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**Joint UNECE/FAO Working Party on
Forest Statistics, Economics and Management
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Item 6 (b) of the provisional agenda

GUIDANCE OF WORK AREA 2: POLICY DIALOGUE AND ADVICE

AGENDA ITEM 6 (b)

Note by the Secretariat

Summary

According to its mandate, the Working Party is expected to provide guidance to Work Area 2: Policy Dialogue and Advice. This document provides information about activities in this work area since the Working Party's last session, as well as plans for the future, drawing the Working Party's attention to any specific issues where guidance is needed.

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I. Forest Policy

A. Implementation by the secretariat

1. The seventy-fourth session of the ECE Committee on Forests and the Forest Industry (COFFI) was held in Geneva, Switzerland, from 18 to 20 October 2016. More than 120 participants from the ECE region attended the session. Among other issues, COFFI discussed the global and regional policy context relevant to forests and forest goods and services, including the role of the forest sector in the implementation of the 2030 Agenda for Sustainable Development, the status of the United Nations Forum on Forests (UNFF) 2017-2030 Strategic Plan, the Forest Europe Programme of Work and possible synergies with other programmes in the region, and developments in other relevant organizations and processes.
2. The Committee took note of developments in Agenda 2030 and the SDGs and UNFF related processes and recommended that the secretariat continue monitoring developments and work together with other partners to provide relevant inputs to both processes. The Committee also took note of the Programme of Work of Forest Europe, supported the coordination of work between Forest Europe and other relevant partners in the region, and encouraged continued and strengthened cooperation between Forest Europe and the ECE/FAO Forestry and Timber Section.
3. The Joint Section is developing a regional study on “Forests and Water: Valuation and Payments for Forest Ecosystem Services”. The objective of this study is to demonstrate in which ways forests and water are interconnected, how ecosystems can be valued and how successful payment for ecosystem services schemes can work. In this context, valuation does not only imply assigning a monetary value to resources but also raising awareness on their multi-dimensional values for society. The development of the study is supported by UNECE, FAO, the European Environment Agency, the Western University (Canada), and the University of Padua (Italy). The final draft of the study will be available in the second half of 2017. The website has been updated in 2016 to reflect examples supporting the study (<http://www.unece.org/forests/areas-of-work/policy-dialogue-and-advice/ecosystem-services> and <http://www.unece.org/forests/areas-of-work/policy-dialogue-and-advice/ecosystem-services/table-of-case-studies>).

Follow-up to the Rovaniemi Action Plan for the Forest Sector in a Green Economy

4. During the reporting period, the Joint Section continued promoting and supporting the implementation of the Rovaniemi Action Plan for the Forest Sector in a Green Economy (RAP). The RAP was presented at a side event “Towards a Green Economy in the Context of Sustainable Development: Practical Tools for the Forest Sector” during the “Environment for Europe” Ministerial Conference in Batumi, Georgia on 9 June 2016. The event included presentations on the RAP and on the Project on Sustainable Forest Management for Greener Economies in the Caucasus and Central Asia and featured an address by Ms. Hannele Pokka, Permanent Secretary, Ministry of the Environment, Finland and Carl Amirgulashvili, Head of Forest Policy Service, Ministry of Environment and Natural Resources Protection, Georgia. The event gathered around 70 participants, including Sławomir Mazurek, the Deputy Minister of Environment of Poland. Press releases were issued by UNECE, FAO and the Ministry of Environment in Poland.
5. The RAP was also presented at the International Conference on the “Natural Capital for the Transition to a Green Economy” in Bishkek, Kyrgyzstan on 1 July 2016. The contacts established there with the World Bank and the National Statistical Office of Kyrgyzstan were useful in the preparation of a workshop on “Measuring the Value of Forests in a Green Economy” organised by the Joint Section in Geneva on 21 October 2016.
6. The Joint Section was invited to deliver a presentation of the RAP at the event “Transition to the Green Economy” in Bratislava organised by the Slovakian Presidency of the European Council on 7 September 2016. Information was disseminated about the RAP and the forthcoming workshop on “Measuring the value of Forests in a Green Economy”. During the panel on “policy actions” and the role of governance in the transition to a green economy, Mr Heikki Granholm, Director of

Natural Resources Department, Ministry of Agriculture and Forestry, Finland presented the RAP as a tool to promote the transition to a green economy in the forest sector.

