



HIGHLIGHTS FROM IFF-2 THURSDAY, 3 SEPTEMBER 1998

IFF-2 delegates met in two Working Groups (WGs). WG1 discussed monitoring progress in implementation, promoting and facilitating implementation, and issues needing further clarification. WG2 discussed the need for financial resources and other issues needing further clarification. Contact groups on EST transfer and trade and environment met in the afternoon and evening. Plenary convened in the afternoon to discuss international arrangements and mechanisms.

WORKING GROUP 1

Chair Asadi presented a revised Co-Chairs' draft report on forest-related work of international and regional organizations and under existing instruments, which consolidates two previously separate documents. WG1 then reviewed the Co-Chairs' Summary on monitoring progress in IPF proposal implementation. On integrating monitoring, assessment and reporting activities into NFPs, the G-77/CHINA added that monitoring progress should be based on national systems.

On streamlining reporting, the EU called for "efforts to harmonize" and reporting systems with "effective feedback to countries on key issues." On a progress reporting system, AUSTRALIA proposed that IFF-3 consider options, including a proposal from the VALDIVIA GROUP for voluntary information exchange. On future monitoring formats, NEW ZEALAND replaced regional and global "integration" with "mutual recognition."

Delegates discussed the Co-Chairs' Summary on issues needing further clarification. On underlying causes of deforestation, amendments stressed "bio-physical" (G-77/CHINA) factors causing "forest degradation" (BRAZIL). SWITZERLAND, AUSTRALIA and the US preferred its deletion. Regarding guidance to the Secretariat, BRAZIL called for consideration of financial, institutional and technological difficulties for implementation.

On TFRK, the US added text on considering CBD COP-4 decisions as they relate to IPF proposal implementation. New subparagraphs stressed: information on TFRK progress under the CBD (EU); TFRK's debt, in some areas, to private forest owners (EU); the need to incorporate TFRK into SFM practices and policies (CANADA); and equitable sharing of benefits from use of traditional technologies (G-77/CHINA).

The EU suggested language stressing forest conservation inside and outside protected areas. Additions call for forest conservation "measures" (NEPAL) to be implemented "in an ecosystem approach" (CANADA), considering "cultural" (CANADA) contributions of protected forest areas "in determining ecological param-

eters for the management of all types of forests on a sustainable basis" (NEPAL). The EU called for considering: possible benefits of networking among forest protected areas; establishment of an international network; approaches to identify shortcomings in existing networks; and adaptation of definitions of protected areas. On forest research, IRAN, supported by the G-77/CHINA, offered to organize a meeting on LFCC needs. The US deleted guidance to "identify gaps" in forest research.

WG1 then reviewed a revised draft Co-Chairs' report on promoting and facilitating implementation. CANADA suggested that "interested parties" be defined as: indigenous people, forest dwellers, forest owners, local communities, NGOs, the private sector, trade unions and the academic community. ARGENTINA added the industrial sector and general community. NORWAY requested and the US opposed indigenous "peoples." On elements for implementation, the EU made a reservation on text regarding provision of financial resources and the G-77/CHINA responded that if so, they would reserve on all elements.

The EU, with NORWAY, asked to resurrect language on potential synergies between NFPs and other instruments, with a US-proposed "where appropriate." GUYANA cautioned against duplication. Changes were made on creation of initiatives for long-term commitment "which could include" (US) "partnership agreements" (EU). On implementation in the context of NFPs, formulation of "objectives" replaced "targets" (AUSTRALIA) and "C&I" (US), to "help" (BRAZIL) "promote" (US) effective implementation. The EU opposed deletion of "targets, C&Is".

WORKING GROUP 2

WG2 discussed the Co-Chairs' Summary on financial resources. Regarding the pertinence of financial assistance, the G-77/CHINA requested insertion of Forest Principles language on the need for new and additional financial resources to developing countries to enable SFM. The EU, the US and CANADA stressed the need to consider the potential of existing funds and the important role of domestic resources. COLOMBIA stressed the need for financial resources to enable developing countries to implement the IPF action proposals. BRAZIL called for analysis of the volatility of capital flows and its impacts on social, economic and environmental elements of forest sustainability. The G-77/CHINA called for direct reference to the decrease in ODA. On LFCC needs, the EU, with the US, IRAN and others, broadened the call for support for afforestation to include rehabilitation and reforestation.

On examining the potential of innovative financial mechanisms, the G-77/CHINA added that further study is needed. The EU preferred innovative "finance" or "schemes" over "financial



mechanisms." TURKEY cautioned against highlighting carbon sequestration, and CANADA expressed concern with compensating forest owners for providing such environmental services. On the desirability and practicality of establishing an international forest fund, the G-77/CHINA recommended noting that an international fund was proposed. The EU, with the US and CANADA, called for comprehensive assessment of the use of existing financial mechanisms. CANADA said the proposal would only be useful in connection with consideration of a legally-binding instrument. BRAZIL and COLOMBIA opposed linking a fund to a legal arrangement.

On collecting and evaluating existing data on funding, the G-77/CHINA preferred stressing external rather than domestic funding. The EU, with the US and CANADA, called on countries to submit reports on experiences with traditional and innovative mechanisms in promoting SFM. The G-77/CHINA deleted a request to examine the potential of forest-based carbon trading under existing and evolving frameworks. The EU, CANADA and AUSTRALIA emphasized avoiding duplication with the FCCC. AUSTRALIA said the IFF should consider this as a new potential area for generating funds for forests.

