RNF) and is definitive, non-refundable in principle and is classified as internal own resources in the same way as tax. Within the framework of forest management, forest revenue generally consists of royalties which are considered as remuneration for services offered by the Administration after forest exploitation activity.

²Idem

The AFARB receipts forming part of the RNF are carried out according to the declarative system. This system consists of making declarations of operating income by operators in order to calculate the fees to be paid on the basis of these declarations. In the forestry sector, forest royalties are made up of exploitations from LFPs and NWFPs. The principle is different from tax receipts which are charged to accounts 70 to 75 unlike the RNF recorded in accounts 77 entitled non-Tax receipts such as account 771- Royalties.

Before the development of each Finance Law, the Forestry Administration through the MEDD sends the estimated amounts of AFARB revenue to the General Direction of the Treasury Department (MEF), for observation and for official notification. As an RNF, AFARB revenue follows the methods of the trade account (Special Treasury Account) and the General State Budget. Then, the DGT sends officially means to the General Direction of Finance and Budget, particularly to the Budget Synthesis Service the said revenue forecasts to be taken into account in the budget framework and to insert it in the concerned Finance Law. And after the promulgation of the Finance Law, the Sector Ministries including the MEDD can proceed to the execution of their budget.

Table 1: Forecasting process for AFARB revenue collection

<i>Steps</i>	<i>year</i>	<i>Actors concerned</i>	<i>Shares</i>
Integration of forest revenue forecasts in the Finance Laws	Before 2020	Forest Administration (MEDD)	Integration of AFARB forecast revenue in the trade account: <ul style="list-style-type: none"> - Determination of AFARB forecast revenue for year N+1 - Sending of AFARB projected revenues to the DGT/MEF to be integrated into the Finance Law (Trade account) - Distribution of AFARB forecast revenue according to the needs of the Forestry Administration after official notification of budget envelopes - Allocation of projected AFARB revenue to operating and investment expenditure according to priorities within the Forestry Administration
Steps			Shares
			Integration of AFARB forecast revenue into the General State Budget: <ul style="list-style-type: none"> - Determination of AFARB forecast revenue for year N+1 - Sending of AFARB revenue forecasts to the

		DGT/MEF to be integrated into the Finance Law (General Budget)
		<ul style="list-style-type: none"> - Inventory of the exploitation - Constitution and submission of files relating to the exploitation or forest management - Drafting of the authorization request with the required documents addressed to the Regional or Central Directorate at the Forestry Administration (MEDD)
Forest revenue collection		<p>Control and issuance of authorization:</p> <ul style="list-style-type: none"> • Verification and observation of the regularity of files • Issuance of Authorizations • Signature and issuance of revenue orders



			- Calculation of the fee to be paid: <ul style="list-style-type: none">• Determination of the fee• Issue of payment receipts• Establishment of revenue statements• Establishment of Issue Slip
			- Receipt and collection of payments made by the Administrator or Secondary Authorizing Officer (ORDSEC) - Issuance of revenue declarations - Establishment of recovery situations

Prior to 2020, AFARB revenue was managed and recorded in a special treasury account before being allocated to operating and/or investment expenditure by the Forestry Administration. After the same year, they are integrated directly into the General State Budget³ and contribute to the objective of this budgetary framework. As a result, the distribution of AFARB revenue forecasts as expenditure by the Forestry Administration is no longer possible. In this aspect, the Forestry Administration records only the AFARB revenues made during the fiscal year and pays them directly into a single account (General Budget) according to the appropriate budget lines with the Public Treasury. This process consists of carrying out the operations according to the procedures listed below.

❖ The normal procedure for carrying out RNF

It is characterized by the issuance of a receipt order before collection by the public accountant (scheduling before collection). Four (4) steps are necessary in this process: recognition of rights, liquidation, scheduling and collection.

As soon as the rights are established, the revenue authorizing officer at the Forestry Administration ensures the reality of the debts and the authorization of the revenue. The second operation called, liquidation, aims to determine the amount of the claim. The authorizing officer calculates the amount of the claim by applying the rates or adopted regulations. As for scheduling, the authorizing officer prepares the documents listed below and sends them to the Treasury: Revenue order, revenue order notice, credit notice, document slip, slip and notice of order issuance of recipe. The last step consists of verifying the documents transmitted by the ORDSEC and the collection of the amounts by the public accountant responsible for ensuring collection within the Public Treasury.

❖ The derogatory procedure for RNF

This procedure is defined for the collection of non-tax revenue followed by a regularization of the authorization by the Secondary Authorizing Officer (Collection before authorization). The collection can be made directly after the observation of the debt and the acceptance of the debtor to carry out the regularization. The intervention of the authorizing officer is only required during regularization, contrary to the normal procedure. The collection of revenue by the managers is based on the declarations of royalties issued by the Activity Manager (GAC). It consists of carrying out operations on the revenue⁴ authorities and is divided according to the following steps: recognition of rights and liquidation, collection, listing of the operations of the month and transmissions for signature of the GAC, scheduling and payment to the treasury.

³ Circular n°011-MEF of October 03, 2019 transferring tradeaccounts to the General State Budget.

Steps	Year	Actors concerned	Shares	
Execution of forest revenue	Before and after 2020	Forest administration (MEDD) : Revenue manager, GAC and ORDSEC	<u>Normal procedure (Order before collection):</u> - Recognition of rights and liquidation: Ensure the facts on which the claims are based and the authorization to collect revenue - Clearance: • Calculation of the exact amount of the fee • Establish the required documents - Scheduling: • Sign the receipt order and the receipt order issue slips • Transmit the coins to the Treasury - Scheduling: • Sign the receipt order and the receipt order issue slips Transmit the coins to the Treasury	<u>Exceptional procedure (Collection before authorisation):</u> - Recognition of rights and liquidation: Ensure the facts on which the claims are based and the authorization to collect revenue - Collection: • Collect the amount against the issuance of a receipt/receipt • Record the operation in a stub journal - Listing of operations of the month and transmission for signature of the GAC. - Scheduling: • Check the consistency of the supporting documents and the counterfoil journal • Regularize operations by issuing a regularization revenue order which will be

⁴Decree No. 2004-319 of March 9, 2004, amended and supplemented by Decree No. 2006 and No. 2008 of 1153 of December 11, 2008 establishing the system of advances and receipts (Article 1).

<i>Steps</i>	<i>year</i>	<i>Actors concerned</i>	<i>Shares</i>	
				transmitted to the Treasury • Sign the acceptance order and the related issue slip
		MEF: Treasure Department	Check the documents transmitted by the ORDSEC Redeem the recipe	
Use of actual forest revenue	Before 2020	Forest Administration (MEDD)	<ul style="list-style-type: none"> - Use of actual receipts recorded in the trade account according to the forecasts made in the Finance Laws - Realization of the allocation in operating and investment expenditure according to the priorities of the Forestry Administration and the forecasts in the Finance Laws 	
	After 2020	MEF	<ul style="list-style-type: none"> - Use of actual forestry revenue with revenue from the General State Budget and in accordance with the texts governing this budgetary framework: "All revenue ensuring the execution of all expenditure⁵ ». 	

