Incentive Mechanisms for Forest Landscape Restoration

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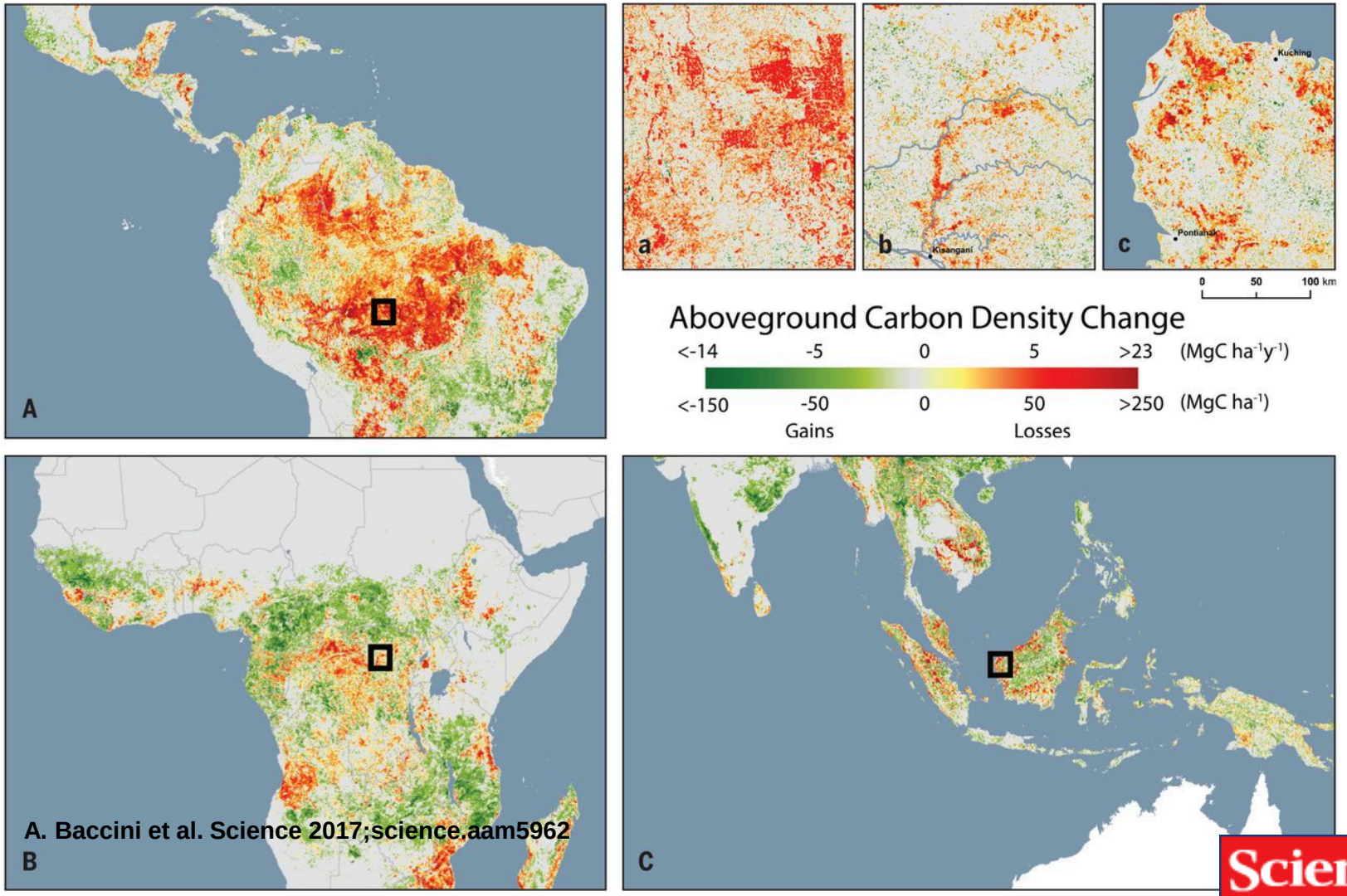
INTERNATIONAL TROPICAL TIMBER ORGANIZATION (ITTO)

Outline of the Presentation

- Short reflection on GLF day 1
- Fresh look at deforestation and forest degradation and the need for landscape restoration
- Restoration for what – carbon, biodiversity, timber, energy?
- Building capacities for landscape restoration and management
- Green growth is essential for landscape restoration

