

Tools for profitability assessment of forest projects: Cash Program and FInWeb <http://finweb.efi.int>

Part 1 (Cash Program)

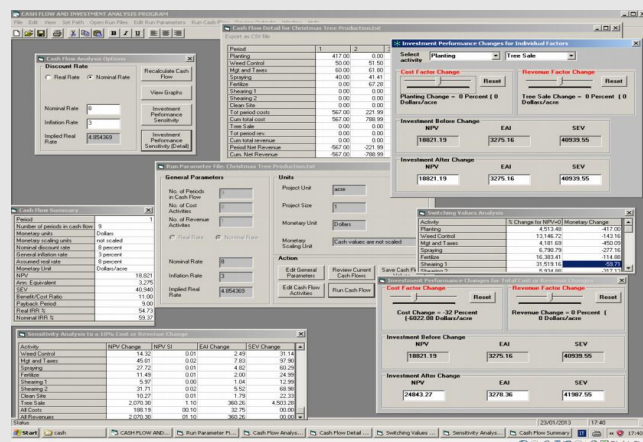
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Part 2 (FInWeb)

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FInWeb guidelines

- Provide a simple but flexible tool to rapidly evaluate the financial and economic assessment of forest projects;
 - provide clear picture of both analysis and their differences;
 - flexibility to adapt to different contexts;
 - sensitivity analysis must be presented (often necessary to access public funds);
- Allow for easy comparison of multiple project variants;
 - arising uncertainty, e.g. climate change
- Be fully transparent in the computational outcomes;
 - trustfulness of the results
 - clarity of scopes
 - educational purposes
- Allow for collaborative efforts in the definition of the parameters;
 - structured database of coefficients
 - monitoring needs



Forest projects assessment

- Web-based software: nothing to install or to update, a web browser is enough, works with any OS including tablets/smartphones;
- Cost-benefit analysis (NPV, EAI, SEV, BC-ratio, IRR, MIRR);
- All results reported considering both financial and economic activities;
- Flexibility: monthly/yearly based projects; real/nominal value (also mixed);
- Time and activity-based cashflow with graphical output and Excel output;
- Sensitivity (10% change) and risk analysis (% change for NPV=0) for each activity



Comparison of multiple projects variants

- In addition to the “normal” sensitivity analysis
- Compare an arbitrary number of versions

Revisions for *Example of Table E3 of the FOPER project* VIEW EDIT REVISIONS CLONE DEVELOP

[Home](#) » [Example of Table E3 of the FOPER project](#)

Revisions allow you to track differences between multiple versions of your content, and revert back to older versions.

REVISION	Compare	OPERATIONS
Mon, 09/16/2013 - 15:54 by Antonello Lobianco IR back to 4%, final thinning revenues down to 8000€/ha due to cc induced drought	<input checked="" type="radio"/>	current revision
Mon, 09/16/2013 - 15:49 by Antonello Lobianco Changed IR to 5%	<input type="radio"/>	Revert Delete
Sun, 05/19/2013 - 19:15 by Antonello Lobianco	<input type="radio"/>	Revert Delete
Fri, 04/05/2013 - 16:26 by Antonello Lobianco	<input type="radio"/>	Revert Delete



Transparency

- The meaning and formula of each variable is available just hovering the mouse over the term;
- A complete glossary is also available;
- The full documented source code (in PHP) performing the computations is given in the “About” page (public domain)

Example of Table E3 of the FOPER project

View Edit Revisions Clone this forest investment project Devel

Submitted by [testAntonello](#) on Fri, 03/01/2013 - 15:43

Example of table "E3" at http://foper.unu.edu/course/?page_id=164.

Should give NPV of 838 with 4%, $i_N = 5.12\%$.



Species: Norway Spruce

Project size: 1.00 ha

Real interest rate: 4.00%

Periodicity: Years

The Internal Rate of Return (IRR) is the interest rate for an investment became (eventually) zero. It can be compared with other investment options to determine the higher IRR. It should be noticed that IRR can be negative or not exist in investments where costs always outweigh the benefits, and in complex investments may hold multiple IRR. The IRR computation uses the Secant Method and it does not give the "best" or more rationale IRR in case of multiple IRRs, so the investment should be based on the NPV or EAI rather than just looking at the IRR.

About FInWeb

FInWeb is a web tool to help you evaluate forest investment projects, returning indications on their profitability both on a financial point of view and on an whole economic point of view (when externalities - or non-monetary effects - are priced and taken into account).

You can use it to write your own projects and optionally share them with others making them public. When you make projects public also the details of their activities become public, so that a database of forest activities will be built using a bottom-up approach.

For detailed instruction on how to write your own forest project please refer to the on-line help. If you need explanation on the financial variables have a look at the glossary. Finally if you want to know the full details on how these variables are computed, have a look at the code!

Following is the actual code used to compute the financial values used in the production of the report for the forest investments.

```

<?php
function forfinancial_main($entty,$optype,$fintype,$iatype,$$avalue@) {

// parameter $optype: type of operation requested
// $avalue@: net present value
// $entty: equivalent annual income
// $fintype: length of the investment
// $iatype: trend of the npv
// $entty: modified internal rate of return
// parameter $fintype: type of activities/analysis considered
// $financial: consider only financial activities
// $economic: consider also non-financial activities (externalities)
    
```




Collaborative efforts in the definition of the parameters (1)

“If you have an apple and I have an apple and we exchange these apples then you and I will still each have one apple. But if you have an idea and I have an idea and we exchange these ideas, then each of us will have two ideas.”

-- Anonymous

- While the user is pursuing it's own need to get an easily computation of his own project at the same time it shares the knowledge used in building it with the community of forest professionals.
- In that way, typical forest costs and benefits could be compared across regions and species.
- The information arising from the individual forest project activities feeds a common database
- Projects can be set public (default) or private by the author
- Users can build new project either starting a new project from scratch using information from this database or “cloning” and modify an existing project



Collaborative efforts in the definition of the parameters (2)

I can't find here any reference to this project:
http://www.efi.int/portal/virtual_library/publications/policy_briefs/
Which is the source of the data for this project?

reply

The project on this page

The project on this page implements the Example of Table E3 of the FOPER project, thank you.

reply

Add new comment

Your name: Author

Subject:

Comment *

Text format: Plain text

- No HTML tags allowed.
- Web page addresses and e-mail addresses turn into links automatically.
- Lines and paragraphs break automatically.
- The Lexicon module will automatically mark terms that have been defined in the lexicon vocabulary with links to their descriptions. If there are certain phrases or sections of text that should be excluded from lexicon marking and linking, use the special markup, [no-lexicon] ... [/no-lexicon]. Additionally, these HTML elements will not be scanned: a, abbr, acronym, code, pre, span class="lexicon-skip".

Notify me when new comments are posted

All comments Replies to my comment

- A forum-like implementation allow each public project to be commented hence they can be seen as a new thread where the discussion can develop about that specific project
- A notification system is built to help to follow the discussion



FInWeb address:

<http://finweb.efi.int>

Off-line and Cash program download:

<http://finweb.efi.int/download>