



## CONCEPT NOTE

### Panel on Sustainable Finance for Efficient and Effective Forest Governance

Organized by the UNFF Secretariat, FAO and the Green Climate Fund Secretariat

Songdo Convensia Convention Center, Incheon, Republic of Korea

Wednesday 19 June | Room 103 at 11:00 to 12:30

#### Background

The Fourth Asia-Pacific Forestry Week (APFW2019), *Forests for peace and well-being*, will be held alongside the 28<sup>th</sup> Session of the Asia-Pacific Forestry Commission (APFC). As with previous APFWs, APFW2019 will be organised along five parallel thematic streams, including **Innovating governance and institutions** (stream 5).

The United Nations Forum on Forests (UNFF) Secretariat, in collaboration with FAO and the Green Climate Fund Secretariat, is pleased to announce the organisation of a panel discussion entitled, “Sustainable finance for efficient and effective forest governance”.

The 2030 Agenda for Sustainable Development and the UNFCCC Paris Agreement underpin global forest governance by providing a coherent set of goals and targets on forest finance, including SDG target 15.b<sup>1</sup> and Article 5 of the Paris Agreement.<sup>2</sup> The United Nations Strategic Plan for Forests also includes Global Forest Goal 4 on finance.<sup>3</sup> Likewise, in terms of governance, SDG16 calls for effective, accountable and inclusive institutions at all levels, and SDG17 calls to strengthen the means of implementation and revitalize the global partnership for sustainable development, while the UNSPF includes global forest goal 5 on governance.<sup>4</sup>

Despite this, in the past 15 years a wide range of institutions have championed separate and often overlapping forest finance processes:

1. After a decade of negotiations under the UNFCCC, **reducing emissions from deforestation and forest degradation** and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries (REDD+) was adopted in Paris as a financing framework to transfer results-based payments (RBPs) to developing countries which successfully reduce forest-related emissions against an agreed baseline. The UN-REDD Programme and the Forest Carbon Partnership Facility (FCPF) were instrumental in ensuring country readiness for REDD+. To date, the Green Climate Fund is the primary source of RBPs for REDD+. While REDD+ was once the main source of climate financing for forests, it has helped cement the link between climate change and deforestation to the extent that many other sources of climate finance have emerged in support of forests, including for climate change adaptation.

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<sup>1</sup> SDG15b aims *inter alia* to mobilize significant resources from all sources and at all levels to finance sustainable forest management.

<sup>2</sup> Article 5 encourages Parties to take action to implement and support, including through results-based payments, the existing framework for policy approaches and positive incentives for activities relating to REDD+ and alternative policy approaches, such as joint mitigation and adaptation approaches for the integral and sustainable management of forests, while reaffirming the importance of incentivizing non-carbon benefits.

<sup>3</sup> GFG4 calls for the mobilization of significantly increased, new and additional financial resources from all sources for the implementation of sustainable forest management and strengthen scientific and technical cooperation and partnerships.

<sup>4</sup> GFG5 calls for the promotion of governance frameworks to implement sustainable forest management, including through the UN Forest Instrument, and enhance the contribution of forests to the 2030 Agenda.



2. With a focus on **financing sustainable forest management** and consistent with SDG15.b and GFG4, the United Nations Forum on Forests established the Facilitative Process in 2009, strengthened and renamed it the Global Forest Financing Facilitation Network (GFFFN) in 2015. The GFFFN aims to support countries in accessing financing for sustainable forest management through its 4 priorities: (i) assist in designing national forest financing strategies; (ii) assist countries in accessing existing financial resources; (iii) serve as a clearing house on financing opportunities; and (iv) to contribute to achieving the global forest goals and targets. To date, the GFFFN has provided support to 23 countries in designing financing strategies and/or project concepts on sustainable forest management, although only 4 of these were located in Asia/Pacific. The first step of the clearing house is expected to be operational before end of 2020.
3. As **forest landscape restoration (FLR)** has gained increasing attention, so have initiatives emerged that focus on financing its implementation. Ambitious goals and targets such as the Bonn Challenge – which aims to bring 150 million hectares of the world’s deforested and degraded land into restoration by 2020, and 350 million hectares by 2030 – have acted as calls to unlock financing for FLR. Some financial mechanisms have also been established for this purpose, including the Land Degradation Neutrality (LDN) Fund of the UNCCD.
4. The **timber industry** has long played a role in financing the forest sector, although it is widely recognized that investments have not systematically supported sustainable forms of forest management. Certification and forest law enforcement, governance and trade (FLEGT) have helped steer the industry towards greater sustainability but further efforts are needed to ensure that financial resources for the timber industry are fully aligned with sustainable forest management.
5. For over two decades, agriculture has been recognized among scientists as the primary driver of deforestation, with soy, beef and palm oil production in the lead, but only recently have significant attempts been made to promote **deforestation-free agricultural commodities**. Entities such as the UN Environment Finance Initiative and the Global Environment Facility (GEF) have spearheaded attempts to leverage private finance, notably using debt and equity instruments, to steer large-scale agriculture towards deforestation-free practices.

While each of these processes provides some space for mutual recognition, they have often contributed to the institutional fragmentation and lack of coordination of global forest governance. Attempts to build bridges between these initiatives are few and far between. The UNFCCC Standing Committee on Finance made a commendable effort in dedicating its 3<sup>rd</sup> Forum to forest finance in 2015. Likewise, the Green Climate Fund is in the process of establishing a community of practice on forest and land use, but in the meantime there is a dire need to identify potential way of enhancing coherence of the different finance-related processes that underpin global forest governance.



### **Panel Objectives, Expected Outcome and Modalities**

The **primary objectives** of this session are:

1. To enhance understanding of the role of forest finance and in particular the five processes in making forest governance at all levels more efficient and effective;
2. To explore synergistic opportunities and identify potential partnerships on forest finance to further improve the coherence of global forest governance.

The **expected outcome** of this session is the identification of a set of potential topics, activities and/or partnerships which would further enhance coherence of global forest governance.

**Agenda.** The panel will open with a brief introduction by the moderator followed by 15-minute presentations where each of the following panellists will be invited to reflect on their institution's experience and role in forest financing:

1. Moderator: Jürgen Blaser, University of Bern, Switzerland
2. Panellists:
  - Benjamin Singer, United Nations Forum on Forests Secretariat (UNFF)
  - Amy Duchelle, Centre for International Forestry Research (CIFOR)
  - Agus Justianto, Ministry of Environment and Forestry, Indonesia

These presentations and the subsequent interactive discussions among participants may also address one or more of the following **guiding questions**:

1. What are the current and emerging trends in forest financing at global level?
2. What potential institutional synergies and areas of collaboration can be identified between the five existing finance-related processes?
3. What partnerships between these 5 processes could further enhance global forest governance?
4. How can financial flows from all sources be unlocked to further enhance forest governance at all levels?
5. What financial gaps exist for the implementation of nationally-determined contributions (NDCs) in the forest sector?