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Means of Implementation for Sustainable Forest Management and Forest Law Enforcement and Governance at All Levels

Report of the Secretary-General

Summary
Means of implementation and forest law enforcement and governance (FLEG) are particularly dynamic areas of sustainable forest management. The growing number of initiatives and stakeholders involved in both issues at all levels has created complex landscapes with limited international coordination or coherence.

This report provides an overview of activities and initiatives related to both issue areas. First, in terms of forest financing, the report reviews the main developments since UNFF10, including the activities of the Facilitative Process of the United Nations Forum on Forests. It also provides an overview of proposals on financing forests and the institutions of the future international arrangement on forests. Secondly, the report summarises key initiatives with regard to FLEG during the past 15 years.

This report has been prepared to facilitate deliberations of the Forum on Item 4 of the provisional agenda of the eleventh session of the UN Forum on Forests on the means of implementation for sustainable development and forest law enforcement and governance at all levels.

*E/CN.18/2015/4
I. Introduction
1. According to the Forum’s multi-year programme of work adopted at its seventh session in 2007, means of implementation and forest law enforcement and governance at all levels are recurring, cross-cutting issues for each session. At its tenth session, the Forum adopted the provisional agenda for its eleventh session, in which, it included a specific agenda item (item 4) on the means of implementation for sustainable development and forest law enforcement and governance at all levels (FLEG).
2. This report has been prepared to facilitate deliberations of the Forum on Item 4 of the provisional agenda of the eleventh session of the UN Forum on Forests, and to inform the Forum of intersessional activities on forest financing, including the work of the Facilitative Process and the outcomes of the review of the international arrangement on forests (IAF) related to means of implementation.
3. The first section of the report provides an overview of proposals on financing forests and proposals for a financing architecture for the post-2015 IAF.
4. The second section summarises the key initiatives carried out to promote FLEG in the past 15 years, along with relevant UNFF decisions.
5. The recommendations and key action points on these issues are included in the Secretary-General’s report on reviewing the effectiveness of the international arrangement on forests and consideration of all future options, including the Secretary-General’s conclusions and recommendations (E/CN.18/2015/2), for consideration of the Forum in its decision on the future international arrangement on forests.

II. Background
6. On 30 October 2009, at the special session of its ninth session, the Forum adopted a resolution on means of implementation for sustainable forest management,1 in which it decided to establish a facilitative process. The Facilitative Process was established in 2009 with eight functions2 and an additional two3 added by the Forum at its ninth session.
7. The Ad Hoc Expert Group (AHEG) on Forest Financing established through the resolution of the special session of the ninth session of the Forum made proposals to the tenth session of the Forum on strategies to mobilize resources from all sources to support the implementation of SFM, the achievement of the global objectives on forests, and the implementation of the non-legally binding instrument on all types of forests (the forest instrument).4
8. The Forum at its tenth session, held on 8-19 April 2013 in Istanbul, agreed on a resolution that contained several actions at all levels to mobilize financing for forests.5 Among the actions listed, the Forum decided at the national level, to incorporate, inter alia, national forest financing strategies into national forest programmes; at the regional level, to continue facilitating regional and other processes in support of the implementation of the non-legally binding instrument on all types of forests; at the international level, to invite the Global Environment Facility (GEF) to improve and simplify access to its current and potential funding for SFM, and to consider establishing a dedicated focal area to fund forests.
9. The Forum also decided to consider, as an integral element of the overall review of the International Arrangement on Forests, a full range of financing options and strategies, including the establishment of a global forest fund, in order to mobilize resources from all

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1 E/2009/118-E/CN.18/SS/2009/2, para. 3
3 E/2011/42-E/CN.18/2011/20, para. 2
4 See General Assembly resolution 62/98, annex
5 E/CN.18/2013/18, Resolution 10/2 and its annex
sources in support of sustainable forest management for all types of forests and trees outside forests.\(^6\)

10. Since the tenth session of the Forum, there have been a number of important developments in the context of global forest financing. The next section briefly refers to these developments and the resulted outcomes.

III. Report on the Work of the UNFF on the Means of Implementation

A. Key developments related to the Means of Implementation since the Tenth Session of the Forum

11. Since the Tenth Session of the Forum held in April 2013, the global forest financing landscape has continued evolving at a rapid pace. At the Global Environment Facility (GEF), the SFM/REDD+ Incentive Mechanism created for its 5\(^{th}\) replenishment in 2010 over $700 million programmed to support forest-related activities. Support for forests continued in its 6\(^{th}\) replenishment in 2014 with the SFM Strategy. While still operating as an incentive mechanism with a US$250 million endowment, the new GEF-6 SFM Strategy includes all seven thematic elements of SFM as adopted by the UNFF.

12. The GEF’s 6\(^{th}\) replenishment includes four broad objectives: maintaining forest resources, managing forest resources, restoring forest resources and enhancing regional and global cooperation. In particular, it aims to make access to GEF financing easier for countries with small allocations such as small island developing states and least developed countries, while contributing to closing existing financing gaps, notably for low forest cover countries.

13. The development of a specific incentive mechanism for SFM at GEF-6 is an important and positive step towards establishing a dedicated focal area for SFM in the GEF, as called for in Resolution 10/2.

