



The role of productive forests in environment and development

ITTO's contribution to filling a strategic gap in international forest and climate policies

Gerhard Dieterle

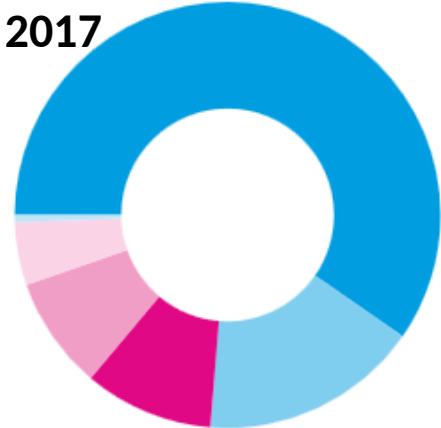
Opening address at the 54th session of the International Tropical Timber Council

Yokohama, November 5, 2018

Africa: hungry for food, fuel, fibre and wood

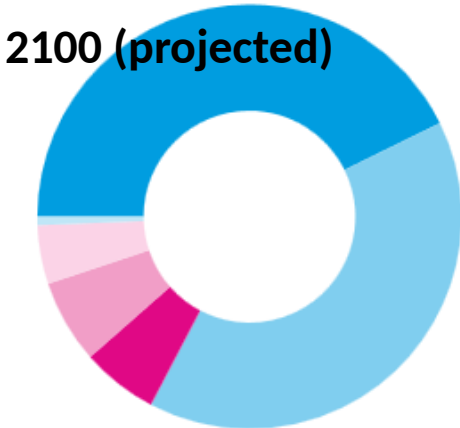


Global population by region



Global population
7.55 billion

■ Asia 4 504 million (59.66%)	■ Africa 1 256 million (16.64%)
■ Europe 742 million (9.83%)	■ Latin America /Caribbean 646 million (8.55%)
■ North America 361 million (4.78 %)	■ Oceania 41 million (0.54 %)



Global population
11.18 billion

■ Asia 4 780 million (42.74%)	■ Africa 4 468 million (39.95%)
■ Europe 653 million (5.84%)	■ Latin America /Caribbean 712 million (6.37%)
■ North America 499 million (4.46%)	■ Oceania 72 million (0.64 %)

Grafik: Deutsche Stiftung Weltbevölkerung (DSW)
Quelle: Vereinte Nationen, World Population Prospects: The 2017 Revision

Multiple wins from sustainable forest supply chains



- Economic growth
- Poverty reduction
- “Wood security”
- Additional climate mitigation benefits: emission reductions + CO₂ removals + substitution + storage:
 - Potential is up to 8 GtCO₂/year, but the accounting of substitution benefits unclear
- Increased environmental/biodiversity benefits
- Global water regime

Why green supply chain initiatives are important



Consumer countries

- Foreign investment by progressive wood industry will **focus on low-risk countries to ensure legality and sustainability.**
- **Consumer countries will become increasingly self-sufficient:** increasing North-South trade
- Market share of **chemically & mechanically modified softwood** (e.g. Kebony, acetylated wood, compressed softwood) eroding the demand and market share for tropical hardwood.
- **Public and political acceptance** of tropical timber will further erode without green supply chains.
- Demand for verification of legality and sustainability will become the “norm” in an increasing number of countries.
- REDD+ approach needs to be complemented: access to investment finance, fiscal/tax/other incentives, capacity building, public-private partnerships etc.

Tropical timber-producing countries

- Tropical timber-producing countries will face increased demand for verified legal and sustainable timber.
- **Risk of losing global market access** for tropical timber is imminent; Increased trade deficit.
- Without addressing emerging domestic supply gaps of timber and wood-based energy, many tropical countries will
 - **Depend increasingly on non-renewable materials (steel, concrete, fuels)**
 - **Risk of increased deforestation/degradation**
 - **Depend increasingly on imports from the North.**
- Reduced risks and increased attractiveness for foreign investment in tropical timber-producing countries
- Urgent investments, incentives and capacity building in SFM and green supply chains needed.