Source: MEF and MEDD

Procedures for managing the credits made available for the Forestry Administration in the Finance Laws
Determining the credits available to the Forestry Administration

⁵ LOLF n°2004-007 of July 26, 2004, Part II, Article 5, Parg 3.

Following an internal management dialogue, the Forestry Administration assesses the priority needs and determines the amounts necessary to achieve the targeted objective. Then, it sends to the higher authorities within the MEDD the proposals and the amounts of the necessary credits to be integrated and grouped in the table of Framework of Medium-Term Expenditures (MTEF) of the said Ministry. The data proposed by MEDD following the instructions given in the Budgetary Preparation Circular is communicated to the Budget Department to be analyzed and studied in substance and form.

Subsequently, the said department consolidates all the data from all the Sector Ministries and draws up summary tables for arbitration by the Prime Minister. At the end of this arbitration, the Council of Ministers definitively validates the list of investments of all Ministries and Institutions to be included in the Finance Law, respecting the total amount of the framework and taking into account the necessary credits.

Table 3: From the identification of needs to the notification of the budget envelope (credits made available)

<i>Steps</i>	<i>Actors concerned</i>	<i>Shares</i>
Internal dialogue of budgetary actors	Forest Administration (MEDD)	<ul style="list-style-type: none"> - Identify the priority needs of the Forestry Administration - Discussion on priorities within the Forestry Administration - Ensure the consistency of the objectives of the Forestry Administration with the general policy of the State concerning sustainable development - Calculate, determine the amounts of credits necessary for the needs of the Forestry Administration, the purpose of which is to achieve the targeted objective - Send the proposals and the amounts necessary for the needs of the forest administration to the higher authorities of the MEDD for them to be grouped with the other needs of the said Ministry in the table of Framework for Medium-Term Expenditures (MTEF) Send the MTEF document to the MEFs to be taken into

		consideration in the Finance Law
MTEF analysis	MEF (DGBF/SSPI)	<ul style="list-style-type: none"> - Analyze the MTEF documents sent by the Sector Ministries including the MEDD - Ensure the consistency of the objectives of the Ministries with the general policy of the State - Verification of the consistency of the amounts of credits allocated to the needs of the MEDD Verification of the substance and form of MTEF documents
Budget conference	MEF/MEDD	<ul style="list-style-type: none"> - Presentation of the MEDD MTEF by the higher authorities and technicians
		<ul style="list-style-type: none"> within the MEDD to the higher authorities of the MEF and the sector managers - Discussion on the MEDD MTEF data on substance and form - Consideration of MEDD requests by MEF concerning the priority credits necessary for the achievement of their objective
Arbitration	Council of Ministers	<ul style="list-style-type: none"> - Presentation of the needs of all Sector Ministries including the MEDD according to the MTEF document - Discussion and analysis concerning the needs of each Ministry and Institutions - Determination of the budget envelope or credits made available to all Sectoral Ministries and Institutions taking into account the forecasts of the State's financial resources (fiscal and non-fiscal resources, donations, etc.)
Notification of the budget envelope	MEF (DGBF/SSB)	<ul style="list-style-type: none"> - Notification of the budget envelope to the MEDD

Source: MEF and MEDD

b) Distribution and use of credits made available to the forestry administration

The credits made available to the Forestry Administration are included in the Budgets allocated to the MEDD. Budgets contribute effectively to achieving public policy objectives, providing audiences with good quality services and implementing projects on time.

Table 4: From the notification of the envelope to the use, allocation of credits made available

<i>Steps</i>	<i>Actors concerned</i>	<i>Shares</i>
Distribution, allocation of the budget envelope	Forest Administration (MEDD)	- Management dialogue between budgetary actors within the MEDD, including the Forestry Administration - Distribution and allocation of the budgetary envelope (credits made available) according to the priority needs of the Forestry Administration and the MEDD (operating
Steps	Actors concerned	Shares
Distribution, allocation of the budget envelope	Forest Administration (MEDD)	- Management dialogue between budgetary actors within the MEDD, including the Forestry Administration - Distribution and allocation of the budgetary envelope (credits made available) according to the priority needs of the Forestry Administration and the MEDD (operating

Source: MEF and MEDD

3.1.3- Procedures for managing financial aid from Technical and Financial Partners (TFP)

Financial aid from TFPs is provided through Public Investment Projects (PIP). Generally speaking, PIPs are carried out on the basis of an assessment of the needs to achieve a specific public objective.

A PIP on external financing can be made up of State investment expenditure on external resources (external loans and grants) and national counterparts of projects on external financing, financed on the State's own resources.

Thus, the identification of a PIP on external financing is carried out on the basis of preliminary studies carried out by the Sector Ministries presented to the donor for financing.

a) Creation of a PIP with external funding

Creating a PIP can be done if funding is available for the implementation and future operations related to the project. Generally speaking, PIPs are carried out on the basis of an assessment of the needs to achieve a specific public objective. The Administration carries out, on the basis of an assessment of the needs, the determination of a project for the achievement of an objective resulting from a plan for the development of forest resources in order to ensure the continuity and the execution of a program. Following a strategic diagnosis, the Forestry Administration identifies the problems related to the management of forest resources and draws up a summary sheet of the project, ensuring the logical framework and the determination of the provisional costing for the implementation of the project.

Then, the project is submitted to the Direction Général of Economy and Planning (DGEP) for a preliminary assessment following a unique methodology including a visa for compliance with the national strategic framework as well as a technical assessment. It carries out an ex ante evaluation in order to determine and control the compliance of a project with the strategic development framework and to classify the said project according to their relevance and feasibility. The compliance notice is necessary for the continuity of the project selection procedure.

Having obtained a compliance notice from the DGEP, the project is submitted to an entity designated and managed by the Presidency. Following the study and classification made by the DGEP, the said entity selects and prioritizes all the projects evaluated by the DGEP, taking into account the macro-budgetary trajectory. After this study, the Forestry Administration through the MEDD, is notified of the selection or not of the project concerned.

