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GLOBAL FRAMEWORK ON FORESTS AND MAIN FOREST- RELATED FINANCING MECHANISMS

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I. INTRODUCTION

1. The Commission on Genetic Resources for Food and Agriculture (the Commission), at its Fourteenth Regular Session in April 2013, considered draft strategic priorities for action on forest genetic resources and agreed on them as the *Global Plan of Action for the Conservation, Sustainable Use and Development of Forest Genetic Resources* (Global Plan of Action).¹ Subsequently, the FAO Conference adopted the Global Plan of Action at its Thirty-eighth Session in June 2013.² At its Fifteenth Regular Session in January 2015, the Commission agreed on the *Strategy for the Implementation of the Global Plan of Action for the Conservation, Sustainable Use and Development of Forest Genetic Resources* (the Implementation Strategy).³

2. The Implementation Strategy recognizes that the implementation of the Global Plan of Action, in particular in developing countries, depends on the availability of additional financial resources. It also requests FAO to develop a Funding Strategy for the implementation of the Global Plan of Action (Funding Strategy).⁴ At its last session, the Commission considered progress made in developing the Funding Strategy.⁵ It requested FAO to continue pursuing extra-budgetary funds, developing the Funding Strategy and encouraging donors to provide support.⁶

3. FAO continued developing the Funding Strategy for the implementation of the Global Plan of Action by considering the recent developments in the global framework on forests, such as the adoption of the UN Strategic Plan for Forests 2017-2030 by the UN General Assembly in 2017, and the main existing financing instruments for forests. Furthermore, FAO also considered lessons learned from its past and ongoing efforts in assisting developing countries and countries with economies in transition to mobilize financial resources for sustainable forest management.

4. This document presents, for information of the Commission, recent developments in the global framework on forests, including the main forest-related financing mechanisms. Based on these developments, an approach for finalizing the Funding Strategy is proposed. At its Fifth Session held in May 2018, the Intergovernmental Technical Working Group on Forest Genetic Resources (the Working Group) took note of a draft Funding Strategy for the implementation of the Global Plan of Action. The Working Group requested the Secretariat to prepare, based on comments received during the session, an updated draft of the Funding Strategy for consideration by the Commission.⁷ The draft Funding Strategy, as revised in the light of comments received, is contained in the document *Updated Draft funding strategy for the implementation of the Global Plan of Action for the Conservation, Sustainable Use and Development of Forest Genetic Resources*.⁸

II. THE GLOBAL FRAMEWORK ON FORESTS, INCLUDING FOREST-RELATED FINANCING MECHANISMS

Recent developments in the global framework on forests

5. The Global Plan of Action encourages countries and stakeholders to explore new funding opportunities for forest genetic resources, including climate change and biodiversity-related funds.⁹ It is therefore crucial to align the implementation of the Global Plan of Action with global, regional and national efforts that are promoting the implementation of sustainable forest management as well as the restoration of degraded forest ecosystems and the mitigation of climate change. Furthermore, it is important to consider the existing funding mechanisms for these efforts to avoid duplication of efforts

¹ CGRFA-14/13/Report, paragraph 52.

² C 2013/REP, paragraph 77.

³ CGRFA-15/15/Report, *Appendix E*.

⁴ CGRFA-15/15/Report, *Appendix E*, Chapter VI.

⁵ CGRFA-16/17/19, paragraphs 18–20.

⁶ CGRFA-16/17/Report, paragraph 73.

⁷ CGRFA-17/19/10.1, paragraph 12.

⁸ CGRFA-17/19/10.2/Inf.3.

⁹ Strategic Priority 27: Strengthen efforts to mobilize the necessary resources, including financing, for the conservation, sustainable use and development of forest genetic resources.

and to fast-track the mobilization of financial resources for actions on the conservation and use of forest genetic resources.

