

Revitalizing the UNFF: Critical Issues and Ways Forward

Paper for the Country-led Initiative on Multi-year Programme of Work of the United Nations Forum on Forests: Charting the Way Forward to 2015

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Authors: Doris Capistrano, Markku Kanninen, Manuel Guariguata, Chris Barr, Terry Sunderland and David Raitzer

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Executive Summary

Background

The purpose of this paper is to support CLI discussions by providing (i) an overview of critical forest-related issues requiring global cooperation; (ii) lessons from other processes relevant to the design of the UNFF's future work in light of the UNFF's experience to date; and (iii) criteria for prioritizing issues for inclusion in the MYPOW.

Critical Issues

A number of emerging issues have joined long-standing challenges facing those attempting to harness the potential of sustainable forest management in service of the MDGs. Those that are likely to have significant impacts on forests in the near future, require global cooperation, and have been insufficiently addressed by the UNFF to date include the following:

Climate change. International cooperation is needed to finance forest-related adaptation and mitigation, and in particular to develop standards and regimes for those efforts. While the UNFCCC is the key negotiating forum for these matters, input from bodies with competence related to forests will be critical in the next few years.

Trade and investment. International cooperation is needed to develop standards and regimes to govern trade and finance that affect forests. The design of trade and investment agreements needs to take into account public policy levers to control adverse effects on forests. Voluntary initiatives such as certification, investment principles, and corporate reporting standards require further development and support.

Governance. International cooperation is necessary to address aspects of governance challenges that transcend national boundaries such as trade in illegally-sourced forest products and the laundering of proceeds from forest crimes through the international financial system. Strengthening the application to forest management of emerging global norms on procedural rights would also benefit from international cooperation.

Ecosystem services. International cooperation is needed to finance implementation of new ecosystem-based approaches to preserving forest biodiversity, including payments for ecosystems services, and to strengthen new norms for managing trade-offs between conservation and development.

Lessons for the UNFF's Future

The UNFF was established to promote the management, conservation and sustainable development of all types of forests and to strengthen long term political commitment to this end. The UNFF has achieved some laudable successes by catalyzing and convening initiatives such as the regional Criteria and Indicators processes, national forest programme development and the CPF. However, many stakeholders have been dissatisfied overall with the UNFF's performance in fulfilling its mandate. In order to successfully carry out its new functions agreed in 2006, the UNFF will need to undertake a number of structural and procedural reforms. The UNFF's experience and those of other international fora suggest the following lessons to inform the design of the UNFF's future mode of operations:

Strengthen linkages to other international fora and entities that affect forests. The UNFF could be more effective in facilitating national-level implementation through linkages to other bodies with implementation mandates and capacities. The need for

cross sectoral coordination to address forest challenges suggests that the UNFF should invest more in outreach to non-forest policy arenas.

Broaden the framing of forestry issues. Broadening the UNFF's conceptual framework beyond the forest sector will facilitate engagement with conventions and other processes organized around ecosystems and landscapes.

Shift emphasis from negotiating text to facilitating substantive dialogue and cooperation. The difficulties experienced by the UNFF in achieving consensus on the need for legally or non-legally binding instruments, and the existence of alternative fora for text negotiation on key emerging issues suggest that the UNFF should focus on initiatives that can be effective in the absence of a global convention on forests.

Increase opportunities for meaningful participation by multiple stakeholders. Many of the emerging forest policy challenges require collaboration among state, civil society, and private sector actors, and coordination across sectoral boundaries. The promising advances made in global public policy formulation through multistakeholder partnerships suggest that such approach should be supported by the UNFF.

Increase linkages with regional initiatives. A number of regional initiatives (e.g., the European MCPFE process) have demonstrated the potential value for addressing transboundary forest problems, and for mobilizing political attention at the ministerial or even Head of State level. The UNFF could support these initiatives, and assist in linking them to global processes.

Leverage scientific and technical information to improve the effectiveness of international processes. The UNFF could leverage the scientific and technical capacities of other organizations through the CPF and COFO. The UNFF could also support the streamlining of forest-related data gathering, analysis, and reporting by Member states so as to enhance the rate of country response while easing burdens imposed by multiple international fora.

Criteria for inclusion in the MYPOW

The UNFF could consider prioritizing issues according to the following criteria:

Progress on the issue would significantly contribute to achievement of at least one of the UNFF's four objectives.

The issue requires international cooperation at the global level, either to develop rules for a global regime, or global standards for common norms of practice.

Efforts to address the issue could significantly benefit from the political legitimacy and/or global convening power potentially offered by the UNFF, even if the issue is already being addressed by one or more alternative multilateral bodies or global partnerships.

The action has potential to synchronize with the agendas of other international policy processes.

I. Introduction

In collaboration with twelve other governments and international organizations, the Government of Indonesia is organizing and hosting a Country-led Initiative (CLI) in Bali, Indonesia from 13-16 February as input to the 7th session of the United Nations Forum on Forests (UNFF-7). The objective of the Country Led Initiative is to contribute to the development and conceptualization of the basic elements of the multi-year program of work (MYPOW) from 2007-2015 that will be further deliberated and adopted at the UNFF-7.

This paper supports this Country-led Initiative by providing background information and analysis on: (i) critical and emerging issues that are likely to have significant impact on forests and forest policies around the globe; (ii) lessons from UNFF and other inter-governmental and international conventions, processes and initiatives for the UNFF to consider in designing its future work; and (iii.) critical issues for consideration for inclusion in the MYPOW, along with examples of actions to address them.

The paper has five sections. Section II provides a brief overview of persistent issues and trends affecting the world's forests. Section III reviews lessons learned from UNFF and other international processes and initiatives for rethinking UNFF's future way of working. Section IV suggests criteria for prioritizing among the many potential issues and actions that could be included in the UNFF MYPOW. The paper ends with brief concluding comments in Section V.

II. Critical and Emerging Issues

Forests are a vital resource for realizing the Millennium Development Goals (MDGs) on reducing extreme poverty and hunger. Forests provide a range of goods and services to different users. For poor forest-dependent people, especially for women and children, forests often serve as vital safety nets especially during periods of drought, war and economic collapse.

In reviewing progress towards achieving the MDGs the Secretary General of the United Nations noted that actions to date had produced mixed results and that challenges remained particularly in sub-Saharan Africa, where the proportion of people living in extreme poverty has remained unchanged since 1990 and the absolute number has increased dramatically. The UN also reports supporting countries prepare and implement their Millennium Development Goal-based national development strategies. In this regard the UN has collaborated with governments and other stakeholders to launch the millennium villages in 12 sites in Ethiopia, Ghana, Kenya, Malawi, Mali, Nigeria, Rwanda, Senegal, Uganda and the United Republic of Tanzania (UN 2006).

The role of government agencies, and national and global mechanisms such as national forest programmes (nfps), is important in addressing many of the above challenges. But equally important are the contributions and perspectives of diverse stakeholders, institutions and actors who, through their individual and collaborative initiatives, are slowly transforming the forest policy landscape at all levels, from local to the global level. In addition to these long-term, persistent challenges, there are also newer and bigger driving forces currently exerting pressure on the world's forests.