Geography of carbon density change

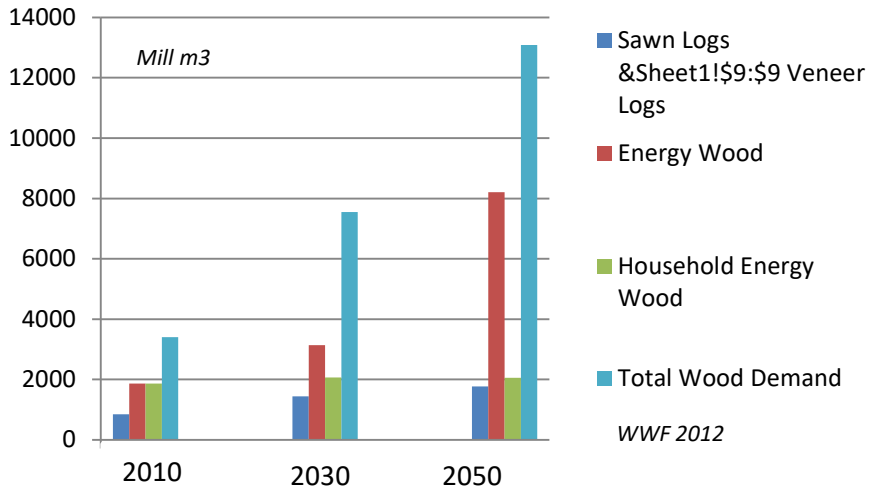


A. Baccini et al. Science 2017;science.aam5962

Published by AAAS

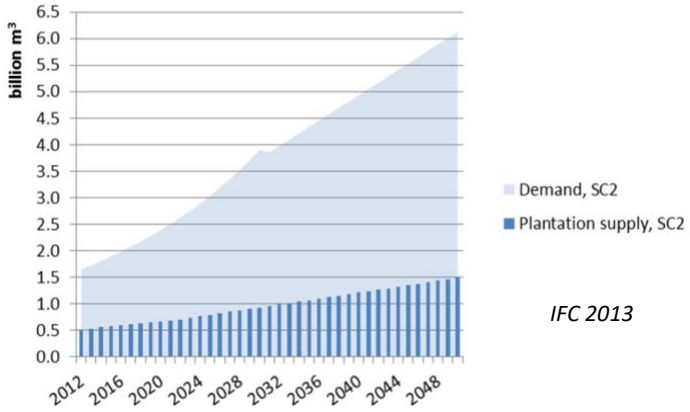
Increasing Global Wood Demand

Increasing global demand for wood



WWF 2012

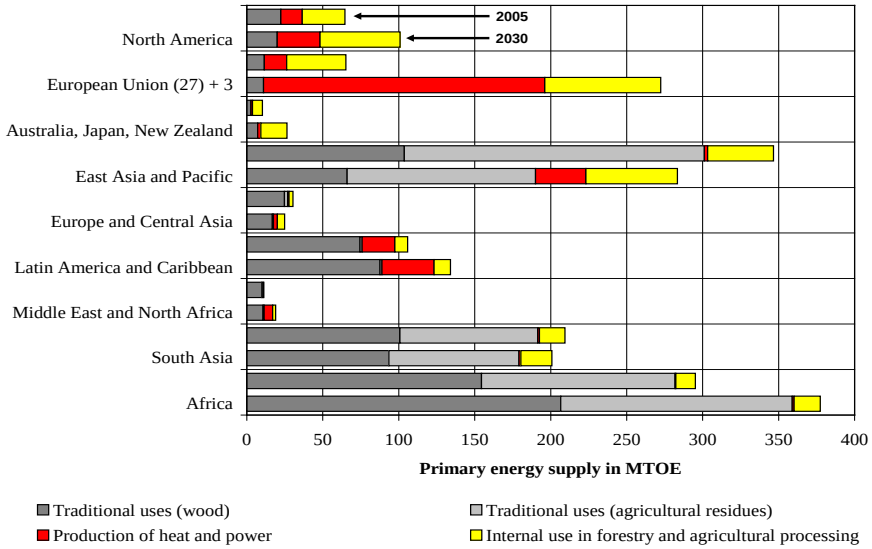
Increasing Gap for Industrial Roundwood



IFC 2013

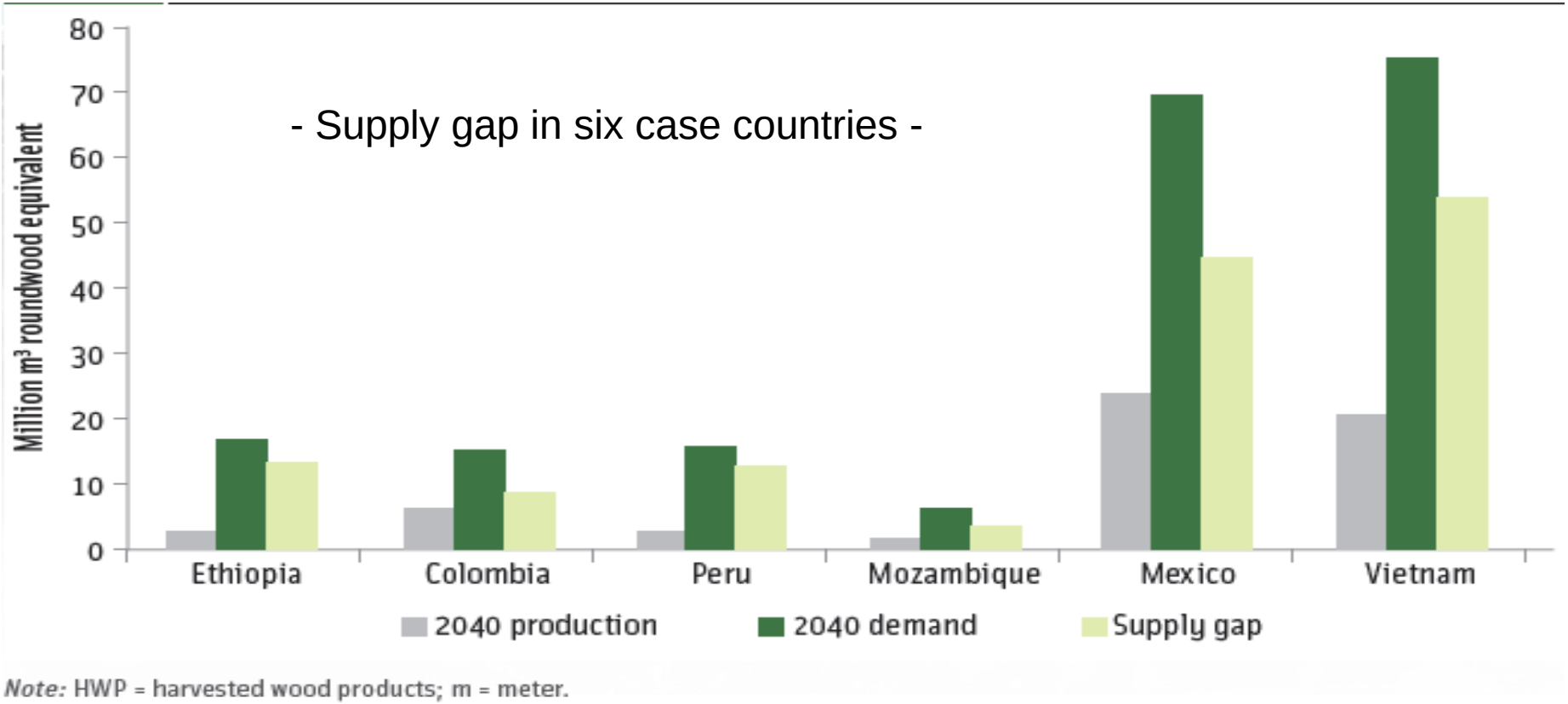
Demand in woodfuel and charcoal continues to increase

