

August 2010

E



منظمة الأغذية  
والزراعة  
للأمم المتحدة

联合国  
粮食及  
农业组织

Food  
and  
Agriculture  
Organization  
of  
the  
United  
Nations

Organisation  
des  
Nations  
Unies  
pour  
l'alimentation  
et  
l'agriculture

Продовольственная и  
сельскохозяйственная  
организация  
Объединенных  
Наций

Organización  
de las  
Naciones  
Unidas  
para la  
Agricultura  
y la  
Alimentación

## COMMITTEE ON FORESTRY

### TWENTIETH SESSION

Rome, Italy, 4-8 October 2010

### EMERGING OPPORTUNITIES AND CHALLENGES IN FOREST FINANCE AND FOREST GOVERNANCE

#### Emerging opportunities and challenges in the context of climate change including REDD-plus

1. The United Nations Framework Convention on Climate Change (UNFCCC) is currently negotiating further commitments of all countries under the Convention as well as the successor arrangements to the Kyoto Protocol concerning industrialized countries' emission reduction commitments.
2. The Copenhagen Accord, prepared during the UNFCCC's 15th session of the Conference of the Parties (COP15) in Copenhagen in December 2009, represents an interim agreement that provides important political guidance for the ongoing negotiations. Significant features of the Accord include: recognition of the need to keep the increase in global temperature to below 2°C; a commitment of developed countries to a goal of mobilizing jointly US\$ 30 billion for the period 2010-2012 and US\$ 100 billion per year by 2020 to assist developing countries undertake both adaptation and mitigation actions.
3. The hope is that at its COP16, which will be held in Mexico in November/December 2010, UNFCCC will conclude its negotiations and adopt architecture for global action on climate change. This could include mitigation targets and action, a package on adaptation, a capacity building framework, a new technology mechanism, financial arrangements, as well as a mechanism to provide incentives for forest-based mitigation. The outcome of the negotiations may have significant impacts on forests and forest management through stimulating action in forest-based adaptation and mitigation, including through provision of financing, technologies and capacity strengthening to developing countries.

This document is printed in limited numbers to minimize the environmental impact of FAO's processes and contribute to climate neutrality. Delegates and observers are kindly requested to bring their copies to meetings and to avoid asking for additional copies.  
Most FAO meeting documents are available on the Internet at [www.fao.org](http://www.fao.org)

4. Since 2005, UNFCCC has been considering the establishment of an instrument to provide financial incentives to developing countries for reducing greenhouse gas emissions from deforestation and forest degradation (REDD). Currently, the proposed scope for such a mechanism encompasses reducing emissions from deforestation and forest degradation, sustainable management of forest, conservation of forest carbon stocks; and enhancement of forest carbon stocks, which together are called “REDD-plus” actions.

5. Positive incentives by UNFCCC for climate change mitigation and adaptation may provide crucial impetus for implementing sustainable forest management<sup>1</sup> worldwide and help stem the loss and degradation of forests and their ecosystem services in developing countries. Efforts around the world to sustainably manage forests provide a wealth of knowledge, experience, best practice guidance, tools, mechanisms and partnerships that can be applied to meeting climate change challenges, including REDD-plus. Sustainable forest management provides a framework to address climate change issues, livelihood opportunities and conservation concerns in an integrated way. Mitigation and adaptation efforts should provide synergies with other local and national objectives of forest management and with international commitments made on forests.

6. Past studies have raised expectations on the role that forests can play in climate change mitigation<sup>2</sup>. Subsequent debate and discussion at the national and international levels have demonstrated repeatedly that considerations of equity, fairness and justice are considered equally important as countries search for the ways and means to put forests at the service of climate change mitigation. Equally, governments struggle with questions of benefit and cost sharing when considering investments for climate change adaptation. These aspects underscore the policy and governance dimensions inherent in the formulation of national strategies for climate change with the associated expected role for forests. Involvement and engagement of stakeholders based on free and prior informed consent is increasingly seen as a starting point for finding sustainable policies and programmes. This suggests that the strong efforts made so far for monitoring and reporting on forests in the context of climate change should be equally buttressed with commensurate investment in policy review, reinforcement of capacity in forest administration and governance and capacity building to implement sustainable forest management.