This section presents dominant trends and critical or emerging issues that will pose significant and unprecedented challenges for sustainable forest management worldwide. Many of these issues cut across sectors and require coordination with an expanded constellation of actors and stakeholders from both international and national levels. Each identified emerging and critical issue had to meet the following criteria:

- Have important ramifications for forests and the forestry sector within the next decade.
- Require international cooperation/harmonization to effectively address it
- Has not been sufficiently dealt with in the UNFF process in the past

A. Forests and Climate Change

Climate change is already having dramatic effects on forests, natural resources and people's livelihoods. Climate change increases the probability of extreme weather events (IPCC 2007). As a consequence, the amplitude and frequency of weather related disturbance regimes, such as hurricanes, droughts and accompanying fires, pests and diseases, might also increase. Particularly exposed ecosystems, as well as vulnerable ones, will be affected first and sometime irreversibly, while the recovery time of resilient ecosystems may be too slow for forest dependent species and cultures.

Developing countries, and poor people within developing countries, are the most vulnerable to climate change, which threatens to undermine their development. The Earth has already warmed by about 0.7°C over the last 100 years and it is projected that global warming will be between 1.8-4°C with a range of 1.4-5.8°C during the next 100 years unless measures are adopted to address climate change. When coupled with global average sea level rise of over 50mm over the next 100 years, climate change will adversely impact forests, water resources, human settlements (including coastal cities) and well-being, increasing vulnerability and reducing resilience. For many this will undermine economic development and the ability to achieve many of the Millennium Development Goals (MDGs).

The major challenge is to reduce the vulnerability of climate sensitive sectors, e.g., forestry, energy and water resources, to today's climate variability and then to "climate-proof" all future development activities. This will require developing and implementing "best practice" guidelines for developing appropriate strategies in climate sensitive sectors, and then mainstreaming and integrating climate concerns into national and sectoral economic planning. UNFCCC COP 12 decided on the Adaptation Fund to help the poorest nations to implement these adaptation measures.

Actions towards adaptation to climate change are urgent and necessary. They need to encompass several levels, including local capacity and supportive national, regional and global policies and investments. Developing adaptation strategies must take into account the relevant hydrologic, economic, social, and environmental processes at the global and regional, national, basin, and local levels. For developing countries, the emphasis is on developing pro-poor adaptation measures for the most vulnerable including rural populations, women and the urban poor. Promoting adaptation-friendly policies and mainstreaming these into general development policies is a challenge for forestry and other sectors related to land-use planning.

Land-use change (deforestation etc.) is a significant source of carbon emissions and an active contributor to global warming. These are estimated to be 1.6GtC to 5.9 GtC per year in the 1990s (IPCC 2007). Currently, this represents about one fifth of global carbon emissions (IPCC 2001a, 2001b; Stern 2006). Finding ways to reduce carbon emissions from land-use change will be one of the key elements in the future negotiations on the Framework Convention on Climate Change and the Kyoto Protocol. This may have large-scale implications on forestry sector, land-use and rural livelihoods in many developing countries (CIFOR 2006).

The new climate governance regime and post 2012 negotiations bring avoided deforestation into the international agenda. The key issues to be discussed and decided include: (i.) Developing policy guidelines on how countries with very different forest and economic conditions could engage with and benefit from a carbon offset compensation regime – taking into consideration land ownership and access rights, equity and benefit sharing; rights of indigenous peoples and local communities, and institutions; (ii.) Developing standardized, widely accepted, credible, and scientifically sound methodologies for measuring and monitoring reduced emissions from deforestation and other land-use change will be necessary. Such methodologies should be cost-effective to attract wide participation of countries harboring significant amount of forested area storing carbon in the biomass; (iii.) Conceptual broadening of Sustainable Forest Management (SFM) for maintaining and increasing forest carbon pools through improved management, and developing methods to manage forests more effectively for multiple goods (wood etc.) and services (carbon sequestration).

There is a need to further reinforce measures aimed at increasing terrestrial carbon pools by promoting afforestation and reforestation (through CDM and other mechanisms), sustainable forest management, cropland management, agroforestry, grazing land management, and re-vegetation. Promoting tree and forest planting can be a win-win option in many cases, by simultaneously producing goods and services for local livelihoods and industries on one hand and carbon sequestration services for climate change mitigation on the other. There are also possible synergies between carbon sequestration and adaptation measures, e.g. through afforestation of vulnerable areas, watersheds, and rehabilitation of degraded lands. This is in line with broadening of SFM to include maintaining and increasing carbon pools as an explicit, additional objective for sustainable forest management.

There is a fast-growing interest in renewable energy, including bio-energy, as a measure to mitigate climate change and to decrease dependence on fossil fuels. Recently both the EU and USA have decided on policies to increase the share of renewable energy in their energy portfolio. Actions towards common standards for forest-related energy development are needed for developing policy guidelines on how countries engage with large-scale land-use changes resulting from energy crops – again, taking into consideration land ownership and access rights, equity and benefit sharing, rights of indigenous peoples and local communities, and institutions. In addition, standards for social sustainability, biodiversity conservation etc. to be used in these projects (e.g. for certification purposes) have to be developed and tested. From the energy efficiency and climate change point of view, standards and accounting methods are needed to assess the energy efficiency of these actions e.g. for certification purposes.

B. Global Trade and Investment

Global demand for forest products has grown at a rapid pace over the past decade and this is expected to continue over at least the medium term. In the Asia-Pacific region alone, annual consumption of hardwood pulp is expected to increase by 73 million cu. m. and annual consumption of softwood pulp by 32 million cu. m. There is a shift in the consumption and production of forest products. Recent studies show that current demand for forest industry products will grow less than before in OECD countries while at the same time, the demand will continue to increase considerably in many developing countries and in countries in transition. This means a shift in consumption of forest products from Western Europe, North America and Japan to the rest of Asia, Eastern Europe and Russia (Seppälä 2007).

Industrial wood supply globally is increasing rapidly as substantial areas of tree plantations come online. Over the past two decades, most new plantation development has occurred in tropical and subtropical regions and in temperate zones of the southern hemisphere. These trends are expected to continue, and approximately 50% of the world's industrial wood is projected to be sourced from planted forests by 2040 (FAO 2006). Industrial timber production from natural forests has begun to decline in leading tropical forest producing countries in Asia, as supplies of commercially accessible large-diameter timber have fallen sharply in recent years. These shifts in supply loci are precipitating geographic shifts in wood processing operations, with implications for employment, income and associated patterns of socio-economic development in affected regions.

Technological innovations have led to sharp increases in production capacity, particularly of pulp and paper mills, and in the volume of wood consumed to feed them. At the same time, technological innovations have created a variety of reconstituted wood products which utilize smaller diameter wood and have increased wood use efficiency. These products are not only displacing traditional wood products, but are now also projected to extend to other emerging markets over the medium term.