- 2.8 billion people will depend on traditional fuels in 2030
- Massive increase in demand for energy wood in industrialized countries



Dieterle et al. 2015

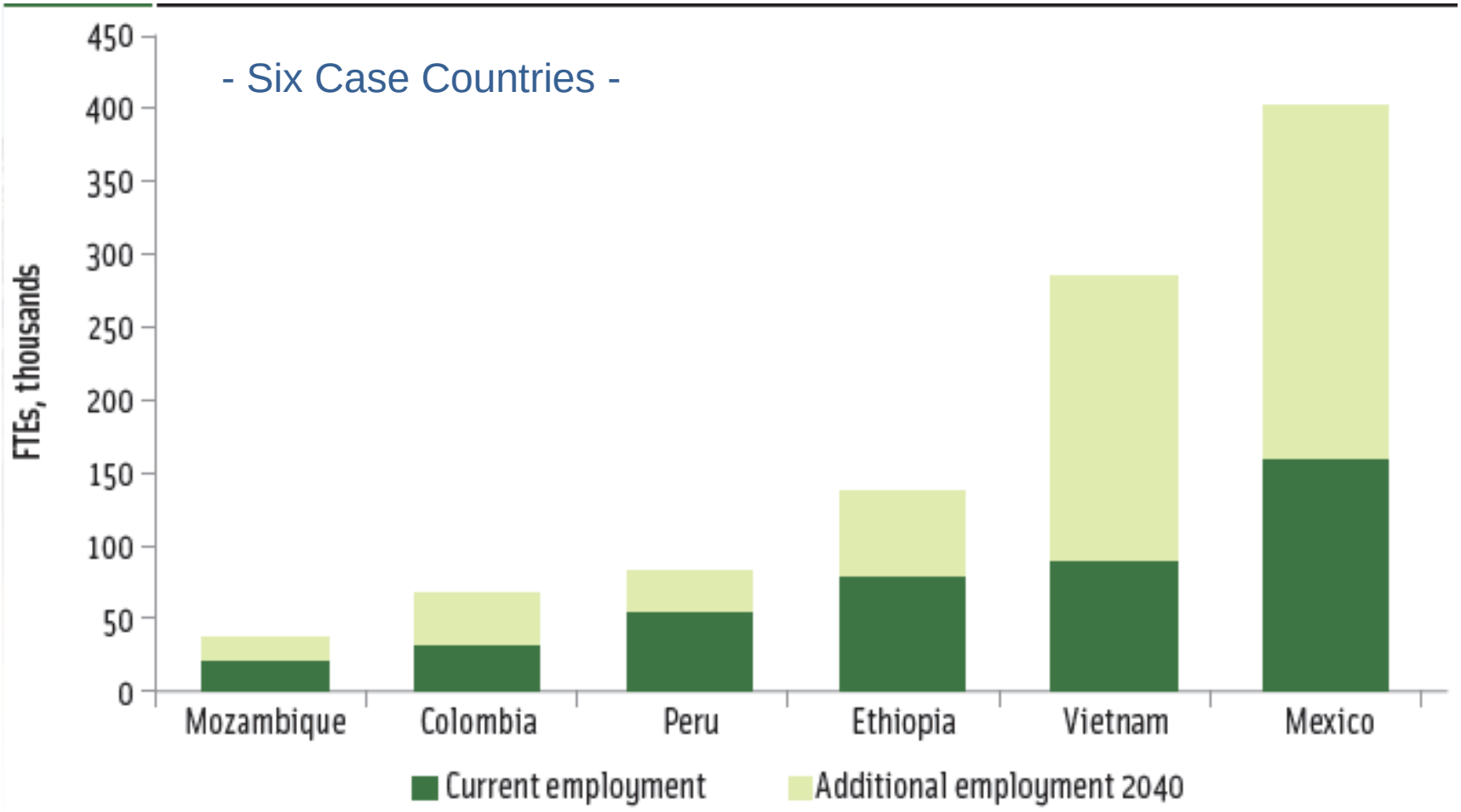
Projected HWP Supply Gap in 2040 under current conditions



Note: HWP = harvested wood products; m = meter.