Table 5: From identification to selection of an external PIP

<i>Steps</i>	<i>Actors concerned</i>	<i>Shares</i>
Preliminary studies and identification of the project	Forest Administration (MEDD)	<ul style="list-style-type: none"> - Carry out a strategic diagnosis in order to identify problems related to the management of forest resources - Establish a summary sheet of the project, in particular the logical framework of the project (definition of objectives, execution schedule, indicators, target values, etc.) and the quantified study concerning the realization of the projects (study, cost, construction, taxes, etc.) - Write an initial PIP file (presentation note, concept note and technical documents)
Carry out the provisional costing of the project	Forest Administration (MEDD)	<ul style="list-style-type: none"> - Identify the source of funding for the project - Realize the costing of the project (cost per activity, recurring charge, ...)
Ex-ante assessment	DGEP (MEF)	<ul style="list-style-type: none"> - Analysis of compliance with EMPs, sector policies and strategies and the strategic development framework for visa purposes - Socio-economic evaluation to lead to an analysis of the results, a socio-cultural analysis and an economic analysis, a risk analysis, etc. - Classification of projects according to the rating results via the compliance visa and the socio-economic assessment rating
Project selection	Presidency, MEF, MEDD	<ul style="list-style-type: none"> - Selection of priority projects by an entity designated and directed by the Presidency - Transmission to the MEDD of the ratings assigned by the DGEP - Selection and prioritization of projects evaluated by the DGEP

Source: MEF and MEDD

b) Mobilization and execution of loan funds

For all types of projects, annual registration is mandatory. Thus, when the financing agreement provides for the payment by the State of counterparts to external financing (DTI, VAT, etc.), the budgeting of these counterparts must be carried out by the sector Ministry.

According to the framed MTEF, the resources and expenditure of the donors as well as the counterparties are registered in the adopted FL.

Once the Finance Law is voted, the PIP can be executed, according to the procedures for the execution of public expenditure. The payment of expenditure for external PIP projects can be made through to three different options depending on the terms of the PTF:

- Direct payment by the funder on presentation of supporting documents approved by the authorities concerned
- Payment by the project or AGEX
- Payment by public accountants or approved by the MEF

In addition, the execution and regularization of expenditure on external financing and counterparts are preconditions for disbursement requests and calls for funds for projects by AGEX.

Four (4) financial phases are necessary in the mobilization of financing from external funds concerning the methods of opening, the management and the regularization of project operations in order to ensure their accounting in the operations of the Public Treasury, in particular: the disbursement of funds, the overall commitment of credits, call for funds and budget adjustment.

The first, the disbursement of funds, is a financial mechanism that allows the Central Accounting Officer of the Treasury and Public Debt to make available to a manager at the Forestry Administration the payment of eligible expenses relating to the activities included in the Funding Agreement. The funds are paid into an account opened in the name of the project and is materialized by two decrees: decree of creation of the management on loan funds and decree of appointment of the manager of the fund. The constitution of these two decrees allows the opening of the main account of the project at the Central Bank.

The second, the overall commitment, consists in fully committing the appropriations allocated for the financing of the activities provided for in the Annual Work Plan and Budget (PTBA) at the beginning of each budgetary year and is materialized by a "Programme for the employment of fund" developed by the

project. This employment program is the basis for all subsequent fundraising operations during the budget year: calls for funds to supply the secondary account and regularization.

The call for funds is an operation to supply secondary accounts and is made on a request addressed to the Department of Public Debt. It is conditioned by the regularization of all the expenditure operations carried out during two months previously and according to the necessary regularization documents. However, if the amount of the call for funds is different from the initial employment program, the amended employment program and the related presentation note must be attached to the request.

Finally, budget regularization consists of carrying out an expenditure authorization operation on the basis of a summary statement of expenditure operations by budget allocation and determines the authorization to supply the secondary accounts of the executing agencies and the execution of direct payments or other disbursement methods

Table 6: From budgeting to the mobilization of loan funds

<i>Steps</i>	<i>Actors concerned</i>	<i>Shares</i>
Registration in the Finance and Budgeting Act	MEF	<ul style="list-style-type: none"> - Registration of donor resources and expenditure on the MEDD Budget - Budgeting of national counterparts
Disbursement of funds	Forest Administration and/or Executing Agency	<ul style="list-style-type: none"> - Creation of files for opening the main account at the Central Bank and the secondary account at the Primary Bank - Preparation of the request for the creation of the accounts provided for by the financing agreement in public accounting at the level of the Treasury (DCP) - Request to open the main project account at the Central Bank and the secondary account at the Primary Bank - Materialization of the operation according to two decrees: decree of creation of management on loan funds and decree of appointment of manager of the fund - Transmission to the Treasury (DDP)
	Forest	<ul style="list-style-type: none"> - Commitment in full of credits at the beginning of each financial year according to the activities provided for in the

<i>Steps</i>	<i>Actors concerned</i>	<i>Shares</i>
Credit commitment	Administration and/or Executing Agency	Annual Work Plan and Budget (PTBA) - Entry of the commitment on SIIGFP - Presentation of the commitment request to Financial Control - Transmission of the Employment Program to the Treasury (DDP)
Call for funds	Forest Administration and/or Executing Agency	- Establishment of the call for funds request with the attachments below: - Detailed statement of the call for funds - Detailed statement of the destination of the funds requested - Summary statement of budget adjustments made - Bank statements and attestation of all secondary accounts before the date of the call for funds request - Transmission to the DDP for agreement for the preparation of the transfer order (OV) - Signature of the OV by the accountant assigned to the Treasury and the manager at the Forestry Administration - Sending of the OV to the Central Bank for the purpose of transferring funds from the main account of the project to the secondary account opened in a primary bank
Budget regularization	Forest Administration	- Preparation of the summary statement of expenditure operations - Affixing of service certification made by the GAC - Signature by ORDSEC of the summary statement of expenditure operations - Transmission of the files to the accountant assigned to the Treasury (Summary statement of expenditure, Issue slip and Payment mandate edited on SIIGFP) for visa - Sending of copy referred to DDP and financial control

Source: MEF and MEDD

3.2- Comparison of the budget allocated to the MEDD before and after 2020

This comparison is made as part of an overall overview of the budget of the MEDD and the Forestry Administration in achieving their objective. Two periods are considered in this comparison: before and after the year 2020, which will be carried out on a scale of 04 years divided as follows: from 2016 to 2019 and from 2020 to 2023.

Before 2020, the financial resources of the MEDD concerning the management of forest resources were composed of the following elements: AFARB revenue, credits made available to the MEDD (including the Forestry Administration) and aid from the PTF. During this period, the Forestry Administration simultaneously manages the AFARB receipts in the trade account and the credits allocated in the general budget.

From 2020, AFARB revenue has been removed from the Trade Account and is integrated directly into the general budget following an advisory note from the Government dated September 23, 2019. As a result, the financial resources available to the MEDD for the achievement of their objective are henceforth made up of the credits made available to them and aid from TFPs.

However, the realization of AFARB receipts is existing but their recording is to be carried out within the framework of the General Budget and contributes to the objective of this budgetary framework: "All the receipts ensuring the execution of all the expenses".

Below are the comparative tables of the MEDD budget and the Forestry Administration before and after the year 2020.