China's rapid economic growth has had a far-reaching impact on the global forest products trade over the past decade, and this could accelerate in the years ahead. Roughly three-quarters of China's timber imports come from countries in the Asia-Pacific region, with Russia as the largest supplier, although volumes from Africa and Latin America are increasing. China is also a major exporter of processed wood, notably wood furniture. China's demand for wood-based products is projected to continue increasing sharply. The development of China's domestic market for processed wood products is also likely to be an important driver of this growing demand, as the current per capita consumption levels are still quite low compared to more developed economies.

India's emergence as another economic power in Asia will add further to the increasing demand for forest products. Growing economically at an estimated 7-8% per annum, with its projected population growth, India promises to be the largest single market in the world in the longer term. Large scale and small holder tree planting as well as extensive rehabilitation of degraded lands, mostly through diverse community forestry and joint management arrangements, are increasing India's forest assets and potential source of future competitive advantage.

The emergence of the WTO and other trade liberalization initiatives has facilitated the expansion of international trade in forest products and other products that affect forests. This growth in trade is most pronounced in developing

countries. Trade liberalization offers unique opportunities to improve market access, and to increase economic surplus. Under certain conditions, the removal of trade barriers for forest products has offered substantial benefits for poor producers (Bennet and Barichello 1996). However, in the context of imperfect markets and unclear property rights, there can also be adverse implications on forest and on sharing of forest-derived benefits. Non-forest sector trade and agricultural expansion have been primary drivers of deforestation. Liberalization of agricultural trade tends to raise prices for agricultural exports which in turn exert direct and indirect pressures on forests, among others, through competitive demand for forest land conversion to agriculture.

International financial integration has facilitated large-scale investments in wood-based industries in some developing countries, as well as in sectors that affect forests. Banks and institutional investors in North America and Europe seeking to take advantage of the high returns generated by emerging markets have been an important source of forestry investments. There is generally inadequate assessment of the financial risks and social and environmental impacts associated with these investments. In recent years, the rapid growth of hedge funds have created a new type of investment vehicle that are likely to channel substantial amounts of capital into new pulp and paper capacity expansions and into industries that have a direct impact on forests and forest-dependent peoples – e.g., oil palm, ranching, mining. The relative lack of regulatory controls over hedge funds in their home countries suggests that many of these investments will be made with minimal amounts of transparency or accountability.

The integration of China and India and other leading emerging markets into the international financial system is also likely to generate new sources of capital for forest-related investments. China, in particular, is emerging as a significant source of foreign direct investment.

Corporate actors in both the forestry and financial sectors are increasingly seeking ways to demonstrate corporate social responsibility (CSR) with forest-related investments. There is growing public sensitivity to issues related to biodiversity loss and to a lesser extent to displacement of forest peoples on the part of buyers, clients, and other stakeholders in key markets – most notably the EU and the US. In many cases, banks and forestry companies have also come under pressure from civil society organizations to adopt more sustainable and equitable practices. With the role of the private sector in forest related investments, management and forest product processing likely to increase, various international forums have emerged for corporate actors seeking to adopt improved practices in this area. Since 2003, for instance, approximately 45 lending institutions have endorsed the Equator Principles, an important initiative led by the IFC to enhance the use of social and environmental safeguards for project financing in all industrial sectors, including forestry. From the early 1990s certification has been advocated as one incentive for producers to adopt sustainable practices. Although globally, a total of 80 million hectares has been certified mainly in the temperate boreal forests, there remain major challenges within the tropical forests of Africa and Asia and to some extent Latin America. Certification of tropical forest accounts for only 13% of total certified area (FSC 2006).

The voluntary Global Reporting Initiative (GRI), sponsored by the UN Global Compact, also provides a useful framework for establishing an industry standard for corporate reporting on key operational variables. However, little progress has yet been made on defining an industry standard for corporate reporting and disclosure of operational variables for forestry or wood processing companies. The development of

such a standard would be an important step towards enhancing transparency and accountability in the forest sector. It would also improve risk analysis and due diligence on the part of financial institutions funding forestry-related investments.

C. Governance

Weakness in forest governance is an important cause of unsustainable forest use. Forest-related institutions, policies, practices and decision-making processes, both within and outside the forest sector, determine to a significant degree how forests are used and managed and how the resulting benefits and burdens are distributed among stakeholder groups.

In recent years, increasing international attention has focused on strengthening key aspects of forest governance, notably through institutional capacity and promotion of more decentralized, participatory policies and forest management approaches. **In many countries, national forest programmes (nfps) have served as important mechanisms for promoting governance reforms.** Nfps have supported, among others, cross-sectoral policy strengthening and strategies to better integrate forests into over-all development planning (Glück *et al.* 2005; K p c  2005; National Forest Programme Facility 2006).

Good governance is now generally acknowledged as necessary for sustainable forest management at the national and local levels and as essential to the achievement of the MDGs. However, **despite incremental progress, in general, the rhetoric of good governance has yet to translate into good governance practice on the ground.**

Corruption is among the most serious governance challenges confronting countries, and its insidious effects hit the poor hardest. Corruption undermines efforts to promote sustainable forest use, and renders most regulations and control mechanisms worthless. Its manifestations in forestry range from unfair pricing on logging concessions, illegal logging and smuggling operations, large-scale encroachment on forestlands to fraud and tax evasion schemes. It is reflected in the lack of accountability of government agents, corporations and powerful actors who often receive preferences and subsidies at the expense of the forest dependent poor. Lost revenues in taxes and royalties due to forest-related corruption total at least US\$10 to 15 billion per year globally, not counting the associated ecological and social costs. This represents a drain of much-needed resources that could have gone to development and poverty alleviation.

Violent conflict is an extreme manifestation of governance failure. Forested areas in poor countries tend to be more vulnerable to violent conflict, particularly when they are remote, located on disputed land, inhabited by multiple ethnic groups, claimed simultaneously by different groups and inadequately governed (Kaimowitz 2003). Inconsistent laws, ineffective or selective law enforcement, weak regulatory framework of the financial sector and high economic dependence on forest resources are among the most significant aspects of forest-related violence. The tendency towards conflict is particularly high during periods of economic decline and dwindling resources as well as during periods of rapid economic development in countries with generally poor economic conditions (Schroeder-Wildberg *et al.* 2005). The direct effects of conflict on forest ecosystems can be positive or negative with the adverse effects occurring mostly post-conflict. But the effects on people, their security and livelihoods can be devastating.

Illegal logging is a common source of conflict and often impacts local communities and indigenous populations. Conflict can also spring from unclear or unfair land and resource ownership rights that render local communities' logging activities illegal (Colchester *et al.* 2006). Decentralization policies and practices can, under certain conditions, help mitigate or exacerbate conflicts. In addition to land and forest agencies, the military, police, law enforcement agencies, and the judiciary are critical to addressing conflict, illegality and corruption that continue to plague the forestry sector in many countries around the world.

