**INTERNATIONAL TROPICAL TIMBER COUNCIL; FIFTIETH SESSION**

**03 November 2014**

**Introduction (1 minute):**

* Excellencies; Mr. Chair; Mr. Vice-Chair, Council Members, Executive Director of the ITTO, ladies and gentlemen. It is my honor and privilege to speak to this gathering at the 50th Session of the International Tropical Timber Council (ITTC). And it's a true pleasure to be doing so in the wonderful city of Yokohama.
* Over the next 15 minutes I would like to cover three things:
  + Outline why I think ITTO and its work is particularly relevant and necessary at this moment in time;
  + Suggest opportunities that ITTO could take advantage of in order to meet its mission; and,
  + Highlight a few organizational attributes that critical to success.
* In addressing these three issues I will highlight what I bring to ITTO, specifically 25 years of practical experience in:
  + Generating financial resources;
  + Providing strategic leadership; and,
  + Building and managing organizations and initiatives
* I believe that these experiences and skills will be important in taking ITTO into the future.

**Relevance of ITTO (1 minute)**

* I am excited about the ITTO because it has unique attributes when compared to other organizations on the global stage:
  + It works to link *producers and consumer* countries, providing a framework for consultation, cooperation, mutual understanding and capacity development across the global supply chain.
  + It is focused on helping its membership to harness the ability of forests to *create and maintain value -* for national economic development through both existing market mechanisms, such as that for timber trade, as well as for future markets or compensatory payment mechanisms for environmental services when they emerge.
* In addition to being unique, ITTO has institutional mechanisms in place to engage the full suite of stakeholders - government, industry and civil society organizations - which are critical to both the management of tropical forests and the trade in forest products.
* My own experiences developing, leading and supervising the Responsible Asia Forestry and Trade (RAFT) program - a USD 20 million multi-year public-private partnership designed to enhance public policies and strengthen corporate practices governing production forest management in Southeast Asia - is an example of the type program that ITTO, with support from a range of donors agencies, could replicate more broadly throughout the tropics. It is precisely because of its uniqueness and its institutional mechanisms, that only ITTO would be capable of taking on this sort of challenge.

**Opportunities for ITTO (10 minutes in total):**

* **Background: (0.5 Min)** Since ITTO came into being there have been significant changes in our collective ability to sustainably manage tropical forests – including:
  + The development of Criteria and Indicators around SFM;
  + The increased understanding of the biodiversity and ecosystem service values; and,
  + The improved ability to engage effectively with multiple stakeholders as part of management decision-making.

The ITTO has played a leadership role in fostering many of these changes and should be extremely proud of its accomplishments. ITTO is now in a position to build on its past successes and take advantage of some important emerging opportunities. I would like to highlight 5 such opportunities in particular.

* **Global Policy Dialogue (1.5 Min):** Now more than ever forests are at the center of the global policy discussions on environment, sustainable development, climate change and the formulation of a Green Economy. For example:
* MDG (#1 and #7); SDG (#15) speak directly to the conservation and sustainable management of forested ecosystems.
* The UNFCCC and the CBD devote significant attention to the ability of forested ecosystems to provide a balance of products and services for national and global benefit.
* The UN Secretary General’s Climate Summit and its New York Declaration on Forest highlighted the legitimate development rights of countries and their food security concerns along with the need for the continue provision of globally important environmental services.

As ED I would lead ITTO to draw on the experiences generated through its own field-oriented programs, as well as those of others; interpret the results; synthesize findings; and then utilize its status as a commodity organization under UNCTAD to provide much-needed input on both the economic and trade dimensions of forest management into dialogue taking place under these multi-lateral processes. My experiences in the multi-lateral processes to-date suggest that often the dialogue lacks this important perspective and ITTO is uniquely capable of providing it. There are public donor agencies, those that have most recently focused primarily on REDD+ and other climate-focused initiatives, which would be quite interested in this perspective.

* **Timber Trade/Forest Management (2 Min):**  International trade in tropical timber from sustainably managed and legally harvested forests is obviously at the core of the ITTO’s mission. Recently, the EU Timber Regulation; the Amendments of the Lacey Act in the US; the Australia Illegal Logging Prohibition Act, and similar efforts underway in China, Japan and other countries demonstrate policy commitments that reflect the interests of important constituencies in traditional consumer countries. And, while these legal instruments cover timber products from all types of forests - boreal, temperate and tropical - in practice much of the emphasis has really been on tropical forests and the trade in tropical timber. In short, the markets are changing. This creates an opportunity for ITTO.
* In producer countries, government agencies, industry associations and individual companies are seeking accurate and useful information on the potential market impacts of these policies and what they can do collectively or individually to comply and ensure continue market access for their products.
* In consumer countries, governments are trying to determine how to step down legislation into regulations that can actually be implemented in a factory/on the forest floor. And, the private sector is seeking to determine how best to comply with these regulations across increasingly complex global supply chains.

