The challenge ahead of negotiators of a successor to the International Tropical Timber Agreement is to find ways of achieving more at the local level

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OBJACHEVO, a town in the Komi Republic in the northwest of the Russian Federation, lies right under the main commercial flight path between Europe and Japan. In November the landscape is dark and a thick layer of ice and snow reflects the little daylight left. Objachevo is the main centre of an 800 000-hectare forest enterprise, or *leshoz*, which itself is part of an ocean of forests that covers 39 million hectares or 93% of the Republic's land area.

Komi's forest area is stable and even increasing in some places: population pressure is low and the only significant economic land-use is forestry. What makes Objachevo's forests different from other forests in Komi is the fact that it will soon be certified under the Forest Stewardship Council—after massive financial and institutional efforts to achieve the necessary standards. The big question, though, is this: what are the benefits and costs of creating a certified forest in the middle of an ocean of forests? A market for certified wood from remote Komi does not exist, and even if it did the local population would not benefit much because this type of certification is a tool for large companies and markets and has little if any effect on local development. The situation of the population, most of it former forest-worker families once employed in inefficient Soviet forest enterprises, remains desperate. The 'forester's approach', supported by the international community, was to pursue certification as a tool for sustainable forestry in boreal forests. Was it the right choice?

Rantau Rasau in eastern Sumatra is bordered by the South China Sea and a wide river delta; it's a wet land with poor soils and a hot and humid climate. Hundreds of families were brought to this land from fertile Java 35 years ago with the promise of a bright future. The forests have since been removed and a huge financial and institutional effort has been undertaken to claim swamps for settlements and sustainable agriculture. Today, many paddy fields have been abandoned, soils have lost their fertility or become toxic and the livelihoods of many transmigrants are in peril. Very recently, a proposal has been made to grow forest plantations in the area for funding under the Clean Development Mechanism. The question, though, is the same as in Objachevo: who benefits and at what cost? For now, nobody knows. Perhaps when the idea is implemented the social benefits can be assessed. A forester's approach, but is it the right choice?

Objachevo and Rantau Rasau: two destinations in a late-November 2002 travel itinerary. Other examples could be given, but the questions are similar: what are we achieving by taking a forester's approach? How do we influence the fate of the world's forests and improve the circumstances of the people who make their livelihoods out of them? While some of the major impacts and concerns are global and national, the solutions must inevitably be applied at a local level and relate to tenure, rights and ownership, benefit distribution and participation. The forest situations, and the major issues surrounding them, differ widely from one place to the other, and proposed solutions need to be flexible.

Renegotiation

Soon, the ITTO community will be reunited around the negotiating table in Panama City, Yokohama and Geneva—places far away from the forests of Objachevo and Rantau Rasau. Can such negotiations influence local realities? Can they improve upon the forester's approach to increase the benefits accruing at the local level?

As a commodity organisation, ITTO has a strong focus on the tropical timber trade and the sustainable use of its resource base, the tropical forests. The 1994 International Tropical Timber Agreement (ITTA), which succeeded the agreement struck in 1983, did not diminish this focus but it made a timid expansionary step by including all kinds of forests in its information-sharing functions. The 1994 agreement helped make ITTO a recognised player in forest-related development at a global level, and it helped create synergies between countries and to solve conflicts and disputes such as through its transboundary forest conservation program. One of the Organization's strengths is the way its combines policy work with complementary projects in the field. As a successor agreement to the ITTA, 1994 is negotiated in coming months and years, such strengths must be recognised and supported.

Nevertheless, the essential question in the negotiations is how ITTO can have a stronger impact at the local level. Some of the challenges are reviewed below.

Rural poverty: most of the 1 billion people living in or near forested areas in developing countries are considered poor in terms of income, education and access to health. Their dependence on forest products is high, especially where the forests and woodlands are fragmented. A major implication of this is the potential contribution that degraded forests, secondary forests and degraded forest lands can make to local livelihoods: these areas can be brought into sustainable production with relatively small investments as long as local people have secure tenure and access rights and are able to generate income from the forest.