Initiatives such as Forest Law Enforcement and Governance (FLEG) and the Asia Forest Partnership (AFP) are examples of initiatives to improve governance. These efforts have tended to be driven by technical approaches and conservation agendas, but are moving towards inclusion of broader stakeholder perspectives and actors, such as financial and regulatory institutions that operate outside forests but nevertheless affect what happens to forests. However, the tendency to concentrate on law enforcement and defining standards of legality has obscured the need to also consider issues of justice and equity in framing and implementing forest-related laws.

Despite the generally observed tendency of powerful stakeholders and interest groups to want to dominate, **initiatives that improve poor people's use and control of forest resources have been important entry points for governance reforms in many locations.** Key elements of this reform agenda include clarifying and enforcing forest tenure and access regimes, reducing regulatory burden and hidden taxes on poor people, supporting local enterprises consistent with sustainable forest use, rooting out corruption, enforcing laws, and protecting poor people and communities from unjust partnerships that harm their interests and their forest resources.

While these actions need to be implemented at the national and local level, **many forest-related governance challenges confronting countries, particularly those related to trade and investment, transcend national boundaries. Addressing these requires international platforms to facilitate sharing of knowledge and resources to mobilize political commitment for concerted action.**

D. Ecosystem Services

There is an emerging need to broaden the frame of the Sustainable Forest Management paradigm to more explicitly recognize ecosystem-level aspects and cross-sectoral influences bearing on the management of forested landscapes. In revisiting and "reframing SFM", strong focus on developing concepts, tools, and methods to tackle landscape-level management issues, specifically of forest ecosystem services (carbon sequestration, water regulation, etc, including aesthetic and cultural services) would be necessary. Central to this reframing is the recognition of the role of human activity in shaping forest ecosystems and forested landscapes (MA 2003, 2005). Management guidelines adapted to secondary forests, including restoration of degraded areas through tree plantations for productive and protective purposes, as well for biodiversity conservation in production forests, would all benefit from such conceptual broadening of SFM and its practical implementation on the ground.

Although about 10-12% of tropical forest cover is currently given legal protection, the effectiveness of this protection is often low. The role of forest protected areas in safeguarding biodiversity has been established (Bruner *et al.* 2001), and great progress has been made in protecting a large array of different

forest ecosystems globally. However, forest cover outside protected areas still continues to be lost through clearing for agriculture and unsustainable land use practices, particularly in the tropics (FAO 2006; World Bank 2003). The conservation of forests outside protected areas for the continuous supply of goods and services is currently driving the international agenda on how to balance or integrate forest conservation and development outcomes.

While the benefits of forest conservation accrue at the national and global levels, the costs of protecting forests are often borne by local communities. This often leads to social conflicts which subsequently lead to high costs for conservation. As a result, conservation goals are increasingly compromised. At the heart of this dynamic is a failure to fully appreciate the underlying tensions between integrated conservation and development and the provision of sufficient local incentives for forest conservation.

There is a need to understand the extent of the trade-offs between communities' livelihood needs and conservation objectives. For instance, could the proposed adaptation measures to climate change, such as avoided deforestation, exacerbate adverse effects on the poor of expansion of protected areas and encourage a reversal of the current trend towards decentralising forest management to communities? There is a risk that local communities without secure rights over forests and access to adequate resources (finance, information) can get further marginalised by adaptation-induced investments such as biofuel plantations.

Pro-poor adaptation-mitigation requires that vital issues (such as who should bear the costs, how benefits should be shared, quantifying the potential or actual damage from climate change) be addressed. This information should inform how policies, institutions and mechanisms can evolve to enable resilience building and help communities to make informed choices.

It is important to maintain current protected areas, and to support efforts to establish new ones, based on norms of participation of affected communities, and with clear criteria on species diversity, complementarity, and spatial networking. Most government agencies responsible for the management of protected areas, especially in developing countries, are often woefully under-funded and lack even the most basic capacity to be effective. This results in significant "non-compliance" by local people and unsustainable exploitation of forest resources continues inside protected areas. Effectively conserved and well-managed forest protected areas, in addition of safeguarding global biodiversity, may also ameliorate climate change impacts in providing adjacent, human-modified ecosystems with the needed level of resilience to withstand the effects of extreme atmospheric events (McNeely 2006).

Any efforts at expanding the number of protected areas and their conservation roles must acknowledge the need to secure safety nets for the poor especially those dependent on a range of diverse forest products for their basic needs including health and nutrition. This hidden harvest from the forests often goes unnoticed by land use planners, forest managers and policy makers.

There is broad agreement that, as not all forest biodiversity can be conserved in protected areas, tradeoffs are inevitable. Many activities are currently in place that attempt to devise management approaches and tools that satisfy both production and protective functions (in so called "multifunctional landscapes") that minimize tradeoffs and promote synergy between conservation and development (Sayer and Maginnis 2005). There is need for global and international dialogue to critically

examine current institutional arrangements to achieve synergy in conservation and development initiatives. Developing new tools and approaches that can improve the delivery of both conservation and development outcomes, is a priority. The incorporation of cross-sectoral linkages could be a potential element for success.

There is increasing appreciation of forest-derived ecosystem services as a forest conservation tool. Many research initiatives are being conducted on examining the ecological and economic feasibility of schemes for payments for environmental services (PES) especially in areas where forests are both unprotected and owned or otherwise used by local communities. PES strategies have emerged as an alternative conservation strategy in partial response to the limited success of sustainable forest management as a land use option especially in tropical regions (ITTO 2006).

Methods, approaches and simpler procedures that can make PES pro-poor need to be developed. In addition, institutional arrangements that will help reduce transaction costs of dealing with thousands of smallholders are needed. There is global momentum to continue experimenting with forest-derived PES implementation for purposes of consolidating knowledge (Wunder 2006).

III. Lessons Learned for Rethinking UNFF's Future Way of Working

Now more than ever, there is a need for a high level global political forum that could address, in a comprehensive manner, the persistent issues and unprecedented challenges confronting forests and forest users. Established to promote the management, conservation and sustainable development of all types of forests and to strengthen long term political commitment to this end, the UNFF is uniquely poised to play this role. Both the UNFF and its predecessor bodies (IPF and IFF) are credited with some laudable successes. These include: (i) providing leadership towards the development of guidelines for national forest programs; (ii) paving the way for the many regional Criteria and Indicators processes that are currently in place today; (iii) organization of more than 60 country and organization-led initiatives on a range of different issues in order to inform policy deliberations; (iv) calling international attention to underlying causes of deforestation and preparing diagnostic tools for their analysis; and (v) the formation of the Collaborative Partnership on Forests (CPF). The role of UNFF as catalyst, convener, facilitator, supporter and promoter has been critical to the success of these and various other initiatives and collaborative activities (UNFF 2005).

