

Preparations for the Midterm Review of the International Arrangement on Forests

UNFF Expert Group Meeting on the Global Forest Financing Facilitation Network, and Implementation of the UN Strategic Plan for Forests 2017-2030

20-22 June 2023, UNON, Nairobi, Kenya/Hybrid

Co-Chairs' Summary of Discussions

I. Background

1. In its resolution 2015/33, the United Nations Economic and Social Council (ECOSOC) strengthened and extended the International Arrangement on Forests (IAF) to 2030. The Council further requested the Forum to undertake a midterm, and final review of the effectiveness of the IAF in achieving its objectives in 2024, and 2030. The seventeenth session of the United Nations Forum on Forests (UNFF17), which took place in May 2022, considered and decided the actions to be taken in preparation for the IAF midterm review in 2024 (ECOSOC Resolution 2022/17¹). These actions are contained in ten sections in the annex to ECOSOC resolution 2022/17, which include Section D: Actions related to the Global Forest Financing Facilitation Network and Section F: Actions related to the implementation of the United Nations Strategic Plan for Forests 2017–2030.

2. In response to paragraphs D.2, D.5 and F.2 of the annex of ECOSOC resolution 2022/17, the UNFF Secretariat (UNFFS) recruited several consultants to conduct assessments on Sections D and F. The two assessments regarding Section D include: i) an assessment of the status of existing resources for forests available from all sources, including private funding, as well as the gaps and constraints with regard to gaining access to such funds, and ii) an assessment of the performance, impacts and resource sufficiency and longevity of the Global Forest Financing Facilitation Network (GFFFN), and other measures to strengthen its work. The assessment regarding Section F is on the implementation of the United Nations strategic plan for forests (UNSPF) 2017-2030.

3. In addition to section F, paragraph 24 of ECOSOC resolution 2022/17 requested that the Forum secretariat, in the context of preparations for the midterm review of the international arrangement on forests, and in consultation with members of the Forum, prepare a road map and timeline for the next reporting cycle, in conjunction with the FAO Global Forest Resources Assessment (FRA) cycle, and explore options for establishing an online reporting platform for the Forum, recognizing the need for streamlined reporting and minimizing the reporting burden, including the challenges faced by developing countries.

4. In accordance with ECOSOC resolution 2022/17, these assessments should be discussed at an intersessional meeting. In this respect, the UNFFS organized an Expert Group Meeting (EGM) from 20-22 June 2023 in a hybrid format at the United Nations Office at Nairobi (UNON) in Kenya. The main objectives of this meeting were to allow experts from Member States, international forest-related organizations, regional and sub-regional partners, and civil society to review the findings of and share their views on the three assessment reports, prepared by the consultants on Section D and F of the annex to ECOSOC resolution 2022/17.

¹ <https://documents-dds-ny.un.org/doc/UNDOC/GEN/N22/438/29/pdf/N2243829.pdf?OpenElement>

II. Opening of the meeting

5. The meeting was opened by Ms. Juliette Biao, Director of the UNFF Secretariat. In her opening remarks, Ms. Biao welcomed the participants to the meeting, and outlined background, objective, and expected outcome of the meeting, and provided views of the UNFF Secretariat on issues under consideration by the EGM. In particular, she highlighted the increased demand for support from the GFFFN, especially regarding the development of national forest financing strategies and the strengthening of capacities to mobilize and access forest finance from all possible sources. She also highlighted a long-standing challenge to secure access sufficient financing for sustainable forest management for many countries, in particular developing countries, which exacerbated the funding gap for SFM due to the COVID-19 pandemic and its impacts on the global economy. She underscored the importance for the EGM to identify the gaps and insufficiencies to be addressed, and actions to be taken in the context of the IAF midterm review to enhance the effectiveness and capacity of the GFFFN to address the new and emerging needs of countries, as well as harness current and future opportunities to access financing for forests. She also highlighted challenges faced by countries and organizations in tracking and achieving progress towards the GFGs, particularly the lack of standardized and comparable statistical data to assess the progress towards several targets, the need for enhanced capacity, financial resources, and coordination for data collection at the national level. She also stressed the importance for the EGM to identify steps to make the next reporting cycle of the UNFF more efficient, straightforward, and meaningful, to more effectively assess the progress made towards achieving the GFGs and targets.