World Bank, 2017

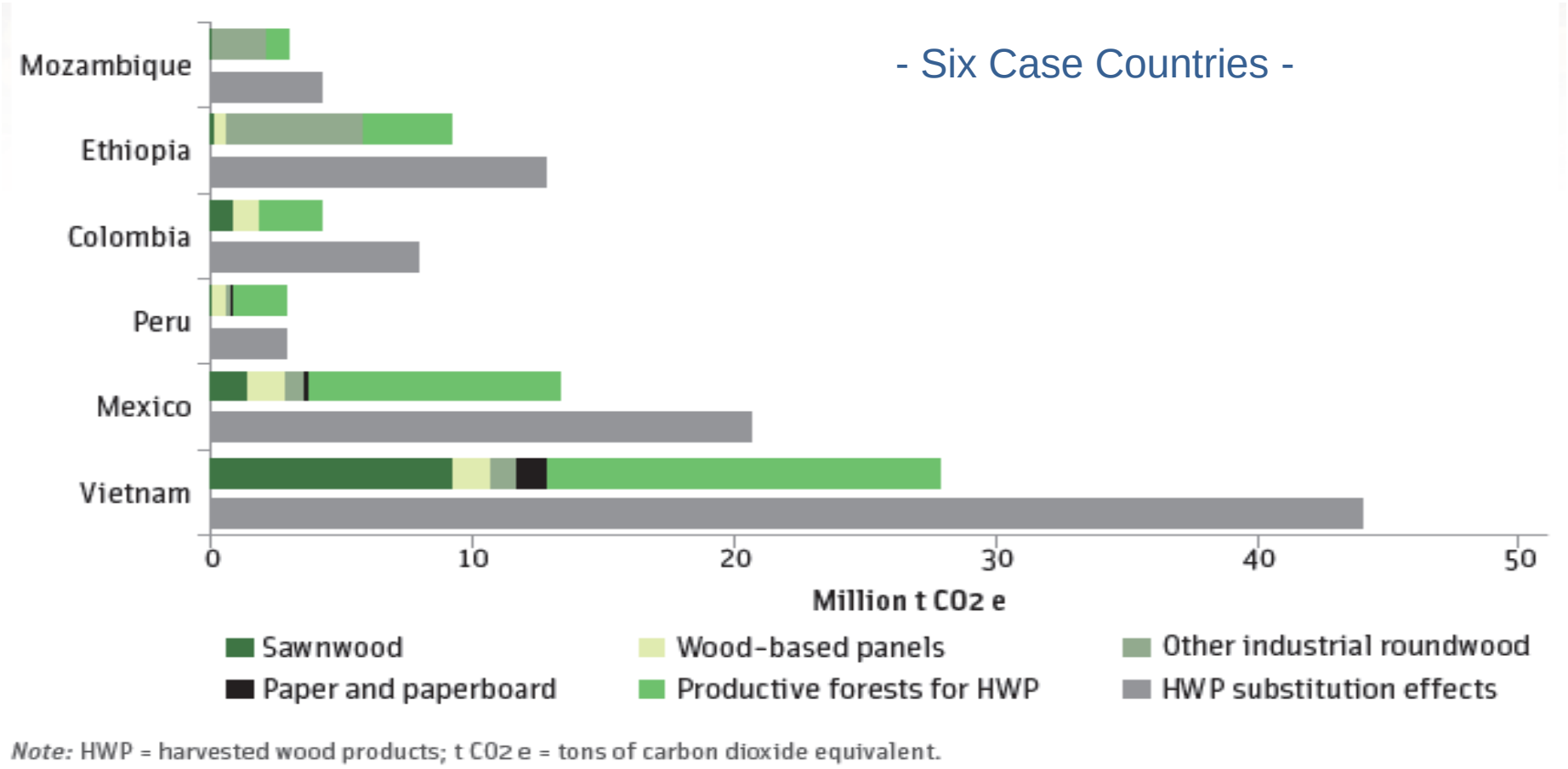
Employment Benefits of the Green Growth Scenario



Note: FTEs = full-time equivalent workers.

World Bank, 2017

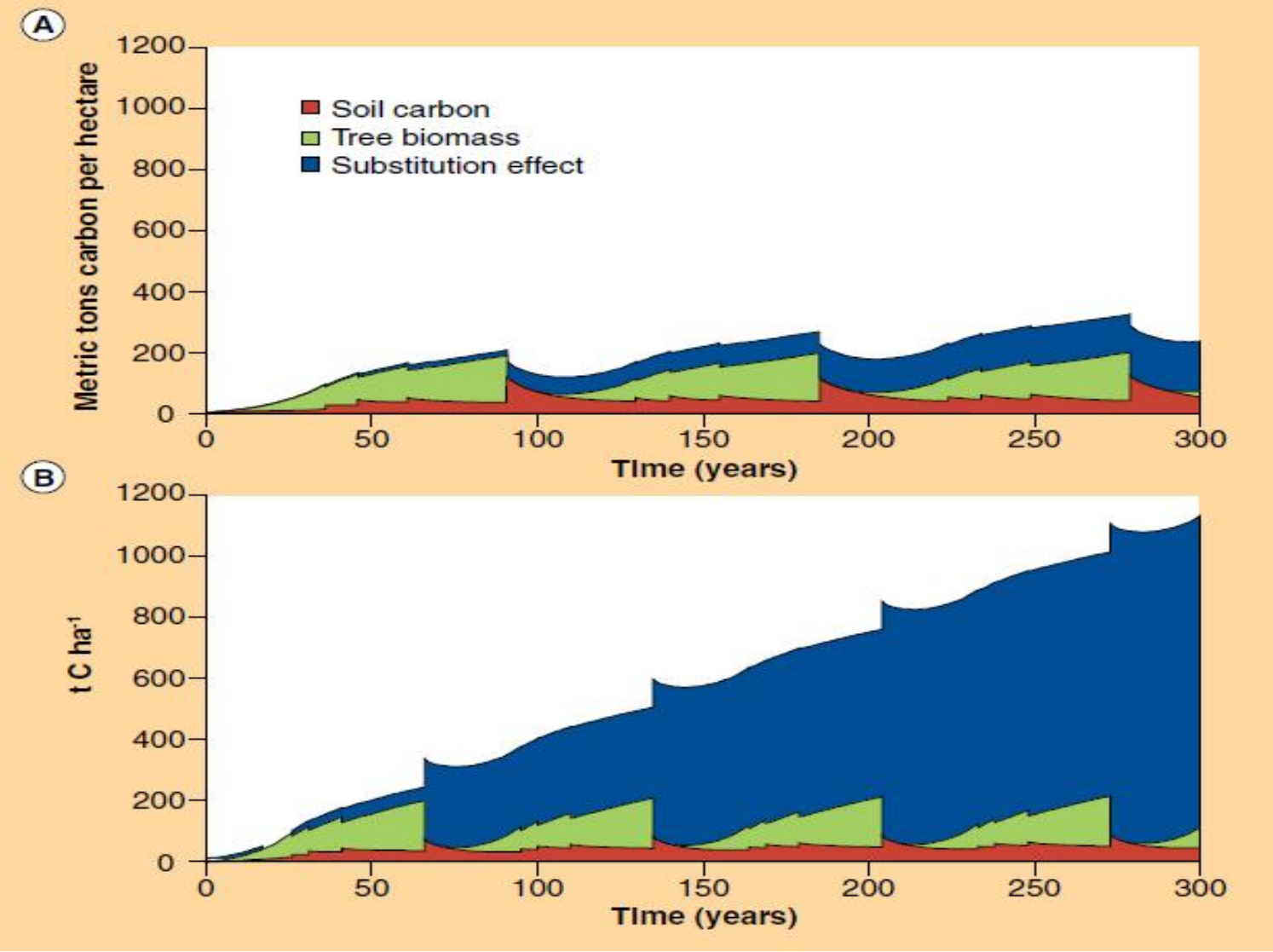
Mitigation Potential of the Green Growth Scenario