The role of ITTO

Promote sustainable production & consumption of wood products,
NTFPs & forest services in international and domestic markets



Intervention area	ITTO strategic action
Policies (BWP 14)	Creating awareness for the role of productive forests and supply chains in forest landscape management; engagement across cross international forest regime, building capacities; role of forests and forest products in a circular economy <i>Example: Joint ITTO-FAO-CIFOR-WB-WWF initiative: SW4SW</i>



Working with partners: SW4SW initiative: FAO, ITTO, WB, WWF

<http://www.fao.org/forestry/sustainable-wood/en/>



Food and Agriculture
Organization of the
United Nations



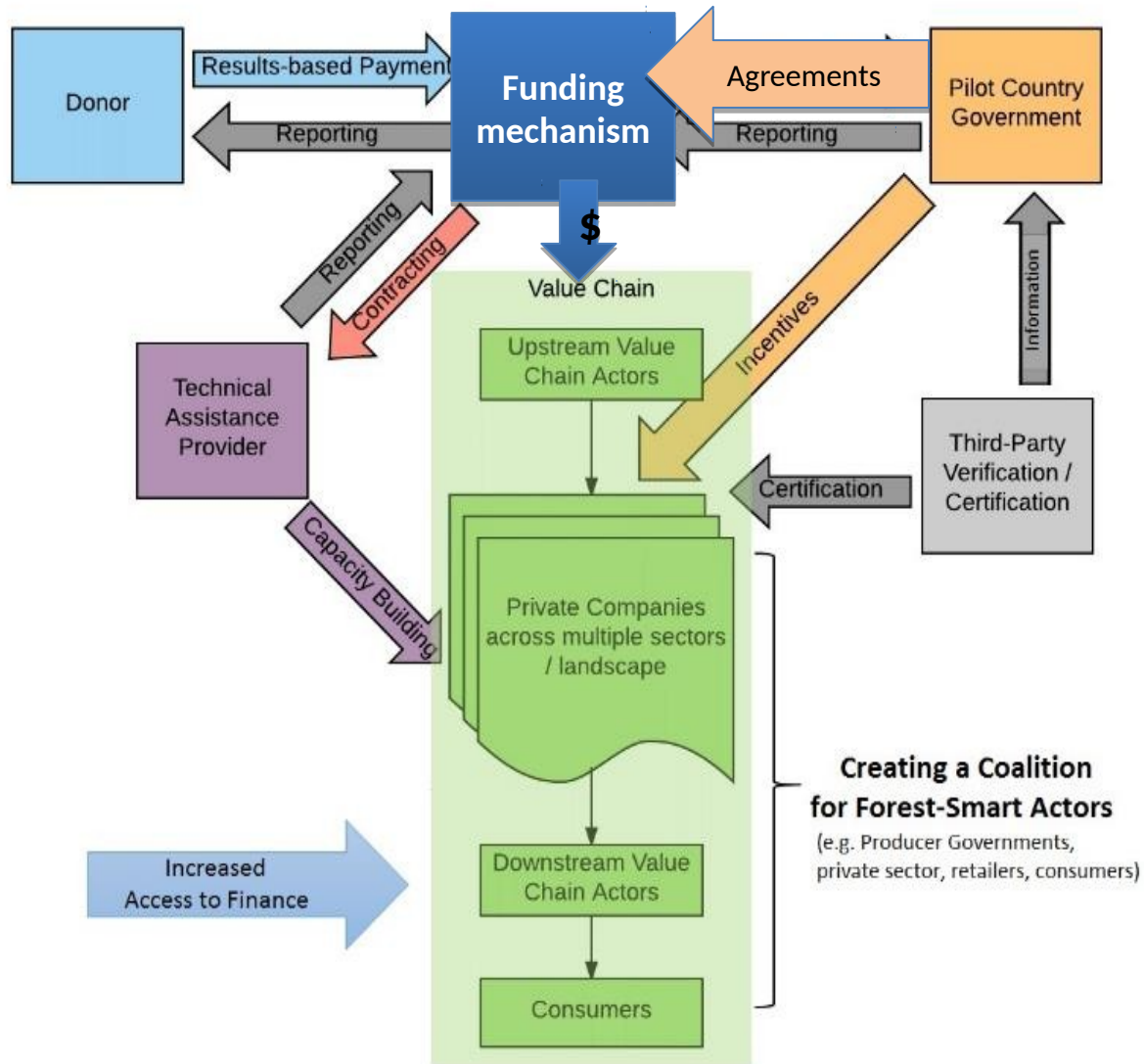
The role of ITTO

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Intervention Area	ITTO Strategic Action
Incentives (BWP 1, 14)	Urgent need for fiscal and taxation incentives as stimulants for massive investments in tropical forest landscape restoration <i>Example: Joint WB-ITTO flagship study and workshop; country case studies</i>

Example: Financial Incentive Mechanism towards deforestation-free commodity value chains



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Intervention area	ITTO strategic action
Coherent approach to forest landscape restoration (BWP 10b, (14))	The role of productive forests and economics in landscape restoration Example: CPF partnership for stocktaking and revision of existing FLR guidelines



ITTO and forest landscape restoration (FLR) guidelines

ITTO has committed to the development of voluntary guidelines for the design and implementation of successful FLR in the tropics as part of the CPF ***“Fostering Partnerships to Build Coherence and Support for Forest Landscape Restoration”*** initiative.