Several factors, however, constrain the UNFF from fully and effectively delivering on its current mandate. UNFF has been criticized for its inability to effectively facilitate the country-level implementation of the IPF/IFF Proposals for Action (PfAs), for devoting the bulk of time of UNFF's central session to lengthy text negotiations with little or no discernable political impact outside the UNFF (UNFF 2005), and for the erosion of participation and interest by important forest stakeholders. Demonstrating success as a global platform in mobilizing political commitment has been especially difficult for the UNFF since the practical manifestations of such commitment are typically apparent only at national and local levels.

During its sixth session, members agreed that in order for the UNFF to achieve its main objective, it will have to perform additional functions that could address current areas of weakness and dramatically alter the UNFF's way of working. Members also

decided to adopt four shared global objectives on forest and agreed to work globally and nationally to achieve progress towards their achievement by 2015. In implementing members' decisions and guidance, the UNFF is presented with a rare opportunity to reaffirm its relevance and capitalize on its unique position. If the UNFF could indeed build on its strengths, address weaknesses, learn from the past, and create synergies, it could potentially develop a rich and vibrant niche for itself that would at the same time add value to the work of many other institutions in the international forestry landscape.

One of the new objectives of the UNFF is to reverse the decline in official development assistance (ODA) for sustainable forest management and mobilize significantly increased new and additional financial resources from all sources for the implementation of sustainable forest management. Given dwindling ODA budgets and competing priorities for donor support, however, the UNFF is unlikely to recapture donor interest and reverse the downward trend in forestry funding unless it addresses fundamental structural and procedural weaknesses that currently limit its effectiveness.

Box 1. Additional principal functions of UNFF towards the main objective of the IAF¹

1. Enhance the contribution of forests to the achievement of the internationally agreed development goals, including the Millennium Development Goals, and to the implementation of the Johannesburg Declaration on Sustainable Development and the Plan of Implementation of the World Summit on Sustainable Development bearing in mind the Monterrey Consensus of the International Conference on Financing for Development;
2. Encourage and assist countries, including those with low forest cover, to develop and implement forest conservation and rehabilitation strategies, increase the area of forests under sustainable management and reduce forest degradation and the loss of forest cover in order to maintain and improve their forest resources with a view to enhancing the benefits of forests to meet present and future needs, in particular the needs of indigenous peoples and local communities whose livelihoods depend on forests;
3. Strengthen interaction between the UN Forum on Forests and relevant regional and sub-regional forest related mechanisms, institutions and instruments, organizations and processes, with participation of major groups, as identified in Agenda 21 and relevant stakeholders to facilitate enhanced cooperation and effective implementation of sustainable forest management, as well as to contribute to the work of the Forum.

This section provides lessons and observations from other international processes and suggests options to enhance the ability of UNFF to carry out its expanded functions as stated in ECOSOC resolution 2006/49 and in support of the IAF (Box 1). This section draws on published critiques of the UNFF process, "lessons learned" and other documents from other processes; and from a CIFOR-commissioned paper (Mankin, 2007) based on key informant interviews and review of literature. The following key areas would require particular attention from the UNFF in planning its next work phase.

A. Strengthen linkages to other international fora and entities that affect forests

Collaboration with other multi-stakeholder forums and processes can potentially enhance UNFF's effectiveness by fostering innovation, introducing broader perspective and bringing additional resources (Glück *et al.* 2005; Kıpçü 2005). Many

¹ "to promote the management, conservation, and sustainable development of all types of forests and to strengthen long-term political commitment to this end"

other global forest-related processes and initiatives already exist and are doing important work that is either directly or indirectly supportive of the UNFF's agenda – and by extension, of the IPF/IFF PfAs and UNFF decisions. An example is the forest biodiversity work program of the CBD which contains strong thematic linkages with the IPF/IFF PfAs (UNEP 2003), both of which could be further organized under FAO's thematic areas on sustainable forest management (FAO 2006). Their work could be regarded not only as complementary, but as a means of implementing UNFF's decisions and work plan. It is up to member states to implement agreed actions and commitments regarding sustainable forest management under UNFF. However, the UNFF has been mandated to encourage and assist countries to implement their actions and to facilitate their collaboration (Box 1).

The UNFF has added significant value to the work of CPF and other forest-related processes by catalyzing collaboration, synergy and mutual learning. However, there is scope for further improvement. Mechanisms for translating UNFF agreements or decisions into collective CPF implementation action still remain relatively underdeveloped. The UNFF and its member governments and CPF members would need to address this gap in developing the MYPOW. It would be especially important to coordinate and find synergies with the work of the CBD forest program. The MCPFE process has already taken steps in this direction (MCPFE 2006). The outcomes of the upcoming in-depth review of the implementation of the CBD forest program will be discussed at the next CBD Conference of the Parties in 2008. The UNFF could benefit greatly from the results and insights from this review, and this may offer opportunities to better coordinate with the CBD forest program, thus avoiding unnecessary duplication.

One of the UNFF's global objectives (UNFF 2007) is to significantly increase the area of protected forests worldwide as complementary action to ensuring the sustainable management of forests outside protected areas. Clear linkages with the CBD's ongoing protected areas work program, enhanced coordination with international conservation organizations such as the IUCN – the World Conservation Union and WWF, and bodies such as the Global Environment Facility will be essential to advance this goal.

B. Broaden the framing of forestry issues

The UNFF's latitude to address forests holistically is one of its chief assets, yet its wide-ranging agenda and work plan make it harder for it to produce distinct and decisive results. At the same time, the UNFF's agenda has been largely oriented towards the forest sector. It has not adequately included key issues that emanate from other sectors that nevertheless have important implications for forests and people who depend on them. Moreover, the UNFF's narrow framing of sustainable forest management makes it difficult to relate to other conventions and processes which are more broadly organized around ecosystems and landscapes (MA 2003, 2005; UNEP 2003).

The UNFF could learn from the approach of the UNCCD that has sought global partnerships with both UN and non-UN agencies to support its agenda. Some of these include the UNDP's Integrated Drylands Development Programme based in Nairobi, UNEP's programme on degraded lands and the FAO Land Degradation Assessment in Drylands.

C. Shift emphasis from negotiating text to facilitating substantive dialogue and cooperation

The UNFF has invested substantial time and energy in prolonged text negotiations on a narrow set of topics diverting efforts away from more substantive agenda (Mankin, 2007, Persson 2005, IISD 2004, 2005, 2006). Negotiation on international forest instruments has dominated these discussions. The issue of legally binding versus non-legally binding instruments has been among the most contentious of these topics (Humphreys, 2006; Persson, 2005; Poore, 2004; Gluck et al, 2005). Having expressed and agreed actions as part of the IPF/IFF PfAs and UNFF decisions there is a general concern that the UNFF may now be backsliding by negotiating weaker language (Poore 2004; Persson 2005; Mankin 2007).

An alternative approach that may be considered is that of the Convention on Migratory Species whose text contains largely output-oriented than process oriented text. For example, its 2005 resolution on climate change and migratory species, a topic of high importance for biodiversity conservation, is both concise and to the point; it is only 2 pages long (UNEP/CMS/Resolution 8.13).

