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UNFF-2 HIGHLIGHTS: THURSDAY, 14 MARCH 2002

On the penultimate day of UNFF-2, ministers concluded their dialogue with CPF members, then engaged in a ministerial dialogue on commitment to the UNFF process and input to the WSSD. Delegates met in informal consultations on the *ad hoc* expert groups, in Working Group I, and in the contact group on criteria for the review of the effectiveness of the international arrangement on forests (IAF).

HIGH-LEVEL SEGMENT

MINISTERIAL DIALOGUE WITH THE CPF: On financing for sustainable forest management (SFM), MEXICO underscored the need to address forest funding at the upcoming International Conference on Financing for Development. GHANA called for debt relief. GUATEMALA highlighted the impact of poverty on forests. The US drew attention to the potential of debt-for-nature swaps.

MINISTERIAL DIALOGUE: Chair Juan Mayr (Colombia) welcomed delegates to the second part of the ministerial segment. The G-77/CHINA underscored the importance of forests for sustainable development, particularly for rural and indigenous communities. SOUTH AFRICA, supported by NEW ZEALAND, stated that the challenge for the UNFF is to move from policy discussion to implementation. INDIA supported a global forest fund and earmarking GEF resources for forestry projects. The EU underscored the importance of the multi-stakeholder dialogue, urging that it be better organized for UNFF-3. NORWAY noted that mainstreaming forest issues into development and poverty reduction strategies could attract increased ODA and other resource flows to forests. The NETHERLANDS highlighted forest community participation in the biodiversity process.

POLAND said the challenge is to make SFM self-financing. NIGERIA called for strengthened international cooperation on finance, trade, technology transfer and capacity building. MEXICO emphasized that forest issues are a matter of national and international security. MALAYSIA and GHANA stressed that certification schemes should not be used as a trade barrier to tropical timber. COSTA RICA hoped that the Kyoto Protocol would be enhanced as a financing tool to reduce deforestation. FINLAND said secure land tenure and involvement of local communities and forest owners are essential for financing SFM. GERMANY supported certification and labeling, and setting clear benchmarks to reverse the trend of deforestation. ECUADOR highlighted its struggle against illegal deforestation and corruption. ANGOLA and CANADA supported the drafting of a binding international forest instrument. ITALY underscored the need for support to developing countries in implementing the UNFF Plan of Action. LUXEMBOURG stressed the need to preserve primary forests for their biodiversity and climate benefits.

JAPAN called on the international community to strengthen forest law enforcement and good governance. AUSTRIA said a strong instrument to secure SFM on a global level is essential. YUGO-SLAVIA noted significant abuse of forests, and called for assistance and support to renew forests. HUNGARY supported the need for a new legal framework on all types of forests. MALAWI supported an initiative to address the needs of those suffering from the highest rates of deforestation. SWITZERLAND called for a strong message from the UNFF to the WSSD and a reinvigoration of the forest process by the WSSD. BELGIUM announced it would increase its ODA commitment by 100 million Euros over eight years. INDONESIA underscored the importance of improved market access for its forest products. PAKISTAN said that GEF financing should be unconditional. PERU called for international support to implement new laws to enhance biodiversity.

CUBA lamented the lack of resources for activities to achieve SFM, and said private investment is not a substitute for ODA. COLOMBIA said capacity for conservation and sustainable use of forests will be possible through awareness-raising on the ethical dimensions of sustainable development. AUSTRALIA highlighted the role of women in achieving SFM and said a gender perspective should be reflected in the UNFF. MONGOLIA advocated addressing the needs of LFCCs, illegal harvesting, and the consequences of forest fires. BRAZIL recommended breaking away from the paralysis in financing for SFM, and said SFM should be a viable economic option.

Chair Mayr then introduced the Ministerial Declaration and Message to the WSSD (E/CN.18/2002/L.2), which was adopted. A representative for INDIGENOUS COMMUNITIES called for recognition of fundamental rights and for financing mechanisms to ensure future participation of indigenous peoples. The GLOBAL FOREST POLICY PROJECT said the ministerial declaration lacks substance, action and excitement, and recommended that governments set their own targets for halting and reversing forest degradation.

WORKING GROUP I

Working Group I, chaired by Hossein Moeini (Iran), met throughout the day and into the evening to consider draft texts on the substantive agenda items.

COMBATING DEFORESTATION AND FOREST DEGRADATION: Lessons Learned: Delegates agreed, *inter alia*, that: integration of plans and programmes can reduce poverty and combat deforestation and forest degradation; cross-sectoral policy coherence is useful; forest law enforcement plays a significant role; and broader participation is necessary.

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Future Steps: Regarding trade, a developed country delegate suggested encouraging countries to participate in WTO negotiations in order to implement relevant IPF/IFF proposals for action, but the issue remains unresolved. Regarding analyses of subsidies, delegates debated their feasibility and agreed to "review and report on the state of knowledge." Delegates debated language regarding international cooperation on finance, transfer of ESTs and capacity building, with some proposing the establishment of "*ad hoc* mechanisms," and inclusion of "trade." The issue remains unresolved.

FOREST CONSERVATION AND PROTECTION OF UNIQUE TYPES OF FORESTS AND FRAGILE ECOSYSTEMS: Lessons Learned: Delegates agreed, *inter alia*, that: management of protected areas can be improved building on "existing international frameworks, including the IUCN/WCPA"; and stakeholder involvement is important in establishing and managing protected areas.

Future Steps: Regarding financing, delegates agreed to encourage "knowledge exchange on promotion and creation of national funds," and on donor coordination. Delegates agreed to "encourage continued improvement of donor coordination" and to "encourage developing countries to continue to promote country-driven coordination."