6. Following Ms. Biao's remarks, experts elected Ms. Baitshapi Edith Babusi-Hill, Director of the Department of Forestry and Range Resources at the Ministry of Environment and Tourism of Botswana, and Mr. Clement Payeur, Deputy Permanent Representative to the United Nations in Nairobi, Embassy of France in Kenya, Co-Chairs of the EGM. In their opening remarks, the Co-Chairs provided detailed information about the programme for the meeting. They indicated the way discussions on each of the three assessment reports will be according to the programme of work for the meeting, as well as the drafting of the Co-Chairs' summary of key suggested actions on the three reports, including the conclusion of the discussions, to be shared with participants for further discussions during the last day of the EGM. In this respect, following the presentation of each assessment report by the consultant, the experts were invited to share their views on the findings and suggestions contained in the assessment reports.

III. Discussions on consultant's assessment report on Section D assessment I on the status of existing resources for forests

7. The Co-Chair invited Ms. Astrid Zabel to present her assessment report on the existing resources for forests. Ms. Zabel structured her assessment of resources for forests into two broad categories: enabling finance and investments into forest assets. In her presentation, she referred to the former, OECD statistics to reveal that the volume of available international public funding for forests reached USD 1,557.35 million in 2021, which is a doubling of the resources available in 2015. She further pointed out that governments can also use their own funds as well as fiscal policies to promote sustainable forest management. Investments in forest assets can take many forms. For example, the US is the largest market for timberland investments. Based on available data, transnational forest land deals in developing countries were most frequent in Brazil but largest in terms of area in the Republic of the Congo. She mentioned available funding from various REDD+ mechanisms. Reviewing foreign direct investment policies, the consultant found that since 2015 efforts to attract foreign direct investments were made in several emerging economies while two developed economies rather tightened their regulations. The barriers to investments into forests in developing countries include investment risks due to unsolved

governance issues, political and economic instability, knowledge and data gaps but also a strong imbalance between resources invested into sectors that often harm forests and funding available for forests. She recommended the GFFFN to maintain efforts to develop the Clearing House and to regularly check whether there is a good balance between its various areas of responsibility. The consultant recommended governments create the best conditions for the implementation of SFM in their jurisdictions, but also in countries in which their domestic consumption has an ecological footprint. Several suggestions for corresponding strategies were provided, including for consumers to make conscious consumption decisions and to signal the demand for SFM.

8. Following the presentation of by Ms. Zabel, experts engaged in interactive discussions. A summary of key points of the discussions on the status of existing resources, gaps and constraints with regard to gaining access to such funds, and recommendations for actions are provided below.

- a. Despite the significant increase in forestry ODA since 2015, funding from all sources still falls far short of the requirements to achieve SFM, which is estimated at between \$70 - \$400 billion annually. It is therefore critically important to maintain the momentum of mobilizing resources from all sources to forests to reach the desired levels.
- b. The amount of funding available to forestry is dwarfed by those for other sectors that can harm forests, especially agriculture and mining sectors. The need to move beyond just focusing on the forest policy arena to engaging other sectors, such as sustainable finance was highlighted/emphasized.
- c. The barriers to accessing finance have remained the same over the last 30 years, including investment risks due to unsolved governance issues; political and economic instability; different expectations among funding recipients and funding providers; insufficient coordination and knowledge, and data gaps. There is therefore a need to focus on addressing/resolving the barriers in order to improve access to funding for forests instead of continuing business as usual.
- d. The need to address the challenges of insecure forest tenure and/or user rights to smallholders, local communities, and Indigenous Peoples to facilitate their investment in SFM was highlighted.
- e. Emphasis was made on the need to create enabling environments/conditions for decreasing investment risks for foreign capital while ensuring that foreign direct investments foster sustainable forest management practices and do not impinge on local peoples' rights and needs.
- f. It was suggested that the forest sector should contribute actively to shaping the development of regulatory frameworks on sustainable investments (e.g. taxonomies) that favour sustainable forest management.
- g. Governments need to review their fiscal policies to support forest financing. In doing so, it is essential to integrate forests and their contribution to sustainable development into national development strategies. There is a need to consider how added funding for forests can contribute to sustainable development.
- h. There is a need to also address tariff and non-tariff barriers in forest products to improve investments in the forest sector.
- i. Some experts highlighted the need to encourage consumers to procure forest products and services from sustainably managed forests.
- j. It was emphasized that alignment of national forest financing strategies with the National Biodiversity Strategies and Action Plans (NBSAPs), the Nationally Determined Contributions (NDCs), voluntary national targets of the Land Degradation Neutrality of LDN, and other