6. When the UN General Assembly adopted the Non-Legally Binding Instrument on All Types of Forests (now called the UN forest instrument) in 2007, it re-affirmed forest biological diversity as one of the seven elements of sustainable forest management. The UN General Assembly also adopted, in 2017,¹⁰ the UN Strategic Plan for Forests 2017-2030¹¹ which provides a global framework for actions at all levels to sustainably manage all types of forests and trees outside forests and halt deforestation and forest degradation. The strategic plan includes six global forest goals and 26 associated targets to be achieved by 2030. These voluntary goals and targets contribute to the implementation of the 2030 Agenda for Sustainable Development and the Paris Agreement of the UN Framework Convention on Climate Change (UNFCCC), as well as relevant decisions of the Convention on Biological Diversity (CBD) and the United Nations Convention to Combat Desertification (UNCCD). The following goals are of particular importance for the conservation and use of forest genetic resources:

- a. Global Forest Goal 2 (*Enhance forest-based economic, social and environmental benefits, including by improving the livelihoods of forest-dependent people*) includes the conservation and sustainable use of genetic diversity of forests and trees outside of forests as one of the indicative thematic areas for action. Forest genetic resources are also highly relevant for several other thematic areas of Global Forest Goal 2, such as the contribution of forests to poverty eradication and livelihoods, forests and trees in the urban context and agroforestry.
- b. Sustainable and appropriate use of forest genetic resources is crucial for achieving Global Forest Goal 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 and contribute to the global effort of addressing climate change*), and in particular its subgoals aiming at increasing forest area by 3 percent worldwide and maintaining or enhancing the world's forest carbon stocks.
- c. Global Forest Goal 4 (*Mobilize significantly increased, new and additional financial resources from all sources for the implementation of sustainable forest management and strengthen scientific and technical cooperation and partnerships*) is also highly relevant for mobilizing financial resources for the conservation and use of forest genetic resources. Furthermore, the implementation of the Global Plan of Action contributes to achieving Global Forest Goal 6 (*Enhance cooperation, coordination, coherence and synergies on forest-related issues at all levels, including within the United Nations system and across member organizations of the Collaborative Partnership on Forests (CPF), as well as across sectors and relevant stakeholders*).

7. The Collaborative Partnership on Forests (CPF)¹² consists of 15 international organizations and secretariats with substantial programmes on forests promoting sustainable forest management and strengthening long-term political support to this end. The CPF is chaired by FAO and serviced by the Secretariat of the United Nations Forum on Forests (UNFF)¹³ under which the UN forest instrument was negotiated. The CPF activities include an online Sourcebook on Funding for Sustainable Forest Management,¹⁴ which was developed to help countries and other stakeholders locate global funding sources for sustainable forest management projects.

8. In 2015, the UNFF established the Global Forest Financing Facilitation Network (GFFFN)¹⁵ for increasing access to financial, technical and scientific resources to implement the UN forest instrument. The GFFFN continues the previous UNFF work on forest financing and is recognized as

¹⁰ A/RES/71/285.

¹¹ E/RES/2017/4.

¹² <http://www.cpfweb.org/en/>

¹³ <http://www.un.org/esa/forests/index.html>

¹⁴ <http://www.cpfweb.org/73034/en/>

¹⁵ <http://www.un.org/esa/forests/forum/capacity-development/forest-financing/index.html>

one of the five main components of the international arrangement on forests. The functions of the GFFFN are to: (i) promote the design of national forest financing strategies to mobilize resources for sustainable forest management; (ii) facilitate access to existing and emerging financing mechanisms, including the Global Environment Facility and the Green Climate Fund; and (iii) serve as a clearing house on existing, new and emerging financing opportunities and as a tool for sharing lessons learned from successful projects.

9. In addition to the goals of the UN strategic plans for forests 2017-2030, Aichi Biodiversity Targets 5 (on habitat loss), 7 (on sustainable agriculture, aquaculture and forestry) and 15 (on ecosystem restoration) of the CBD, the Paris Agreement of the UNFCCC and the Land Degradation Neutrality of the UNCCD are also highly relevant for the conservation and use of forest genetic resources. These international commitments are the building blocks of Sustainable Development Goal 15 (Life on land).