The G-77/CHINA requested the Secretariat to prepare a document focusing on the indispensability of an international forest fund and identifying areas where assistance should be directed to enhance afforestation in LFCCs. Regarding a comprehensive evaluation of the GEF, the EU and others emphasized avoiding duplication of recent evaluations. The EU replaced text on the need for an "international forest fund" with "international cooperation in provision of finance for SFM." The US emphasized the need to also examine facilitating coordination of existing funding sources.

WG2 delegates commented on a Co-Chairs' Summary on other issues needing clarification. On valuation, the G-77/CHINA called for promoting further research to develop valuation methodologies. The EU said forest goods and services "should" rather than "must" be properly valued, called for attempts to value difficult goods and services including biodiversity and recreation, and preferred a "quantitative and qualitative" approach to a "science-based" one. The EU called for developing methodologies that ensure market prices and political decisions reflect the value of positive externalities and the cost of negative ones. The G-77/CHINA and BRAZIL deleted text on "closely following" FCCC agreements in considering costs and benefits of carbon sequestration and, with the US, on avoiding perverse incentives for replacing natural forest with planted forest. The EU preferred to "work closely with" the FCCC.

The G-77/CHINA opposed text stating that "land tenure should include land and resource tenure by indigenous people and local communities." On future supply and demand, the G-77/CHINA deleted text on negative impacts of planted forests, while NEW ZEALAND called for greater emphasis on their positive role. The EU said planted forests should mimic natural forests and be based on SFM. AUSTRALIA deleted reference to possible negative effects of mono-specific plantations of non-native species.

PLENARY

Delegates met in Plenary to discuss the Co-Chairs' Summary on international arrangements and mechanisms. On identifying possible elements of an international arrangement or mechanism, the US preferred international "arrangements or mechanisms." CANADA recalled the IFF mandate on this category. BRAZIL stressed that examination of this programme element should not be undertaken in isolation. On additional elements suggested for further consideration, the G-77/CHINA called for strengthening the attention to finance, technology and capacity building. NEPAL added special needs of countries with fragile forest ecosystems. The EU, with BRAZIL and the US, opposed listing such elements.

The EU proposed deleting text stating that at present there is no general agreement regarding the need for a global, legally-binding instrument on all types of forests. CANADA objected. Regarding the need for a step-by-step approach, the G-77/CHINA added the need for political will. On the Canada-Costa Rica initiative, BRAZIL preferred that "the IFF take note of" it rather than state that it "was welcomed." The US recommended clarifying that the initiative is to discuss legally-binding instruments.

On guiding the Secretariat to undertake an analysis to clarify existing arrangements and mechanisms, the EU said it should address whether their implementation is best achieved at global, regional or national levels. JAPAN added that it should assess voluntary processes as well. NEW ZEALAND agreed, specifying C&I processes. BRAZIL added assessment of impediments to their implementation.

The G-77/CHINA and SWITZERLAND deleted a call to clarify terminology and roles of different types of arrangements and mechanisms. The EU proposed integrating this into the above analysis. The US objected, emphasizing the need for such clarification. On elaborating options for effective implementation of the IFF mandate under this programme element, particularly on process to build further consensus, BRAZIL added "taking into account that such options do not necessarily imply the adoption of a legally-binding instrument." The US preferred its deletion. CANADA preferred its retention.

CONTACT GROUPS

The contact group on trade and environment, chaired by Bibiana Vargas (Colombia), met in the afternoon and evening until 10:00 pm. They worked through all paragraphs and requested the Chair to produce a consolidated text for further consideration on Friday morning. Contentious issues included: a call for focus on subsidies; tariff escalation in importer countries; illegal trade/illegal harvesting; and how trade policies can contribute to SFM/avoid adverse effects.

The contact group on EST transfer, chaired by Mohammad Reza Jabbari (Iran), met in the afternoon. The group amended but could not agree on text on biodiversity-related technologies, and text on an EST transfer mechanism and developing enabling environments for investment remained bracketed. The group agreed on text on technology diffusion to end-users and gender mainstreaming.

IN THE CORRIDORS

Apart from the indigenous representative on one country's delegation, a relative absence of indigenous representatives at IFF-2 was noted, compared to earlier forest processes and other fora. Of the few indigenous representatives' interventions made here, perhaps the most concrete was a proposal requesting that ECOSOC name a Special Rapporteur to study IPF proposal impacts on indigenous forest populations, which received minimal attention. Some observers suggested that insufficient resources may force indigenous representatives to choose between pursuing issues surrounding indigenous knowledge of biological resources within the CBD and pushing forest-specific interests within the IFF, and have been opting for the former.

THINGS TO LOOK FOR TODAY

WORKING GROUPS: WG1 will meet at 10:30 am in Salle XXV to discuss promoting and facilitating implementation of IPF action proposals and forest-related work of organizations and instruments.

CONTACT GROUP: The trade and environment contact group will reconvene at 10:00 am in Salle XXI.

PLENARY: The Plenary will convene in Salle XIX in the afternoon at a time yet to be determined.