relevant national development strategies and frameworks is important for raising the profile of forests and mobilizing additional resources for sustainable forest management.

- k. Private sector funding is important but there is a need to take into account countries' indebtedness.
- l. The need to avoid trade measures that impact SFM and increase the ease to access financial support was highlighted.
- m. While the importance of certification mechanisms has been acknowledged by some experts, it was mentioned that it is not the only means to achieve SFM, and this issue can be dealt with in close collaboration with the UN Agencies who have the mandate to deal with it, i.e. WTO.

IV. Discussions on consultant's assessment report on Section D assessment II on the performance, impacts and resource sufficiency and longevity of the GFFFN

9. The Co-Chair invited Mr. Jorge Illueca to present his assessment report. Mr. Illueca made a presentation on Assessment II, "an assessment of the performance, impacts and resource sufficiency and longevity of the GFFFN, and other measures to strengthen its work.". In his presentation, Mr. Illueca highlighted a summary of key points contained in his report, underlining conclusions and recommendations for increasing the effectiveness of the Network. In doing so, he underlined the importance of the capacity-building in forest financing provided to 33 developing countries and countries with economies in transition and four regional and subregional organizations, including the preparation of forest financing strategies and, when requested, supportive project proposals. The development of the GFFFN Clearing House is increasingly playing a central role within the capacity-building framework on forest financing. Special attention is given in the assessment to the internal and external constraints impacting the effectiveness of the GFFFN. Notwithstanding the professionalism of secretariat staff supporting the work of the Network, insufficient extrabudgetary resources and staffing have resulted in longer delays in the provision of assistance. External constraints, including very long approval processes by multilateral donors, have had a great negative impact on forest financing, primarily resulting in the unsatisfactory rate of success to date of GFFFN-assisted countries in mobilizing forest financing. The consultant stressed the need to greatly improve cooperation and coordination with GCF/GEF national designated authorities (NDAs), members of the Collaborative Partnership on Forests (CPF), including the targeted funds (GEF and/or GCF) so that the requesting country agency, the donor fund, a potential accredited entity/implementing agency and the GFFFN can co-originate the proposal from the inception of the forest financing facilitation process.

10. Following the presentation by Mr. Jorge Illueca, experts engaged in interactive discussions. A summary of key points of the discussions on actions related to the GFFFN is presented below:

- a. The fact that the GFFFN has received many requests for support from countries indicates that many Forum members are in need of the GFFFN support in mobilizing and accessing forest finance.
- b. There is a need to address the deficiency of both human and financial resources (extrabudgetary resources) of the GFFFN to enhance performance and effectiveness. Such enhancement needs to be supported by a comprehensive review of the staffing of the UNFFS, including its dedicated staff to the GFFFN.
- c. There is a need to raise awareness and strengthen communication on the GFFFN and its activities, including sharing success stories and other experiences, and regularly updating the website.

