

POLICY PAPER PREPARED BY MAJOR GROUPS PARTNERSHIP ON FORESTS FOR UNFF11

(This was prepared based on Major Groups Global Workshop held in Kathmandu, Nepal)

GLOBAL FINANCIAL MECHANISM FOR FORESTS

Policy Discussions

Major Groups (MGs) observe that funding for forest issues is inadequate for the issues at hand. Instead, global funding priorities are focused outside of forests on issues such as climate change, food security and economic growth. They also noted that funding is currently fragmented; that the few funding sources and mechanisms that are available are difficult to access due to bureaucracy on one hand and that they have not been structured for the needs of SFM thus requires very complex application processes to fit the requirements of SFM. They agreed that this has been the case in view of the fact that there are mechanisms for funding at many different levels that address the issues of forests, including multi-lateral UN funding, bilateral funding, national funding and private sector funding and that there is no one mechanism that is ostensibly designed to meet the needs of SFM. While a Global Forest Fund has been discussed in the UNFF processes, there has been a lack of political will from governments to support the initiative. Concerns were also raised that private company funding often invest in businesses that can be counter-productive to SFM (e.g. oil palm plantations, gold mining etc.)

MGs underscored the need to attract new and additional funds for SFM and for strong political will of Member States to prioritize SFM. Initiatives that would support both objectives include: improved forest governance at the community level and in forest institutions; clear and transparent mechanisms for fund allocation; enhanced engagement of MGs in fora, such as the World Business Forum, where they can advocate for direct funding to forests; the development of clear communication advocacy strategies and best practices; capacity building of MGs and community groups on how to fill out complex funding applications; and linking forest initiatives and SFM to climate change, food security and other issues for which significant funds exist. Additional suggestions included performance-based payments and the development of national roadmaps for SFM.

They further stressed that a comprehensive forest valuation that recognizes that forests, and the ecosystems they form, comprise a rich wealth of natural capital that sustains both life and economic activity.

Following the above discussions, the following policy recommendations were advanced:



Recommendations

- a) The UNFF should set up a strategic trust fund for SFM, which will play a catalytic role to leverage other sources of funding. The new UN body on forests should set up modalities for contributing monies to this strategic trust fund. Seed money from the strategic trust fund should be made available for developing countries to develop their implementation actions.
- b) Establish national funds for SFM that can be borne out of mechanisms, such as taxation from forestry related industries, and ensure that the funds are allocated for SFM implementation, capacity-building and technology transfer.
- c) Create a financial clearing house of all existing funds on forests to assist in implementing SFM in developing countries. This includes funds not necessarily earmarked specifically for SFM but which have intrinsic ties to forests, such as the Green Climate Fund (GCF). Capacity-building on understanding these funding mechanisms is also required, to provide clarity and accessibility to all stakeholders, and to reduce often lengthy and poorly streamlined application processes and negotiations.
- d) The Global Environment Facility (GEF) and the Clean Development Mechanism (CDM) need to simplify their procedures to be more accessible and accountable. The Governors' Climate and Forests Task Force (GCF) Fund needs to establish a clear and transparent mechanism to enable both government and relevant stakeholders to access the fund.
- e) Industrial enterprises and businesses that benefit both directly and indirectly from forests and forestry services need to be required to invest a large proportion of their corporate social responsibility (CSR) funding into SFM initiatives.