10. In 2011, the Bonn Challenge was launched to bring 150 million hectares of deforested and degraded lands under restoration by 2020, and 350 million hectares by 2030. In 2014, the Bonn Challenge was endorsed and extended by the New York Declaration on Forests at the UN Climate Summit. To support the achievement of the global restoration targets, regional processes, such as the 20x20 Initiative and the AFR100, have also been established. The 20x20 Initiative aims at bringing 20 million hectares of degraded land in Latin America and the Caribbean into restoration by 2020, while the AFR100 aims at bringing 100 million hectares of degraded land in Africa into restoration by 2030.

11. In 2015, further to recognizing the role of forests in climate change mitigation in the Paris Agreement, the Twenty-first Conference of Parties (COP21) to the UNFCCC also agreed on outstanding issues related to the so-called REDD+ framework (i.e. reducing emissions from deforestation and forest degradation, and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries). This framework creates incentives for developing countries to mitigate climate change with forest-based measures and to receive, based on performance, technical and financial support for such measures. The REDD+ activities are generally viewed in three phases, namely: (i) the development of national strategies or action plans, policies and measures (including a robust and transparent national forest monitoring system); (ii) the implementation of national strategies or action plans, policies and measures; and (iii) results-based payments following the reporting and verification of emission reductions. The first and second phases can involve capacity-building and technology development and transfer. The REDD+ phases are also referred to as: (i) readiness; (ii) implementation; and (iii) payment for results.

12. The concept of Land Degradation Neutrality (LDN) was agreed by the UNCCD in 2015 to restore the productivity of large areas of degraded lands and reduce the impacts of droughts on vulnerable populations by 2030. Currently, over 110 countries are developing their national LDN targets with support from the global target-setting programme implemented in collaboration with several UN agencies, international organizations and donors.

13. Recent efforts by the CBD to promote biodiversity mainstreaming also have relevance to the conservation and use of forest genetic resources. In December 2016, COP13 to the CBD welcomed the Cancun Declaration and urged Parties to strengthen their efforts to mainstream conservation and sustainable use of biodiversity within and across various sectors, including agriculture, forestry, fisheries and aquaculture, and tourism at all levels and scales. In the case of the forest sector, COP13 encouraged Parties to create enabling conditions, strengthen the enforcement of laws and regulations, and promote the implementation of sustainable forest management. COP13 also welcomed a proposal by FAO to establish a platform on biodiversity and agricultural sectors for governments, communities of practice and other stakeholders to build bridges between sectors, identify synergies, align goals and develop integrated cross-sectoral approaches to mainstreaming biodiversity in the agriculture, forestry and fisheries sectors. In addition, COP13 took note of the Global Plans of Action on plant, animal and forest genetic resources.

14. At its Twenty-fourth Session held in July 2018, the FAO Committee on Forestry (COFO) discussed the role of biodiversity in the forest sector.¹⁶ It supported FAO's initiative to serve as a Biodiversity Mainstreaming Platform covering agriculture, forestry and fisheries in an integrated manner, and recognized that the implementation of sustainable forest management is important for mainstreaming biodiversity in forestry.¹⁷ COFO also invited member countries to engage in the Platform to exchange information on opportunities and constraints for biodiversity mainstreaming in forestry, and to strengthen the implementation of international agreements relevant to biodiversity and forests, as well as the Global Plan of Action on forest genetic resources.

Main financing instruments for forests

15. Currently, the main multilateral financing mechanisms for forests are the Global Environment Facility (GEF)¹⁸ and the Green Climate Fund (GCF)¹⁹. The GEF was established in 1992 and is the financial mechanism of the five major international environmental conventions, including the CBD, the UNCCD and the UNFCCC. The GEF provides funding to government agencies, civil society organizations, private-sector companies and research institutions in developing countries and countries with economies in transition to support their efforts in implementing these conventions. For its sixth funding period (2014–2018), the GEF received a total of USD 4.43 billion and supported a total of 629 projects during this period. Of these projects, 58 projects and programmes focused on sustainable forest management providing USD 825 million in GEF grants.