- d. The need to align national forest financing strategies with NBSAPS, NDCs and other relevant national development strategies and frameworks was highlighted.
- e. There is a need to ensure national forest financing strategies address the financing needs of different stakeholders/actors as they have distinct/different needs and roles.
- f. There is a need to conduct a questionnaire/survey among members of the Forum and other stakeholders on the effectiveness and usefulness of the GFFFN Clearing House to gather information on how the GFFFN has helped access finance and suggestions for improvement.
- g. The Forum should consider paving the way for the GFFFN to strengthen collaboration with intergovernmental regional and subregional organizations, including through revising the GFFFN guidelines, and making these organizations eligible to request GFFFN support.
- h. The CPF members should continue to support the work of the GFFFN and strengthen their collaboration with the GFFFN. However, it was noted that there is a need to manage the expectations of the UNFF Members as there is a limit to what CPF members can do to support the GFFFN given the fact that some of the CPF members are accredited to multilateral funds whilst others are not and that the activities have to be aligned with their mandates. Members of CPF entities that are unaccredited with multilateral funds, were encouraged to support their efforts to gain accreditation.
- i. The major constraints affecting the GFFFN performance are external to the Network as strategies for mobilizing domestic financing may require fiscal policy or legislative changes, which take time to develop resulting in delays in the implementation of the strategies.
- j. The challenge of long project processing periods and high project preparation costs as well as long pipelines of accredited entities or implementing agencies can result in lengthy delays in accessing resources from multilateral sources. The GEF, GCF and other relevant multilateral funding sources and accredited members of the CPF should provide assistance to the GFFFN, including by identifying ways of shortening the project processing and approval period.
- k. The provision of capacity development and awareness raising by the GFFFN should be a continuous process, including through virtual means, to take into account changes in personnel in recipient countries, and new and emerging opportunities.
- l. There remains a need to continue to support forestry and forests through ODA to achieve SFM.

V. Discussions on paragraph 24 of ECOSOC resolution 2022/17 and consultant's assessment report on Section F on Implementation of the UN Strategic Plan for Forests 2017-2030

11. The Co-Chair invited Mr. Kit Prins to make a presentation on the assessment report on the implementation of the UNSPF. During his presentation, Mr. Kitt Prins focused on progress towards the Global Forest Goals, and improving the reporting process. The Global Forest Goals report (GFGR) 2021 demonstrated to the UNFF and a wider audience where and to what extent the world is on track to achieve the targets, and where there has been little progress. Since then, countries had identified the main global and regional issues of concern to forests in the early 2020s. The reporting process brought benefits not only to UNFF and the international community, but also to the reporting countries themselves. However, it is possible to improve the reporting process. He made a number of recommendations, including that reports, along the lines of the GFGR 2021, should be produced at approximately five-year intervals, culminating in a final report assessing whether the global forest goals and their associated targets have in fact been achieved, and that UNFF and FAO with their partners should continue to work together to avoid duplication and minimize the reporting burden. As regards timing, the next round of voluntary national reporting to UNFF should be launched so that VNRs are available shortly after the FAO FRA 2025 data set

becomes available to UNFF. Donors and the international community should continue to work together to increase member states' capacity to prepare voluntary national reports.

12. Following the presentation by Mr. Kit Prins, the Co-Chair invited Mr. Tomasz Juszczak of the UNFF Secretariat to make a presentation on paragraph 24 of ECOSOC resolution 2022/17. Mr. Juszczak made a presentation on the proposed timeline for the next reporting cycle to UNFF and options for an online reporting tool. In his presentation, he underlined that that proposal followed the recommendation from the UNFF to synchronize the national reporting to UNFF with the five-year FAO/FRA reporting cycle. The proposed timeline would allow for the use of data collected within the FRA2025 process, by the UNFF Focal Points when preparing their national reports to UNFF and by the UNFF Secretariat when analyzing the information submitted by countries and assessing the progress made towards achieving the GFGs at the global level. The proposal also took into consideration the possibility of the UNFF producing an overview of progress towards the achievement of the Global Forest Goals in the form of a publication to be released by May 2026. He also shared information on the benefits and possibilities of creating an online reporting tool. Online reporting would provide a more dynamic and informative way to compile data submitted in the national reports, presenting the information in a more accessible and manageable format, further contributing to reducing time for and putting in place tools that help improve the data quality. He stated that if implemented, countries would be encouraged to use this system, noting that the use would be optional and submission of a national report in MS Word format would remain a possibility.

