



First Regional Forum for People and Forests

Carbon Financing and Community Forestry



2009 is a crucial year for global efforts to address climate change, with the hope that an ambitious and effective mitigation and adaptation agreement will be forged in Copenhagen this December.¹

Deforestation and forest degradation contribute some 20 percent of global greenhouse gas emissions. Forest-related mitigation measures are now recognized to be amongst the most practical and cost-effective interventions to slow global warming – as well as providing a host of other environmental products and services.

However, rural poverty, weak law enforcement, and escalating demand for food and fuel continue to drive forest destruction at an alarming rate – in the Asia-Pacific region alone, some 3.7 million hectares of natural forest are lost every year. This also threatens millions of already vulnerable rural livelihoods, often undermining traditional rights to vital forest resources.

Carbon financing may provide promising new opportunities for maintaining and even improving the health of the world's forests and, if designed well, to reduce rural poverty. But if schemes such as 'REDD' fail to deliver tangible benefits to Asia-Pacific's 450 million forest-dependent people, then the social and economic impacts could be severe. Ultimately, this increases the risk that forest-related mitigation efforts will fail.

¹ The 15th Conference of the Parties of the United Nations Framework Convention on Climate Change will convene in Copenhagen, Denmark, 17-18 December 2009.

Key country decision-makers and over 80 participants from 12 Asia-Pacific nations considered these issues at the **First Regional Forum for People and Forests: Carbon Financing and Community Forestry**, held in Hanoi, Vietnam, from 18 to 20 August 2009.



Key Forum Conclusions

As forests in the Asia-Pacific region can potentially absorb a large proportion of global carbon dioxide emissions, the need for healthy and sustainable forest ecosystems cannot be understated nor undersold. But we must go beyond carbon to promote and 'sell' biodiversity, watershed conservation, and sustainable forest management as an essential holistic package.

Local people **hold the key** to healthy forests in this region. They have the closest direct stake in forest resources and will affect the outcome of any forest management strategy, including those aimed at climate change mitigation. For carbon financing to succeed, it must learn from three decades of community forestry experience and actively engage and benefit local people.

Lessons from payment for environmental service (PES) schemes reveal that carbon financing presents both risks and opportunities for local people, and also constraints to their effective participation. Maximizing the opportunities and addressing the risks and constraints requires early and active community involvement, especially in negotiating roles, responsibilities, and benefits.

Benefits from carbon financing must be additional and expand, not replace, local people's existing rights and benefits. Strong grassroots institutions and clear, secure, and fair rights to forests are critical prerequisites. Meaningful local participation, shared decision making, and high levels of transparency and accountability must be regarded as the 'minimum standard.'

Intermediary organizations that will build capacity and help broker carbon financing agreements have key roles to play in securing equity and local participation, and will require support in carrying out these important functions.

However, until carbon ownership, benefit-sharing arrangements, financing methods and legal issues are clarified, carbon markets will remain a risky area of investment for both the private sector and local people.

In considering the implications of carbon financing for local people, Forum participants called for:

National Governments to:

- Ensure community interests are represented during multi-stakeholder discussions involving civil society, NGOs, UNFCCC delegates, and other key stakeholders.
- Make the national position on forests and carbon financing clear and transparent, including engaging media to raise public understanding and stimulate debate.
- Use regional mechanisms to develop consensus among countries (e.g. ASEAN, SAARC) before the AWG-LCA meets in Bangkok.²
- Accelerate the process of clarifying fair and secure rights for local people to benefit from forests.
- Increase community, government, and intermediary capacity to design and implement REDD mechanisms.
- Establish cost-effective, transparent, equitable, and 'community-friendly' carbon payment systems.

International Organizations to:

- Target key information – including the outcomes of this Forum – to media and national decision makers, including UNFCCC delegates.
- Provide a bridge between civil society groups in developing countries and UNFCCC delegates from developed countries, making them aware of the implications of carbon financing for local people in Asia-Pacific.
- Seek to influence country positions, both developing and developed, to ensure that community interests are fully considered and addressed.
- Generate objective knowledge to inform policymaking and implementation, and build capacity to research, analyze, disseminate, and use knowledge effectively at country level.
- Strengthen South-South cooperation for capacity building and information sharing on matters of forests and climate change.
- Encourage both developed and developing country governments to fulfill their commitments and obligations to support REDD-readiness in developing countries.

Civil Society to:

- Facilitate national and subnational civil society consultations, working closely with national governments to prepare for the COP-15 negotiations and beyond.
- Mobilize key groups with special interests and skills – including religious organizations and academia – as strategic partners to influence the debate.
- Review the negotiating text for future climate change arrangements, providing timely and constructive feedback promoting community interests.

Private Sector to:

- Maximize transparency in forestry and carbon-financing arrangements to build trust among stakeholders.
- Adopt clearly defined social responsibility roles, particularly promoting the concept of more socially responsible carbon trading.

“ We urge Forum participants and all other interested parties to commit to these action points to ensure the best possible outcomes for the people and forests of the Asia-Pacific region. ”

² The UNFCCC Bangkok Climate Change Talks take place from 28 September to 9 October 2009 and includes the seventh session of the Ad-Hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA).



The First Regional Forum for People and Forests brought together key people from government, civil society, the private sector, and international organizations to discuss options for strengthening the forest carbon-community connection in the Asia-Pacific region.

The Forum reached consensus on the importance of engaging communities in any sustainable carbon financing initiatives, and explored ways to achieve this.

Key Questions Included:

- What benefits could communities gain from carbon-financing schemes?
- What are the potential pitfalls and risks?
- How can carbon markets strengthen sustainable forest management regimes in ways that meet rural communities' needs and fairly reward their contributions?

Organizers: RECOFTC – The Center for People and Forests, the FAO Regional Office for Asia and the Pacific, and the Forest Sector Support Partnership of Vietnam's Ministry of Agriculture and Rural Development.

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