14. As part of the negotiations on the United Nations Framework Convention on Climate Change (UNFCCC), discussions on a future REDD+ mechanism also made progress. At the 19\(^{th}\) Conference of Parties of the UNFCCC in Warsaw in November 2013, an important agreement was reached that further defines REDD+. Parties notably agreed to remunerating developing countries based on results proven by monitoring, reporting and verification, and in this light, the agreed text encourages the creation of national monitoring mechanisms. Moreover, the agreement also included a number of important environmental and human rights safeguards.\(^7\) During the conference, Norway, the United Kingdom and the United States collectively pledged US$280 million to REDD+.\(^8\)

15. At the same time, the variety of climate finance mechanisms has increased to include nationally appropriate mitigation actions (NAMAs), the Adaptation Fund and the Green Climate Fund, among others. Current figures suggest that financial support for REDD+ may have peaked already,\(^9\) but pledges and commitments to other mechanisms are increasing. At the 20\(^{th}\) Conference of Parties of the UNFCCC held in Lima in December 2014, Norway, Australia, Belgium, Peru, Colombia and Austria made additional pledges to the Green Climate Fund now endowed with over US$10 billion in disbursements, commitments and pledges. Likewise, Germany made a pledge of US$68 million to the Adaptation Fund.\(^{10}\)

16. Following the Warsaw Summit in November 2013, the Standing Committee on Finance of the UNFCCC decided to consider at its third forum in 2015 the issue of financing for forests, and in this respect has called for substantive inputs and partnership proposals on the topic.

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\(^6\) Op. cit. para. 32

\(^7\) Decision 9/CP.19 contained in Document FCCC/CP/2013/10/Add.1.

\(^8\) www.unfccc.int

\(^9\) Figures extracted from the Voluntary REDD+ Database available at http://reddplusdatabase.org/#graphs_and_stats

17. From 2008 to the end of 2013, financial resources for UN-REDD have totalled US$ 215 million of which US$ 157 million (73%) has been disbursed. The Forest Carbon Partnership Facility has raised US$ 258 million of which US$ 29 million (11%) has been disbursed. At the end of 2013 the two programmes had a total of US$ 287 million of non-allocated/undisbursed funds accumulated over a period of five years.11 The lack of use of these resources highlights the significance of enhancing the capacity of countries to access to these funds.

18. The REDDES Programme of the International Tropical Timber Organisation (ITTO) partly addresses this by focusing on the expansion of sustainably managed areas, including restoration of degraded secondary forests and rehabilitation of degraded forest lands. To this day, REDDES has received US$ 9.5 million from donors to implement 29 projects and practically all the funds have been allocated. In the present situation no calls for proposals can be launched due to lack of funds.12

19. Within discussions on the post-2015 development agenda of the United Nations, the Intergovernmental Expert Committee on Sustainable Development Financing (IECSDF) issued recommendations relevant to the means of implementation of SFM. The UNFF Secretariat provided input to the expert committee by sharing the findings of the 2012 study on forest financing of the Advisory Group on Finance.13 The IECSDF identified the need to consider all sources of financing for sustainable development including domestic and international, public and private, and blended and innovative sources of financing. It recommended, inter alia, ensuring country ownership and leadership in developing financing strategies, making use of all financing flows in a holistic way, and exploiting the synergies across the economic, environmental and social dimensions of sustainable development.14 The report of this Committee, along with other relevant inputs, will provide background materials for the Finance for Development Conference to be held in July 2015 in Addis Ababa, Ethiopia.

20. Forest finance also holds a prominent position in the proposed sustainable development goals. In its proposal, the Open Working Group on Sustainable Development Goals under Goal 15 (which includes SFM) agreed to include a means of implementation target (15.b) to “mobilize significant resources from all sources and at all levels to finance sustainable forest management and provide adequate incentives to development countries to advance such management, including for conservation and reforestation”.15

21. The presence of a proposed target on forest finance specifically, in addition to proposed targets with implications for SFM such as on financing climate change (13.a and 13.b) and territorial ecosystems (15.a and 15.c), is a clear indication of the recognition by Member States of the importance of SFM financing as a building block of sustainable development and of the post-2015 development agenda.

B. Performance of the Facilitative Process

Activities and Outputs

22. The UNFF Facilitative Process has also continued assisting developing countries to mobilise financing for forests. The Facilitative Process was designed as an advisory process rather than a funding mechanism, to work in partnership with countries, financing and funding processes. Since its inception, it has implemented three projects with the organization of 11

\[11\] Markku Simula (need to contact Markku and get the sources. It is his study.


\[14\] Document A/69/315, para 61

workshops and the participation of more than 110 countries and 14 international organizations and donors.

23. The first two projects focused on (i) financing SFM in small island developing states (SIDS) and low forest cover countries (LFCCs), with funding from the Global Environment Facility and the United Kingdom Department for International Development, and (ii) financing SFM in Africa and least developed countries (LDCs), with support from the Government of Germany. Both were completed during the last intersessional period.