ITTO is revising and updating its guidelines for the restoration, management, and rehabilitation of degraded and secondary tropical forests (ITTO Policy Development Series no. 13), by:

- Taking stock of lessons from FLR projects in Africa, Asia-Pacific and Latin America
- Identifying opportunities for synergies
- Reviewing the use of existing FLR tools/guidelines developed by CPF members
- Under the framework of operationalizing GPFLR’s principles for FLR, designing the scope and key elements of new FLR guidelines to promote the restoration and management of degraded tropical forests and decide on the next steps to develop new guidelines
- Applying and promoting FLR principles and criteria in ITTO operations

Expert Group Meeting for Forest Landscape Restoration in the Tropics (14–16 November 2018 in Bangkok, Thailand)

The Role of ITTO

Promote sustainable production & consumption of wood products, NTFPs & NTFS in international and domestic markets



Intervention area	ITTO strategic action
Information and capacity building; communication (BWP 6, 7, 16-18)	Support and assist with information, data and skills throughout supply chains: producer and consumer governments, traders, processors, markets Example: Ongoing MIS, TFU, IMM, CITES activities

Information and capacity building for green supply chains



International and National Legality and Sustainability Frameworks

SDGs, UNSPF, national policies, international agreements, proofs of Legality (certification schemes, timber-tracking systems, DNA fingerprinting, ...)

Role of ITTO & Partners

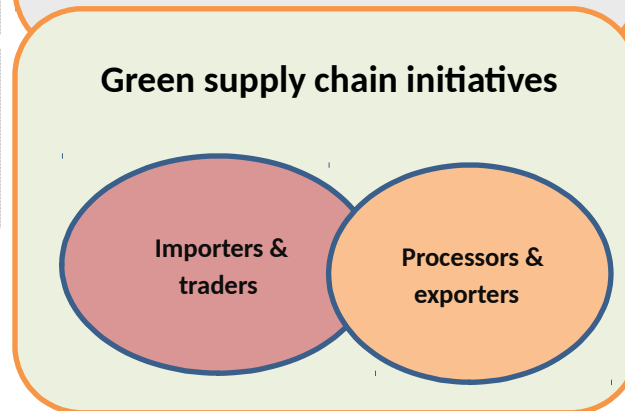
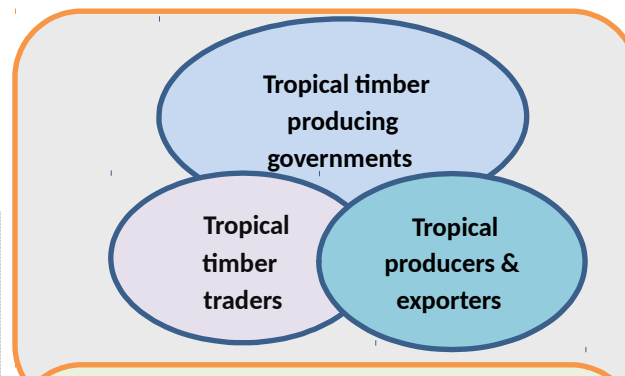
Policy & regulatory & institutional frameworks, capacity building, analysis, ...