Note: HWP = harvested wood products; t CO2 e = tons of carbon dioxide equivalent.

World Bank, 2017

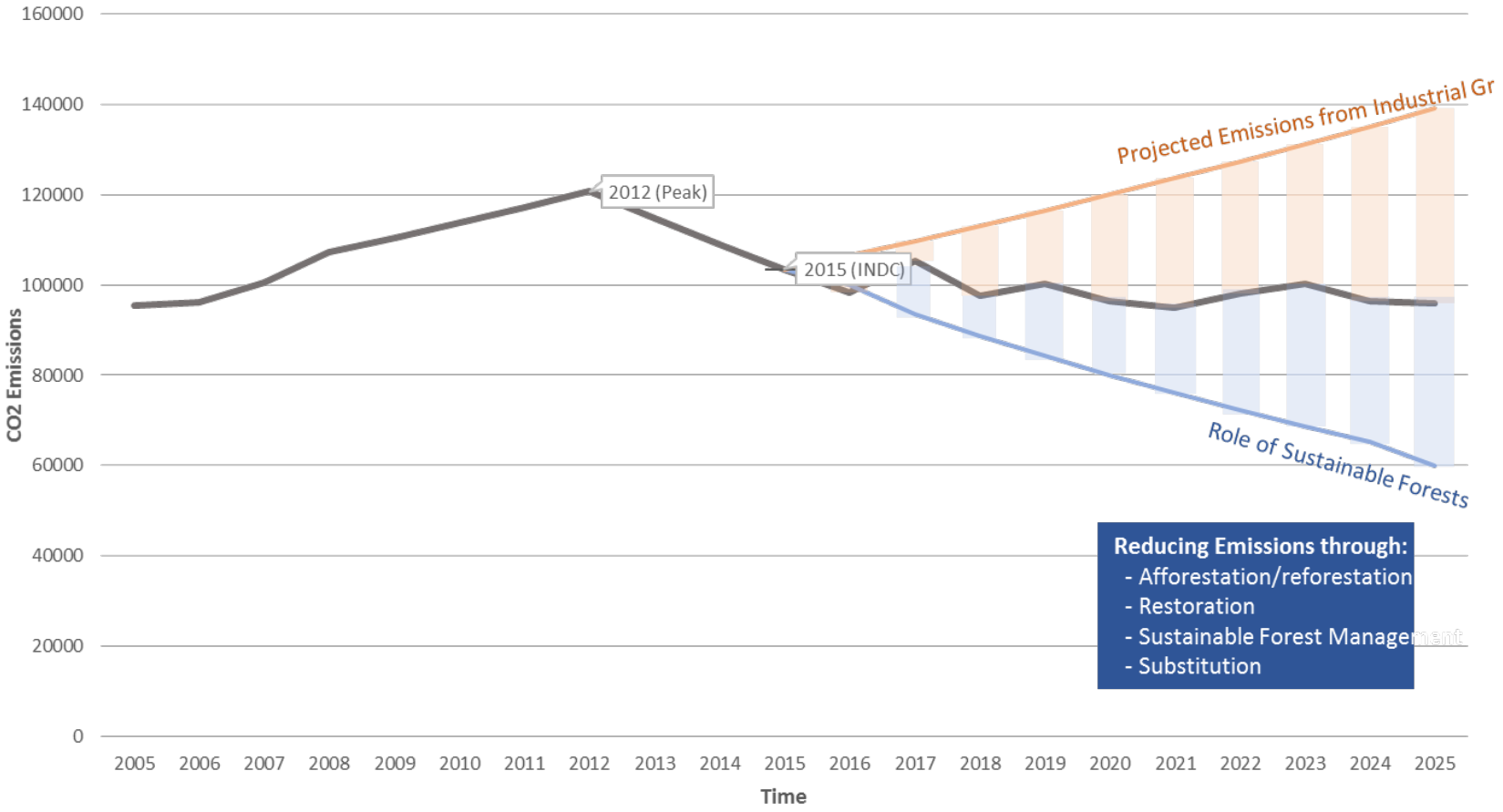
Mitigation Benefits of Sustainable Forestry Value Chain