24. In particular, two workshops were held as part of the SIDS-LFCC and Africa-LDC projects:
   a. The workshop on the common forest financing strategy in SIDS, LFCCs, Africa and LDCs, held in Addis Ababa, Ethiopia from 3 to 5 June 2013. The resulting common forest financing strategy lays the basis for future work of the Facilitative Process – to assist countries in developing national forest financing strategies and eventually as well in assisting in developing specific programmes and designing projects to implement the forest instrument.
   b. The workshop on online media literacy and grant applications, held in New York, United States, from 8 to 12 September 2014. The workshop highlighted the need for further assistance in building capacities to harness forest financing more effectively.

25. A wide range of written outputs was produced, including workshop reports, a set of policy briefs summarizing the main findings, a substantive paper on forest financing in SIDS and LFCCs, and a peer-reviewed article in the International Forestry Review. The project on SIDS and LFCCs produced four short pedagogical films highlighting grassroots and cross-sectoral examples of forest financing in SIDS and LFCCs, in collaboration with the United Nations Department of Public Information.

26. Finally, an interactive website for the Facilitative Process was set up. The site serves as a repository for all documents resulting from the UNFF’s projects on forest financing, and also links to all available sources of information on forest financing. In addition, the website contains an interactive component enabling forest finance stakeholders to upload their own information, databases, and advertise events.

27. Regarding the third project, the UNFF Secretariat secured funding from the 8th Tranche of the United Nations Development Account for a project aimed at harnessing climate change financing for SFM. The sharp growth in international financial commitments to mitigate and adapt to climate change represents a major opportunity for forest financing, especially as much of this funding, can also contribute significantly towards implementing SFM.

28. This project addresses the mandate of the UNFF Facilitative Process on “exam[in]ing the implications on broader forest financing of new and emerging forest-related financing initiatives relating to the three Rio Conventions”. In doing so, it attempts to bridge two parallel sets of intergovernmental processes, namely discussions on forest financing within the UNFF, and those on climate financing in the UNFCCC.

29. Within this project, the UNFF Secretariat partnered with three subregional organisations, namely, the Economic Cooperation Organisation (ECO), the Southern African Development Community (SADC) and the Secretariat of the Pacific Community (SPC). It works primarily at the subregional level, thus contributing to fulfill the mandate of the UNFF on regional cooperation as stated in the resolutions of the 9th and 10th Sessions of the UNFF.

30. This project, which is currently being implemented, was launched with the commissioning of four studies on existing and potential sources of climate financing for SFM – one at the global level, one in the ECO subregion, one in the SADC subregion and one in the SPC subregion. This was followed by the organization of one workshop in each region, leading

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17 http://unff-fp.un.org
18 Document E/CN.18/2011/20, para. 32
to the endorsement of key action points that formed the basis of subregional strategies to harness climate financing for SFM which were developed and are currently being implemented.

31. Three workshops have taken place under the UN Development Account-funded Climate Financing project:
   a. The workshop on harnessing climate financing for forests in the ECO subregion, co-organised by the UNFF and ECO, held in Tehran, Iran, from 29 April to 1 May 2014;
   b. The workshop on harnessing climate financing for forests in the SADC subregion, co-organised by the UNFF and SADC, held in Johannesburg, South Africa, from 7 to 9 October 2014; and
   c. The workshop on harnessing climate financing for forests in the SPC subregion, co-organised by the UNFF and SPC, held in Suva, Fiji, from 28 to 30 October 2014.

32. Among the many key action points adopted in these three workshops, (i) ECO Member States have called for the preparation of a regional project proposal to be funded by multilateral financing institutions; and (ii) SADC and SPC Member States both requested assistance from the UNFF Secretariat in building capacity to apply for international funding for SFM, whether from climate or other sources. The results of the ECO region workshop were highlighted in United Nations General Assembly Resolution A/RES/69/111 as an important area of further cooperation between the United Nations and ECO.

33. In line with the Forum’s consistent calls for further cooperation with partners on forest financing, in particular the Rio Convention Secretariats, the UNFF Secretariat has initiated many requests to enhance such cooperation. This included a request to collaborate with the UNFCCC under the project on harnessing climate financing for SFM and a request to cooperate with the Standing Committee on Finance of the UNFCCC, whose third forum will focus on forest finance. To enable greater success in promoting such collaboration in the future, it is imperative for countries to ensure necessary coordination and consistent messaging among their participating representatives in the UNFCCC and the UNFF.

34. The outputs of the three projects of the Facilitative Process provided during the last intersessional period point towards a set of six conclusions:
   a. Barriers to forest financing exist at all levels. While on the one hand, levels of financing remain insufficient, on the other, even existing ODA fails to get allocated to forest, mainly because of the limited absorptive capacity of many developing countries.
   b. A holistic approach is crucial to understanding and increasing forest financing. Financing landscapes are highly complex. In particular, the multiple values of forests can be enhanced through appropriate instruments, and in certain circumstances, sources from outside the sector can be critical in supporting SFM.
   c. Forest financing needs to be approached at three levels: (i) at the national level, there is no one-size-fits-all. Each country has its own specific financing landscape; (ii) the regional level remains a useful opportunity for exchanging experiences and learning best practices; and (iii) at the international level, tremendous potential exists to seek global cooperation beneficial to all countries.
   d. The private sector represents an untapped opportunity. Private financing holds enormous potential but is generally drawn to activities maximizing economic profit, which may or may not coincide with SFM priorities. Public financing could play a key leveraging role, but monitoring systems should be implemented to ensure that private sources are truly conducive to SFM.