Market information, guidelines, capacity, building & training field projects, access to markets ...

Database, International connectivity, expert advice, market monitoring, capacity building & training ...

Market information, international outreach, capacity building, networks ...

Analysis, Information, Monitoring ...



National, regional and international markets; consumers; advocacy groups ...



Demand for legal and sustainable products



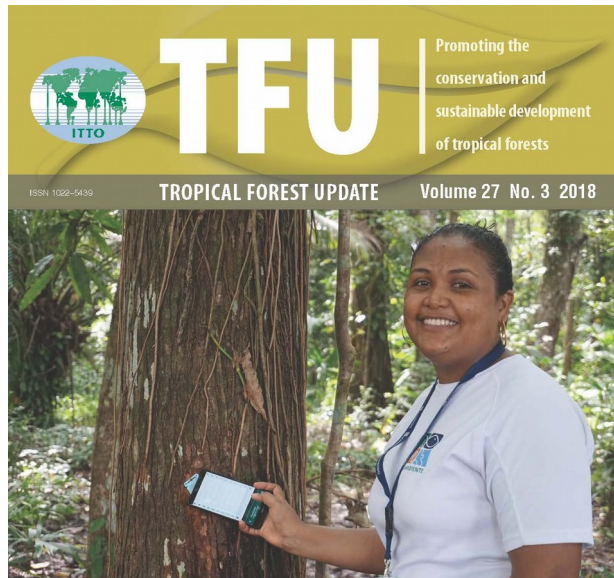
The role of ITTO

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Intervention area	ITTO strategic action
Transparency and accountability (proposed)	Piloting innovative tracking and verification technology Example: Initiative for regional Central America and Mexico log-tracking/tracing approach

ITTO projects on legality and traceability of timber



Keeping track of the forest

Forests are complex ecosystems, and they change over time. Contemporary sustainable forest management (SFM) requires the collection and analysis of timely, accurate, meaningful data to assist in understanding these systems, monitoring changes, and tracking their harvested products. This edition of the TFU takes a look at some of ITTO's efforts to help forest managers address this information challenge.

To begin the edition, however, ITTO Executive Director Dr Gerhard Dieterle (page 3) takes a broad view of the enabling environment for SFM. He calls for more information on the need for and implementation of incentives mechanisms to support good forest actors and discourage informality and poor practices. Productive forests can be highly profitable, says Dr Dieterle, and they have a crucial role to play—locally, nationally

and globally. He suggests that ITTO and its partners work together to examine fiscal incentives and other measures that will more strongly encourage SFM and green supply chains.

Sonja Hassold and co-authors (page 4) present the outcomes of their work to solve a significant field problem: identifying the species and geographic origin of timber—in this case, the precious rosewoods (*Dalbergia* species) and ebonies (*Diocorys* species) of Madagascar. This challenge hinders efforts to stop the international trade of illegally logged timber because, without reliable identification, it is difficult to prove that a timber consignment comprises a given species or species group and therefore is subject to regulations (such as under the Convention on International Trade in Endangered Species of Wild Fauna and Flora).