As ED I would lead ITTO, with its producer-consumer construct, to help analyze what is taking place in the market, identify where the blockages lie and determine how this type of legislation is affecting the industry and the people who depends on the industry for their livelihoods. This base of understanding could be used in the formulation of new programs and projects – such as the RAFT Program as mentioned previously. Bold initiatives such as this, which would complement the actions of others, can reduce risks in producer countries, provide confidence in consumer countries, and further facilitate the global trade in tropical timber from sustainably managed and legally harvested forests. Public donors may see an important niche here within their FLEGT or other trade development portfolios where the focus is on sustainability.

* **Ecosystem Services (2 Min):** In many producer countries timber products continue to make a significant contribution to national economic development. And timber remains the only “product or service” that has a market of meaningful size. However, we have long known that tropical forests play an important role in regulating freshwater and storing carbon. But getting the science right on both water and carbon, and determining the real or shadow price of these and other services is absolutely essential if we are to translate them into tangible revenue streams. I see two opportunities here:
* Pioneering work in going on in Indonesia and Malaysia, and perhaps other countries, to determine how incremental gains in emission reductions can be made by refining conventional approaches to forest planning, road building, inventory development, felling and skidding operations in industrial scale forest operations. Such gains, when compared to the business-as-usual scenario, may make jurisdictions eligible for performance-based payments under emerging mechanisms such as the World Bank-led Forest Carbon Partnership Facility (FCPF).
* Throughout Latin America there are innovative efforts underway to determine the exact value and willingness of the agriculture and industrial sectors to pay for a consistent quality and quantity of freshwater derived from well-managed watersheds. This work can facilitate the development of new financing mechanisms for the watershed services that tropical forests provide.

As ED I would position ITTO to enhance its engagement in innovative programs such as these, and countless others designed to harness the value of ecosystem services; understand what it working and where the short-comings lie, promote through the thematic programs and actively work to move lessons, experiences and findings around the broader community. With competing uses for forestland it is very hard to see that the revenue generated exclusively from the extraction of timber is going to be sufficient to cover direct and opportunity costs of managing the permanent forest estate. ITTO, with its ability to integrate the natural sciences with economic and financial analysis is well-positioned to play a leadership role in the development of supplemental revenue streams for tropical forests. Numerous public donors are already active in this space but increasingly private financing and what is often called “impact capital” could be brought to bear as well.

* **Small-holder/Community Relations (2 Min):** Approximately 20% of the 2.5 billion hectares of tropical forests is now nominally under the control or management of small holders or local communities. I see two potential opportunities for ITTO here:
* First. While small-holders have timber operations that generally serve local markets, there are a few examples of large scale operations. There is every reason to believe that with more flexible credit terms, increased access to market information, more affordable equipment and better infrastructure, small holders may seek to scale-up, playing a more visible and important role in the forest sector
* Second. With the increasingly global attention being provided to independent third-party certification comes a need to clarify the roles, rights, and responsibilities of communities living in and around forests that are under the management of government-owned enterprises or private concessionaires. Clarifying these through the certification process, or collaborative forest management agreements is going to be in the best interest of all in reducing conflict and facilitating cooperation.

As ED I would like to see ITTO enhance effort to combine targeted technical assistance with creative financing as a means to help small-holders professionalize their operations and integrate more seamlessly with the other players in national, regional and even global markets. This would ultimately raise performance throughout the sector.

I would also like to strengthen ITTO engagement in global efforts to put in place best practices in clarifying the relationships between community groups and forest enterprises. My experience working directly with government, industry and communities indicates that these efforts are going to be critical if forest managers are going to maintaining the increasingly important social license to operate.

To do both of these things ITTO will need to draw heavily on the experiences and expertise of the Trade Advisory and Civil Society Working Groups. Programs focused on small-holders and communities would appeal to public donors seeking to promote bottom-up economic development in rural areas.

* **Stakeholder Engagement**: **(1.5 Min.)** Increasingly, the challenges confronting the forest sector require participation in decision-making from a wide range of individuals and organizations.
* FLEGT/Certification: Efforts to develop legality standards associated with the FLEGT/VPA processes of the EU and independent third-party certification schemes, require sophisticated multi-stakeholder processes.
* Conversion: Efforts to define High Conservation Value or (HCV) High Carbon Stock (HCS) Forests as a means to influence the expansion of the agriculture and mining sectors also require multi-stakeholder processes.