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19 Resolution E/CN.18/2011/20, paragraphs 19 and 34
20 The request for collaboration by the UNFF Secretariat with the Standing Committee on Finance of the UNFCCC is available here: http://unfccc.int/cooperation_and_support/financial_mechanism/standing_committee/items/7561.php
e. Capacity building has been identified time and again as a bottom-up approach to addressing the lack of absorptive capacity, especially in two areas: (i) how to identify and harness financing by preparing bankable funding proposals, and (ii) enhancing national focal point capacity, particularly in terms of the ability to reach out to other relevant governance entities.

f. Forest financing strategies have been repeatedly identified as a potential solution in enhancing coordination at national and regional levels to harness SFM financing. A forest financing strategy, whether national or regional, sets forth a set of realistic actions needed to improve and increase SFM financing, and allocates deadlines and responsibilities to each action.

**Impact and Assessment of the UNFF Facilitative Process**

35. In just over five years, the Facilitative Process has produced both a wealth of results and significant potential for development. It has enabled a clearer understanding of the forest financing landscape, its complexity, the multiplicity of sources and the unequal allocation of funds, both geographically and in terms of the thematic elements of SFM.

36. The focus on SIDS, LFCCs, Africa and LDCs has increased awareness of forest financing needs in these countries, both at the national level and among international donors. As reported by the Global Environment Facility (GEF), the second workshop on forest financing in SIDS, co-organized by the UNFF Secretariat and ESCAP in Nadi, Fiji, from 23 to 27 April 2012, facilitated the creation of a set of interlinked projects funded by the GEF known as the Ridge-to-Reef programme. This programme which brings together 14 Pacific SIDS has received US$90 million from the GEF and another US$30 million from co-financing sources.  

37. The inputs derived from the intersessional activities on the future of the international arrangement on forests all voiced their support for continuing to strengthen the Facilitative Process to realize its full potential. This includes developing it into a catalytic mechanism, modifying its functions to be more goal- and practice-oriented, and strengthening it to assist countries in overcoming forest financing obstacles and taking advantage of existing opportunities.

38. In the views and proposals submitted on the International Arrangement on Forests (IAF) to the UNFF by Member States, the UNFF Facilitative Process met with positive reviews both by developed and developing countries.

39. The outcomes of the first meeting of the Ad Hoc Expert Group include suggestions on turning the Facilitative Process into a “global forest mechanism” with possible regional offices. It also suggests considering setting up a unit within the Forum Secretariat mandated to oversee this enhanced Facilitative Process.  

40. The Facilitative Process was also positively reviewed in the Report of the Team of Independent Consultants on the Independent Assessment of the IAF which identified it as a key achievement of the current IAF. Likewise, participants of the country-led initiative hosted by China from 29 to 31 October 2014 also recognized the positive contributions of the Facilitative Process, making the following concrete suggestions for further improvement:

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21 The Ridge-to-Reef programme is described at greater length here: [http://www.thegef.org/gef/node/10726](http://www.thegef.org/gef/node/10726)

22 Document E/CN.18/2015/10 p. 14


24 Op. cit., p. 76
a. Providing a clearinghouse to identify available sources of funding and assisting countries in connecting with potential funding sources, including information about existing clearinghouse operations in other parts of the United Nations;
b. Encouraging South-South Cooperation along with North-South Cooperation and South-North-South [triangular] partnerships;
c. Creating a regional-level process for step-by-step development of regional level funding/regional forest funds; and
d. Encouraging the private sector to play a greater role in interconnected sectors through a landscape management approach, as well as through public private partnerships and corporate social responsibility.

41. The second meeting of the Ad Hoc Expert Group also suggested that the Facilitative Process could advise and assist countries in developing short, medium and long-term financing strategies to implement SFM and/or the Forest Instrument and its global objectives on forests; accessing financing from a range of sources; attracting investment, including improving enabling environments; brokering funding and connecting with potential technical cooperation partners; overcoming financing obstacles; encouraging South-South, North-South and triangular cooperation; and encouraging the private sector to play a greater role.

42. In spite of such enthusiasm, it should be noted that to perform its mandate, the Facilitative Process relies entirely on sporadic and voluntary financial contributions. The level of funding provided to the Facilitative Process (which do not exceed US$3.6 million since its creation in 2009) has been in no way sufficient to allow it to perform its functions originally listed in the resolution of the Special Session of UNFF9 and added up to in UNFF9. Both financial and human resources therefore act as a major bottleneck for the outputs of the Facilitative Process.

43. Stronger performance of the Facilitative Process will ultimately depend on the provision of sufficient extra-budgetary resources. In addition, the UNFF Secretariat, which is responsible for running the Facilitative Process, should be also strengthened with additional human and budgetary resources from the Regular Budget of the United Nations, as emphasized in the first and second meetings of the Ad Hoc Expert Group on the IAF and the independent assessment of the IAF, itself.

IV. The Way Forward: Means of Implementation as an Integral Part of the Post-2015 International Arrangement on Forests

44. According to the UNFF10 resolution, financing sustainable forest management should be an integral part of the decision of UNFF11 on the future international arrangement on forests. In devising a successful and efficient post-2015 international arrangement on forests, it is important to emphasize that the financing dimension has two key components, namely, (i) financing SFM and (ii) funding the institutions of the future IAF.