Inside: incentives · rosewood ID · timber tracking · permanent plots · lightwood

- Species identification and timber tracking using DNA finger printing and stable isotopes (Africa & Indonesia)
- Guatemala's timber traceability system
- Data management system for the forest sector in Ecuador
- Online platform to facilitate the flow of information on timber legality to SMEs in China
- Chain-of-custody verification in PNG
- Capacity building in monitoring and control mechanism in Panama

An edition of the *Tropical Forest Update* some of these projects is available at www.itto.int/tfu/id=4367 or from TFU app (Apple & Google Play)

The role of ITTO

Promote sustainable production & consumption of wood products, NTFPs & forest services in international and domestic markets



Intervention area	ITTO strategic action
Promote/support green supply chain initiatives <i>(BWP 2, 4)</i>	Encouraging/promoting/piloting private-sector initiatives for green supply chains (from legality to sustainability) Example: ITTO support for China's "Global Green Supply Chain Platform"

Global Green Supply Chain Initiative (GGSC)

Beijing, June 2018



- **GGSC members:** Currently 14 progressive Chinese wood-importing and processing enterprises. Trade volume ~US\$ 14 billion
- **GGSC secretariat:** CINFT / NFGA (National Forest and Grassland Administration, previously SFA).
- **GGSC promotion committee:** GGSC secretariat, ITTO, China Timber and Wood Products Distribution Association, Green Carbon Foundation, (open for enterprises to join).
- **GGSC expert group:** ITTO TAG, CINFT.
- **External stakeholders/supporters:** MOFCOM, GIZ Forest Policy Facility, TNC, DfID etc.



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Coherent approach to Forest Landscape Restoration (BWP 10b, (14))	The role of productive forests and economics in landscape restoration Example: CPF partnership for stocktaking and revision of existing FLR guidelines
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ITTO pending-finance projects/activities, by business line