7. FAO supports the efforts of member countries towards sustainable forest management through a comprehensive programme covering most aspects of forest management and conservation, the environmental and economic dimensions of forest utilization, and forest economics, policy and institutions. Key elements of this programme include the support to the development of national forest programmes as a means to enhance inter-sectoral coordination; preparation of analytical and outlook studies on various aspects of forests and climate change; development of guidelines for integrating climate change in sectoral policies and support to national activities in good governance and forest law compliance. Substantive work is being done in integrating climate change in forestry practices and supporting the implementation of best practice including improving livelihoods through sustainable forest management to fight underlying causes of deforestation and forest degradation. FAO has developed a robust programme on monitoring and reporting on forest resources at various levels and has been

---

<sup>1</sup> UN General Assembly Resolution 62/98 adopted in December 2007 includes the most widely intergovernmentally agreed language on sustainable forest management. It states that SFM is a “dynamic and evolving concept (which) aims to maintain and enhance the economic, social and environmental value of all types of forests, for the benefit of present and future generations” and calls upon countries to consider the following thematic elements of sustainable forest management as a reference framework: (i) extent of forest resources; (ii) forest biological diversity; (iii) forest health and vitality; (iv) productive functions of forest resources; (v) protective functions of forest resources; (vi) socio-economic functions of forests; and (vii) legal, policy and institutional framework.

<sup>2</sup> Stern Review of the Economics of Climate Change. HM Treasury, London

providing strong support to countries in this regard. These activities have been conducted through mobilizing FAO's own institutional fabric and in cooperation with key partners through the UN-REDD Programme, the Collaborative Partnership on Forests and other global thematic partnerships. A detailed description of the activities and cooperation efforts are provided in Annex 1.

8. Building on the experiences and achievements gained so far as well as on the comparative advantages of FAO a set of recommendations are presented below to shape FAO's work in supporting member countries in dealing with forests and trees in the context of climate change. The recommendations aim to offer policy support for integrating forests in national climate change strategies, strengthening information exchange and cooperation in forest-related climate change, supporting forest and climate change related monitoring, implementing best practices in forest management to facilitate mitigation and adaptation, and overcoming the root causes of deforestation and forest degradation.

9. **The Committee may wish to request FAO to provide assistance to countries in their efforts to harness the potential contributions of forests and trees in climate change mitigation and adaptation, including in REDD-plus, with a focus on:**

*Integrating forests in national climate change strategies*

- Assist countries in revising and adapting forest policies and national forest programmes to better respond to climate change requirements as well as in using them as tools for the development and implementation of REDD-plus strategies.
- Assist countries in improving governance in the forest sector including through assessing and monitoring its performance through governance indicators.

*Strengthening information exchange and cooperation in forest-related climate change*

- Disseminate information on forest-related developments in UNFCCC negotiations and their implications for sustainable forest management.
- Provide technical and policy-relevant information on forests and climate change.
- Encourage regional cooperation on forests and climate change, in collaboration with the regional forestry commissions and through the development of regional networks, clearinghouses and technical support programmes.

*Supporting forest and climate change related monitoring*

- Strengthen country capacity for multi-purpose forest monitoring and assessment.
- Harmonize guidelines for multi-purpose monitoring and assessment.
- Generate baseline information at the global, biome and regional levels on the status of forest area and trends in the rate of deforestation through a global remote sensing survey.

*Implementing best practices in forest management to facilitate mitigation and adaptation*

- Strengthen country capacity to implement existing guidelines, formulate guidelines where coverage is inadequate and tailor global guidelines to national conditions.

- Reinforce country capacity to apply best practice and experience in sustainable forest management in climate change mitigation and adaptation.
- Strengthen networks for sharing best practices for climate change mitigation and adaptation.