Canadian Journal of Forest Research 37 (3)2007

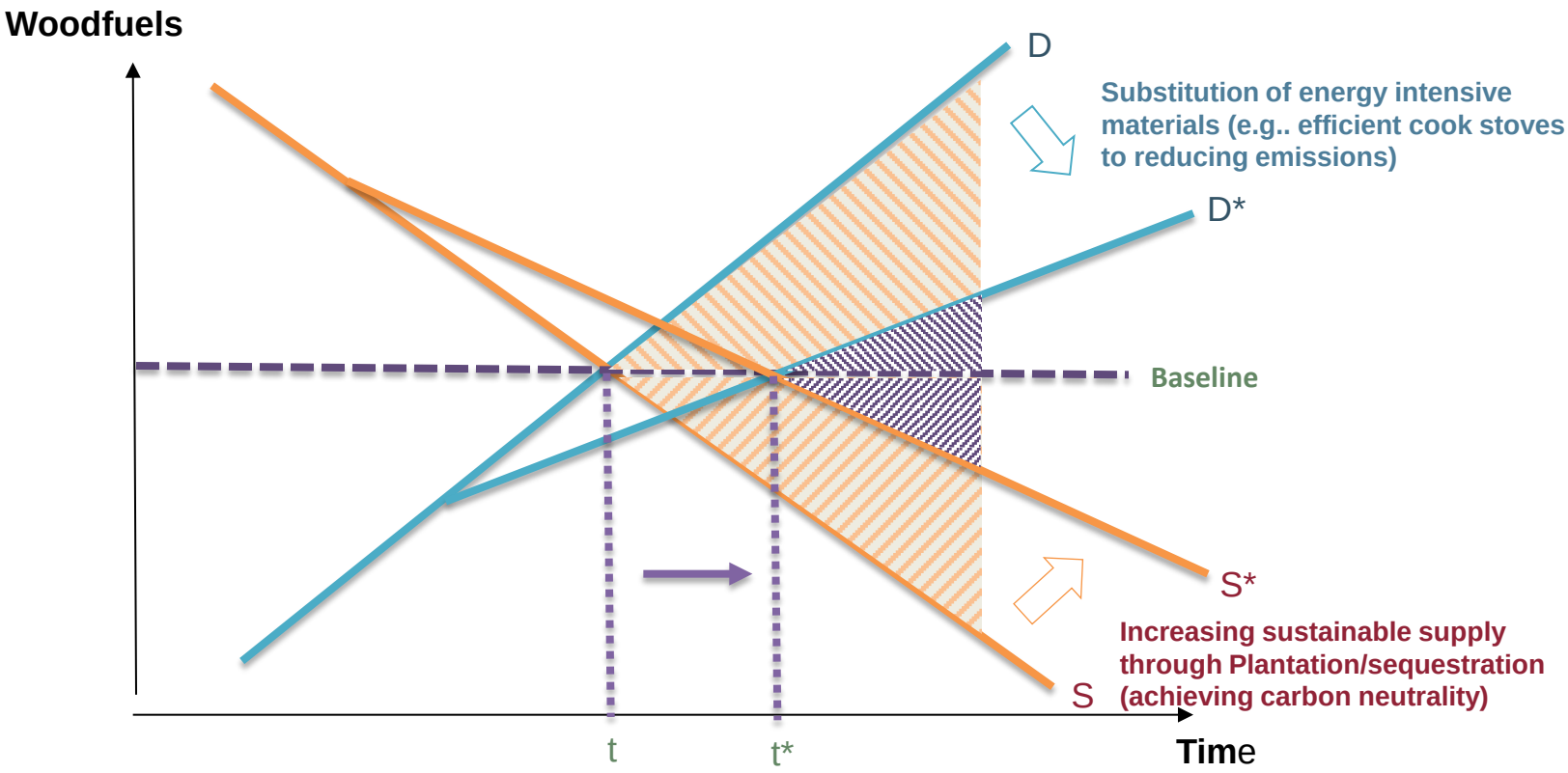
Potential of Forests for Achieving NDCs

- Schematic View for Green Growth Scenario -



Business Cycle for Woodfuels

- Schematic View -



Key takeaways

- Productive forest landscapes are essential for fulfilling basic needs of growing populations and providing global, national and local services: must be supplied like food
- Emerging supply deficit in developing countries might lead to increased deforestation/degradation or use of non-renewable materials
- Productive forests have a huge potential for development, green growth, climate change mitigation/adaptation: the “triple win”
- Substitution of non-renewable materials is an additional key benefit of productive forests
- Landscape restoration efforts must be economically viable and must be considered back from the markets into the forests

Strategic approaches to harness the role of productive forests in landscape restoration

- Protect essential **high-biodiversity and protection** forests for national and global public good purposes
- **Restore degraded multi-purpose forest landscapes**
- **Invest in highly productive forests** for mass products (timber, pulp, energy)
- **Manage and use existing forests sustainably and efficiently** (sustainable intensification, reduce waste)
- **Green supply chains and trade**: Legality and Sustainability in domestic and international markets