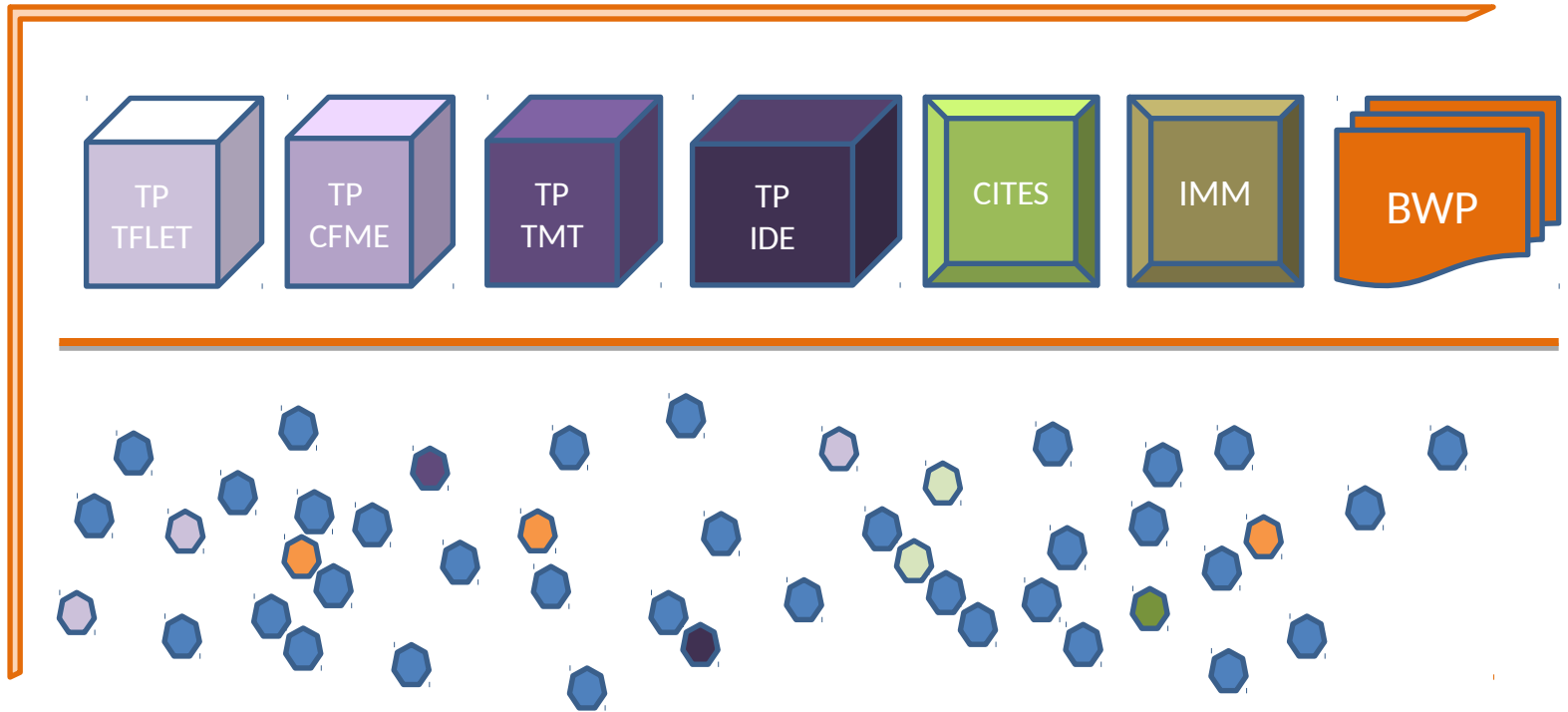
(ITTO budgets in USD1000)				
Sustainable forest and landscape management and planning	Green production and supply chains (verification, tracking, identification)	Access to markets	Biodiversity and protecting endangered species	Knowledge, capacity building and policies for achieving SDGs
PPD186/16Rev.2(F) Guat. \$48	PD709/13Rev.2(I) Indo. \$540	PD819/16Rev.2(M) Peru \$406	PD713/13Rev.2(F) Indo. \$592	PD761/14Rev.2(I,M) Indo. \$509
PPD191/18Rev.1(F) Togo \$71	PD791/15Rev.3(M) Ghana \$309	PD858/17Rev.1(M) China \$329	PD723/13Rev.2(F)Ph1St2&Ph2 Myan. \$1799	PD812/16Rev.2(F) Ghana \$446
PPD192/18Rev.1(F) Guat. \$100	PD796/15Rev.2(M) Came. \$488	PD863/17Rev.1(M) Guat. \$150	PD736/14Rev.1(F) Indo. \$415	PD836/17Rev.1(F) Camb. \$515
PD712/13Rev.2(F) Indo. \$498	PD832/16Rev.2(M) Guat. \$416		PD739/14Rev.1(F) Indo. \$403	PD861/17Rev.1(F) Mexico \$649
PD735/14Rev.2(F) Indo. \$454	PD839/17Rev.1(M) Came. \$460		PD844/17Rev.2(M) Indo. \$592	PD870/18Rev.1(I) Indo. \$606
PD765/14Rev.4(F) Guat. \$352	PD841/17Rev.2(I) Viet. \$428		PD873/18(F) Guat. \$940	PD881/18Rev.1(F) Came. \$846
PD781/15Rev.3(F) CR \$467	PD845/17Rev.1(M) Ghana \$147			PD891/18Rev.1(F) Peru \$397
PD788/15Rev.2(I) Indo. \$570				
PD842/17Rev.2(F) Indo. \$825				
PD849/17Rev.2(F) CR \$346				
PD853/17Rev.1(F) Peru \$441				
PD868/18Rev.1(F) Peru \$380				
PD884/18Rev.1(F) Col. \$580				
PD887/18Rev.1(F) Togo \$637				
PD888/18Rev.1(F) Togo \$678				
15 projects, \$6.5 million	7 projects, \$2.8 million	3 projects, \$0.9 million	6 projects, \$4.8 million	7 projects, \$4.0 million
BWP 1 \$250	BWP 2 \$900		BWP 5 \$200	BWP 8 \$320
BWP 12 \$120	BWP 3 \$125		BWP 6 \$400	BWP 9 \$100
BWP 15 \$50				BWP 10 \$435
BWP 26 \$600				BWP 11 \$200
				BWP 13 \$50
				BWP 14 \$125
				BWP 16 \$70
				BWP 19 \$40
				BWP 22 \$723
4 activities, \$1.0 million	2 activities, \$1.0 million		2 activities, \$0.6 million	9 activities, \$2.1 million

