

# United Nations Nations Unies

THE UNITED NATIONS FORUM ON FORESTS SECRETARIAT  
DEPARTMENT OF ECONOMIC AND SOCIAL AFFAIRS  
ONE UNITED NATIONS PLAZA, DC1-1245, NEW YORK, NY 10017, U.S.A.  
TEL: +1 212 963 3401 || FAX: +1 917 367 3186  
HTTP://WWW.UN.ORG/ESA/FORESTS || UNFF@UN.ORG

## Template for inputs on proposals for financing sustainable forest management

**Deadline for submission: 31 December 2008**

**Send to the UNFF Secretariat [unff@un.org](mailto:unff@un.org) or fax +1- 917-367-3186**

The UNFF Ad Hoc Expert Group meeting to “Develop Proposals for the Development of a Voluntary Global Financial Mechanism/Portfolio Approach/Forest Financing Framework” held from 10 -14 November 2008, in Vienna, Austria, was convened per ECOSOC resolution 2007/40, to develop proposals for consideration at Eighth session of the United Nations Forum on Forests (20 April - 1 May 2009, UNHQ, New York).

Experts at the Ad Hoc Expert Group voiced their support for two key proposals: a) creation of a distinct fund dedicated or earmarked for implementation of sustainable forest management; and b) development of a facilitative mechanism to help mobilize existing and emerging funds for sustainable forest management<sup>1</sup>. To help elaborate these two concepts, experts recommended that Members States and major groups be requested to provide written contributions on their views regarding these two proposals.

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Please use the following questions to provide the views of your Member State or Major Group (please only submit one response per Member State or Major Group organization.) A detailed response to these questions would be appreciated. We request you to limit your submission to a **maximum of 5 pages**.

1. Drawing from the AHEG’s formulation<sup>2</sup>, does your Member State or major group have a preference for either a dedicated global forest fund or a facilitative mechanism for sustainable forest management funding? Is the preferred option (select one):

- a. Dedicated global forest fund
- b. Facilitative mechanism
- c. Both

d. Other mechanism (please specify) A combination of a dedicated global forest fund and facilitative mechanism for appropriate scenarios

**This Office would like to reiterate that it is necessary as well as a challenge to have a fund earmarked for SFM and the four global objectives similar to the existing dedicated funding programmes of other international agreements as discussed during the Ad Hoc Expert Group Meeting. Also, this Office supports for a facilitative mechanism that would help mobilize various existing and emerging funds and facilitate access to other sources of funds to help in achieving regional, national and subnational priorities for SFM such as forest law enforcement, governance and trade, community forest management and enterprises, trade and market transparency, industry development and efficiency and reducing deforestation and forest degradation and enhancing**

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<sup>1</sup> Para 64-73 of Chair’s summary report of ad hoc expert group to Develop Proposals for the Development of a Voluntary Global Financial Mechanism/Portfolio Approach/Forest Financing Framework

<sup>2</sup> It was generally accepted at the AHEG that the portfolio approach (described as the large variety of financing needs for sustainable forest management being met from a variety of sources) already existed, provided many benefits, and should continue in the future. (Para 60 of the Chair’s summary report)

**environmental services in tropical forests. It is suggested that the two combined mechanisms should utilize the portfolio approach in terms of accessing and generating financing depending on the relevant concern/point of interest.**

2. What do you consider to be the essential elements for the preferred option? (select as many as relevant):
  - a. Scope and structure
  - b. Governance and management
  - c. Sources of financial resources
  - d. Types of activities covered
  - e. Accountability, monitoring and evaluation mechanisms
  - f. Any other elements?

**In the context of Community Based Forest Management, the national strategy of the Philippines, vis-à-vis the elements of the preferred financial mechanism, the identified elements are necessary in the suggested combined mechanism of dedicated fund and facilitative mechanism. It is proposed, moreover, to include elements such as the climate change agenda that would not compromise the capacity of forest areas allocated for production with low vulnerability to climate change and capacity building that will include information/knowledge exchange to innovate and develop proposals for financing in the essential components of the preferred mechanism.**

3. How would your preferred option be linked to with other forest funding sources and mechanisms e.g. the Collaborative Partnership on Forests (CPF)?