16. The seventh funding period (GEF-7) started in July 2018 and aims to make available a total of USD 4 billion in GEF grants. The GEF-7 includes three Impact Programmes and two of them, on sustainable forest management and on food systems, land use and restoration, are highly relevant for mobilizing financial resources for the conservation and use of forest genetic resources. Furthermore, the GEF-7 Focal Area Investments to biodiversity mainstreaming, climate change mitigation and the implementation of the Land Degradation Neutrality concept offer additional opportunities.

17. The GCF was established in 2010, as part of the UNFCCC's financial mechanism, to help developing countries limit or reduce their greenhouse gas emissions and adapt to climate change. The investment priorities of the GCF include support for reducing emissions from deforestation and enhancing forest-based mitigation options. As of October 2018, the GCF has granted a total of USD 1.6 billion to 93 projects. Currently, the GCF offers financial support for all three REDD+ phases, following the launch of a five-year pilot programme for results-based payments at the end of 2017. The pilot programme, with a budget of USD 500 million, is designed to pay results generated by the earlier REDD+ phases supported by the GCF between December 2013 and December 2018.

18. Other multilateral and regional financing initiatives have also been supporting early phases of REDD+. These financing initiatives include the Forest Carbon Partnership Facility and the UN-REDD Programme, as well as the Central African Forest Initiative and the Congo Basin Forest Fund, to name a few. Additionally, several donor countries have actively supported REDD+ activities through bilateral financing arrangements, such as Norway's International Climate and Forest Initiative and Germany's REDD Early Movers Programme.

19. Considering the implementation of sustainable forest management in general, various multilateral funding mechanisms and development banks continue supporting this work although many of them have directed part of their funding to the GEF and the GCF. In the case of bilateral funding, many donors are also continuing their support to projects on sustainable forest management although during the past years, other funding priorities have often outcompeted forests in the allocation of official development assistance.

20. FAO is currently the fourth largest partner of the GEF with 113 operationally active projects and another 58 projects in the active pipeline or under development. Many of the FAO-managed

¹⁶ COFO/2018/5.3.

¹⁷ COFO/2018/REP, para 14.

¹⁸ <http://www.thegef.org/>

¹⁹ <https://www.greenclimate.fund/>

projects funded by the GEF under its different focal areas contribute to the implementation of sustainable forest management and thus often also, directly or indirectly, to the implementation of the Global Plan of Action. For example, of 60 multi-focal area projects in FAO's GEF portfolio since 2002, 31 projects have included, or include, a component on sustainable forest management. Currently, FAO is supporting several countries, including the Central African Republic, China, Fiji, Haiti, Mozambique, Pakistan, Philippines, São Tomé e Príncipe, Sri Lanka and Uzbekistan,²⁰ to implement GEF projects that aim at enhancing sustainable forest management or supporting forest and landscape restoration.

21. FAO has also been accredited by the GCF to manage its projects and recently two FAO-designed proposals for large-scale GCF projects in El Salvador and Paraguay²¹, including forest-related activities, were approved. Furthermore, FAO is currently coordinating smaller GCF Readiness projects in Burkina Faso, the Republic of the Congo, Equatorial Guinea and Lao People's Democratic Republic²² to prepare the submission of large-scale project proposals for the GCF to enhance the contributions of forests and other land-use sectors to climate change adaptation and mitigation in these countries. Additionally, FAO is supporting Chad, Cuba, Gambia, Senegal and Sudan in developing GCF project proposals including activities on forests and REDD+.