Current ITTO financing structure



ITTA, 2006

- SAP Priority 1
- SAP Priority 2
- SAP Priority 3
- SAP Priority 4
- SAP Priority 5
- SAP Priority 6



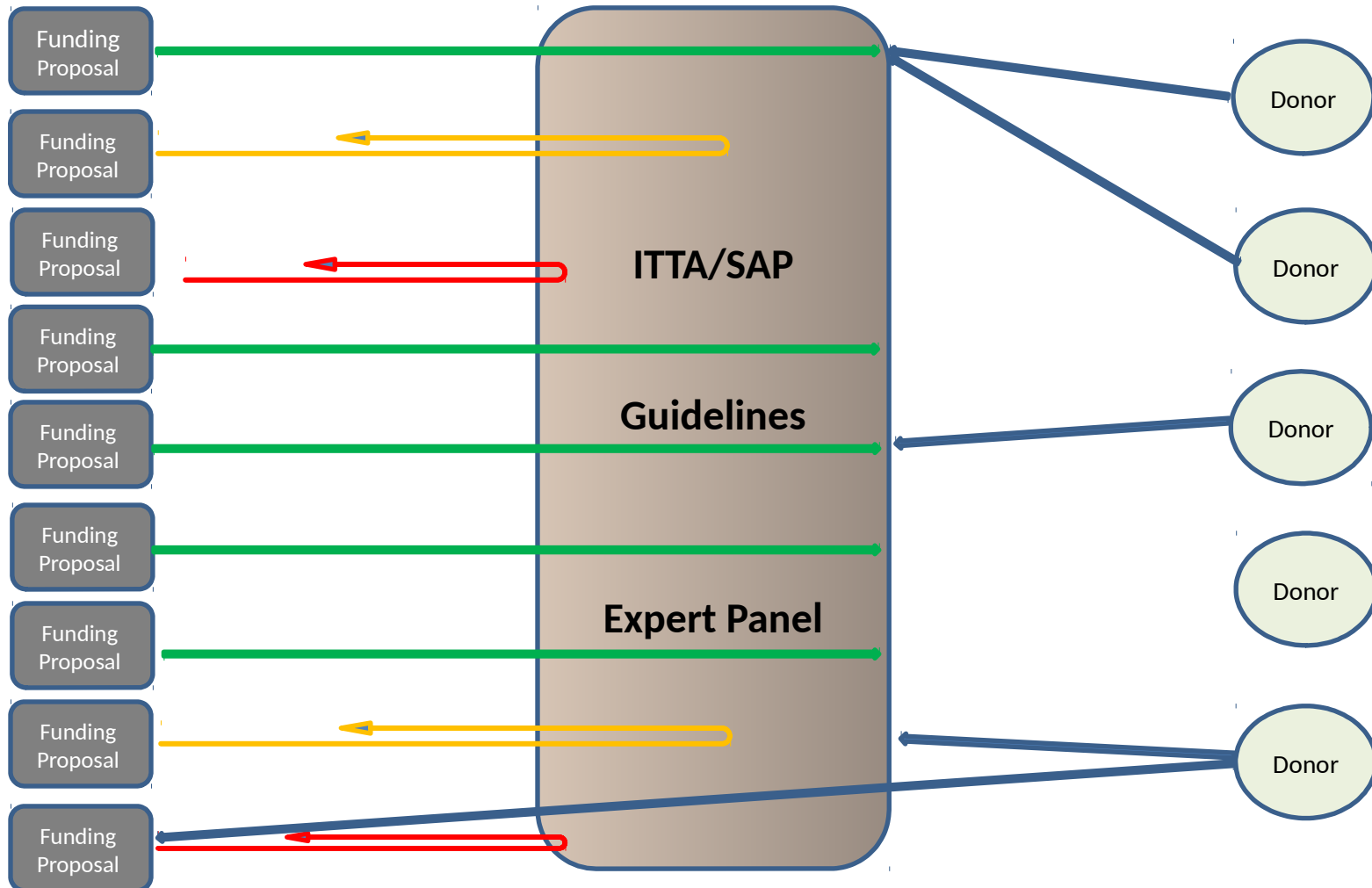
Current funding practice