45. Financing SFM goes beyond the IAF and involves engagement of a broader set of players that are not necessarily part of the current IAF. However, the responsibility for financing the institutions of the future IAF lies with members of the Forum. A UNFF11 resolution thus should address both these aspects. In particular, it should be ensured that the future IAF institutions are provided with necessary resources for their effective functioning, including UNFF sessions, participation of members, intersessional activities, and related committees, as well as standing institutions such as the UNFF Secretariat and the UNFF trust fund.

Financing SFM

46. The forest financing landscape is a complex one, with a wide range of organisations already working on increasing levels of funding for SFM worldwide. Financing SFM is a collective responsibility that requires broad participation. Addressing the challenge of financing SFM requires active participation of all governments, relevant processes, conventions, international, regional and national organizations, as well as the private sector, civil society and philanthropic foundations.
47. Voluntary national reports to the 11th Session of the UNFF illustrate the considerable variety of existing funding sources and mechanisms, including national budget allocation, national, regional and international funds, levies and taxes of different kinds, official development assistance, and foreign direct investments including from pension funds and other investors, all the way to cutting-edge mechanisms such as REDD+ and payments for ecosystem services. In this regard, all potential sources of financing for forests have to be utilized and considered in mobilizing resources for SFM.

48. The summary of the first ad hoc expert group on the IAF and the independent assessment of the IAF both call for an integrated approach to the UNFF’s work on forest financing taking into account all existing and potential sources of financing for SFM. Both call for renewed efforts to address all sources of finance (including official development assistance, multilateral, bilateral, REDD+, the Green Climate Fund, FLEG, the private sector, national forest funds, and the global forest fund if established), including the better use of existing funds, as well as capacity-building, technical assistance and technology transfer.

49. The independent assessment suggests including the REDD+ mechanism and the development of forest-based nationally appropriate mitigation actions (NAMAs) into this approach as policy instruments that deliver innovative funding technologies and capacity building to conserve and sustainably manage forests in all countries.

50. In this domain and as highlighted in the Independent Assessment of the IAF, the UNFF could continue working with all Member States and all key players within and outside of the Forum to improve the geographical distribution of forest financing, particularly ODA.

51. The UNFF could further collaborate with Member States and regional organisations in the establishment of national and/or regional forest financing strategies. With (i) its mandate to develop such strategies, (ii) its holistic and cross-sectoral approach that takes account of the complexity and diversity of forest financing landscapes; and (iii) the UNFF’s long-standing experience in providing policy advice, the Facilitative Process stands in a privileged position to address this area of work.

52. The UNFF could also develop its capacity-building activities with Member States and regional organisations to harness forest financing more effectively. The first workshop on online media literacy and grant applications highlighted not only the need but also the demand from Member States in acquiring the necessary skills in securing additional ODA, concessional loans and innovative mechanisms, among other sources of international public finance. Such collaboration with Member States could also be extended to building capacity and improving enabling conditions to access private finance.

53. The two measures proposed above – assisting in establishing forest financing strategies and supporting capacity-building activities – are both complementary and synergistic, one addressing the issue from the top by promoting coherent and informed policies, the other tackling it from the bottom by providing necessary skills at the level of experts and technical staff.

Financing the IAF

54. Many suggestions have been put forward regarding financing the future IAF, including the establishment of a voluntary global forest fund, linked to the SFM-related needs of developing countries, under the aegis of the Forum. To address these problems, the report recommends the establishment of trust funds to address three key elements related to financing SFM and funding IAF institutions, namely, (i) supporting the functioning of the UNFF, (ii) supporting the planning and implementation of the strategic plan of the UNFF, and (iii) catalyzing the implementation of the Forest Instrument at both

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26 See notably Document E/CN.18/2013/18 para. 32.
the national and regional levels. For practical reasons, it is important to separate the resources for funding the IAF institutions from the funds allocated to implementing sustainable forest management.

55. If Member States of the Forum agree with this suggestion at UNFF11, a strategic trust fund could be established and tailored to the needs of the IAF, and could address, to some extent, the financing needs of both the institutions of the future IAF and of SFM more broadly. It would need to be sufficiently flexible to accommodate contributions from a wide variety of sources, as suggested in the second meeting of the Ad Hoc Expert Group. The resources of the strategic trust fund could be allocated by the Forum on matters related to implementing and financing the Forest Instrument, through the Facilitative process.

56. As we look ahead, it is also necessary to place the Facilitative Process within broader discussions on forest financing in the post-2015 international arrangement on forests. In this regard, the resources of the strategic trust fund for implementing the Forest Instrument could be channeled in particular through the Facilitative Process for areas of work such as:
   a. Building capacity and transferring technology under mutually-agreed terms;
   b. Developing financing strategies for SFM, as well as national action plans for implementing the Forest Instrument and preparing relevant national reports on the implementation progress;
   c. Providing assistance to Member States in designing projects and programmes aimed at implementing the Forest Instrument by access existing funds, in particular of financial institutions, such as the GEF, the Green Climate Fund and regional development banks, in accordance with their criteria;
   d. Advancing collaboration among regional and thematic groups of countries such as small island developing states, low forest cover countries and African countries in accessing financing for SFM; and
   e. Assisting Member States in designing projects and programmes on sustainable forest management and assisting to secure financial resources for their implementation.