Table 7: MEDD budget before 2020 (In Billions of ariary)

<i>Year</i>	<i>Trade account (AFARB Recipe)</i>	<i>General budget</i>	<i>Total</i>
2016	7,085	55,747	62,832
2017	9,366	66,469	75,835
2018	9,410	80,860	90,270
2019	9,928	93,131	103,059
		TOTAL	331,996

Source: Settlement law and Finance law (2016 to 2019)

Table 8: MEDD budget after 2020 (In Billions of ariary)

<i>Year</i>	<i>General Budget</i>
2016	132,623
2017	86,913
2018	191,637
2019	106,823
TOTAL	517,996

Source: Finance law (2016 à 2019)

3.3- SWOT analysis of the forest financial resource management process

The SWOT analysis applied to the procedure for managing the financial resources of the forest makes it possible to highlight the main elements which can constitute levers (opportunities which become assets) or blocking factors (threats which are accentuated weaknesses) in the sustainable management of forest resources. Several dimensions of the internal and external environment are taken into account in this analysis (budgetary process, financial management, legal texts, forest revenue, budgetary actors, etc.).

3.3.1- Strengths

The financial resources relating to the sustainable management of the forest are presented along three lines: the financial benefits of the forest (AFARB revenue), the credits made available to the Forestry Administration and the funds from technical and financial partners. The existence of these three axes can contribute significantly to the sustainable management of forest resources.

Regarding the financial benefits under the name of "AFARB revenue", the related management is linked to two periods (before and after 2020) and two budgetary frameworks: the trade account and the general state budget. Before the year 2020, in the management linked to the trade account, the Forestry Administration could directly use the AFARB revenue recorded for expenditure deemed necessary (operation and investment). As soon as the Finance Law is drawn up, the Forestry Administration can allocate the AFARB revenue forecasts to the expenditure forecasts according to its prioritization. AFARB revenue contributes to the development and conservation of forest resources.

⁶ LOLF n°2004-007 of July 26, 2004, Part II, Article 5, Parg 3.

They are allocated to the payment of expenses related to the sustainable management of forests, such as the payment of Short Term Employees (ECD), whose role is to maintain the forest reserves in the various regions and also for the payment of some ECD agents at the central level in case of non availability of appropriation in the General Budget for their payment.

Before 2020, on a scale of 04 years (2016 to 2019), in addition to AFARB revenue amounting to Ar 35.8 billion (Provisional amount in the trade account), the total credits made available to the MEDD in the budget general (including external aid) are up to Ar 296.2 billion. As a result, a total amount of Ar 332 billion in financial resources is used by the MEDD and the Forestry Administration to achieve its objectives.

From 2020, AFARB revenues have been integrated into the General Budget for the purposes of budgetary reframing. The objective is to contribute to the achievement of the objectives of the State. Note that the General Budget takes into account all revenue ensuring the execution of all expenditure. So, AFARB revenue contributes to finance all the activities of various sectors.

The credits made available to the Forestry Administration, in the general budget, allocated to operating or investment expenditure contribute indirectly to the management of the forest. The determination of the credits made available to the sectoral Ministries is carried out according to the needs and objectives related to the general policy of the State. In our case, the objective of the Forestry Administration and the MEDD is to successfully manage these resources sustainably. In this sense, the determination and evaluation of its credits have been carried out based on the needs considered a priority within the Ministry where the said Administration is located.

From 2020 to 2023, the total budget of the said Ministry in the general budget is estimated at Ar 518 billion. However, unlike previous years, AFARB revenues are already integrated into the single account (the general budget) and contribute to the activities and objectives of various Ministries and Institutions other than the Forestry Administration. Then, it is clear that for this department Forestry Administration can significantly contribute to the sustainable management of forest resource

Finally, funds from TFPs also play an important role in sustainable forest management through public investment programs (PIP). Note that an investment project is a set of planned and interrelated activities which, using resources, generate products aimed at solving a problem or improving a specific situation during a given period.

Therefore, funds from donors are an essential asset for achieving the objective of the Forestry Administration because they are obtained following the determination and evaluation of the priority needs of the said Administration. Expenditure on external financing is committed fully at the beginning of each budgetary year after establishing the corresponding appropriations.

3.3.2- Weaknesses

Insufficient coordination of an intersectoral regulatory framework between the forest administration and the other administrations concerned hampers the system for managing or verifying the legality of procedures and related documents for the fight against forest offences. The control is carried out after the act has been done (logging, forest management or an offense relating to an activity relating to the forest). In this case, the control is considered as a mechanism which simply serves to establish the infringement. Despite the initiation of a prosecution procedure (administrative or criminal), the existence of the fact that "the forest resources have been destroyed" proves to be irrevocable and the related compensation such as the fine or damages and interest remains uncertain. and leads to yet another procedure to be undertaken. For the payment of royalties, the operator or loggers have a lot of leeway because it is from their declaration that the royalties are calculated. As in our case, it is calculated on the basis of the maximum exploitable volume. In addition to the cumbersome administrative procedure, the existence of texts considered to be largely outdated (e.g. Law No. 97-017 of August 8, 1997 revising forest legislation) often constitutes an obstacle to the proper management of revenue considered.

Whether in the General Budget or in the trade account, the budget forecast for AFARB revenue is always significantly higher than the actual results. Before the insertion of AFARB revenue in the General Budget, the allocation of said revenue by the Forestry Administration is generally more focused on operating expenses than on investments (see Annex 1).

Concerning the credits made available to the Ministry of the Forest Sector, and following the budgetary dialogues within the Forestry Administration and the higher authorities within the MEDD, the forecasts are made in such a way as to cover the investment and operating expenses to which said Administration deems it necessary to ensure the proper functioning of the sustainable management of forest resources. However, as described in the procedure cited above (Table n°03), the determination of the actual budget envelope goes through different stages and constraints and especially in relation to the forecast of the State's financial resources (tax resource, non-tax resource, donations etc.). In general, the budget forecast

⁷ Organic Law n°2004-007 of July 26, 2004 on finance laws, article 5, page 18.

⁸ Public Investment Management Handbook. 2023. Page 5. 93 pages

⁹ Budget circular n°002-2023 MEF/SG/DGFAG of January 6, 2023. Page 94. 316 pages

made by a Sector Ministry concerning their expenditure is often revised downwards during arbitration except for the expenditure of Ministries deemed by higher authorities to be a priority. Consequently, this can constitute an obstacle to the achievement of the objectives of the sectoral Ministries because of the estimate made by the said Ministries which are not often granted in full by the State.

Over the past ten years, only about 1% of the credits of all the Ministries and Institutions combined (see Annex 2) have been allocated to the Ministry to which the Forestry Administration is attached. However, following the strategic axes of the general policy of the State (IEM), one of the objectives is “Environmental Emergence and Sustainable Development”. Thus, the question arises, is the credit made available to the MEDD sufficient to achieve this objective.

Furthermore, before being used and moved, funds from TFPs as PIPs follow various procedures. From the preliminary studies to the selection of the project, the use of the funds is conditioned by various stages, whether the conditions imposed by the donors (eligible expenditure, notice of no objection) or those issued by the Malagasy State ranging from the request to open an account within the Central Bank to call for funds for its use and the related budget adjustment. As a result, we can see that apart from the existence of a procedure already put in place by the Malagasy State, that of the TFPs must also be taken into account. Without forgetting that the budgetary regularization operation conditions the supply of the secondary accounts of the project which is carried out by call for funds and the disbursement for the projects which do not have a main account within the central bank.