The international forest regime consists of both legally-binding instruments focusing on certain subjects (e.g. biological diversity, climate change), as well as non-legally binding instruments (“soft-law”) on forests (e.g. Statement of Forest Principles of UNCED; “Helsinki resolutions” of the Ministerial Conference on the Protection of Forests in Europe etc.) (Glück *et al.* 1997, 2005). The effectiveness of international agreements and instruments depends far more on what is contained within their texts, how the signatory or endorsing parties regard them, and the context in which they exist, rather than on whether they are legally or non-legally binding (IISD 2006; Mankin 2007).

International legal instruments, at least in their initial stage, often have the character of “soft law”, meaning that they are general on purpose and provide opportunities for individual countries to determine their own approach in choosing appropriate solutions to common problems. They leave options with regard to implementation, instead of formulating precise and binding commitments (Schmithüsen 1990).

At this stage in the UNFF’s history, it seems necessary to define a MYPOW in a flexible manner that would allow activities led or supported by UNFF to proceed even assuming the absence of a legally binding instrument on forests. UNFF efforts could then focus on how it may serve the interests of forests and forest-dependent people globally, rather than on how to formulate a global convention on forests.

D. Increase opportunities for meaningful participation by multiple stakeholders

There is a perception among both government and non-government stakeholders that the politics of the UNFF’s structural design and methods of work prevent it from being agile, creative, or responsive to contemporary challenges (Mankin, 2007). Its various components and activities appear fragmented and outcomes from one component do not systematically inform discussions and decisions in other components (Humphreys 2006). Improved integration among the UNFF’s components and activities could foster more productive dialogue, action and reflection on lessons learned.

There is also a perception, especially among civil society and regional organizations, that the UNFF’s structure and procedures unnecessarily limit stakeholder group

participation and the expression of diverse perspectives (Mankin, 2007). Compared to many other multi-lateral fora, including the CBD and the International Tropical Timber Organization (ITTO), both of which provide stakeholders with a widening range of opportunities for direct involvement, the UNFF is seen to be out-of-step with the trend towards more inclusive policy processes. As a result, over the last several years, the initial interest and participation of non-governmental organizations and indigenous peoples' organizations in the UNFF has fluctuated, then dissipated and is now marginal (UNFF 2005).

The perceived lack of exciting, cutting-edge agenda items and easily discernible, concrete results is another factor in the declining interest in the UNFF among stakeholders including governments (Mankin, 2007). The relatively low levels of participation of Ministers in its Ministerial sessions, the shift towards career diplomats from forestry experts in the national delegations, and the fact that UNFF formal declarations have produced little apparent high-level political impact (Persson 2005) are seen as further indications of this waning interest.

The Clearing-House Mechanism of the CBD could provide an on-line model for the UNFF. This mechanism seeks to support the Convention's programs of work by promoting cooperation on tools for decision-making, training and capacity-building, as well as research, funding, technology transfer, and the repatriation of information.

E. Increase linkages with regional initiatives

At its sixth session, UNFF countries decided to strengthen collaboration with forest-related regional and sub-regional bodies and stakeholders in implementing the Forum's work (E/2006/42). Members stressed that the UNFF should consider inputs from these regional and sub-regional forest-related bodies, mechanisms, processes, country-led initiatives and stakeholder groups. They also made provisions for supporting participants especially from developing countries and countries in transition (E/2006/42).

Compared to diffused global processes, regional mechanisms tend to have better chances of success in garnering higher-level political buy-in and support. Many regional organizations and processes already exist, and most do their work without much influence from the UNFF. Association with UNFF can help raise the profiles of regional initiatives and promote their efforts beyond their regions; in turn, they can enrich UNFF's global agenda. Since several CPF members already have strong regional components, more effort by CPF to support relevant regional initiatives could potentially enhance synergy and impact.

The UNFF is well placed to strengthen regional initiatives by offering best practice guidance on regional initiatives design and on how to better link to global processes. This may include soliciting active involvement and support from global stakeholders, and helping develop clear mechanisms for effective follow-up and implementation of agreed actions at regional and global levels.

There are several examples of regional process that could serve as platforms for collaboration with UNFF. These include, for example, the Ministerial Conference for the Protection of Forests in Europe, the Conference of Ministers in Charge of Forests in Central Africa (COMIFAC), and the Amazonian Cooperation Treaty (MCPFE 2003; Glück *et al.* 2005). The Asia Forest Partnership is another example, which has in fact started to develop collaborative links with the UNFF around issues relating to forest fire, illegal logging, land rehabilitation and decentralization. Holding UNFF meetings

in conjunction with key regional processes and initiatives could help in attracting a wide range of interested actors and to focus on issues of particular regional relevance.

Other conventions are also strengthening links with regional bodies and initiatives. For example, in Africa the UNCCD has established links with the New Partnership for Africa's Development (NEPAD) and sub-regional organizations such as the Economic Commission of West African States (ECOWAS), and the Southern African Development Community (SADC). UNCCD's support to projects designed to combat desertification are based on established priorities of NEPAD and the sub-regional bodies.

F. Leverage scientific and technical information to improve effectiveness of international processes

Since the UNFF has no capacity to undertake scientific research, scientific and technical advisory bodies can be very useful in providing information and advice on scientific and technological matters. Such support can assist in identifying common problems and enhancing cooperation and consequently in focusing more effectively on problem-solving, implementation challenges and so forth. Establishing partnerships with existing forest-related scientific efforts can help provide analytical depth while avoiding duplication. As a member of CPF, the UNFF could consider supporting the further evolution and strengthening of the CPF initiative on science and technology currently being developed by IUFRO, CIFOR and ICRAF, along with FAO and the CBD Secretariat. Other opportunities include complementary agenda setting between UNFF and COFO.

There is increasing demand on governments for monitoring and reporting on forest-related issues for different international agreements and other mechanisms. Scientific and technical support and capacity are critical for member states to be able to comply with their monitoring, and progress reporting responsibilities. It is necessary to find ways to share resources, data, and information on forests across related international fora. In addition, there should be efforts to streamline forest-related data gathering, analysis and reporting to serve the global forest dialogue.

It is also important that, in collaboration with CPF members, the UNFF decide early within the MYPOW schedule the process and type of information needed to carry out the review of the effectiveness of the IAF in 2015. It is equally important to strengthen networks of experts, scientists, and institutions particularly in capacity-deficient countries. (Kleine *at al.* 2005).

One key element to gauge the degree of implementation by countries is the quality and amount of information they are able to report back to the secretariats. In this context, UNFF may follow the examples of other environmental conventions (CBD, UNFCCC) and international processes (ITTO) on how to enhance country response to requested information. This could include: (i) providing clear guidance to countries on how to report the requested information, (ii) circulating for comments advanced versions of the questionnaire for information input, and (iii) circulating back to member countries the synthesis of reported information in formats different to those of UN documents.