V. Forest Law Enforcement and Governance
A. Forest Law Enforcement and Governance and the UNFF

57. At its seventh session in 2007, the Forum decided that forest law enforcement and governance would be a cross-cutting issue considered at each session alongside means of implementation. The Forum further decided that Member States should review and, as needed, improve forest-related legislation, strengthen forest law enforcement, and promote good governance at all levels in order to support sustainable forest management, to create an enabling environment for forest investment and to combat and eradicate illegal practices according to national legislation, in the forest and other related sectors.28

58. The Forum at its seventh session also decided that Member States should strengthen the capacity of countries to address forest-related illegal practices according to domestic legislation, including wildlife poaching, through enhanced public awareness, education, institutional capacity-building, technological transfer and technical cooperation, law enforcement and information networks.29

59. At its ninth session in 2011, the Forum invited Member States, members of the Collaborative Partnership on Forests (CPF) and other relevant stakeholders to explore, develop and improve an enabling policy environment to strengthen forest law enforcement and governance, attract long term investment and finance in sustainable forest management, clarify and strengthen the security of tenure rights and enhance the fair and equitable sharing

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of benefits and responsibilities with indigenous peoples and local communities whose livelihoods depend directly on forests.\(^{30}\)

60. The 2012 AGF Study on Forest Financing\(^{31}\) highlighted the importance of good forest governance and law enforcement in relation to forest finance, particularly in decreasing risk, thus making the forest sector more attractive to investments by the private sector.

61. At its tenth session in 2013, the Forum invited Member States, the donor community and other relevant stakeholders, as appropriate, to review and improve forest-related legislation, strengthen forest law enforcement and promote good governance at all levels in order to support sustainable forest management, to create an enabling environment for forest investment and to combat and eradicate illegal practices, as well as to promote secure land tenure, in accordance with national legislation, policies and priorities.\(^{32}\)

**B. Additional National, Regional and International Activities**

62. There have been a wide range of activities that have taken place at national, regional and international levels in regard to forest law enforcement and governance.

63. In the early 2000s several regions decided to take action to curb illegal logging, regarded as a primary cause of environmental degradation and an important loss of national revenue. East Asia was the first to organize a FLEG Ministerial conference, held in Bali in 2001, resulting in the first-ever declaration to elaborate measures to combat illegal logging. In 2003, a similar summit was held for Africa in Yaoundé and in 2005 in St. Petersburg for Europe and North Asia.\(^{33}\)

64. At the same time, the European Union (EU) adopted an Action Plan on Forest Law Enforcement, Governance and Trade (FLEGT), drawing on lessons learned from regional FLEG process and adding the special circumstances of the European Union as a consumer region of tropical timber, hence the emphasis on trade. The FLEGT Action Plan focuses on preventing the illegal import of timber into the Union, improving the supply of timber and increasing the demand for timber from sustainably managed forests.

65. The EU’s FLEGT Action Plan was strengthened with the creation of bilateral voluntary partnership agreements (VPAs) between the EU and individual producer countries. These legally-binding trade agreements aim to ensure that timber products exported to the EU come from legal sources, and contain a set of stringent monitoring measures, ensuring a watertight system preventing illegally produced forest products from reaching the EU. At the time of writing, six countries had signed VPAs with the European Union while another nine were at the stage of negotiations.

66. The European Union has also partnered with NGO Traffic International to catalyse initiatives to control the origin of timber and improve forest management in four countries in Latin America, namely, Brazil, Colombia, Ecuador and Peru in a bid to bring timber trade in line with EU-FLEGT objectives. In particular, this project aims at increasing knowledge of FLEGT in South America and establishing a benchmark against which to measure changes in forest governance.\(^{34}\)

67. In the United States, the Lacey Act – originally enacted in 1900 – was the country’s first major wildlife protection statute. Until recently, the Act contained only limited restrictions on trade in illegally sourced plants and plant products, but in 2008 Congress amended the

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\(^{31}\) The AGF study can be viewed on the UNFF website at [www.un.org/esa/forests/](http://www.un.org/esa/forests/).


\(^{33}\) Much of the data produced in this section was provided by the World Resources Institute and the Environmental Investigation Agency at [http://www.forestlegality.org/](http://www.forestlegality.org/).

\(^{34}\) [https://ec.europa.eu/europeaid/regions/latin-america/flegt_en](https://ec.europa.eu/europeaid/regions/latin-america/flegt_en)
Lacey Act, making it unlawful to traffic in plants or plant products taken in violation of laws of the United States, state, tribal, or foreign governments intended to protect plants.

68. Under the Lacey Act as amended in 2008, importers of plants and plant products are required to file a declaration upon importation identifying certain information about the plant or plant product being imported. Enforcement of the declaration requirement is currently being phased in by the United States Government, and currently applies to certain specified types of wood products.

69. The Lacey Act has long been known to be a reliable and successful instrument to combat illegal wildlife trade. Along with the EU’s FLEGT Action Plan, the Lacey Act has been hailed as a major step towards combating illegal logging, both in developing and developed countries.