3.3.3- Opportunities

In order to ensure a satisfactory level of execution, the forest administration must put in place a good strategy with the real professionals working in logging in order to constitute, from the point of view of the permit or the agreement of exploitation, a guarantee that the actions are correctly executed. Collaboration with the different sectors is also essential, the forest administration should harmonize with the other sectors concerned a fiscal control system to avoid corruption in the various levels of exploitation (cutting, transport, export etc.)

The creation of the national operation, known as Action in favor of the tree (AFARB), was initiated by the Malagasy government through decree n°85-072 of March 13, 1985 with the aim of setting up a sustainable management of forest resources such as the protection of existing forests and the revegetation of watersheds, the extension of reforestation and tree plantations, the implementation of all actions useful for the promotion of trees and wood, as well as the necessary research. According to article 6 to 8 of this

same Decree, a National Forest Fund (FNF) was created within the framework of this action. In this context, a trade account designated AFARB was opened within the Treasury in order to trace in credit the receipts from the FNF (decree n°88-340 of September 06, 1988). In 1997, the Forest Law n°97-017 of August 8, 1997 took up the concept of FNF in its article 52 without however highlighting the AFARB accounts. In 2000, Decree No. 2000-355 of May 24, 2000 repealed Decree No. 88-340 cited above and set the terms for managing AFARB receipts in the trade account. In addition, in 2001, Decree No. 2001-1123 was adopted pursuant to Article 52 of Law No. 97-017 relating to the management methods of the National, Provincial and Regional Forest Funds.

According to this decree, in its article 10, the AFARB accounts were to feed the forest funds and in its article 25, the said accounts should be maintained until the forest funds are actually put in place. For the distribution of revenue, Article 12 of Decree No. 2001-11523 provides for the following terms: 15% for the benefit of the National Forest Fund (FFN), 15% for the benefit of the Provincial Forest Funds (FFP) and 70% for the benefit of the Regional Forest Funds (FFR). In addition, in 2005, a revision of the general conditions of application of Law No. 97-017 was undertaken through Decree No. 2005-849 with the aim of defining the two types of forest fund: the National Forest Fund and Regional Forest Funds. However, the terms of distribution were not specified in the latter. In practice, a study showed that the ministry in charge of forests allocates 51% of the financial resources collected to the central management of the Ministry and 49% to the interregional managements (Ramamonjisoa. 2010). Currently, the said funds are not yet operational and until 2019, forest royalties have been recorded and paid into AFARB trading accounts.

From 2020, AFARB revenues have been integrated directly into the General Budget. This process was carried out following a reorientation of the general policy of the State and may be appropriate if the texts concerning forest management are updated. On the one hand, the abolition of the AFARB trade account and its integration into the general budget can lead to the operationalization of the National Forest Fund. On the other hand, the involvement of all the actors and entities concerned in achieving the object of the creation of the Actions in Favour of the Trees mentioned above is necessary. That wrong, the existence of AFARB accounts in several regions could be beneficial for the implementation of a budgetary deconcentrating use of these revenues. And as a reminder, according to Article 2 of Decree No. 2001-1123, the purpose of setting up forest funds is to receive, administer and manage forest revenues intended for the financing and supporting activities related to the preservation of the forest heritage, the conservation of water and soil, the management of forest resources, fauna, flora, and reforestation as defined in the Forest Master Plans.

Despite the integration of AFARB revenue into the general budget, a new delimitation and determination of the statute for the management of the funds should be issued in the interest of the sustainable management of forest resources. However, an entity managing the funds in the management of the financial resources of the forest necessary. This entity may be the Forestry Administration itself or, more appropriate, another separated entity which is defined either as a foundation or as an Industrial and Commercial Public Agency (EPIC) or yet another entity according to the needs of the Forestry Administration. Whatever, the solution adopted revision of the texts is necessary.

Taking into account the needs of the Forestry Administration related to its targeted objectives and related to the general policy of the State, the credits made available to the Ministry to which the said Administration is attached should be increased. During the arbitration, the higher authorities of the MEDD, including the Forestry Administration, should accentuate and negotiate the credits allocated to them for the achievement of their objectives. An increase in credits the MEDD would lead to an increase in credits to the Forestry Administration, which is only beneficial and makes it possible to contribute to the sustainable management of forest resources. However, the strengthening of management dialogues between budgetary actors within the MEDD is also a decisive factor concerning the distribution of allocated credits so that investment expenditure is prioritized. Despite the existence of PIPs from the State's own funds (internal own resources) among the credits made available to the Forestry Administration, the credit allocated to the Ministry to which the Forestry Administration is attached is should be revised for the achievement of the objectives mentioned above.

Funds from external financing are included in the financial resources of the State. More than half of the Budget of the MEDD is attached is made up of credits from external financing, i.e. approximately 60% of the total Budget of this Ministry (cf. Annex 3). The more funds there are from TFPs, the more the financial resources increase. However, allocation of these funds are conditioned by various constraints depending on the related nature (loan, subsidy or donation). To this effect, many TFPs have granted funds and are interested in the sustainable management of forest resources. The existence of externally funded PIPs confirms the need for TFPs to become more involved in the sustainable management of natural resources in Madagascar.

3.3.4- Threats

Illegal logging is a major threat to most forest areas and leads to unsustainable use of its resources. Despite the implications of the forest administration through the existing regulatory frameworks, illegal logging goes beyond the control of the said administration and is a source of handicap in management and conservation. Despite the existence of the forest policy advocated by the Forestry Administration, illegal logging is still topical and remains an important problem for the Administration. The existence of a forest

control entity does not really make respond to guarantee the legal exploitation of forest resources because the controls intervene only after the act or offense related to the forest resource has been committed.

In addition, the recovery of forest royalties (AFARB receipts) is carried out according to the declaration system by the operators or foresters liable. This system resides in the fact that forest revenues are calculated on the basis of the maximum exploitable volume declared by operators or loggers. However, a false declaration may prejudice the calculation of these royalties and may cause various constraints for the proper management of forest resources such as the regression of AFARB revenues, the overexploitation of these resources and the non-enjoyment of the return of financial benefits to the resources concerned. The suppression of AFARB receipts in the specific Treasury account contributes indirectly to the reduction in the return of financial benefits to forest resources despite the unbalanced distribution of these receipts in favor of operating expenditure rather than investments.

After budget reframing, AFARB revenue has been integrated into the General Budget. Previously, in the trading account, the Forestry Administration has much more maneuver in the management of AFARB revenue. According to the distribution of the expenditure forecasts made during the preparation of the Finance Laws, the Administration may directly use the revenue recorded in the AFARB accounts (trade account) for the forecast expenditures which they have entered in their executive budget. In this operation, the Forestry Administration distributes the revenues according to their prioritization and their needs and this within the framework of its objective.