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Participation and forest sector governance: the broader participation of stakeholders and particularly of marginalised social groups in the use, management and protection of forests and in the trade of forest products is necessary for long-term sustainability and for combating local poverty. Collaborative forest management, including community-based management, joint forest management and other models can apply, but only when the broader political commitment and institutional enabling environments exist. The forest sector is notorious as a locus of corruption, vested interests and rent-seeking behaviour and for its lack of transparency in the allocation of resource rights and trade in forest products. For ITTO and others, the reality is that in most cases when forests are economically and environmentally significant, additional effort is needed to assure participation of local social groups and to improve sector governance. Until these are dealt with effectively, it is risky to focus solely on technical inputs such as improving forest management, forest industry development and timber trade.

Harvesting: deforestation and forest degradation can be slowed by the adoption and enforcement of appropriate policies. Significant areas of closed natural forests are likely to be logged in the tropics over the next ten years and even more will be harvested for non-timber forest products; the question is whether such harvesting will be done well or poorly. The fact that most forest extraction in the tropics is not sustainable, even though the techniques for sustainable management are known, has led some analysts and government officials to conclude that such operations *cannot* be sustainable because of economic and financial barriers. However costs, prices and incentives are usually highly distorted in the timber sector, including by illegal rent-seeking behaviour in logging operations. Combating such illegal practices is a key to improving logging practices, while the harvesting of non-timber forest products must be part of a more holistic approach to forest management.

Forest conservation: few ITTO producer countries can afford or are willing to set aside significant areas of commercially accessible forests as totally protected areas without compensation for lost economic rent. Moreover, a significant proportion of the financial resources needed to effectively manage tropical forest protection areas will have to originate from outside national government budgets. Local people must be given a meaningful role in management, a role that will need to provide at least part of their income. ITTO's engagement in transboundary forest conservation has already been mentioned and could be strengthened in the new agreement.

New markets for forest goods and services: a major impediment to greater sustainability in natural forests is the very different perception of the value of forests between international groups who attach high values to biodiversity and the carbon-storing capacity of forests (although they do not necessarily make a high financial contribution to the maintenance of these values) and national and local groups who need to see immediate and tangible benefits from forest use. In addition, forests and other natural resources have an intrinsic real option value; with uncertainty over the future values of these resources, a premium for waiting is created. In financial markets, options are commonly valued and traded. But for forests and other natural resources these real options are not monetised. Governmental and international institutions have an important role to play in helping to conserve these resources and to bridge the gap between financial and economic values. In such cases ITTO and other international agencies may be able to broker arrangements to increase investments and other financial flows for the protection of forests for biodiversity, carbon, water and other benefits—financial flows that must reach the local level to be effective.

Climate change and forests: forests have a limited ability to cope with climate change. Over the past 20 years droughts, cyclones and fires have severely damaged or destroyed forests worldwide; there is evidence that natural disasters are happening more frequently. Changing climatic regimes have brought about a phenomenon that some call 'the wrong types of fire in the wrong places'. Forest fires, either natural or human-induced, have always occurred in savannas, boreal forests and some specific tropical forest ecosystems. Today, however, large fires are occurring in humid forests in all tropical regions at a rate unprecedented in recorded history. It is estimated that in 1997–98 alone more than 14 million hectares of closed natural humid tropical forests turned to ash in the Brazilian Amazon, Borneo, Mexico and Sumatra. There is a danger that important changes in forest succession patterns will occur over the next few decades in the large remaining massifs of tropical humid forests in the Amazon, Congo Basin and Southeast Asia. This will have unpredictable consequences for people living in these forest areas and for the world as a whole—not only because of the loss of biodiversity but also because of the potential effects on the global climate. The role of the tropical forests as both a source of and sink for atmospheric carbon and their important roles in relation to climate change should be looked at closely in the negotiations for a successor agreement to the ITTA, 1994.

Moving forward

Tackling issues such as those mentioned above will help negotiators understand that there is a lot to learn from local situations and that ready-made solutions might be nice for window-dressing but will not make the impact needed to sustain livelihoods. The forests agenda will move forward if we are able to extend the forester's approach to look beyond the rigid boundaries of timber production and timber trade, to take an holistic view of forest management, and to include local initiatives and approaches that make sustained contributions to social development.

Finally, to close the circle with the two examples in the beginning: for the forester's approach to succeed in Objachevo, the certification process there needs to secure the full economic involvement of existing local social groups in the management and marketing of forest products. We must assess the results of the approach proposed in Rantau Rasau using a range of social indicators, but it is likely that the initiative will stand or fall on its ability to ensure local ownership of the process and an equitable sharing of benefits.