13. Following the presentation by Mr. Kit Prins and Mr. Tomasz Juszczak, experts engaged in interactive discussions. A summary of key points of the discussions on the Implementation of the UN Strategic Plan for Forests 2017-2030 is presented below:

- a. Many experts called for more capacity building activities related to MAR and assistance in preparing their national reports, stating the limited human and financial resources. It was stated that reporting on GFGs and targets is a complex process that requires data and information scattered around various ministries, agencies and institutions.
- b. Experts supported the timeline for the next reporting cycle proposed by the UNFFS. However, some experts expressed concerns that there might be a need for more than six months to fill in and submit the national reports to the Forum.
- c. There was general support for the establishment of an informal Advisory Group on reporting to the UNFF, with a request to include interested CPF members in it, and for the development of an online reporting tool.
- d. There is a need to advance the ongoing work related to socio-economic indicators. Systematic data is needed to show the interlinkages of forests with the 2030 Agenda for Sustainable Development and the full value and contribution of forests to sustainable development. It is also needed to measure appropriately the progress made towards the achievement of the GFGs, in particular GFG2 and GFG4.
- e. The need for a simple reporting mechanism, further streamlining of reporting and taking advantage of existing data was underlined. The UNFFS should continue to simplify the format for reporting to UNFF, review the explanatory notes for reporting, minimize the reporting burden and work closely and collaboratively with FAO FRA team.
- f. The UNFFS should continue to cooperate closely with FAO and other CPF members to avoid duplications and overlaps in data collections and to further minimize the reporting burden in reporting on forests. Suggestions were made to coordinate the monitoring, assessment and

- reporting (MAR) activities and exchange data on the new Global Biodiversity Framework developed under CBD, take advantage of the existing global reports on forests, biennial review of ITTO and reports and data from regional criteria and indicators processes.
- g. The lack of adequate and predictable means of implementation, lack of new and additional resources, and increased competition for those resources which are available, and lack of capacities, increased competition for land use, climate change, inadequate governance, and political instability as among the major challenges and factors undermining the implementation of the UNSPF and the achievement of the Global Forest Goals (GFGs) in developing countries.
 - h. A suggestion was made to recognize the role of Indigenous Peoples, local communities and other stakeholders like women and youth in the implementation of and reporting on the UNSPF and achieving its goals and targets.
 - i. Regarding the next publication on the GFGs, some experts preferred to refer to it as a “report” rather than a flagship publication, and underlined the need to develop it in a transparent manner. Some suggested exploring the content and format of the next report, such as looking at broader aspects of the role of forests in ecosystem restoration and producing fact sheets on specific issues or GFGs.

VI. Proposals on Section D and F

14. The following are the main proposals and suggestions emanated from the discussions during the expert group meeting on Section D and F.

15. The UNFF may wish to request/invite the UNFF Bureau and UNFF members to:

A. Actions related to the GFFFN

i. Actions related to increasing existing financial resources for sustainable forest management

Member States

- a. Maintain momentum and strengthen efforts to substantially mobilize the provision of financial resources from all sources for SFM to support developing countries.
- b. Use the Clearing House as one of information sources on forest financing.
- c. Provide secure forest tenure and/or user rights to smallholders, local communities, and Indigenous Peoples when facilitating their investment in SFM.
- d. Create enabling environment/conditions for decreasing investment risks for foreign capital while ensuring that foreign direct investments foster sustainable forest management practices and do not impinge on local peoples’ rights and needs.
- e. Contribute actively to shaping the development of regulatory frameworks on ‘green’ or ‘sustainable’ investments (e.g. taxonomies) in favor of sustainable forest management.
- f. Review the effects of fiscal policies on sustainable forest management and amend and reform, where necessary, to create incentives in favor of sustainable forest management.
- g. Encourage procurement of forest products and services from sustainably managed forests.
- h. Ensure that national forest financing strategies address the financing needs of different stakeholders/actors as they have distinct/different needs and roles.

- i. Focus on addressing/resolving the barriers to accessing finance from existing sources in order to increase funding for forests instead of continuing with business-as-usual.
- j. Utilize blended financing to attract and de-risk private sector investment in sustainable forest management.