The integration of these accounts in the General Budget no longer made it possible to directly allocate the revenue collected to expenditure due to the respect of the non-allocation of revenue to expenditure in this budgetary framework. Moreover, in the general budget, the credit granted to the Ministry of the Forest Sector by the State represents only about 1% of the credits made available to all Ministries and Institutions combined. And among these 1% prescribed, the Ministry of the Forest Sector allocates more than half of the credits to operations than to investments. Without forgetting the staff within the Ministry of the Forest Sector which is also important in the collection of AFARB revenues and which requires to be taken into account (benefit, allowance or bonus) because in another way, they are also considered as agents revenue collectors in the same way as tax revenue collectors. These facts could contribute to the demotivation of these debt collectors.

Regarding funds from TFPs, externally funded projects represent about 60% of the MEDD budget. Another way of saying that it is the TFPs who have much more interest in the sustainable management of natural resources. Internally funded PIPs represent only 17% of the MEDD budget (see Annex 3).

4. DISCUSSION

In this section, we will analyze and discuss the results of the procedures studies for the management of financial forest resources and we'll make comparison between the management of financial forest benefits with another sector and also with the situation in another African country. And finally, a discussion on the possibility of managing the financial resources of the forest by the implementation of the National Forset Fund (FNF) will be started.

4.1- Comparison between the procedure for managing the financial benefits between two sectors (Forestry and Mining)

4.1.1- The general procedure for managing mining resources

In the mining sector, the wealth of the subsoil is considered as belonging to the State. The royalty and the mining rebate are based on the value of the first sale of the mining substances. For example, according to Article 117 -2 of the 2005 Mining Code, the mining royalty for gold is payable by the buyer. This fee is considered as a compensatory indemnity following the destruction of the heritage. Various institutional and non-institutional actors are involved in the management of mining revenues.

Table 9: General procedure for the management of the mining sector

<i>Steps</i>	<i>Actors concerned</i>	<i>Shares</i>
Mining Permit Application	EPIC : BCMM Responsible party: Mining operator	Issuance and granting of the mining permit if admissible files Publication in the Official Gazette of the Republic Mention of the permit on the mining fallout map Registration of the mining permit in the register
Recovery	Public institution : BCMM Liable party: Mining operator	Calculation of Mining Administration Fees (MAF) Validation permit Collection of payments Accounting treatment of the FAM (Calculates the share of each beneficiary municipality and the related files: common list, account concerned) Deposit into the deposit account with the Treasury Notification of the mining permit FAM payment
Verification and	MEF : Treasure	Verification of information on accounts and their respective holders Distribution of FAM to beneficiaries by intermenstrual

<i>Steps</i>	<i>Actors concerned</i>	<i>Shares</i>
distribution	Department	decree setting the distribution and rate of FAM Transfer to the account concerned: 1st category municipality: account opened within the Treasury 2nd category rural municipality: primary banks
Collection	CTD: Beneficiary municipality	Collection of the quotas according to the categories concerned



Source: Cabinet ANITER Final report

4.1.2- Comparison by SWOT analysis between the two sectors (Forestry and mining)

The SWOT analysis between the two sectors allowed us to identify the specificities of each sector according to the table below:

Table n°10: Comparison between the management of forest resources and mining resources

<i>Revenue management procedure</i>	<i>Strength</i>	<i>Weakness</i>	<i>Opportunity</i>	<i>Threat</i>
Mining Sector (Mining royalties)	Management of mining permits by an EPIC; Return of the financial benefits to the municipalities concerned by the operation (share).	State participation rate in the shares of mining companies very low; Municipalities that do not have a bank account and do not benefit from quotas ;	Accentuation of non-tax mining revenue; Contribution of the mining sector to the economy and local development ; Contribution to the equilibrium of the trade balance (export).	Variation of the international market (export); Non-traceability of products.

 	<p>Non-tax revenue for the benefit of the General Budget; Use of revenue management for better speed and efficiency; Accountability of revenue ORDSECs and revenue managers.</p>	<p>Allocation of expenses Cumbersome administrative procedure; Insufficient means of control: human, material and financial; Overestimated budget forecast;</p>		<p>False declaration ; Evaluation of the amount of underestimated royalties; Overexploitation of resources; Illegal traffic.</p>
<p>Forest Sector (Forestry royalty)</p>	<p>Existence of AFARB accounts in several regions; Contribution of AFARB revenue to other activities of various sectors.</p>	<p>Non-return of the financial benefits to the municipalities, regions concerned by the exploitation Financial benefits of the forest for the benefit of other sectors</p>	<p>Operationalization of the NFF: Better security of forestry revenue Transparent management of forest revenue A better destination of forestry revenue Contribution of financial benefits to interviews reforestation of the forest</p>	<p>Regression of AFARB revenue forecasts; Non-enjoyment of financial benefits by the forest; Lack of motivation of MED staff as a revenue collector (advance and bonus)</p>

Source: Author

¹⁰ Circular n°011-MEF/SG/DGT/DCP/SRCF/DREG of Octobre 03, 2019

4.2- Comparison with the management of financial resources in Cameroon

In many African countries, there is growing interest in sustainable forest management. One of the ways to improve the financing of sustainable forest management is the creation of forest funds. Funds are in third place, through which countries have recently attempted to improve financing for sustainable forest management (FAO.2003). They are often funded by forest taxes and royalties and are used for various purposes such as the development of forest industries, the monitoring of forest activities, conservation, the purchase of equipment and others. Fifteen African countries reported the presence of a forest fund in their management of forest resources. Good results have been seen following the use of this method, however, various negative factors can influence the related management such as corruption, incompetence, procedures, etc.

We choose Cameroon because it is one of the countries having set up and carried out a reform concerning the management of forest revenues such as the system of sharing taxes and forest royalties. In this country, the financial benefits of forests are called annual forest royalties (AFR). The latter is a forest tax that each forest operator pays annually in return for the provision by the State of a forest exploitation title (forest concession or sale of standing). According to numerous studies, the RFA has improved forest management and governance through responsible representation and social equity in Cameroon.

One of the objectives of the establishment of the RFA is to allow citizens and local representatives to hold local elected officials accountable for the use of its royalties. The Cameroonian regulatory framework on forests obliges loggers to pay an AFR to the State, municipalities, FEICOMs as well as village communities bordering forest concessions.

The management of forest royalties is very important in this country because it aims to preserve the significant contribution to the state budget (50% of the product of the FRG) and to improve the sources of income in rural areas following a decentralized redistribution of revenue forests (50%: municipalities, FEICOM¹¹ and neighboring village communities). However, the lack of coordination between the ministerial institutions in charge of the management of the FRG leads to a discordance concerning the related management.