IV. Criteria for Inclusion of Issues in the UNFF MYPOW

The purpose of this section is to suggest possible criteria for prioritizing among the many potential issues and actions that could be included in the UNFF MYPOW. The four proposed criteria build upon the critical and emerging issues described in Section II of this document, and the lessons learned from other international processes described in Section III. Annex 1 of this document provides illustrative examples of actions to be considered for inclusion in the MYPOW. These actions could usefully be subjected to discussion regarding the degree to which they meet the proposed criteria.

The action has significant potential to contribute to achievement of UNFF objectives.

The first criterion for inclusion in the MYPOW is that the action under consideration should have the potential to make a significant contribution to the achievement of at least one of the UNFF's four objectives:

1. Reverse the loss of forest cover worldwide through sustainable forest management, including protection, restoration, afforestation and reforestation, and increase efforts to prevent forest degradation;
2. Enhance forest-based economic, social and environmental benefits, including by improving the livelihoods of forest dependent people;
3. Increase significantly the area of protected forests worldwide and other areas of sustainably managed forests, as well as the proportion of forest products from sustainably managed forests;
4. Reverse the decline in official development assistance for sustainable forest management and mobilize significantly increased new and additional financial resources from all sources for the implementation of sustainable forest management.

The action addresses a problem for which cooperation at the global level is necessary for an effective solution.

There are many entities working effectively to address forest-related issues at local, national, and regional levels. The UNFF MYPOW could be focused on those issues that require global-level attention. In some cases, there is a need to develop rules for a global regime. For example, more work is needed to ensure that trade and investment agreements are designed to be compatible with efforts to protect forests from illegal and unsustainable use. Other examples include the need to design and/or strengthen global regimes for financing forest-related climate adaptation and mitigation.

In other cases, policy solutions to problems that are not inherently global in nature could have substantially enhanced effectiveness if implemented in an internationally harmonized manner. In such cases, international cooperation is necessary to reach consensus on global standards and policy guidance for common practice. Examples include the need to develop common methodologies for implementing the Ecosystem Approach of the CBD, the monitoring of various bilateral agreements to curtail illegal forest trade, and the harmonization of reporting on forest status and trends.

To the extent that regionally-specific transboundary issues, such as multinational protected areas or transboundary acid deposition or haze are of global concern, these too could merit inclusion.

The action has potential to add value to existing international processes.

The issues identified in Section II are already encompassed to a greater or lesser degree in the mandates and objectives of other international organizations, multilateral agreements, or multistakeholder initiatives. As a result, another criterion for inclusion is the MYPOW could be the potential value-added of a UNFF contribution. In some cases, there may be insufficient global-level attention being focused on a common problem; in other cases, organizations currently dealing with the issue may lack the global scope, legitimacy, or convening power associated with a United Nations forum.

UNFF has already added significant value to the work of CPF and other forest-related process by catalyzing collaboration, synergy and mutual learning. In addition, several regional initiatives would benefit from better links with global processes. The role of UNFF might be to develop clear mechanisms for exchange of information and effective follow-up and implementation of agreed results at regional and global levels.

The action has potential to synchronize with the agendas of other international policy processes.

Finally, an additional factor to be considered when preparing the MYPOW could be the possibility of synchronizing UNFF deliberations and decisions with the information needs of other international policy processes. As mentioned above, many of the issues identified in Section II also fall within the competence of other multilateral bodies. In order to have maximal impact in various international processes, the UNFF MYPOW could schedule consideration of topics so as to align with the decision-making timelines of other forums. For instance, the UNFCCC negotiations on the global climate regime for the post-2012 period include several important forest-related issues. In order to have meaningful input to these deliberations, UNFF consideration of climate related issues would need to be scheduled early in the MYPOW.

V. Conclusion

With the increasing pressures and unprecedented demands on forests the world over, now more than ever there is a need for a high-level body with the legitimacy and credibility necessary to move the international forestry agenda. The UNFF is uniquely positioned to play a leadership role to catalyze action and infuse new energy to the common cause of promoting the sustainable use and management of the world's forests for present and future generations.

But the UNFF would have to reinvent itself and adapt new, more effective ways of working. More importantly, the UNFF would be well served to look to the lessons from its recent past. The UNFF could potentially vastly enrich the substance and reach of its work through strengthened synergies and institutional collaborations. Following are some key aspects for the UNFF to consider in designing how it would conduct its work in the coming years:

- Strengthen linkages to other international for a and entities that affect forests;
- Broaden the framing of forestry issues;
- Shift emphasis from negotiating text to facilitating substantive dialogue and cooperation;

- Increase opportunities for meaningful participation by multiple stakeholders;
- Increase linkages with regional initiatives; and
- Leverage scientific and technical information to improve effectiveness of international processes.

Finally, the UNFF would do well to focus and organize its work around a fewer set of thematic issues to which it could devote more concentrated attention and follow-up action.

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Glossary

AFP	Asia Forest Partnership
CBD	Convention on Biological Diversity
CDM	Clean Development Mechanism
CIFOR	Center for International Forestry Research
CLI	country led initiatives
COFO	Committee on Forestry
COMIFAC	Conference of Ministers in Charge of Forests in Central Africa
COP	Conference of Parties
CPF	Collaborative Partnership on Forests
CSR	corporate social responsibility
ENB	Earth Negotiations Bulletin
EU	European Union
FAO	Food and Agriculture Organization of the United Nations

FDI	foreign direct investment
FLEG	forest law enforcement and governance
GFIS	Global Forest Information System
GPG LULUCF	Good Practice Guidance for Land Use, Land-Use Change and Forestry
GRI	Global Reporting Initiative
IAF	international arrangement on forests
ICDPs	Integrated Conservation and Development Projects
ICRAF	World Agroforestry Centre
IFC	International Finance Corporation
IISD	International Institute for Sustainable Development
ILO	International Labour Office
IPCC	Intergovernmental Panel on Climate Change
IPF/IFF	Intergovernmental Panel on Forests / Intergovernmental Forum on Forests
ITTO	International Tropical Timber Organization
IUCN	The World Conservation Union
IUFRO	International Union of Forestry Research Organizations
MA	Millennium Ecosystem Assessment
MCPFE	Ministerial Conference for the Protection of Forests in Europe
MDGs	Millennium Development Goals
MYPOW	Multi-year program of work
nfps	national forest programmes
NGO	non governmental organization
ODA	official development assistance
OECD	Organization for Economic Cooperation and Development
PES	payments for environmental services
PfAs	proposals for action
SFM	sustainable forest management
UN	United Nations
UNCED	United Nations Conference on Environment and Development
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNFF	United Nations Forum on Forests
USA	United States of America
VPA's	voluntary partnership agreements
WTO	World Trade Organization

Appendix I: Illustrative issues and actions to be considered for inclusion in the MYPOW

The purpose of this section is to suggest a set of issues and actions that could be considered by the UNFF for potential inclusion in the MYPOW. The issues and actions described below have the potential to meet the criteria described in Section IV of this paper.

In order to focus its agenda, the UNFF would need to prioritize a shorter list of issues and actions, and may also identify alternative issues and actions that meet the suggested criteria. Thus, this list is provided for illustrative purposes only.