ii. Actions related to the GFFFN

Member States

- a. Encourage members to acknowledge that training in forest financing at the country level should not be seen as a one-off activity but rather as a process that may require periodic renewal by the GFFFN.
- b. Encourage members requesting GFFFN support in developing project proposals for accessing funding from multilateral sources, such as the Adaptation Fund, GCF and GEF, to ensure enlisting, from the outset, the full support of an implementing agency or accredited entity and national focal points and national designated authorities.
- c. Invite members to consider revising existing GFFFN guidelines to make intergovernmental regional and sub-regional organizations eligible to receive GFFFN support.
- d. Invite members and others in a position to do so to provide voluntary contributions to the UNFF Trust Fund to scale up the activities of the GFFFN, including its Clearing House, and in assisting requesting countries and accredited entities in the preparation and finalization of full-sized project proposals for funding by donor organizations.
- e. Invite members to consider the results of the UNFF comprehensive staffing review and make recommendations, as appropriate, as to GFFFN staffing.
- f. Invite members in a position to do so, to second JPOs and further invites CPF members to second staff to the Secretariat to enhance the GFFFN capacity to provide adequate and timely support to Members of the UNFF.

UNFF secretariat

- a. Request the UNFF secretariat, in collaboration with CPF members, to continue to update and maintain the GFFFN Clearing House, including its database on forest financial flows, and invite CPF member organizations and UNFF stakeholders to share their lessons learned and best practices and success stories regarding forest financing for publishing on the Clearing House website.
- b. Invite the accredited members of the CPF to be engaged more in supporting the work of the GFFFN, including in the elaboration and promotion of project proposals where the members have been invited to serve as accredited or implementing agencies.
- c. Request the UNFF secretariat and the GCF Secretariat to work closely on the GFFFN-supported project proposals, which are in the pipelines for review by the GCF, and improve coordination and cooperation in the development of project proposals.
- d. Request the UNFF Secretariat, when a request for GFFFN support is received from a country, and in close consultation with the respective country, to send an expression of interest to the accredited CPF members, including the targeted funds, such as the Adaptation Fund, GEF through its Operational Focal Point, and GCF, so that a potential accredited entity/implementing agency and the GFFFN and the national authorities can collaborate in the development of the proposals from the inception of the facilitation process.

- e. Request the UNFF secretariat to publicize more widely the UNFF Clearing House on Forest Financing Quarterly Highlight and make it available on the GFFFN website.
- f. Request the UNFF secretariat/GFFFN to conduct a questionnaire/survey to members of the Forum and other stakeholders on the effectiveness and usefulness of the GFFFN Clearing House to gather information on how the GFFFN has helped access finance and suggestions for improvement.
- g. Request the UNFF secretariat to develop a template for assessing the results of the support provided by the GFFFN to requesting countries, comparable to a technical assistance post-mortem analysis, as a tool for facilitating future assessment of progress achieved, obstacles confronted and lessons learned, taking into account contributions to the achievement of the Global Forest Goals of the UNSPF and UNFI.
- h. Request the UNFF secretariat to organize regional training workshops with designated national focal points in forest departments on the utilization of the GFFFN Clearing House who in turn could organize national training GFFFN Clearing House workshops directed at public and private sector stakeholders.

B. Actions related to the implementation of the UNSPF 2017-2030

Member States

- a. Continue to work to implement the UNSPF and attach high priority to achieving all the Global Forest Goals and targets.
- b. Recognize the specific challenges faced by developing countries and further stress the need to enhance international cooperation to support those countries.
- c. Continue to work together to monitor and report on progress in implementing the UNSPF and achieving the GFGs and their associated targets.
- d. Initiate, as soon as possible, activities related to the next reporting cycle, including the establishment of the informal Advisory Group on reporting to UNFF.
- e. Donors and the international community should continue to work together to increase member states' capacity to prepare voluntary national reports.
- f. Recognize the role of Indigenous Peoples, local communities and other stakeholders (vulnerable groups) in the implementation of and reporting on the UNSPF and achieving its goals and targets.

UNFF secretariat

- a. Make use of the information received in the next reporting cycle through producing another report on the GFGs, and develop it in a transparent manner.
- b. Conduct capacity building activities related to MAR and provide assistance in preparing their national reports.

CPF

- a. Advance the ongoing work of the Global Core Set of Forest-related indicators, in particular all Tier iii indicators as they are crucial, in particular to assess progress towards GFG 2 and demonstrate the contribution of forests to sustainable development.
- b. Further enhance coordination, streamline reporting and data sharing activities and make use of the existing global publications and reports on forests.

- c. Consider organizing a joint workshop on international reporting on forests for focal points of all relevant CPF member organizations.