Lessons learned from mobilizing financial resources for sustainable forest management

22. For the preparation of the funding strategy for the Global Plan of Action, it is useful to consider lessons learned from the past and ongoing efforts in mobilizing financial resources for sustainable forest management. The GFFFN has summarized these lessons learned as follows²³:

- a. There are both challenges and opportunities in mobilizing forest financing at global, regional and national levels. Challenges include a complex financing "landscape" especially at the global level and the fact that limited amounts of available official development assistance can be invested in the forest sector as many countries have low capacity to translate such investments into action, and maintain these investments to generate long-lasting impacts. Opportunities include untapped sources of funding, in particular in the private sector (including foundations). It is recognized that private-sector financing offers significant potential but this financing is mostly channelled into activities that maximize short-term economic potential. While public-sector financing often plays a catalysing and leveraging role, private-sector financing could also contribute more broadly towards the aims of sustainable forest management. Other opportunities are offered by regional and international cooperation, for example, in the form of learning and sharing experiences and information.
- b. A holistic approach is crucial for mobilizing financial resources for sustainable forest management because of the complex financing landscape and diverse funding needs. The

²⁰ Forest and Landscape Restoration Supporting Landscape and Livelihoods Resilience in the Central African Republic (2018–2022); Sustainable Forest Management to Enhance the Resilience of Forests in China to Climate Change (2016–2022); Community-based Integrated Natural Resource Management in Fiji (2018–2019); Sustainable Management of Wooded Production Landscapes for Biodiversity Conservation in Haiti (2019–2023); Payment for Ecosystem Services to Support Forest Conservation and Sustainable Livelihoods in Mozambique (2017–2022); Reversing Deforestation and Degradation in High Conservation Value Chilgoza Pine Forests in Pakistan (2018–2021); Enhancing Biodiversity, Ecosystem Flows, Carbon Stocks through Sustainable Forest Management and Restoration of Degraded Forestlands in the Philippines (2018–2022); Landscape Restoration for Ecosystem Functionality and Climate Change Mitigation in the Republic of São Tomé e Príncipe (2018–2023); Promoting Sustainable Forest Management and Improving Livelihoods through Integrated Land Use Planning and Forest Landscape Restoration in Sri Lanka (2018–2022); Sustainable Management of Forests in Mountain and Valley Areas in Uzbekistan (2018–2023).

²¹ Upscaling Climate Resilience Measures in the Dry Corridor Agroecosystems of El Salvador (2018–2023); Poverty, Reforestation, Energy and Climate Change (Paraguay) (2019–2023).

²² Assessing forest and land use sector opportunities in Burkina Faso to support climate change adaptation (2018–2019); Support to Congo's readiness for the GCF in the land use and forestry sector (2018–2019); Preparatory support to the NDA of Equatorial Guinea to engage with the GCF in early stages of REDD+ (2018–2019); Lao PDR GCF Readiness for REDD+ (2018–2020).

²³ <http://www.un.org/esa/forests/wp-content/uploads/2015/10/Issuebrief3.pdf>

multiple values of forests are attractive to a broad range of financing instruments, donors and investors, and this calls for a coordinated approach to cover all elements of sustainable forest management and to avoid further fragmentation of forest finance. Forest financing strategies have thus been proposed for enhancing coordination at both national and regional levels. Mobilizing financial resources should also involve a degree of flexibility as a “one-size-fits-all” approach matches poorly with different national or sub-national situations and specific needs of countries.

c. Building capacity in preparing bankable project proposals and in implementing large projects can address the lack of absorptive capacity together with capacity building on technical issues related to sustainable forest management.

23. With these lessons in mind, the GFFFN is already aiming at enhancing coordination, cooperation and coherence among various funding sources and mechanisms.