7. In addition, during the Conference, together with Forest Europe, the Joint Section organised an information stand at the venue. It contained printed and video information about the Joint Section's activities covered by the Integrated Programme of Work, with a special focus on green economy and copies of the RAP in three languages (English, French and Russian). Forest Europe and the Joint UNECE/FAO Forestry and Timber Section prepared a joint statement about the role of forests in achieving a green economy, which was presented at the "policy actions" panel during the Conference.
8. On 21 October 2016, the Joint Section organised a workshop in Geneva on "Measuring the Value of the Forest Sector in a Green Economy" in the framework of the implementation of the "RAP for the Forest Sector in a Green Economy", specifically Action E.2.3 "develop the forest sector's contribution to broader green economy indicator sets".
9. The workshop analysed the complementarity of present forest sector valuation systems (Forest Europe Criteria and Indicators for Sustainable Forest Management and the Montreal Process on Criteria and Indicators for the Conservation and Sustainable Management of Temperate and Boreal Forests) with approaches developed at the macroeconomic level in the context of the green economy and the 2030 Agenda for Sustainable Development. A background paper including green economy related definitions and concepts, international methodologies for measuring progress towards a green economy and natural capital assessment methods was prepared to support the discussion.
10. The workshop was organised with partners active in the development of international measuring systems for a green economy: the Green Growth Knowledge Platform (GGKP), the Organisation for Economic Cooperation and Development (OECD), The Economics of Ecosystems and Biodiversity (TEEB) Initiative at the United Nations Environment Programme (UNEP) and the Wealth Accounting and the Valuation of Ecosystem Services (WAVES) Partnership of the World Bank. Also the Statistical Divisions of UNECE and FAO were consulted and invited to contribute to the discussion.
11. The workshop discussed possible future work which could include:
 - The development of a forest sector narrative and objectives to achieve success which would be aligned with the existing international macroeconomic and policy narrative (green economy, green growth, 2030 Agenda, Paris Agreement etc.) and their objectives, to ensure that the forest sector contribution to green economy can be described and further measured according to the same criteria.
 - Mapping of the existing data, green accounts and indicators, and other information in the forest sector which would support that newly developed narrative.
 - Identification of the gaps in data, green accounts and indicators needed to support the narrative
 - If needed, development of additional reporting to cover these gaps
12. The workshop was a first step in this direction recommended that all the organisations who participated in the discussion (UNECE, FAO, OECD, UNEP, World Bank, GGKP) draw a roadmap and engage in additional joint work on the topic. Information about the workshop outcomes is available in the workshop report.¹
13. The Joint Section will continue supporting the implementation of the RAP for the Forest Sector in a Green Economy and dissemination of information about it. Depending on the availability of resources, the Joint Section will organize a regional workshop in 2017 to continue discussing the forestry sector's contribution to a green economy in the UNECE region through the RAP.

¹ http://www.unece.org/fileadmin/DAM/timber/meetings/20161021/Workshop_report_-_Measuring_the_value_of_forests_in_a_green_economy.pdf

2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs)

14. The Joint Section continued to monitor the design of the post 2015 development agenda. In September 2015, the United Nations General Assembly adopted the 2030 Agenda for Sustainable Development with Sustainable Development Goals (SDGs) and related targets which came into effect on 1 January 2016, and will last until 2030. The final text of the Agenda includes SDGs that are directly (2) and indirectly (15) relevant to forests².
15. The Agenda foresees three levels of a follow-up and review system for SDGs: global, regional and national. The High Level Political Forum on Sustainable Development (HLPF), launched in 2013, will have a central role in overseeing the follow-up and review of the SDG implementation processes at the global level. There are ongoing discussions about follow up and review at the regional level, particularly in the context of the Regional Forum on Sustainable Development in the case of UNECE. The Agenda recognizes the importance of building on existing follow-up and review mechanisms at the regional level, for instance those developed by the UN Regional Commissions. The progress towards the achievement of goals and targets at the global level will be reviewed using a set of global indicators. These will be based on data produced by national statistical systems, and information collected at the regional level. UN organizations were invited to contribute to the development of the global indicators framework, coordinated by the Inter-Agency and Expert Group on SDGs (IAEG-SDGs), created by the United Nations Statistical Commission (UNSC) in 2015. The Joint Section contributed to this process through the UNECE Statistical Division which among other activities has been serving as secretariat to IAEG-SDGs.
16. The global indicators framework, developed by the Interagency and Expert Group for Sustainable Development Goals (IAEG-SDGs), was agreed by the UN Statistical Commission at its session in March 2016. The framework was then open to member States for refinement. In July 2016, ECOSOC welcomed the IAEG-SDGs global indicators framework. ECOSOC did not adopt a resolution related to the SDGs indicators, therefore the UN General Assembly has not yet taken any action in this area. The indicators are divided into three tiers.
 - a. Tier I – with established methodology and data available.
 - b. Tier II – with established methodology but no data available.
 - c. Tier III – with no methodology available.
17. The tier I indicators served to prepare the first SDGs implementation report presented during the HLPF. In future reports, the information drawn from the tier II indicators should be taken into account as well as gradually from the tier III indicators as they move to tier II. Each indicator has been tentatively assigned to a “possible custodian agency” in the UN system (with exception of 8 indicators from tier III, which don’t have a “possible custodian agency” assigned yet. as of November 2016). Custodian agencies are responsible for preparing a plan of work for indicators assigned to them (methodology support, data collection calendar, communication channels with the national correspondents, establishing partnerships with other international agencies, capacity building, etc.).
18. During the fourth meeting of the IAEG-SDGs held in Geneva on 15 -18 November 2016, indicator 15.2.1. (progress toward sustainable forest management) was classified as a tier III indicator. FAO was proposed as “possible custodian agency” for it. Also, during the meeting, the UNFCCC requested to be considered the “co-custodian” of this indicator. The representative of the United Nations Statistical Division (UNSD) commented that during IAEG-SDGs discussions there was preference among the experts to have only one custodian agency per indicator.
19. It was suggested to create an additional indicator for target 15.b (Mobilize significant resources from all sources and at all levels to finance sustainable forest management and provide adequate

