

Integrating Climate and Forest Financing in Southeast Asia

UNFF-SCF-ESCAP Workshop

17-19 February 2015, United Nations Conference Centre, Bangkok, Thailand

Draft Proposal for Partnership related to the Third SCF Forum

For almost a decade, two related sets of negotiations have largely evolved on parallel tracks: on one hand, the long-standing discussions on forest finance, born out of the 1992 Rio Summit and since taken up by the UNFF; and on the other, the emergence of reducing emissions from deforestation and forest degradation (REDD+)¹ since 2005, which has taken place within the framework of the UNFCCC. The focus on forest finance by the UNFCCC Standing Committee on Finance at its Third Session in 2015 provides a unique opportunity for both sets of negotiations to join forces in providing the means of implementation for both climate and sustainable forest management (SFM).

Background

After 17 years of negotiations, at its special session of the ninth session held in October 2009, the United Nations Forum on Forests (UNFF) adopted a landmark resolution on the means of implementation of sustainable forest management (SFM), which resulted, among other concrete outcomes, in the establishment of the Facilitative Process within the UNFF Secretariat, to assist Member States in mobilizing funds for forests.

Since 2005, the UNFCCC has also seen the emergence of REDD+ as a set of funding mechanisms that originally focused on the role of forests in terms of carbon sequestration and evolved to a broader concept also funding conservation, sustainable management of forests and the enhancement of forest carbon stocks in developing countries. REDD+ immediately garnered considerable support from both developed and developing countries. Over US\$ 7.5 billion² has been pledged, arranged and disbursed by donor countries for REDD+ activities since 2006, and REDD+ will be part of an emerging US\$ 100 billion in climate finance from 2013 to 2020. In addition, climate change financing for forests does not only consist of REDD+ but also includes other innovative mechanisms and initiatives, including adaptation financing and funds from private sources.

In the past few years, REDD+ funding has therefore emerged as a key component of financing SFM. In this respect, the ninth session of the UNFF (UNFF9) subsequently requested the UNFF Secretariat, and invited other members of the Collaborative Partnership on Forests (CPF) and other key actors, “to examine the implications on broader forest financing of new and emerging forest-related financing initiatives relating to the three Rio Conventions in order to further promote an integrated approach to SFM, and invites voluntary contributions to support this work”.^{3,4}

¹ Reducing emissions from deforestation and forest degradation, plus the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries

² Data adapted from REDD+ Partnership, *The Voluntary REDD+ Database*. Retrieved from <http://reddplusdatabase.org/download> on 16 April 2014. The figure contains financial contributions made by donor countries to recipient countries and to multilateral, international and regional institutions/programmes and non-governmental organizations for REDD+ activities since 2006 as reported by donor countries.

³ E/2011/42, E/CN.18/2011/20: UNFF9 Resolutions adopted on Means of Implementation page 12, no. 34.

⁴ Additional background documents on the work of the UNFF on financing SFM, including the resolutions of the UNFF9 Special Session and of UNFF9, the 2012 CPF Advisory Group on Finance Study on Forest Financing, the UNFF Study on the impacts of REDD+ on financing SFM, and the reports of the past Facilitative Process workshops are available at: <http://www.un.org/esa/forests/facilitative-process.html>.

Financing Climate and Sustainable Forest Management in Southeast Asia

Southeast Asia is mostly composed of high forest cover countries where the primary source of forest financing has traditionally been the timber sector. With the gradual depletion of timber stocks in natural forests in recent decades, forest plantations for pulp and paper, rubber and other products have emerged as key source of forest financing. Non-monetized forms of forest financing are also highly prevalent with the importance of forests in rural livelihoods, notably in providing rural communities with food, shelter, medicine and a clean source of water. Official development assistance (ODA) in the forest sector has long been a supplementary form of financing, notably for sustainable forest management and biodiversity conservation activities.

Given the subregion's high deforestation rates, Southeast Asia also stands to benefit substantially from climate mitigation financing such as REDD+, nationally appropriate mitigation actions (NAMAs) and other relevant sources of finance. Many countries are also members of the Forest Carbon Partnership Facility and/or the UN-REDD Programme. In addition, some countries such as Indonesia have been at the forefront of establishing carbon markets and benefiting from bilateral REDD+ agreements, although success in this domain has been variable.

However, partly as a result of international negotiations on forests and climate change evolving on separate tracks, national institutions working on forest finance on one hand, and climate finance on the other have largely worked in isolation of each other. As a result, the distinct national focal points designated to work on each topic are often housed in different ministries with little communication between each other. This results in the lack of an integrated perspective on climate and forest policies, considerable overlap in policies and financing, as well as costly institutional duplication.

UNFF-SCF-ESCAP Workshop in Southeast Asia

The proposed workshop to be co-organised by the UNFF Secretariat, the Standing Committee on Finance of the UNFCCC Secretariat and UN-ESCAP aims to address this issue by fostering an integrated perspective on climate and SFM financing both at national and international levels. This workshop will mark the first milestone of cooperation between the UNFF Secretariat and the UNFCCC Standing Committee on Finance as well as continuing collaboration with ESCAP on forest financing in the Asia-Pacific region.

The expected outcome is a twofold set of recommendations and action points: first at national level, in order to bolster a country approach common to both sources of financing for forests; and secondly, at international level, in a bid to enhance cooperation between the UNFF and the UNFCCC Standing Committee on Finance as well as collaboration with ESCAP and other regional bodies on forest financing in the region.

This event will bring together UNFCCC and UNFF national focal points and a range of experts and representatives from relevant regional and international organisations. In a blend of plenary presentations and working group discussions, participants will exchange views on gaps, obstacles, opportunities, success stories and lessons learned. This will enable them to highlight common themes and areas of work to both climate change and forests and identify means of enhancing collaboration as a means of creating a common perspective. It will also mark the first step in building capacity among Southeast Asian countries in mobilizing funds made available by the UNFCCC and other bilateral, regional and international organizations for SFM. Closer collaboration between the focal points of the UNFF and the three Rio Conventions is also one of the main recommendations emerging out of several UNFF Facilitative Process projects.

To ensure informed discussions and outcomes for the workshop, a study on current climate change funding devoted to forests in Southeast Asia will be prepared beforehand and submitted to the workshop. This study will also identify current institutional issues preventing or potentially enhancing a common perspective on climate and forest financing, and will be commissioned and financed by the

UNFF Secretariat. Participants will have the opportunity to review and verify the study, as well as provide their comments and views on the findings.

The proposed workshop to be held in Bangkok, Thailand, from 17 to 19 February 2015. The venue, relevant goods and services, travel and daily subsistence allowance of funded participants will be financed by the United Nations Department of Economic and Social Affairs through the Regular Programme of Technical Cooperation. Invited countries from Southeast Asia are: Brunei, Cambodia, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, the Philippines, Singapore, Thailand, Timor Leste and Viet Nam.

The outcome of the workshop will be posted on the UNFF website and shared with countries of other regions, providing the basis for a range of follow-up activities in Southeast Asia and beyond. It will also provide useful input to both the eleventh session of the UNFF⁵ and the Third Forum of the Standing Committee on Finance.

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⁵ The 11th Session of the UNFF is due to take place from 4 to 15 May 2015 at United Nations Headquarters in New York.