III. PROPOSED APPROACH FOR FINALIZING THE DRAFT FUNDING STRATEGY

24. The aforementioned lessons learned from mobilizing financial resources for sustainable forest management, as well as FAO’s experiences in supporting countries to develop project proposals for the GEF and the GCF, allow several observations. It is likely that the establishment of a stand-alone FAO Trust Fund for the implementation of the Global Plan of Action on forest genetic resources would make available limited amounts of new financial resources for this work in developing countries and create considerable transaction costs. In consequence, country or regional projects on forest genetic resources funded through such a Trust Fund would be short term and small in terms of budget. Therefore, it is unlikely that such projects would be able to achieve long-lasting impacts and improve the management of forest genetic resources in developing countries. These observations are also in line with the experiences of FAO in mobilizing financial resources for a Trust Fund that was established in 2010 to support the implementation of the Global Plan of Action on animal genetic resources.

25. The following approach is therefore proposed for mobilizing financial resources for the implementation of the Global Plan of Action on forest genetic resources.

a. First, for both technical and financial reasons, the proposal is to mainstream actions on the conservation and use of forest genetic resources into larger and more holistic actions that are supported by the GEF, the GCF and other multilateral financing mechanisms to enhance the implementation of sustainable forest management and forest-based adaptation and mitigation measures for climate change. This approach would also be in line with the Cancun Declaration of the 2016 UN Biodiversity Conference that urged Parties to strengthen their efforts to mainstream conservation and sustainable use of biodiversity within and across various sectors, including agriculture, forestry, fisheries and aquaculture, and tourism at all levels and scales.

b. Second, in parallel with the mainstreaming efforts, financial resources would be mobilized from all possible sources for strategic actions on forest genetic resources, such as capacity building, development of national strategies and strengthening of national tree seed systems, for example. The strategic actions should be in line with the four priority areas of the Global Plan of Action but tailored to meet specific needs and conditions of different countries and regions. This type of strategic action on forest genetic resources would also increase the readiness of countries and their capacity to implement large-scale projects on forest restoration, for example.

c. Third, it is necessary to cooperate with relevant ongoing forest financing initiatives to *inter alia* emphasize the importance of investing in forest genetic resources, and create awareness of the fundamental role of these resources in sustainable forest management. Such cooperation would also allow making available information on possible funding sources without duplicating efforts. As part of the implementation strategy of the Global Plan of Action, the Commission requested FAO to collect, maintain and regularly update, on its

website, information on donor mandates, policies, eligibility criteria and procedures for submitting proposals for projects on forest genetic resources. As the UNFF has already established the GFFFN for a similar purpose to support the implementation of sustainable forest management, FAO could collaborate with the GFFFN to make available information on funding opportunities for forest genetic resources. In January 2019, the UNFF Secretariat organized an expert group meeting to discuss the details of the proposed GFFFN clearing house and database on existing, new and emerging financing opportunities for sustainable forest management.

IV. POSSIBLE NEXT STEPS

26. Possible next steps for mobilizing financial resources for the implementation of the Global Plan of Action for forest genetic resources could include the following.
27. Countries could identify strategic and specific actions on forest genetic resources, and communicate the identified actions to relevant national agencies leading resource mobilization and interactions with different donors, in particular the GEF and the GCF. Countries could also consider these actions while preparing national forest financing strategies, as appropriate. Based on the identified strategic actions, countries could then formulate brief concept notes describing the identified strategic actions in detail, including proposed timeframes for necessary activities and financial resources needed to implement them. The identification of the proposed strategic actions should be supported by relevant information, such as the country progress reports on the implementation of the Global Plan of Action and/or the country reports for *The State of the World's Forest Genetic Resources*. The identified strategic actions on forest genetic resources should also be communicated to relevant ministries and FAO country offices for consideration in Country Programming Frameworks.
28. FAO will continue to promote the mainstreaming of forest genetic resources when supporting countries to develop project proposals to the GEF, the GCF and other multilateral financing mechanisms. It will also continue pursuing extra-budgetary funds for its work on forest genetic resources and enhance its cooperation with the GFFFN to make available information on existing and emerging funding sources available for developing countries to enhance the management of their forest genetic resources. Furthermore, FAO will continue strengthening its partnerships with international, regional and national agencies to facilitate the implementation of the Global Plan of Action.