70. In November 2012, Australia’s Illegal Logging Prohibition Act passed Royal Assent, enabling its immediate implementation. This Act is also aimed at preventing the import of illegally harvested timber products, but also at banning the processing in Australia of illegally logged timber. Unlike the Lacey Act, it stipulates that Australian operators may not “knowingly, intentionally or recklessly” engage in importing or processing illegally logged timber products.  

71. Developed countries are not the only ones to have taken unilateral or bilateral action against illegal logging. Voluntary national reports to the 11th Session of the UNFF show that a wide range of countries have developed and implemented legislation since 2007 to further combat illegal trafficking of forest products. Many have reported new or amended public procurement policies (such as Ghana, Georgia and Jamaica), while others have tightened the monitoring and verification of chains of custody and tracking systems of forest products (including Liberia, Papua New Guinea and the Philippines). Others have imposed a complete ban on log exports, both as a means of encouraging timber processing and in a bid to stem the export of illegally processed timber.

72. At the bilateral level, in 2011 China and Japan signed a memorandum on combating illegal logging and associated trade for sustainable forest management. Both Governments agreed to make efforts to develop a legality verification system of timber products which are domestically harvested, processed and distributed, imported and exported.

73. At the subregional level, Kenya, Uganda and Tanzania established the East Africa Initiative on Illegal Timber and REDD+ in June 2014, an innovative cross-border mechanism supported by Norway, and which will be implemented in collaboration with INTERPOL, the United Nations Food and Agriculture Organisation (FAO), the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP) and the United Nations Office on Drugs and Crime (UNODC).

74. A set of five country-led initiatives (CLIs) in support of the UNFF held between 2004 and 2015 and co-organised by Indonesia, Mexico, South Africa, Switzerland and Ukraine have highlighted progress made and remaining gaps and challenges in terms of forest governance and decentralization in each region of the world.  

75. While each CLI focused on a specific aspect of forest governance (such as decentralization, REDD+, the green economy and the post-2015 IAF), all pointed to the same lesson: the ubiquity of problems in bridging scales, knowledge and value in multi-level governance. Each level of forest governance (local, national, regional, international) is increasingly fragmented and comes with its own sets of stakeholders, yet each level influences the other.


36 The CLIs were held as follows: Interlaken, Switzerland (2004), Durban, South Africa (2008), Oaxaca, Mexico (2010), Lviv, Ukraine (2012) and Interlaken, Switzerland (2015).
two in a variety of ways, notably through interlinked institutions, the spread of ideas and of financial resources.

76. Progress has also been made at the international level. In March 2012, INTERPOL, the world’s largest international police organization, hosted the first International Chiefs of Environmental Compliance and Enforcement Summit, in which it found that while national and international efforts have been developed to address the issue of illegal logging, coordinated international investigations and enforcement efforts remained weak.

77. In particular, INTERPOL set up Project LEAF (Law Enforcement Assistance for Forests) aimed at raising awareness of the impact of illegal logging, developing law enforcement capacity, enhancing intelligence sharing and establishing national environmental security task forces (NESTs) for further cooperation between national agencies and international partners. One of INTERPOL’s greatest advantages is its expertise in identifying financial crimes, including money laundering, which is a useful means of tracking down illegal logging flows.

78. One major development related to forest governance is the agreement on the REDD+ safeguards. The 16th Conference of Parties of the UNFCCC held in Cancun, Mexico in 2010 recognised the need for a set of REDD+ safeguards that include ensuring that REDD+ actions are consistent with national forest programmes and international conventions and agreements; that REDD+ governance structures remain transparent and effective; and that they respect the knowledge and rights of indigenous and local communities.

79. However, monitoring the implementation of REDD+ safeguards remains a challenge. At the following UNFCCC Conference of Parties held in Durban in 2011, an agreement was reached about creating a Safeguards Information System (SIS) to ensure “transparency, consistency, effectiveness and comprehensiveness” based on national reporting every four years.

80. Another important development related to forest governance is the agreement on the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security. These guidelines were endorsed by the Committee on World Food Security on 11 May 2012. These guidelines aim to promote secure tenure rights and equitable access to land, fisheries and forests as a means of eradicating hunger and poverty, supporting sustainable development and enhancing the environment.

81. In May 2014, following the adoption of a resolution of the same name, UNODC launched its four-year Global Programme on Wildlife and Forest Crime. This programme aims to deliver specific technical assistance designed at strengthening national capacity to tackle crimes against protected wild flora and fauna species. It has already set up an analytical toolkit to this effect.

82. The World Bank also has a long-standing programme on forest law enforcement and governance, building on regional experiences in Asia, Africa, and Europe and North Asia. One example is the European Neighbourhood and Partnership Instrument East Countries Forest Law Enforcement and Governance (FLEG) II Programme, also known as ENPI-FLEG, which promotes SFM in Armenia, Azerbaijan, Belarus, Moldova, Russia and Ukraine, building on the first project of its kind (ENPI-FLEG, 2008-2012).