**The proposed combined option of dedicated fund and facilitative mechanism can utilize the portfolio approach to link the different funding sources and mechanisms which interested parties can look into depending on recipient's and donor's objectives and concerns given that an arrangement such as the CPF is composed of several partners with different programmes on forestry.**

4. What challenges would be resolved with the creation of either of the preferred option?

**The issues raised in the *thematic clusters of Non-Legally Binding Instrument on All Types of Forests (NLBI)*, specifically the *cluster on Financing SFM*, will be addressed in the proposed mechanism. For instance, the dedicated global forest fund will address the challenges in implementing NLBI on all type of forests, in general. Facilitative Mechanism and the NLBI cluster on Financing SFM, on the other hand, both adhere to the Global Objective 4 on the new and additional financial resources for the implementation of SFM given that there are significant gaps existing in current schemes in the midst of emerging sources of financing. This facilitative mechanism can help mobilize existing and emerging funds as well as provide access to other sources- a point raised in NLBI on the creation of an enabling environment to encourage other sectors' investment in SFM. Similarly, the said mechanism can also be used as an effective tool to further increase the available of financial resources which was also raised in NLBI on the aspect of reversing the decline of official development assistance for SFM and other financial resources from other sources.**

5. What other existing and emerging sources of financing and mechanisms could be utilized to implement sustainable forest management, the four Global Objectives on Forests and the Non-Legally Binding Instrument on All Types of Forests (NLBI)?

**Over the years, the Philippines had various initiatives at different levels to plan, pilot or implement and institutionalize the best practices in environmental financing from the different environment and natural resources (ENR) sectors. These initiatives can serve as starting point in the development of national strategy for developing a comprehensive environmental financing policy in the country. These ENR financing efforts should, among others, (a) capture sufficient costs for rehabilitating/mitigating negative environmental impacts, (b) capture adequate economic rent for the use of the natural resources and (c) include mechanism for transparency and equitable access to the natural resource asset for use.**

**Currently, the Philippines is in the process of conducting a national conference on environmental financing given the initiatives on environmental financing from the ENR sectors. It is expected from the said conference that policy reforms are planned, operational requirements are identified, and concrete plans/programs/actions/strategies are planned on the aspects of accessing and generating financing on the ENR sectors as well as adoption of new financing schemes that are deemed relevant. All these expected outputs can be related to *the identification of requirements and gaps of the various existing ENR financing modes* as well as *best practices from the regional, national and international levels* which were also identified in Sections C and D (National level requirements and measures and International level requirements and measures, respectively) of the Chair's summary report on AHEG .**

6. Any other views and suggestions?

**This Office supports the *ASEAN position on future financing mechanism for SFM* which it stressed for an portfolio approach in the receipts of contributions from various modalities and coordinate work of other multilateral funds such as the Bali Partnership Fund and National Forest Programme Facility as well as from bilateral donors.**

**Moreover, this Office also supports the *ASEAN Common Position on reducing emissions from deforestation and forest degradation and its appropriate windows for financing*, specifically the expansion of the coverage of activities under related financial support to include improved forest management, conservation and enhancement of carbon stock through SFM. It is suggested, therefore, that windows for financing on REDD should also be explored to be included in the financing mechanism for SFM.**

**References:**

See following documents for preliminary discussions of these options and descriptions:

- Chair's summary report of ad hoc expert group to Develop Proposals for the Development of a Voluntary Global Financial Mechanism/Portfolio Approach/Forest Financing Framework  
[http://www.un.org/esa/forests/pdf/aheg/finance/Adv\\_Unedited\\_ChairsSum\\_AHEG\\_Finance.pdf](http://www.un.org/esa/forests/pdf/aheg/finance/Adv_Unedited_ChairsSum_AHEG_Finance.pdf)
- ECOSOC resolution 2007/40 [http://www.un.org/esa/forests/pdf/ERes2007\\_40E.pdf](http://www.un.org/esa/forests/pdf/ERes2007_40E.pdf)