REHABILITATION AND CONSERVATION STRATEGIES FOR LFCCs: Lessons Learned: Delegates agreed, *inter alia*, that the Tehran Process is important.

Future Steps: Delegates agreed to invite donor countries and others to "support the work of the Tehran Process to strengthen the capacity of LFCCs," and delegates encouraged LFCCs to adopt cross-sectoral and participatory approaches.

REHABILITATION AND RESTORATION OF DEGRADED LANDS AND PROMOTION OF NATURAL AND PLANTED FORESTS: Lessons Learned: Delegates agreed, *inter alia*, that planted forests play an increasingly important role, and cost-sharing programmes are an effective means of maximizing donor funding.

Future Steps: Delegates agreed to encourage "cooperative activities to rehabilitate and restore productivity," but alternative formulations relating to the GEF, on designating it as the financial mechanism of the CCD, and on establishing a GEF focal area for land degradation, remain bracketed.

INFORMAL CONSULTATIONS ON THE UNFF AD HOC EXPERT GROUPS

Delegates engaged in informal consultations, chaired by Patricia Chaves (Costa Rica), throughout the day and into the night. The following is a summary of the status of negotiations as of 10:30 pm.

EXPERT GROUP ON FINANCE AND TRANSFER OF ENVIRONMENTALLY SOUND TECHNOLOGIES (ESTs): **Tasks:** On assessing the role and status of ODA for SFM, delegates agreed the expert group would "consider ways of enhancing its availability and effectiveness," and identify possible means that will "enhance developed countries' efforts" to fulfill their ODA commitments. On assessing country experiences toward mobilizing financial resources for SFM, delegates agreed that the expert group should further propose approaches to enhance and more effectively use and mobilize national and international financial resources. On assessing and considering the private sector's role in financing SFM, delegates reached agreement on recommending measures to improve the enabling environment for private investment in SFM "and to encourage increased private resource flows to the forest sector, in particular in developing countries and economies in transition."

On reviewing the effectiveness of existing international financial methods and mechanisms, delegates agreed that donor "and recipient" priorities should also be analyzed. Text on attracting increased financing from all sources, including new and additional funds, was bracketed. On reviewing and assessing existing initiatives on EST transfer, delegates agreed this should include an analysis of incentives that promote, and obstacles that inhibit, EST transfer between and/or within countries, in particular to developing countries and economies in transition, in both the private and public sectors. On recommending

"ways" or "mechanisms and arrangements" to improve transfer of forest-related ESTs, delegates agreed to "recommend action-oriented proposals" to improve such transfer.

EXPERT GROUP ON APPROACHES AND MECHANISMS FOR MONITORING, ASSESSMENT AND REPORTING (MAR):

Tasks: On developing recommendations on how to build capacity on MAR, delegates agreed to take into consideration the special needs of developing countries. On intersessional work on MAR, delegates bracketed text on how the expert group would use work undertaken by the CPF on concepts, terminology and definitions. Delegates further agreed that the expert group's reports "should be made available as a contribution to" UNFF country- and organization-led initiatives related to its terms of reference.

Composition and Participation: Delegates agreed that the expert group would consist of experts designated by governments, an equal number from each of the five UN regions. The total number of experts to be in the group was bracketed. Delegates debated at length, but could not agree, to whom participation in the expert group would be open, and how input from participants and observers would be reflected in the expert group's report. Delegates agreed that: CPF member organizations shall be "invited to make scientific and technical contributions" to the expert group's work. On participation, delegates agreed that intergovernmental organizations and representatives of major groups with relevant expertise may participate in the group's activities as observers, but could not agree whether these groups must be "accredited," nor whether they will be invited to provide scientific and technical contributions. These issues were bracketed.

CONTACT GROUP ON REVIEW CRITERIA

The contact group on criteria for the review of the IAF, chaired by Stefan Leiner (European Community) met in the afternoon and evening. Delegates agreed on several criteria, including the extent to which: the IAF, including *inter alia*, UNFF sessions, intersessional work, multi-stakeholder dialogue, and related work of the CPF and its members, as well as country- and organization-led initiatives, have enhanced forest policy development and dialogue; the IAF has worked in a transparent and participatory manner, including through the involvement of major groups; CPF members have responded to UNFF guidance; progress has been made in reaching a common understanding of forest-related concepts, terminology and definitions; and partnerships relevant to implementing the IPF/IFF proposals for action have been advanced. Other criteria that were agreed include the extent to which: the international community, including bilateral and multi-lateral donors and organizations, CPF members and international and regional processes, have facilitated implementation of the proposals for action in developing countries; major groups have been encouraged to participate in developing voluntary reports; countries make progress in MAR through applying C&I processes or similar tools in efforts to achieve SFM; and high-level engagement furthers political commitment to implementing the proposals for action by countries.

IN THE CORRIDORS

As the clock ticked away on UNFF-2 and delegates reflected on the past two weeks, feelings of frustration and fatigue were beginning to give way to a sneaking sense of accomplishment. Despite an "overly relaxed" first week, followed by a hectic game of catch-up over the past several nights, many delegates seemed pleasantly surprised by the timely resolution of the ministerial declaration, Thursday's speedy pace of work on the substantive agenda items, and the unexpected completion of the criteria for the review of the international arrangement on forests. However, delegates felt that the jury was still out on whether UNFF-2 would be judged a success or not, as they awaited the controversial and uncertain outcome of the terms of reference of the *ad hoc* expert groups, which are certain to be important determinants of the future of the UNFF.

THINGS TO LOOK FOR TODAY

PLENARY: Delegates are expected to convene in Plenary at 10:00 am in Conference Room 1 to review the status of work and decide on the organization of work for the remainder of UNFF-2.