² SDG6 - Ensure the availability and sustainable management of water and sanitation for all;
SDG15 - Protect, restore and promote the sustainable use of terrestrial ecosystems; sustainably manage forests; combat desertification; halt and reverse land degradation; and halt biodiversity loss.

- incentives to developing countries to advance such management, including for conservation and reforestation) – to better reflect the role of forestry.
20. Custodian agencies for tier III indicators were asked to provide the work plans on the indicator methodologies to the United Nations Statistical Commission UNSC by the end of January 2017.
 21. As regards the availability of the data, the United Nations Statistical Division UNSD has developed a SDG Indicators Global Database. The data from countries to this database can be sent directly to the custodian agencies or through regional coordination mechanisms. Priority will be given to official data and data from other sources will need to go through the official system before being taken into account at the international level.
 22. The IAEG-SDGs will continue working on refining the methodology for tier III indicators and establish the rules about how the statistical data relevant to each indicator should be sent from the countries to the custodian agencies.
 23. The results of this work will be presented to the next meeting of the UN Statistical Commission in March 2017.
 24. The Joint Section organised an informative session for member States on the 2030 Agenda for Sustainable Development, in particular the regional dimension, during the Seventy-fourth session of the ECE Committee on Forests and the Forest Industry, held in Geneva on 18 - 20 October 2016.
 25. There, delegates were presented with information on ECE implementation and follow-up to the 2030 Agenda for Sustainable Development, in particular on findings of the regional survey on the 2030 Agenda conducted among ECE member States at the end of 2015. Most countries in the region have already developed national strategies for the implementation of SDGs and are adapting the review and follow-up mechanisms to existing systems. Many of them still face the challenge of implementation of the SDGs in a more coordinated manner, among various stakeholders and how to measure progress in achieving the goals remains difficult.
 26. Also, during the informative session Ms. Linn, Principal Adviser and Chief of the Sustainable Development and Gender Unit in the Office of the Executive Secretary, ECE, highlighted the recognition of the need for follow-up and review mechanisms for the 2030 Agenda at the regional level, and the potential contribution of the UN Regional Commissions to the High-Level Political Forum review at the global level. She noted that regional reviews provide a good opportunity for peer learning, exchange of good practices and addressing transboundary issues. At the Regional Forum on Sustainable Development organised by ECE in May 2016, countries discussed how they might wish to set up the regional process of reviews, and concluded that they should build on existing mechanisms. That process is still developing and ECE Sectoral Committees will have a role in it.
 27. The Joint Section will continue to monitor and update member States on the developments of the political agenda related to SDGs, and to contribute to the development of the system for monitoring and evaluation of the implementation of SDGs, in coordination with FAO and UNECE, as appropriate.

B. Meetings /Events (excluding capacity building)

National Forest Policy Dialogue

28. At the request of the Ukrainian Government, a National Forest Policy Dialogue Workshop took place in Kiev (Ukraine) on 15 September 2016. About 50 participants from state forest resources agencies, NGOs, academia and research institutions, together with Joint UNECE/FAO Forestry and Timber Section staff and representatives of Poland and Belarus. Ukraine, Poland and Belarussian representatives presented their country reports about sanitary cuttings, including their different approaches. Then, the workshop discussed the all aspects of sanitary cuttings in Ukraine and concluded that (i) the sanitary condition of Ukrainian forests has a tendency to deteriorate due to complications of climatic conditions and the increasing level of outbreaks of pests and diseases; (ii) recently the capacity of forest enterprises for sanitary cutting is beyond the volume planned; and (iii) there is an urgent need to improve early diagnosis of diseases.