***Overcoming the root causes of deforestation and forest degradation***

- Assist countries, based on their request, in clarifying forest tenure arrangements.
- Help mainstream REDD-plus and related climate change adaptation and mitigation strategies into national budgeting and financing processes.
- Assess and develop opportunities to integrate REDD-plus with other payments for ecosystem services.
- Develop methods and tools to assist in involving local communities, and ensuring equitable distribution of benefits from mitigation actions to relevant stakeholders.
- Involve the forest products industry in discussions related to forestry mitigation and adaptation.

## **Annex 1**

### **FAO activities in support of sustainable forest management and climate change**

1. FAO provides information on forests and forestry, direct technical support to countries through projects and programmes, develops best practice guidelines and technical tools, strengthens country capacity, catalyzes regional and international cooperation, and serves as a neutral forum for dialogue, debate and information exchange. It works directly with countries, with sub-regional, regional and international processes; and through many partnerships and collaborative programmes. FAO activities particularly relevant to forests and climate change and the organization's mechanisms and structures available to facilitate related actions are described below.

#### **Strengthening forest policy frameworks: national forest programmes**

2. FAO facilitates the development and implementation of national forest programmes in 70 countries and regional organizations. National forest programmes are the composite of policies, strategies, legislation and institutional arrangements that govern forest use and management. Ideally, they are the consequence of a process involving government, stakeholders and civil society in planning objectives for forests and an agreed upon programme of action to achieve them. Geared towards the active participation of all interested communities and stakeholders, national forest programme processes promote greater transparency in forest decision-making and benefit sharing. They seek to foster inter-sectoral coordination and complement broader development goals. National forest programmes are an ideal vehicle for formulating climate change-related forestry strategies. FAO helps countries in the development and implementation of national forest programmes including capacity building and the formulation of appropriate policy, legal and regulatory frameworks. This is done through FAO's regular programme, trust funds and through the National Forest Programme Facility, a multi-partner mechanism.

#### **Global and regional forest sector and forests and climate change studies**

3. In collaboration with its member countries and other institutions, FAO produces a series of global and regional forest sector outlook studies, assessing the drivers of change and the long-term scenarios of development. Key factors such as demographic, economic, political, institutional, environmental and technological changes are analysed, alternative scenarios identified and the implications of the different scenarios on forests and forestry outlined. These global and regional outlook studies together with the various background documents provide a useful framework to analyze the regional and country level potentials and constraints in implementing climate change adaptation and mitigation measures, including REDD-plus.

4. FAO is currently producing three documents on forests and climate change in the Asia-Pacific, Near East and Eastern Europe/Central Asia regions. These studies examine the role of forests in climate change adaptation and mitigation, identify related opportunities and needs, and explore possibilities for regional cooperation.

5. FAO is also analyzing the climate change mitigation potential of woodfuels as substitutes for fossil fuels. A global study and country case studies were published in 2010. This is expected to lead to country support for related mitigation actions.

### **Integrating climate change into forest policies and forest practices**

6. The new opportunities and challenges posed by climate change may necessitate adjustments in forest policy, legislation and institutions as well as in forest management practices. FAO is currently developing two sets of guidance to assist countries in addressing adaptation and mitigation needs, one at policy level<sup>3</sup> and the other at forest management unit level, the latter undertaken in collaboration with the International Tropical Timber Organization. These two guidance documents are designed to help policy makers and forest managers identify and implement needed climate change mitigation and adaptation actions at policy and field level, respectively. Once these guidance documents are completed in 2011, FAO will offer support to countries wishing to use them to identify and implement needed changes in their forest policies and practices.

7. Climate change mitigation policies that concern the forest and agriculture sectors and build on payment for environmental services (PES) schemes will have to address land tenure in order to foresee, plan and distribute risks and benefits of the mechanisms. FAO (Natural Resources and Forestry Departments) are organizing an expert meeting on land tenure and climate change mitigation issues in November 2010 to review and raise awareness of land tenure issues and requirements in relation to land-based climate change mitigation policies and to provide substantive inputs on the topic of *Tenure-Climate Change Mitigation linkages* in relation to its work on Responsible Governance of Tenure of Land and other Natural Resources<sup>4</sup>.