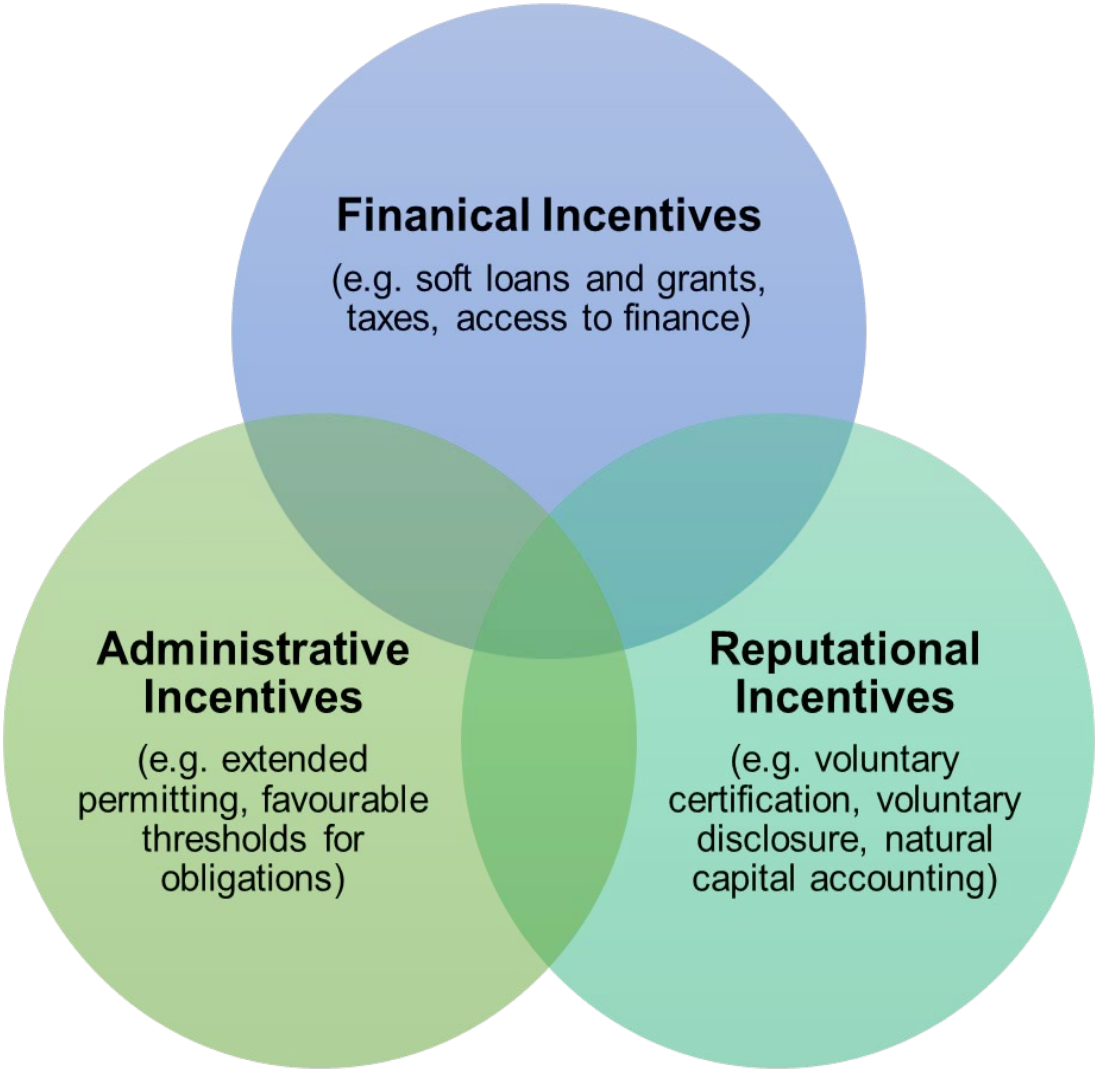
Factors affecting Investment Decisions*

- **<u>Supra and inter sectoral</u> factors affecting landscape restoration decisions, including:**
  - Landscape planning and information
  - Cross-sectoral coordination
  - Land tenure and land use rights
  - Governance and rule of law
  - Incentive mechanisms and investment climate

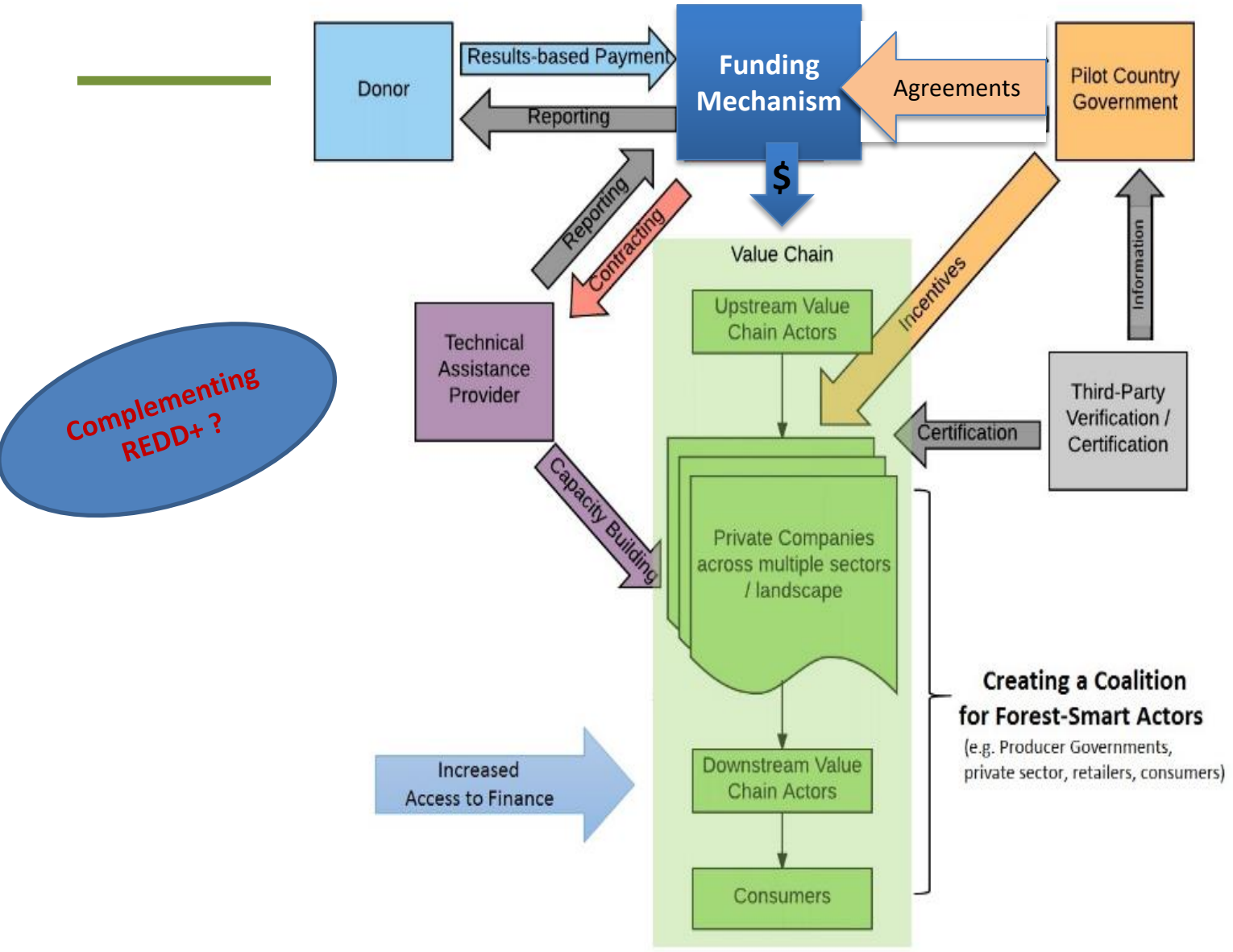
- **Intrasectoral factors affecting corporate investment decisions, including:**
  - Forest policies and regulations
  - Markets and market access
  - Technology/Expertise/Logistics
  - Information and transparency
  - Limitations/restrictions
  - Transaction costs and infrastructure

