

**Fourteenth Meeting of the Commonwealth Consultative Group on Environment (CCGE)
20 February 2008, Monaco**

Summary Statement by the Chair

Commonwealth Ministers of Environment and Senior Officials met on 20 February 2008 at the fourteenth session of the Commonwealth Consultative Group on Environment (CCGE). The meeting was convened to coincide with the 10th Special Session of the Governing Council of UNEP/Global Environment Ministers Forum held in the Principality of Monaco. It was chaired by the Hon. Benny Allan MP, Minister of Environment and Conservation, Papua New Guinea, supported by Kevin Conrad, Papua New Guinea's Special Envoy & Ambassador on Environment and Climate Change to the United Nations. The discussion focused on the potential and challenges of forest carbon finance for Commonwealth countries.

Ambassador Conrad began by outlining the reasons why Papua New Guinea had begun to look closely at carbon forest finance. He spoke of the competing development pressures on forests in Papua New Guinea, and the need to find ways of capturing the total value of its forest assets (including ecosystem and climate functions) through innovative mechanisms such as carbon financing, to provide alternative income streams over time from this valuable resource. While deforestation accounts for about one fifth of global emissions of the greenhouse gas carbon dioxide, only afforestation and reforestation activities are included under the Kyoto Protocol – not those aimed at avoiding further deforestation. This particularly penalises developing countries. Papua New Guinea, like many other countries, has therefore been working to secure approaches to reducing emissions from deforestation in developing countries (known as REDD), under the international climate change regime. This matter has become an important part of current climate change negotiations and the most recent session in Bali (December 2007) agreed a process that will take the issue forward in three phases: the first is to analyse the causes of deforestation in developing countries; the second is to implement demonstration projects to show how a mechanism might work in practice; and the third is to agree and implement actions beyond 2012 for the decades to come. Dr Conrad noted that Commonwealth developing countries are in different phases with respect to forest concerns and any instrument will need to allow for a mix of approaches, including market and non-market mechanisms, enabling both carbon objectives and other sustainable development goals to be achieved. Finance and action are needed as a matter of urgency if the challenge of climate change is to be met. He saw a role for the Commonwealth in exchanging views and experiences, and networking information, as this process goes forward.

In introducing the background paper for the meeting, Dr Michael Richards said that while countries are striving to achieve sustainable forest management, they had only achieved it in some instances because of the impact of market and policy failures. He noted that forests have an important role to play in both climate change mitigation (through carbon sequestration and carbon storage) and adaptation (through key ecosystem functions, watershed protection, and by acting as a safety net). The latter has received much less attention internationally, yet the resilience-building or adaptation function of forests is particularly important in Commonwealth developing countries. He further noted that deforestation rates in the Commonwealth were much higher than the global average and accelerating. Whether REDD will lead to sustainable forest management depends on our ability to put effective policy frameworks in place at the national level, and to manage important trade-offs that will enable sustainable development and pro-poor development goals to be integrated with carbon objectives. A dual approach on REDD may also be needed to avoid perverse incentives and enable both countries with higher, and lower rates of deforestation to benefit from any new regime.

A number of delegates noted that the adaptation role of forests is gaining increasing recognition. For Bangladesh, regeneration of the Sundarbans mangrove forests after the recent cyclone is a priority. Rather than waiting for international processes, it is also pressing ahead with community forest projects that address the needs of the poor and help the country to move away from timber forests. The delegate called for partnerships and financial support to take these initiatives forward. The representative of India urged members not to wait, but to move ahead quickly and operationalise approaches in the forest sector as soon as possible, to demonstrate what might be achieved. He called for sequestration activities to be kept on a par with avoided deforestation as the climate change negotiations go forward, stressing the need for all avenues to be used fully.

A number of African Ministers spoke strongly about the urgent need for financing mechanisms to be developed which can address key development issues related to deforestation. These included a need for alternative sources of energy, particularly replacements for charcoal and fuel wood, and to provide alternative livelihoods for local people. For many people, use of the forest was the only way they had to meet basic needs. While countries know a great deal about how to stop deforestation, they lack the resources to take action and provide alternatives. The international community needs to consider the kind of incentives that are needed to reduce logging and address concerns such as illegal logging, and policies to support the transfer and use of renewable energy technologies.

Delegates emphasised the need for stronger technical and institutional capacities to help put in place effective land-use management policies, zoning and demarcation. Assistance was needed to help developing countries implement the Bali decision on REDD and carry out assessments of the drivers of deforestation, and prepare demonstration projects. Basic public information and training was also needed to enable people in rural areas to implement practical steps and find alternatives to cutting down forests. Several delegates highlighted the potential of the Commonwealth and its institutions in facilitating concrete support and action on forest concerns, and the need to consider how this can be achieved in practice. Jim Ball of the Commonwealth Forestry Association highlighted a new publication on Commonwealth Forests supported by the Commonwealth Foundation, which provides up-to-date data and analysis on forest issues in the Commonwealth.

Andrew Mitchell of the Prince's Trust spoke about an initiative by HRH the Prince of Wales to mobilise financing from the private sector for REDD demonstration projects. He noted that forests fall because they are worth more dead than alive in international markets. The drivers that create deforestation often lie outside developing countries, in industrialised countries, so we are all in this together. Innovative solutions are needed to ensure that the world community starts to pay for the essential ecosystem services that forests provide. Tim Clairs of the United Nations Development Programme, which is working with governments to bring together sustainable forest management and pro-poor development concerns together with carbon objectives, highlighted the need to deliver early payments to developing countries (which currently carry all the delivery risks in carbon projects), and mechanisms that enable the poor receive benefits from carbon finance initiatives. Gregor McKinnon of the Commonwealth Business Council emphasised that business can deliver financing mechanisms, provided these are based on a standard, tradable product that can be exchanged over time (for example, a price per tonne for carbon). The private sector is particularly concerned with a number of issues, including: the definition of the instrument; a clear understanding of supply and demand factors; monitoring over time; and liability concerns.

The CCGE agreed to meet next immediately before the 2009 Session of the Governing Council of UNEP/Global Environment Ministers Forum.

Monaco – 20 February 2008