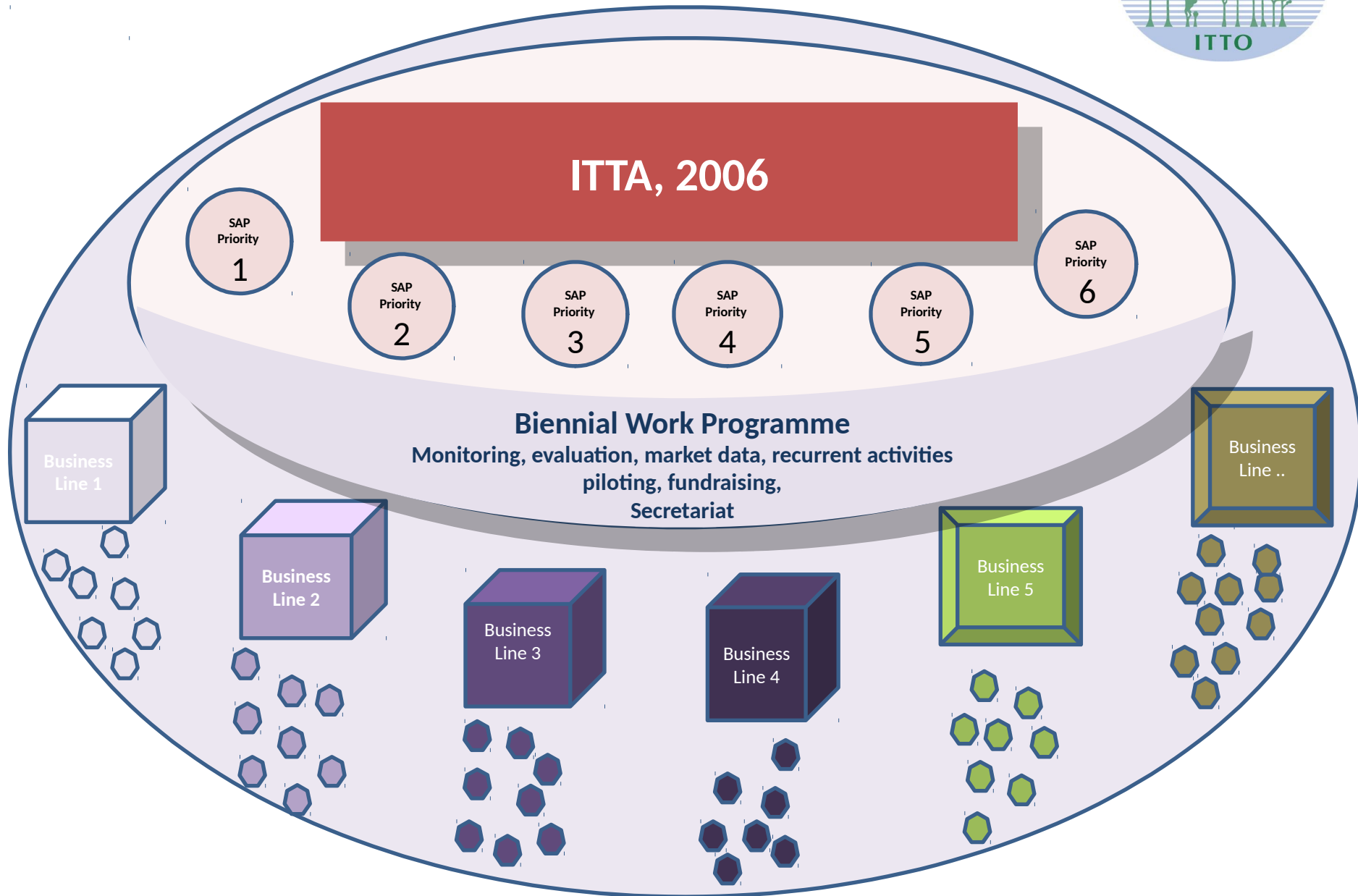
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ITTO

Contributors



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Thank you !

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