¹¹ FEICOM: Special fund for equipment and inter-municipal intervention

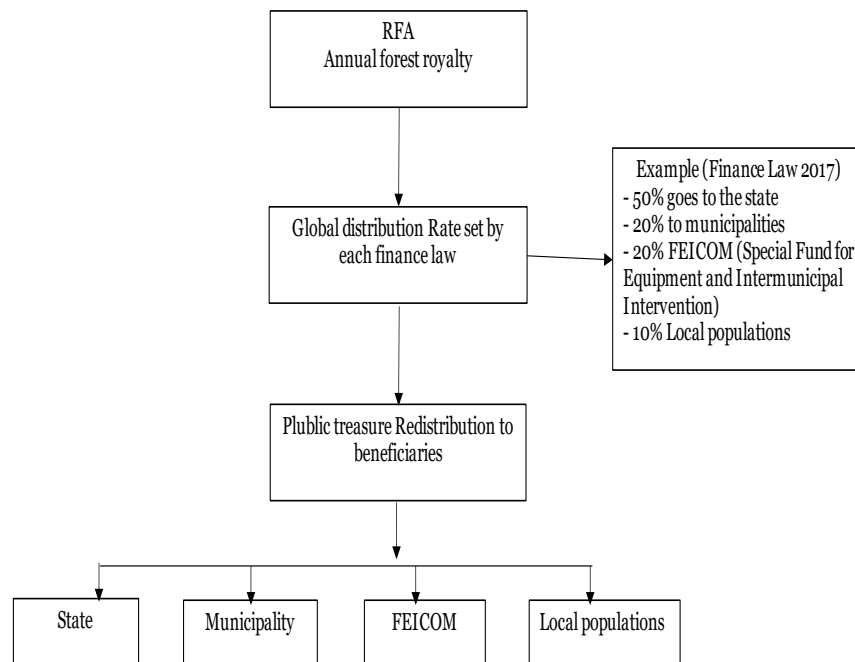


Figure 1: Simplified procedure for forest revenue management in Cameroon

In Madagascar, the existence of the management of forest royalties was specified by the year 2020 and according to two budgetary frameworks: the trade account and the general state budget. The difference lies in the fact that before the year 2020, the forest royalties called "AFARB revenue" are managed directly by the Forestry Administration.

After 2020, the Forestry Administration simply notes the AFARB receipts without being able to allocate them to any expenditure (operation or investment) because in the General Budget all the receipts are allocated to the expenditures of all the Ministries and Institutions.

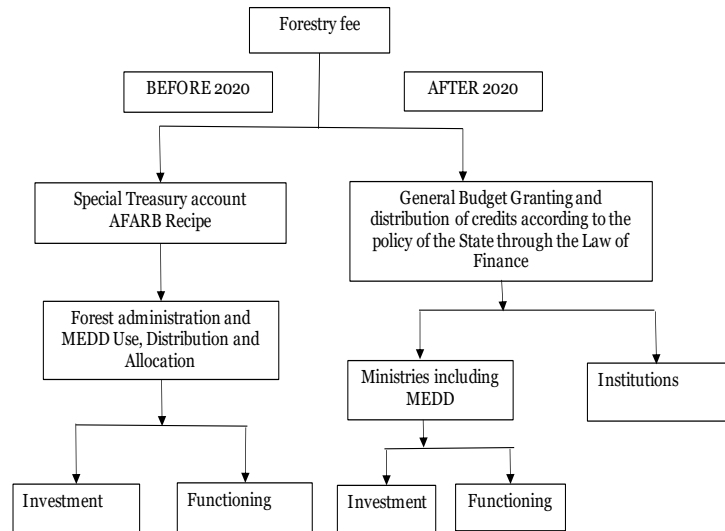


Figure 2: Simplified procedure for forest revenue management in Madagascar

4.3- Operationalization of the National Forest Fund (FFN)

According to Decree No. 085-072 of March 13, 1985, Madagascar has a national forest fund to support the development of Action in Favor of Trees or AFARB.

A trade account called AFARB was opened at the beginning of 1989 by Decree No. 88-340 of September 6, 1988 and then repealed by Decree No. 2000-355 of June 6, 2000, the purpose of this change is to trace credit revenue from the Forestry Fund. Various texts have been introduced in the context of improving and clarifying the management methods of this fund. In 2001, The 10th article of Decree n°2001-1123 in December 28th, 2001 specified that the AFARB accounts should feed the forest funds and article 25 specified that the AFARB trade accounts be maintained until the forest funds are effectively set up and operational. The last update concerning this fund was made in 2005 and established two types of funds: The national forest fund and the regional forest fund. Until 2020, the forest fund is not yet operational and the financial returns from the forest (forest royalties) have still been recorded in the AFARB trade account. Since 2020, AFARB revenues have been included in the General Budget.

Currently, following the integration of AFARB revenues in the General Budget, perhaps the operationalization of the Forest Fund would only be beneficial for the management of these resources. The operationalization of the forest fund can be carried out on a transitional basis to definitively replace the AFARB receipts (Decree n°2001-1123 of December 28, 2001) whose aim is to put in place better management of forest resources such as:

- the preservation of the forest heritage,
- the management of forest resources
- return of financial benefits to forest management: maintenance, reforestation, etc.
- financial autonomy for forest management

So, the establishment of a fund management entity is essential. In this case, the Forestry Administration or another independent entity should carry out the management of the forest fund and it must be under the technical supervision of the Ministry of Environment and Sustainable Development and under the financial supervision of the Ministry of Economy and Finance, and this could be beneficial for the sustainable management of the forest. However, the supervisory Ministries will not impose themselves on the administrative and financial management of the fund, they will act as an advisor in the management of the fund. Therefore, the involvement of all actors working in the management of forest resources is welcome to make the entity operational. The nature of the entity can be defined through its status and discussed with all the actors concerned. Whether it is the Forestry Administration, a public agency, a foundation or another entity, the objective is to establish a sustainable management of forest resources (administrative, financial, organizational, etc.).

In this sense, the said entity will be accountable to citizens regarding the management of forest royalties and will ensure the contribution of the returns of financial benefits to forest resources, to the municipalities affected by the exploitation and to the budgets of the State.

5. CONCLUSION

Financial resources allocated to forest management could be an asset to sustainable forest management. This study provided some light on the procedures for managing forest financial resources. From the foregoing, this study has clarified and highlighted the following points:

- the impossibility of direct use of forestry revenue or AFARB revenue (investment and operation)
- the determination of the credits made available to the Forestry Administration and the MEDD in order to achieve its objectives;
- the procedure for managing and mobilizing funds from TFPs.

In addition, comparisons concerning the management of forest royalties compared to another sector and another country were carried out in order to determine and bring new elements which could help to improve the financial management of the forest. The operationalization of the FNF is also desired in order to bring a new era to the sustainable management of forest resources.

Finally, this study will serve as a basis for reflection for the forest administration and the State on the mechanisms that could be appropriate in the sustainable management of forest resources. The involvement of all stakeholders is also necessary to achieve better management of its resources.