Tomaselli (2017)

Different forms of incentive mechanisms in the policy mix



Financial Incentive Mechanism towards deforestation-free commodity value chains



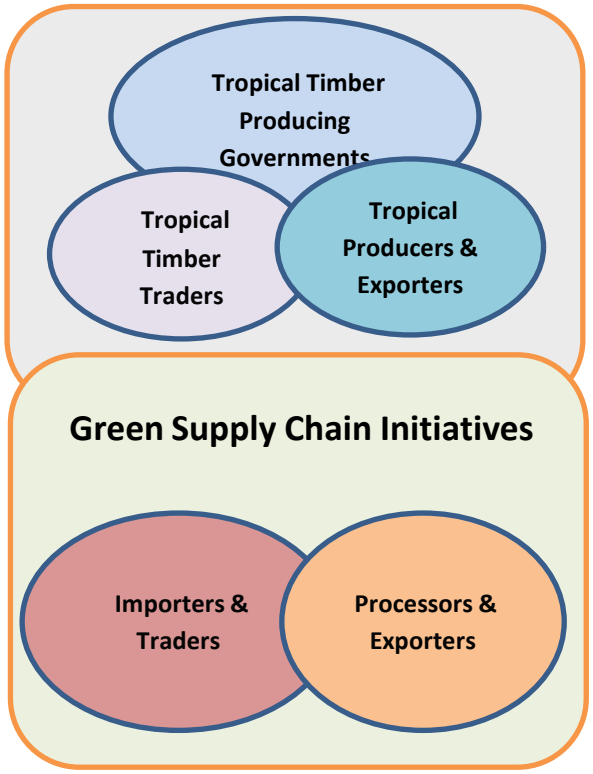
Green supply chains: Pathway to landscape restoration

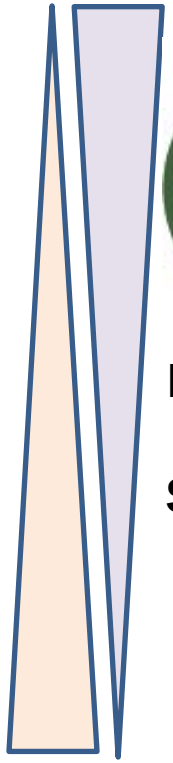
International and National Legality and Sustainability Frameworks

SDGs, UNSPF, National Policies, Intl. Agreements, Proofs of Legality (Certification Schemes, Timber Tracking Systems, DNA Fingerprinting, ……)

Need for Capacity Building

- Landscape Planning, Policy & Regulatory & Institutional Frameworks, Capacity Building , Analysis, ….
- Market Information, Guidelines, Capacity Building Self-organization, Access to Markets ….
- Data Base, Intl. Connectivity, Expert Advice, Market Monitoring, Capacity Building ….
- Market Information, Intl. Outreach, Training and Capacity Building, Networks ….
- Analysis, Information, Monitoring …





Demand for Legal and Sustainable Products

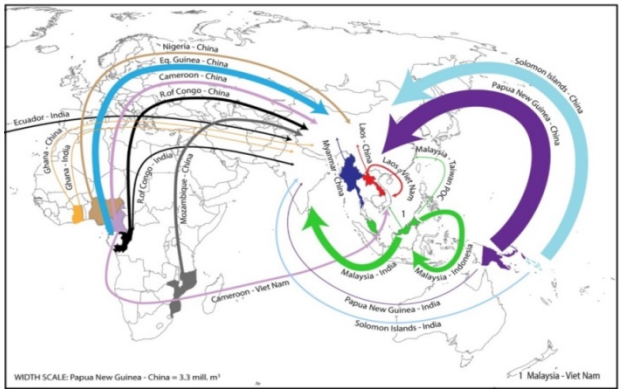
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

National, Regional and International Markets;

Consumers ; Advocacy Groups …..

Addressing specific capacity building needs (Examples)

- Analyze underlying causes of illegality and informality
- Building user associations and marketing mechanisms
- Training on protected species (CITES)
- Company to company training programs
- Promoting civil society engagement, gender
- Training on tracking and monitoring tools; certification
- Market information and statistics
- Basic education and training tools
- ……



Example for capacity building needs in integrated green supply chain approach

Enhancing Teak Management in Mekong Forest Landscapes

Intervention Area	Capacity Building Activity (examples)
Forest management	• Land use/forest management plans; regulations, coordination • Silvicultural practices • Seed improvement • Regeneration practices • Certification, legality • Community forest management, land tenure, gender • Non-timber forest products
Forest Production	• Reduced impact interventions, logging, workers rights …. • Grading, avoiding waste, processing technologies • Transport with chain of custody certification
Supply chain and marketing	• State of the art tracking technologies • Proof of legality, documentation • Market information, auctioning • Access to “green” markets

Thank You!

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