These processes are becoming increasingly essential when setting standards and establishing norms of interaction. As ED I would lead ITTO in efforts to really understand how these efforts are working, where the strengths in processes lie and where challenges remain. This analytical work could become the foundation for subsequent programs and projects. Given its familiarity with multi-stakeholder processes, ITTO could have an important leadership role to play in codifying best practices. Programs designed to facilitate the growth and development of multi-stakeholder processes would appeal to public donors focusing on both trade development, climate change, and improved resource governance.

**Organizational Attributes for Success (3 min):**

To build on the past and capitalize on the five opportunities outlined –Global Policy Dialogue, Forest Management and Trade, Ecosystem Services, Small-Holder/Community Relations, and Stakeholder Engagement – requires a strong, flexible and resilient organization. Over the years I have worked in a range of organization and studied the operations of countless others. Based on this experience I have identified a few important qualities or attributes that are critical for success.

* Financial Resources: The ability to effectively mobilize financial resources is the first attribute of a successful organization. I have spent the better part of the last 25 years raising financial resources from a wide variety of sources including the GEF, the World Bank, bi-lateral agencies on three continents, and the private sector. The RAFT Program, which I mentioned previously, was supported by the development agencies of two different countries, a handful of global companies and countless private individuals. In my experience attracting financial resources requires the ability to formulate proposals that are ambitious in their goals, practical in their design, and grounded with clear performance metrics. Yet this also requires the development and execution of often-sophisticated donor cultivation and solicitation strategies. As ED I would lead ITTO in an effort to draw on the considerable successes achieved to-date, engage a suite of both traditional and non-traditional donors in the development and execution of a diversified and comprehensive fundraising strategy.
* Human Resources: The ability to manage knowledge, deploy talent and to facilitate the exchange of experiences and expertise is a second critical attribute of a successful organization. To take advantage of the opportunities that exist ITTO will, of course, want to continue to attract and deploy high-quality staff. Yet, equally important may be the ability to tap into the expertise and mobilize the extensive human resources that also exist within the agencies of Council members and through the Trade Advisory and Civil Society Working Groups. This could be an enhancement the existing Fellows program and/or the creation of supplemental programs. Building and managing diverse and broadly distributed virtual teams has been a core part of my professional background and I would bring this experience to ITTO.
* Partnerships: Developing effective partnerships built on a recognition of respective strengths and the belief that the immediate and long-term outcomes from collaboration can be more impactful than those gained through independent action is the third attribute of a successful organization. There is no single entity that has the capacity in terms of skills, connections and resources to overcome the myriad of challenges confronting the forest sector and to take full advantage of the emerging opportunities. As such, partnerships are increasingly important. I have deep experiences with partnership programs, involving a range of different types of institutions and would bring this background to ITTO’s effort to inform the public policies, shape the corporate practices and engage with both the various stakeholder groups that will be necessary for forest management practices in the tropics to ultimately be sustainable.
* Effective Constituencies for Change and Action: The ability to build and maintain an active constituency for change and action is the fourth attribute of a successful organization. There are many competing issues that occupy the minds of the leaders around the world. When political leaders are focused on forestry they are often emphasizing the carbon values of forests, as reflected in the UNFCCC discussions; the biodiversity values of forestry, as reflected in the Convention on Biological Diversity; or the impact of the conversion of forests for the production of agricultural commodities, as reflected in discussions around the Tropical Forest Alliance 2020. To bring the international trade in tropical timber from sustainably managed and legally harvested forests back to the forefront of the global conversation, in a positive and constructive way, will require coalitions of public, private and civil society organizations. I have worked across these institutional lines my whole professional career and can bring that experience in constituency development to ITTO.

**Conclusion: (1 min)**

* When ITTO was founded nearly 30 years ago it was the only inter-governmental organization focused on the effective management of tropical forests and the trade in forest products. A lot has changed over the years, but ITTO is now more relevant than ever.
* There is an emerging global consensus that the conservation and sustainable management of tropical forests and the responsible trade in timber products can have a significant positive impact on efforts to mitigate land-based carbon emissions while contributing to the wider process of sustainable and inclusive economic development. And with that consensus comes significant opportunities for ITTO to expand its impact.
* I am excited about Executive Director position of ITTO because of these opportunities and the chance to build on the solid foundation that the Council and the Secretariat has developed over the years.
* I feel that my experiences in
  + Generating financial resources;
  + Providing strategic leadership; and,
  + Building and managing organizations and initiatives

Will enable me to lead ITTO in a global effort to ensure that tropical forests assume their rightful place at the heart of the emerging Green Economy.

**Thank you.**