The conclusion of this study also may the heaviness and difficulty for the Forestry Administration and the Ministry to which it is attached to the process related to the management of financial resources of the forest.

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7. Annex

Annex 1: Distribution of AFARB revenue in the trade account (CPT) (In Billions of ariary)

CPT	01	2012	2013	2014	2015	2016	2017	2018	TOTAL
AFARB RECEIPTS ASSIGNMENT	1,522	1,902	2,166	2,107	1,391	2,828	3,417	1,522	18,083
OPERATING EXPENDITURE	1,420	2,319	1,532	1,914	1,747	1,884	2,721	2,871	16,407
GOODS AND SERVICES	1,188	2,046	1,203	1,549	1,340	1,452	2,203	2,312	13,293
INDEMNITIES	0,226	0,263	0,312	0,332	0,386	0,405	0,473	0,507	2,904
TRANSFERS	0,063	0,9	0,17	0,32	0,22	0,27	0,44	0,52	0,209
%	36%	51%	23%	29%	26%	27%	29%	31%	

Source: According to the Settlement Law from 2010 to 2018

Annex 2: Evolution of credits allocated to the MEDD (In billions of Ariary)

YEARS	Credits all Ministry and Institution	Credits allocated to MEDD (LFI/LFR)	Credits allocated to MEDD in %
2013	3 122,0	52,8	1,7%
2014	3 325,7	47,4	1,4%
2015	5 047,98	78,3	1,6%
2016	7 123,3	78,8	1,1%
2017	7 370,1	86,2	1,2%
2018	7 294,4	82,3	1,1%

<i>YEARS</i>	<i>Credits all Ministry and Institution</i>	<i>Credits allocated to MEDD (LFI/LFR)</i>	<i>Credits allocated to MEDD in %</i>
2019	8 000,0	101,0	1,3%
2020	9 143,3	113,9	1,2%
2021	11 025,8	58,1	0,5%
2022	14 393,4	91,4	0,6%
2023	15 384,2	106,8	0,7%
TOTAL	91 230,3	897,0	1%

Source: Settlement law from 2013 to 2019 and LFI/LFR from 2020 to 2023

Annex 3: Share of funds allocated by TFPs and by the State compared to the MEDD Budget

<i>Year 2023 (LFI)</i>	<i>Amount (in Thousand of Ariary)</i>	<i>%</i>
MEDD Budget	106,8	100%
PIP on external financing	63,7	60%
PIP on internal financing	10,7	17%

Source : LFI 2023

Annex 4: Interwieu guide

**University of Antananarivo
Ecole Doctorale Gestion des Ressources
Naturelles et Développement**



Equipe d'accueil : Economie et Politique des ressources Naturelles

Title of the Article: “Analysis of the procedural system of the financial resources of the forest and its contribution to the sustainable management of this sector”.

Section 0: Identification of the interviewee

1. Date of interview :
2. Ministry/Général Management/Direction/Service :
3. Surname and First name of the interviewee
4. Function and place of practice:

Section 1: Identification of forest financial resources

5. What financial resources are made available to the Forestry Administration for sustainable forest management?
6. Among these financial resources, are there any financial benefits obtained from its exploitation? What is the financial impact called?
7. To what budgetary framework is the management of its financial fallout linked (General Budget, Specific Treasury Account, Annex Budget, etc.)?
8. For the remaining financial resources, in what budgetary framework are they registered and managed?

Section 2: Procedure for managing financial resources

9. Previously, the financial benefits of the forest under the name of AFARB receipts are recorded in a trade account (Special Treasury Account), can you describe in a few sentences the related management procedure?
10. From 2020, AFARB revenue is integrated directly into the General Budget. Why do you think the State took this step? Are there texts (Decree, order or note) relating thereto?
11. In the general budget, forest revenue is managed according to the principle of this budgetary framework consisting in allocating all revenue to all expenditure of all Ministries and Institutions. What is your point of view on this subject?
12. In your experience, what is the most appropriate fiscal framework to carry out forest revenue management? And can you explain in a few words the advantage and disadvantage of forest revenue management in the two budgetary frameworks?
13. In addition to the financial benefits of the forest, there are credits made available to the Forestry Administration and funds from financial partners, can you explain in a few sentences the process of managing these credits?
14. The sustainable management of natural resources is one of the general policies of the State. In your opinion, are the credits made available to the Forestry Administration sufficient to achieve this objective?
15. During the drafting of the Finance Law, are the proposed forecasts of the needs of the MEDD and the Forestry Administration for the achievement of their objective in the Medium-Term Expenditure Framework (MTEF) renewed in full after arbitration in council?
16. The funds from TFPs are part of the Public Investment Projects (PIP) from the General Budget, can you describe the related processes?

17. The existence of external PIPs in the MEDD budget confirms the interest for TFPs in contributing to the sustainable management of forest resources. In your experience, are these funds from TFPs essential because, as we know, these funds are conditioned according to their nature: loan, donations, subsidy, etc.

Section 3: Other headings

18. Concerning the control relating to forest exploitation, what are the steps to be taken before and after a recorded offense? Are there any associated sanctions such as the payment of penalties (fine or other)?

19. Can you clarify the concept of “Forest Funds”?

20. In your experience, would the operationalization of the Forestry Fund currently be beneficial for the financial and sustainable management of forest resources? If so, what would be the appropriate steps?

21. According to your point of view, are the texts relating to the financial and sustainable management of the forest still in force or do they need to be revised or overhauled?

Annex 5: List of people interviewed and contacted for the production of the article

<i>Last name and first name</i>	<i>Function</i>	<i>Entity</i>
Razafindrabe Rinah	Former Director of the Department of Protected Areas, Natural Resources and Ecosystems and currently Director General of Environmental Governance	Directorate General of Environmental Governance (MEDD)
Natolotra Ho Aina	Head of the Valuation and Exploitation of Forest Resources Service	Forest Administration (MEDD)
Raharinaivo Ravo	Head of the Litigation and Armaments Control Department	Forest Administration (MEDD)
Rasoloson Fety	Head of the Administrative and Financial Service	Forest Administration (MEDD)
Andriaharimalala Christian	Technical Support Framework for the Department of Protected Areas, Natural Resources and Ecosystems (DAPRNE)	Forest Administration (MEDD)

<i>Last name and first name</i>	<i>Function</i>	<i>Entity</i>
Angelin Patrick Tanteliniaina	Paymaster General of Antananarivo	Directorate General of the Treasury (MEF)
Ramanitrinion y Misa	Head of Division at the Services of the Productive and Infrastructure Sectors	Budget Department (MEF)
Ranaivosoa Andrianomenj anahary Rivo	Head of Division at the Services of the Productive and Infrastructure Sectors	Budget Department (MEF)
Rakotondraza y Jean Noël	Head of Budget Reform Division	Budget Department (MEF)
Ravelojaona Mahefa Sylvain	MEDD Sector Manager	Budget Department (MEF)