### **Facilitating forest law compliance and good governance**

8. Good governance and adequate law compliance in the forest sector are important incentives for sustainable forest management and reductions in deforestation and forest degradation. FAO assists countries in developing and implementing strategies and appropriate measures to combat illegal forestry activities by promoting best practices, enhancing stakeholder dialogue and fostering regional collaboration<sup>5</sup>. FAO is currently providing assistance to 22 countries of the Africa/Caribbean/Pacific (ACP) region in implementing measures to strengthen forest governance and combat illegality in the forest sector. Jointly with partners, FAO is developing a practical approach to monitoring forest governance at the national level, which can be used in a variety of contexts, including REDD-plus.

### **Implementing best practices for sustainable forest management**

9. FAO leads the development of technical and policy-relevant tools to assist countries in the implementation of SFM, including the following that are directly relevant to climate change mitigation and adaptation:

- Codes of practice for forest harvesting developed for Asia (1999) and Africa (2005). National codes, adapted from the Asian code, have been developed in Cambodia, Laos and Myanmar.

---

<sup>3</sup> See <http://www.nfp-facility.org/63721/en/>

<sup>4</sup> See: <http://www.fao.org/nr/tenure/voluntary-guidelines/en/>

<sup>5</sup> Best practices for Improving Law Compliance in the Forest Sector (2005)

- Guide to implementation of phytosanitary standards in forestry
- Manual for field data collection for national forest monitoring and assessment
- Voluntary guidelines for fire management (2006)<sup>6</sup>
- Voluntary guidelines for responsible management of planted forests (2006)
- Guidelines for Good Forestry and range practices in arid and semi-arid zones of the Near East (2009)
- Guidelines for sustainable forest management in drylands of sub-Saharan Africa (2010)
- Case studies and best practices in forest management, including conservation of biodiversity in protected areas and production forests, rehabilitation of degraded lands and combating sand encroachment and desertification
- Resource book on “the new generation of watershed management programmes and projects”

10. FAO is providing technical support to countries to strengthen their capacity and capability in the identification, prioritization and implementation of key actions in the sustainable management of forests and trees. These actions include fire management, management of planted forests, integrated management of forested watersheds, management of forest biodiversity (including forest genetic resources and wildlife), rehabilitation of forest landscapes, in particular in arid zones, to build their resilience to climate change and support adaptation of people depending on forest goods and services.

### **Improving livelihoods through sustainable forest management to reduce deforestation and forest degradation**

11. Lack of alternatives for the millions of forest-dependent poor people, including indigenous groups, often leads to unsustainable land use practices resulting in deforestation and forest degradation. FAO promotes pro-poor policies<sup>7</sup>, and the inclusion of forestry in national poverty reduction strategies<sup>8</sup>. FAO's support to small-scale forest enterprises in more than 20 countries helps poor communities and local groups generate income from forests, thus providing them with an incentive to manage them sustainably. Additionally, FAO seeks to involve local communities in the sustainable management of their wildlife resources, be it consumptive or non-consumptive, with projects currently being developed in Africa, the Near East and Asia (e.g. Mongolia, India).

12. The growth of small-scale forest enterprises depends upon secure forest tenure. FAO is making the case for more diversified tenure systems that enhance access to forest resources by local communities in order to recognize their vital role as forest managers capable of generating sustained economic benefits from the sustainable management of forests<sup>9,10</sup>. A practical guide for forest tenure reform will be published in 2010.

---

<sup>6</sup> The Fire Management Actions Alliance was established by 40 founding members at the 4<sup>th</sup> International Wildland Fire Conference in May 2007 to facilitate implementation of the voluntary guidelines and enhance international collaboration in fire management. A similar mechanism is being considered for planted forests.

<sup>7</sup> Better forestry, less poverty: A practitioner's guide, FAO, 2006

<sup>8</sup> Links between national forest programmes and poverty reduction strategies. FAO. 2008.

<sup>9</sup> Tenure security for better forestry: Understanding forest tenure in South and Southeast Asia. FAO. 2007.

<sup>10</sup> Tenure security for better forestry: Understanding forest tenure in Africa. FAO, 2008.