Recognizing that the UNFF is a discussion forum without its own implementation capacity, the actions suggested below are formulated as recommendations to other international bodies or to Member states.

A. Actions Related to Climate Change

The development of a global regime to address the role of forests in climate change will proceed rapidly in the next few years. The key negotiating forum for this and other climate-related issues is the UNFCCC. However, there are a number of forest-related actions that could be usefully supported by the UNFF. These include:

Actions towards forest-related adaptation

The science and policy of assessing the vulnerability of forest based ecosystems to climate change is rapidly progressing, but adaptation strategies remain at an early stage. The UNFF could potentially issue recommendations on:

- Mainstreaming of adaptation-friendly national policies into forestry and other sectors related to land-use planning. (The MCPFE process could be used as a model.)
- Standards for use of the newly-created Adaptation Fund and criteria for the transfer of funds to developing countries.

Actions towards forest-related mitigation

Much work remains to be done in developing an international regime to promote forest-based strategies to reduce and sequester carbon emissions. In particular, the international community must design a system to govern payments for avoided deforestation. The UNFF could potentially issue recommendations to other international fora on:

- Standard methodologies for measuring and compensating reduced emissions from avoided deforestation and other land-use change.
- Measures to maximize local benefits from a carbon offset compensation regime, taking into consideration land ownership and access rights, equity and benefit sharing, and the rights of indigenous peoples and local communities.

Actions towards common standards for forest-related energy development

Concern about the consequences of climate change is driving renewed attention to non-fossil fuel based energy development, especially biofuels. Such development could come at the expense of forest-based ecosystem services if trade-offs are not managed carefully. The UNFF could potentially issue recommendations to national governments and other international fora on:

- Policy measures to manage large-scale land-use changes resulting from energy crops, taking into consideration land ownership and access rights, equity and benefit sharing, and the rights of indigenous peoples and local communities.
- Standard procedures for assessing and ensuring the sustainability of biofuels production, which could be used for certification purposes.
- Standards and accounting methods to assess the net emissions of these actions.

B. Actions Related to Liberalization of Trade and Investment

Increasingly globalized trade and investment in the forestry sector, and in other sectors that affect forests, has led to significant new challenges for sustainable forest management. However, the various international regimes for governing trade and finance (such as the WTO) are not well integrated with parallel and weaker regimes (such as multilateral environmental agreements) designed to promote environmental and social sustainability. The UNFF could play a role in linking the two in order to ensure that future international trade and investment agreements, and national-level and voluntary actions, are designed to promote more environmentally sound and socially equitable outcomes.

Actions toward understanding the effects of trade and investment liberalization

The effects of trade liberalization and international financial integration on forests, livelihoods, and economic development are significant, but their current and future impacts remain poorly understood. The UNFF could facilitate discussion of the characteristics of pro-poor, environmentally sustainable liberalization so as to influence the design of future trade agreements and national-level actions. Specifically, the UNFF could:

- Promote safeguard standards for assessing the impacts on forests of bilateral and multilateral trade and investment agreements (e.g., China's recent trade and investment agreements with supplier countries in Africa and Latin America).
- Facilitate discussion of the current and anticipated impacts of major emerging markets on global and regional supply-demand trends for forest products (e.g. use of scenarios as a decision-making support tool).

Actions towards developing common standards of assessment and disclosure for investment in forest industry and extra-sectoral investments that impact forests

Recent years have witnessed significant developments in the emergence of international norms governing corporate and financial sector practices. Public international financial institutions such as the World Bank Group have reviewed and revised their safeguard policy frameworks, while initiatives led by UN agencies, civil

society, and/or private sector actors – such as the Global Reporting Initiative and the Equator Principles – have proliferated. In order to strengthen and lend legitimacy to these efforts, and promote the widespread adoption of best practices, the UNFF could recommend:

- Standards for corporate disclosure and reporting of operational information by forest industry companies such as those being developed by the UNEP-sponsored Global Reporting Initiative (GRI) and other initiatives aimed at establishing an industry standard.
- Standards for due diligence and risk analysis for use by banks and other financial institutions engaged in forest-related investments, and support efforts to expand financial institutions' access to forestry expertise.
- Standards and procedures (including in investor countries) to assess effects of investments in other sectors that affect forests (i.e. oil palm, ranching, mining, infrastructure), and *develop common standards* to safeguard against negative impacts on forests and forest-dependent peoples.

C. Actions Related to Improved Forest Governance

The increasing appreciation of governance failure as an underlying cause of unsustainable forest management has spawned a number of public and private initiatives to improve forest governance. The UNFF could lend support to these initiatives, as well as contribute forest-specific input to more general initiatives to promote good governance.

Actions towards an international regime to halt trade in illegally-sourced forest products

Considerable resources are already being directed toward curtailing the production and trade of illegally sourced forest products, most notably through the FLEG process and through nascent bilateral agreements between importing and exporting countries. In order to strengthen and lend legitimacy to these efforts, and promote the widespread adoption of best practices, the UNFF could:

- Develop policy standards to promote the use of anti-money laundering and anti-corruption laws to curtail forest-related crime (e.g., use of 'know your customer' guidelines by banks; enhanced due diligence for 'politically exposed persons'; and expanded monitoring and reporting of suspicious transactions related to forestry companies).
- Discuss the effectiveness of bilateral and multilateral agreements to curtail illegal forest trade, including 'voluntary partnership agreements' (VPA's), in order to assess what types of approaches are most effective.

Actions towards international cooperation in promoting good forest governance

Long-term concerted action and sustained international commitment are necessary to ensure that the trend towards improved forest governance continues and results in lasting changes needed for sustainable and equitable forest use. The UNFF could:

- Support efforts to adapt global standards on procedural rights - such as those embodied in ILO Convention 169 on indigenous peoples, Convention against

Corruption, and the Aarhus Convention on access to information, participation, and justice - to forest management.

- Identify replicable innovations and share lessons and good practices in forest governance, and providing institutional channels through which these can inform the UNFF's agenda and substantive deliberations.

D. Actions Related to Ecosystem Services

Actions towards developing a global regime for financing the costs of forest biodiversity conservation

Increasing pressures on forest resources require both higher-level political attention and more sophisticated approaches for managing trade-offs among competing uses of forest lands and resources. Other fora, such as the Convention on Biological Diversity (CBD), are mandated by the international community to address significant portions of this agenda. Nevertheless, the UNFF could contribute by providing forest-specific input to such fora, by supporting initiatives by other public and private actors, and by providing a platform for discussion of issues insufficiently addressed elsewhere. These include:

- Policies for national-level action related to payments for ecosystems services (PES). In particular, the UNFF could promote the integration of PES with SFM in ways that minimize tradeoffs and promote synergies between conservation and development.
- Policies for national-level action to assess the costs, and finance the management of high conservation value protected areas.
- Discussion and consensus, particularly among industrialized and developing countries, on financing mechanisms and innovative approaches in their application.
- Linkages to other relevant international fora, such as the design of a regime for payments for avoided deforestation under the UNFCCC.