83. The International Tropical Timber Organisation set up activities to tackle international trade in illegal timber products, too, starting with the ITTO Thematic Programme on Forest Law Enforcement, Governance and Trade (TFLET), launched in 2009 to strengthen law compliance and governance among ITTO Member States. More recently still, ITTO signed an agreement with the European Union in 2013 to implement a large project to assess

37 http://www.wri.org/blog/2010/12/redd-decision-cancun
whether the implementation of the FLEGT Action Plan and VPAs is having a positive impact on European timber markets.

84. Last but not least, the Convention on the International Trade of Endangered Species (CITES) is the longest-standing FLEG-related international initiative, as it entered into force in 1975, well before the “FLEG” acronym was even coined. It enjoys wide membership of 180 parties, thanks to which it has been particularly effective in curbing international trade in the forest species listed notably in its Appendix I and monitoring and controlling international trade in the hundreds of timber species listed in Appendix II. However, it does not cover illegal trade of non-endangered species.

C. Performance of FLEG

85. There is general consensus that the international trade of illegally harvested timber products has dropped substantially in the past decade. Modern technologies such as GPS systems and other tracking tools have vastly increased transparency in the movement of timber products. Timber recording and tracking is easiest at specific bottlenecks, notably at border crossings and seaports, which partly explains why the implementation of measures on international trade has been particularly effective in curbing the phenomenon. However, problems remain in some trade flows which are not impacted by FLEG instruments, such as domestic and regional trade between developing countries.

86. However, global coverage of FLEG measures remains unequal, with some countries and regions better equipped than others for combatting illegal harvesting and trade of forest products. In addition, while a number of measures have been implemented to address international trade of timber products, especially between Southern and Northern countries, domestic, regional and South-South trade has not always received adequate attention. Both areas constitute loopholes and encourage leakage, which risks weakening global efforts to improve FLEG.

VI. Forest Law Enforcement and Governance: The Way Forward

87. In the past 15 years, FLEG has often been at the forefront of forest policies. High-level political attention, a multi-pronged approach based on a range of complementary instruments including legislative reform and voluntary schemes and partnerships, and improved communication technologies have all contributed to this success. Synergies and complementarities, aided by collaboration between organisations and mutual recognition of different mechanisms, have also reinforced the worldwide fight against illegal logging.

88. However, in the absence of a universal framework to promote FLEG, the piecemeal and ad hoc accumulation of different mechanisms at various levels has created a crowded and complex landscape of legislations which differ from one region to the next. Navigating this complex landscape can be a major challenge and could constitute a risk for investment in the forest sector. Moreover, the plurality of legislations contributes to blurring the boundaries between legal and illegal practices, creating a grey zone which weakens the global fight against illegal logging.

89. In addition, while some regions are covered by effective mechanisms that have all but eradicated illegal timber harvesting and trade, others have been largely left out. Illicit practices that are sanctioned in certain regions might be tolerated in others, creating important gaps in the current FLEG landscape that could encourage loopholes and leakages, thus again limiting the effectiveness of the entire set of measures to promote FLEG.

90. In this light, three major aspects of the current FLEG landscape would need to be addressed. First, a global review of all FLEG measures would need to be carried out to better understand the FLEG landscape as a whole. This would help identify which gaps still remain so that they can be better addressed and the problem of potential leakage can be reduced.

91. Secondly, out of this global FLEG landscape, home to a multitude of different measures, best practices need to be identified at all levels so that they can be adapted to the geographical and thematic gaps where FLEG measures are currently insufficient or ineffective. This would enable the overall FLEG architecture to be both more coherent and effective.
92. Thirdly, the nexus between FLEG and forest finance would need to be better understood. FLEG is an important building block of an enabling environment that encourages investment, particularly foreign direct investment, into the forest sector. However, the accumulation of laws and rules can increase transaction costs to the extent that it might discourage investment. The aim is to identify the middle ground in which FLEG and forest finance are most supportive of each other.

93. The latest CLI held in Interlaken, Switzerland in February 2015 also makes concrete recommendations on improving FLEG at the global level, including providing a platform to share experience and lessons learned on forest governance, attract and engage the private sector and other Major Groups, strengthen policies and regulations to improve enabling environments and attract investment, and inform REDD+ on broader forest governance issues and help operationalize REDD+ safeguards.

VII. Conclusions

94. Nowhere have forest policies been arguably evolving more rapidly in recent years than in terms of finance and FLEG. Both are particularly dynamic domains where the ad hoc accumulation of initiatives has created crowded, complex landscapes with limited international coordination or coherence. Both areas would greatly benefit from enhanced coordination at the international level.

95. In the area of finance, the UNFF Facilitative Process stands in a privileged position to contribute to this if its scope and functions are appropriately expanded. However, if the Facilitative Process is to play a major role in the future international arrangement on forests to assist countries to catalyze financing for forests, there should be substantial increase in its resources to perform its expanded functions. In the same vein, the Secretariat should be strengthened with sufficient human and budgetary resources to further pursue operationalization of various functions of the Facilitative Process.

96. Likewise, there is no doubt that gaps in FLEG remain, and that existing – sometimes overlapping – initiatives could be further harmonized for the fight against illegally harvested forest products to be more effective.

97. A set of proposed key action points on both the means of implementation and FLEG, which reflect the points above, are contained in the Secretary-General’s report on reviewing the effectiveness of the international arrangement on forests, and consideration of all future options, including the Secretary-General’s conclusions and recommendations.\(^{39}\)