13. With its partners at country, regional and international level, FAO develops and implements a strong field programme in arid zones and semi-arid areas which are under the combined threat of climate change and poverty. These include the Acacia operation project and the support to the Great Green Wall for the Sahara and Sahel Initiative in sub-Saharan Africa, poverty alleviation and combating desertification through collaborative watershed management in Mauritania and Morocco, and watershed management in Tajikistan.

### **Forest monitoring, assessment and reporting**

14. Monitoring forest carbon is necessary to design and follow-up climate change commitments in forestry. Considerable synergies can be achieved by integrating carbon monitoring requirements in overall forest inventory and monitoring efforts that address the full range of goods and services from forests. FAO has two major programmes working at country and international levels.

15. National forest monitoring and assessment: FAO works with countries to support national forest monitoring systems for cost-efficient collection of robust, reliable and validated information on forest resources, forest and land-use change and forest uses and users and to promote the use of the information in national decision-making and policy dialogue, such as national forest programmes. This includes information needed for forest carbon monitoring, as well as for forest management adaptation to climate change. Since 2001, FAO has worked with over 50 countries in defining, establishing and/or implementing national forest inventories. The programme includes considerable capacity strengthening and south-south collaboration, which will assist countries not only to report to UN conventions, international processes (e.g. United Nations Forum on Forests) and to the Global Forest Resources Assessment (FRA), but will also better enable them to address REDD-related carbon monitoring needs.

16. Global Forest Resources Assessments: FAO has carried out global forest resources assessments at 5 to 10 year intervals since 1946. Data are now compiled on more than 90 different variables covering 20 key topics related to the status and trends of forest resources and forest goods and services. Building national capacities is a crucial part of this process. In conjunction with FRA 2010, FAO organized global and regional training workshops and assisted more than 170 countries to report on changes in forest area, biomass and carbon stocks, following established international standards<sup>11</sup>. In addition, FAO is setting up a system for global monitoring of forest and land use changes through remote sensing aimed at substantially improving the knowledge on land use change dynamics, addressing international information requirements on forestry. Using a participatory process, the capacities of countries to determine historical trends in deforestation rates and to monitor future rates using a common framework and methodology will be considerably strengthened, thus enabling them to take advantage of current and potential future mechanisms under the UNFCCC and the Kyoto Protocol.

---

<sup>11</sup> The good practice guidance for land use, land use change and forestry of the Intergovernmental Panel on Climate Change (2003).



## Forest sector awareness and capacity strengthening

17. In many countries, the forest sector struggles to be recognized in negotiations on climate change and forests, including those on REDD-plus. Moreover, climate change negotiators could benefit from a fuller understanding of the roles of forests in mitigation and adaptation. FAO is working to raise awareness of the crucial roles of forests and trees to climate change mitigation and adaptation and to provide relevant information aimed at strengthening forest policy makers' ability to contribute to the climate change debate and at seeing that forests are appropriately reflected in the climate change negotiations.

18. FAO has published several technical and policy documents on forests and climate change and issues an electronic newsletter, CLIM-FO-L, each month. Climate change was on the agenda of all six of FAO's regional forestry commission meetings in 2010, and special sessions or in-session seminars on climate change were organized in five of them. The current and several past sessions of COFO have provided a neutral forum for discussion of forests and climate change.

19. Under the framework of the *Silva Mediterranea* (Committee on Mediterranean Questions), FAO partnered with *Deutsche Gesellschaft für Technische Zusammenarbeit* (GTZ), member countries, and regional partners for the development of a Collaborative Partnership on Mediterranean Forests, aimed at strengthening social and political support for sustainable management of forests and related ecosystem services in the context of climate change.

