

May 2010



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

Organización
de las
Naciones
Unidas
para la
Agricultura
y la
Alimentación

E

ASIA-PACIFIC FORESTRY COMMISSION

TWENTY-THIRD SESSION

Thimphu, Bhutan, 9-11 June 2010

HEADS OF FORESTRY DIALOGUE

SECRETARIAT NOTE

INTRODUCTION

1. This APFC session marks the first time that the Commission has organized a facilitated Heads of Forestry Dialogue. The dialogue will be organized in two parts – providing a rare opportunity for peer-group discussion of: (i) the challenges related to forests and climate change and (ii) forest financing. The intention behind introducing this new approach is to create an informal setting where the Heads of Forestry may share their perspectives and experiences on current issues.

FORESTS, CLIMATE CHANGE AND REDD: BEYOND COPENHAGEN

Background

2. The first commitment period of the Kyoto Protocol (2008-2012) is now drawing towards an end. Attempts to extend this agreement or establish a new regime to address climate change issues, notably leading up to and during the Copenhagen COP-15 meeting, were largely unsuccessful. Consequently, future directions of climate change policies are surrounded by considerable uncertainty. Nevertheless, it is widely believed that forestry is one of the “winners” as regards climate change discussions over the past several years. The forestry sector has been drawn into the spotlight and has started receiving significant new funding, due to its assumed capability to deliver relatively cheap reductions in greenhouse gas emissions and to sequester carbon. These developments come with both challenges and opportunities.

3. Deforestation and forest degradation – resulting from agricultural expansion, conversion to pastureland, infrastructure development, destructive logging, fires etc. – account for nearly 17 percent of global greenhouse gas emissions, more than the entire global transportation sector and

For reasons of economy, this document is produced in a limited number of copies. Delegates and observers are kindly requested to bring it to the meetings and to refrain from asking for additional copies, unless strictly indispensable.
Most FAO meeting documents are available on Internet at www.fao.org

W/W/OOO/e

second only to the energy sector. Consequently, reducing emissions from the forest sector will be critical if global temperatures are to be stabilized within two degrees Celsius of current norms to reduce impacts of climate change.

4. Maintaining forest ecosystems can contribute to increased resilience to climate change. It is likely that climate change will have measurable impacts on forests, including:

- increased forest fires due to alterations in precipitation patterns and hence more frequent periods of drought;
- introduction of new pests and invasive species into forests as a result of changes in temperatures that increase ecosystem vulnerability; and
- forests being subjected to increased human activities if traditional agricultural areas become less productive due to climate change.

Climate change mitigation and REDD

5. Significant funding is moving into the forestry sector, particularly driven by forests capacity to absorb carbon and thus mitigate climate change. Technically, forests can be an agent for mitigating climate change by:

- increasing forest area through increasing planting efforts and reducing deforestation and degradation;
- increasing carbon stocks through better forest management;
- increasing landscape-level carbon stocks through sound forest conservation;
- increasing off-site carbon stocks in industrial wood products; and
- enhancing fuel substitution to reduce use of fossil fuels.

6. Recently, the REDD (Reducing Emissions from Deforestation and Forest Degradation) concept has gained prominence as a forestry mechanism aimed at mitigating climate change. REDD aims to create financial value for carbon stored in forests by offering incentives for developing countries to reduce emissions from forested lands and invest in low-carbon paths to sustainable development. It is predicted that financial flows for greenhouse gas emission reductions from REDD could reach up to US\$30 billion per annum by 2020 (Science 16 April 2010 vol 328). A significant North-South flow of funds could reward reductions of carbon emissions, while also supporting new, pro-poor development, and helping to conserve biodiversity and secure vital ecosystem services. REDD seems increasingly likely to be included in a post-2012 climate agreement, although much work is yet to be completed in developing workable mechanisms for implementation.

7. Within the REDD framework various United Nations agencies (FAO, UNDP and UNEP), established a program commonly referred to as UN-REDD. The UN-REDD program aims to support “REDD readiness” in selected countries. This readiness requires preparation of a REDD strategy that is aligned with existing national policies and strategies, and engagement with indigenous peoples and other forest-dependent communities. Nine countries were initially identified for UN-REDD partnerships; Indonesia, Vietnam and Papua New Guinea were selected from the Asia-Pacific region. More recently, Cambodia, Sri Lanka, Nepal, Philippines and Solomon Islands have joined the program as observers; Bangladesh and Bhutan have applied to join.

8. Within the UN-REDD program, FAO’s role is linked to coordinating measurement, reporting and verification (MRV) components, which includes establishment of “reference emission levels”. FAO is supporting countries to develop cost-effective, robust and compatible systems for measurement, reporting and verification of greenhouse gas emissions and building

upon national monitoring and assessment programs. Such systems are designed to use a scientific base, available technology – and, most importantly – respond to national needs. The program provides planning tools and advice to help countries strengthen their technical and institutional capacities and establish effective national MRV systems.

9. The REDD concept is in constant development, and in recent times the concept of REDD+ (an enhanced version of REDD) has come to the fore. REDD + incorporates *reforestation*; forest rehabilitation and sustainable forest management as additional modalities. The main objective of this enhancement is to include and compensate efforts aimed at reforestation and forest rehabilitation, in the belief that regenerating forest areas as well as the sustainable management of forests may be a vital contributor to climate change mitigation. REDD+ also aims to reduce carbon loss through sound reduced impact logging (RIL) techniques. The Asia-Pacific region is expected to have a central role in reforestation efforts and may be eligible for significant funding under this emerging mechanism.