C. Team of Specialists on Forest Policy

29. The third meeting of Team of Specialist on Forest Policy will take place in Geneva in 28 March 2017. The ToS will report to the Working Party after the annual meeting.
30. During the second meeting of the ToS in Prague, Czech Republic in October 2015, ToS members agreed on priority areas for future work: (i) the post-2015 development agenda - SDGs and targets; (ii) contribution to Silva2015; (iii) the post-2015 International Arrangement on Forests (IAF); (iv) the Green Economy and the implementation of the RAP (including collecting reliable data, conducting benchmarking studies, and exploring tailored tools for communication within and outside the forest sector); (v) possible cooperation with the ToS on the Forest Sector Outlook Study; and (vi) the possibility and modalities of participation of experts from countries of Eastern Europe, Caucasus and Central Asia.

D. Key questions for guidance and discussion

31. The Working Party is invited to:
 - a. *Provide guidance and advice to the ToS on Forest Policy on the priorities of its proposed work.*
 - b. *Provide guidance and advice to the ToS on Forest Policy and to the secretariat on the mid-term review and future implementation of the RAP.*
 - c. *Provide guidance and advice on how the secretariat could support national implementation of the 2030 Agenda, and the development of forest-related SDG indicators, and contribute to the implementation of the UNFF Strategic Plan.*

II. Forest Sector Outlook

A. Implementation by the secretariat

32. The Joint Section, in close cooperation with the Federal Forest Agency of the Russian Federation (FFA) and supported by the Team of Specialists on Forest Sector Outlook, successfully planned and coordinated a workshop on “*Streamlining the next round of Forest Sector Outlook Studies in the UNECE region*”. The Joint Section would like to express its gratitude to the Russian Federation for their generous support of the event.
33. Twenty-seven participants and speakers (plus two remote presentations), mainly from Russian federal and local executive bodies, science and business organizations attended the event. A delegate from the FAO Liaison Office with the Russian Federation attended the meeting. The meeting was jointly chaired by Mr. Mart-Jan Schelhaas (leader of the ToS on Forest Sector Outlooks) and Mr Vladimir Dmitriev (Head, Science and Perspective Forest Development of the FFA). The meeting agenda, presentations and pictures can be found on the UNECE/FAO website: www.unece.org/index.php?id=43170. The meeting was organized in response to a request by the Russian Federation during the meeting of the ToS held in Arona, Italy in January 2015.
34. The intention of the workshop was to improve communication and cooperation on forest sector outlook related issues between experts from the Russian Federation with those from the rest of the UNECE region. The overall objective of the workshop (in line with the objective of the ToS on Forest Sector Outlooks) was to encourage coverage of the entire UNECE region in the next Forest Sector Outlook Studies, including the Russian Federation and countries of the CIS.
35. Participants discussed the former outlook studies conducted in Europe, North America and the Commonwealth of Independent States and how future studies could reflect different economic conditions and trends in sectors outside the forest sector (e.g. Climate Change and Sustainable Development Goals). The outlook studies are developed using econometric models and can be linked to forest resource models to forecast forestry and timber development.

36. Workshop participants discussed potential next steps, at the end of the workshop. The following activities were proposed and discussed:
- Share preliminary modelling results of the North American Outlook Study with the Russian Federation.
 - Assess the possibility of sending 1-2 modelling experts to Roslesinfor to train specialists in the use of the EFISCEN forest resource model.
 - Discuss with the Russian Federation and members of the ToS about the possibility of organizing a forest products markets modelling event, back-to-back with the next ToS meeting.
37. The work on the forest sector outlook is gaining momentum. During 2017, the secretariat will be seeking financial and in-kind support for the third European Forest Sector Outlook Study (EFSOS III). The next steps include the development of a project description and an updated timeline, and the preparation of a tailored project description for each donor, including draft budgets. The secretariat, in close coordination with the Team of Specialists, will decide on the scope of EFSOS III and the number of scenarios and the tools used for the analysis. The Joint Section is currently anticipating at least four scenarios (a) baseline, b) potential impacts of SDG's in forest products markets and the forest resource c) potential impacts of the Paris Agreement (COP21) on climate change adaptation and mitigation and d) biodiversity. The modelling itself is expected to take place after Las2017. The aim is to have preliminary results available in the course of 2018, while the final publication is likely to be published in 2019.

B. Team of Specialists on Forest Sector Outlook

38. The ToS did not hold a team meeting in the last 12 months. The team was instrumental in developing the agenda and preparing the workshop in the Russian Federation. Many of the expert speakers are members of the ToS. With the increasing momentum in developing the next round of Forest Sector Outlook Studies, the ToS will very likely meet several times per year until 2019. More detailed information on the activities of the ToS can be found in the separate report.

C. Key questions for guidance and discussion

39. The Working Party is invited to:
- Inform the secretariat about current or planned activities in member States regarding outlook studies;*
 - Consider supporting the next Outlook Study through in-kind and financial contributions.*
 - Provide recommendations to the secretariat how to best use synergies with other relevant partners and groups (e.g. Standing Forestry Committee of the European Commission).*