### I. FAO's Institutional Structures And Mechanisms Available To Support Country-led Initiatives

20. Various structures and mechanisms of FAO can be used to support forests and climate change mitigation and adaptation, including:

- global and regional technical networks on forestry thematic issues (e.g. wildland fires, invasive species, wildlife and protected areas, forest resources assessments, forest conservation, management and restoration, etc.);
- programmes in various sectors and on cross-cutting issues (*inter alia*, agriculture, economic and social development, climate change, bioenergy, biodiversity), which enable FAO to address intersectoral issues;
- extensive geographical presence (five regional offices, nine sub-regional offices, five liaison offices and 74 country offices), which can support action worldwide and at various levels;
- an active network of forest resources assessment specialists in 178 countries;
- Committee on Forestry and six regional forestry commissions, which meet biennially and facilitate global and regional discussion and intra-regional cooperation on key forest issues;
- statutory bodies such as the *Silva Mediterranea* under which a collaborative partnership on Mediterranean forests is under development within the context of climate change
- technical groups such as the EFC Working Party on the Management of Mountain Watersheds;
- partnerships at national, regional and global levels to enhance multidisciplinary and participatory approaches such as (Fire Management Actions Alliance, the Great Green Wall for the Sahara and Sahel initiative, TerrAfrica, Comprehensive Africa Agriculture

Development Programme, Mountain Partnerships, Wildlife Initiative for Central Asia and the Caucasus, among others);

- databases and information repositories covering a wide range of topics (invasive species, fire, planted forests, forest resources assessment etc) relevant to REDD-plus; and
- communication mechanisms (web, publications programme, journals).

## **II. Working With Partners For Coordinated Forests and Climate Change Action**

### **UN Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (UN-REDD)**

21. The UN-REDD Programme is the United Nations Collaborative initiative on Reducing Emissions from Deforestation and Forest Degradation (REDD) in developing countries. The Programme was launched in September 2008 to assist developing countries prepare and implement national REDD-plus strategies, and builds on the convening power and expertise of the Food and Agriculture Organization of the United Nations (FAO), the United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP).

22. The Programme currently supports REDD-plus readiness activities in nine pilot countries, spanning Africa, Asia and the Pacific and Latin America: Bolivia, Democratic Republic of Congo (DRC), Indonesia, Panama, Papua New Guinea, Paraguay, United Republic of Tanzania, Viet Nam and Zambia. To-date, the UN-REDD Programme's Policy Board has approved a total of US\$42.6 million for eight of the Programme's nine initial pilot countries. These funds help to support the development and implementation of national REDD-plus strategies. National programmes in four UN-REDD pilot countries (DRC, Indonesia, Tanzania and Viet Nam) are now in their implementation phase.

23. While current funding is programmed for its nine pilot countries, the Programme has also welcomed 13 others to be observers to its Policy Board, and has given them access to many other benefits of the Programme, such as networking, participation in regional workshops and knowledge sharing, facilitated by the Programme's interactive online workspace. These partner countries are: Argentina, Ecuador, Cambodia, Costa Rica, Kenya, Mexico, Nepal, Nigeria, the Philippines, Republic of Congo, Solomon Islands, Sri Lanka and Sudan. Additional funding has been made available by one of the donors (Norway). Three new countries will be included as pilot countries during 2010.

### **Collaborative Partnership on Forests' Strategic Framework on Forests and Climate Change**

24. The fourteen members of the Collaborative Partnership on Forests (CPF)<sup>12</sup> have developed a "Strategic framework for forests and climate change that provides a comprehensive and integrated vision and approach to the international discussions, increased assistance to national and local action on forests and climate change issues, and to coordinated support from the CPF members. Through this strategy, the CPF aspires to show how forests, when sustainably managed, can play a positive role in climate change mitigation and adaptation.

---

<sup>12</sup> The CPF is a voluntary arrangement of 14 major forest-related international organizations, institutions and secretariats created in response to a resolution by the Economic and Social Council of the United Nations. They all have substantial programmes on forests and they work together to support the implementation of internationally agreed actions and sustainable forest management, for the benefit of people and the environment.

**Other global partnerships**

25. FAO is actively participating in other strategic partnerships addressing different aspects of forests and climate change, including:

- Global Partnership for Forest Landscape Restoration
- International Model Forest Network
- The Forest Law Enforcement, Governance and Trade Support Programme for African, Caribbean and Pacific countries (ACP-FLEGT Support Programme)
- Mountain Partnership
- National Forest Programme Facility