Climate change adaptation

10. To date, the greatest focus of climate change and forestry responses has been on mitigation; the issue of climate change adaptation in forestry has remained a largely unexplored domain. Adaptation measures in forestry include efforts both to help reduce the impacts of climate change on vulnerable people and to adapt forest management practices to reduce the vulnerability of forests to climate change impacts.

11. The Copenhagen Accord specifically recognizes that enhanced action and international cooperation on both mitigation and adaptation is urgently required. It calls for new and additional funding to be provided to developing countries to enable them to take strong mitigation *and* adaptation measures. It aims to mobilize \$30 billion over the 2010-2012 period and up to \$100 billion per year from 2020 to support, in balanced shares, adaptation and mitigation actions. UNFCCC has already designated funds to support countries' adaptation measures; most of this funding is administered by the Global Environment Facility (GEF).

Discussion items for the Commission

12. Heads of Forestry will be invited to consider issues related to forests and climate change. Some specific issues that might be considered include:

- What kind of preparatory work and organization is needed at country levels to successfully tap into REDD funds;
- REDD is now REDD+. What does this mean for countries in the region?
- To what extent will REDD+ affect the trade in forest products in APFC member states?
- Many of the heavily forested countries of the world that face the biggest threats of deforestation also have weak records of governance; how can REDD+ trigger fundamental forest governance reform in such situations?
- Heads of Forestry might also consider the need and interest for setting up regional or sub-regional “joint programmes” on forests and climate change *adaptation*. Steps to establishing such joint programmes might include:
 - Gathering information on existing regional or sub-regional collaborative programmes on forests and their actual and potential roles to address climate change adaptation needs;
 - Assessing where additional regional cooperation would be beneficial;
 - Defining, through a consultative process among countries, the key activities to be supported in each region/sub-region by the joint programmes; and

- Developing proposals for donor support for the joint programmes.

HARNESSING NEW OPPORTUNITIES FOR FINANCING SUSTAINABLE FOREST MANAGEMENT

Background

13. With increased recognition of multiple values and functions of forests, financing for sustainable forest management has emerged as a key challenge facing the forestry sector. Adequate financing for sustainable forest management is directly linked to broader socio-economic development, and includes a wide array of objectives and priorities; from poverty alleviation and provision of safe drinking water, to climate change mitigation and adaptation.

14. Most Asia-Pacific countries are implementing actions to support sustainable forest management, particularly in response to growing environmental awareness and increased attention to international conventions and agreements. In the Asia-Pacific, where approximately 80 percent of forests are publicly owned and managed, these efforts include both increasing investments in sustainable forest management *per se* and enhancing the investment environment.

15. Traditionally, the bulk of domestic forest financing has been appropriated from central government budgets or from private sector or community forest managers. However, with greater involvement of diverse stakeholders, funds are now also being mobilized from non-forestry sectors, and for issues such as poverty alleviation, energy development, tourism, and rural employment. Innovative approaches adopted to enhance economic benefits from forests in the Asia-Pacific region include identifying new forest products and services and moving up the value chain by promoting value addition and diversifying product mixes.

16. Mechanisms promoting payments for environmental services (PES) are gaining momentum, often encouraged and aided by proactive government policies and institutional arrangements. In several countries, forests are now at the forefront of climate change mitigation and adaptation efforts. While the Clean Development Mechanism has had negligible success in establishing forestry projects, forest-related voluntary carbon markets are gaining significance. With REDD+ receiving special attention in the region, many bilateral and multilateral agencies have initiated funding for REDD+, including developing and testing systems and methods for REDD-readiness.

17. Given the wide variation in forest endowments, financial needs, and institutional capabilities across nations, there is no “one size-fits-all” strategy for financing sustainable forest management. However, much can be learned through sharing of experiences of how countries have attempted to address the challenges of financing sustainable forest management. This may also help to identify new and additional opportunities for inter-country cooperation and synergies.

Objectives for discussion

18. The specific objectives of the dialogue on forestry financing are to:
- Share information on major challenges of financing sustainable forest management, particularly in the context of competing land-use options and practices;
 - Outline – with a specific focus on effectively utilizing new and innovative financing mechanisms – how countries have responded to the challenges; and
 - Discuss what may be done to make forestry a more attractive investment.
19. Key issues and questions that the Heads of Forestry of the Asia-Pacific Forestry Commission may wish to consider for discussion during the dialogue on financing issues include:

-
- What efforts and strategies are being applied to identify and harness new sources of public funding to promote sustainable forest management?
 - What new opportunities exist for private sector investment in forestry? How are forest departments attempting to promote these?
 - How do countries perceive the potential for payment for environmental services (PES) to augment forestry incomes?
 - What new and innovative approaches are being applied to expand the scope and effectiveness of payment for environmental services (PES)?
 - What are the highest priorities for mobilizing resources to support sustainable forest management?
 - What mechanisms are required for institutions to effectively mobilize financing for forests?
 - What are the major constraints and opportunities in attracting financing for sustainable forest management?