Building Capacities
for the restoration of tropical forest landscapes
and the enhancement of their ecosystem goods and services

Discussion Forum
Global Landscapes Forum 2017
Bonn, Germany

Incentive Mechanisms for Forest Landscape Restoration

Gerhard Dieterle

Global Landscape Forum, Bonn

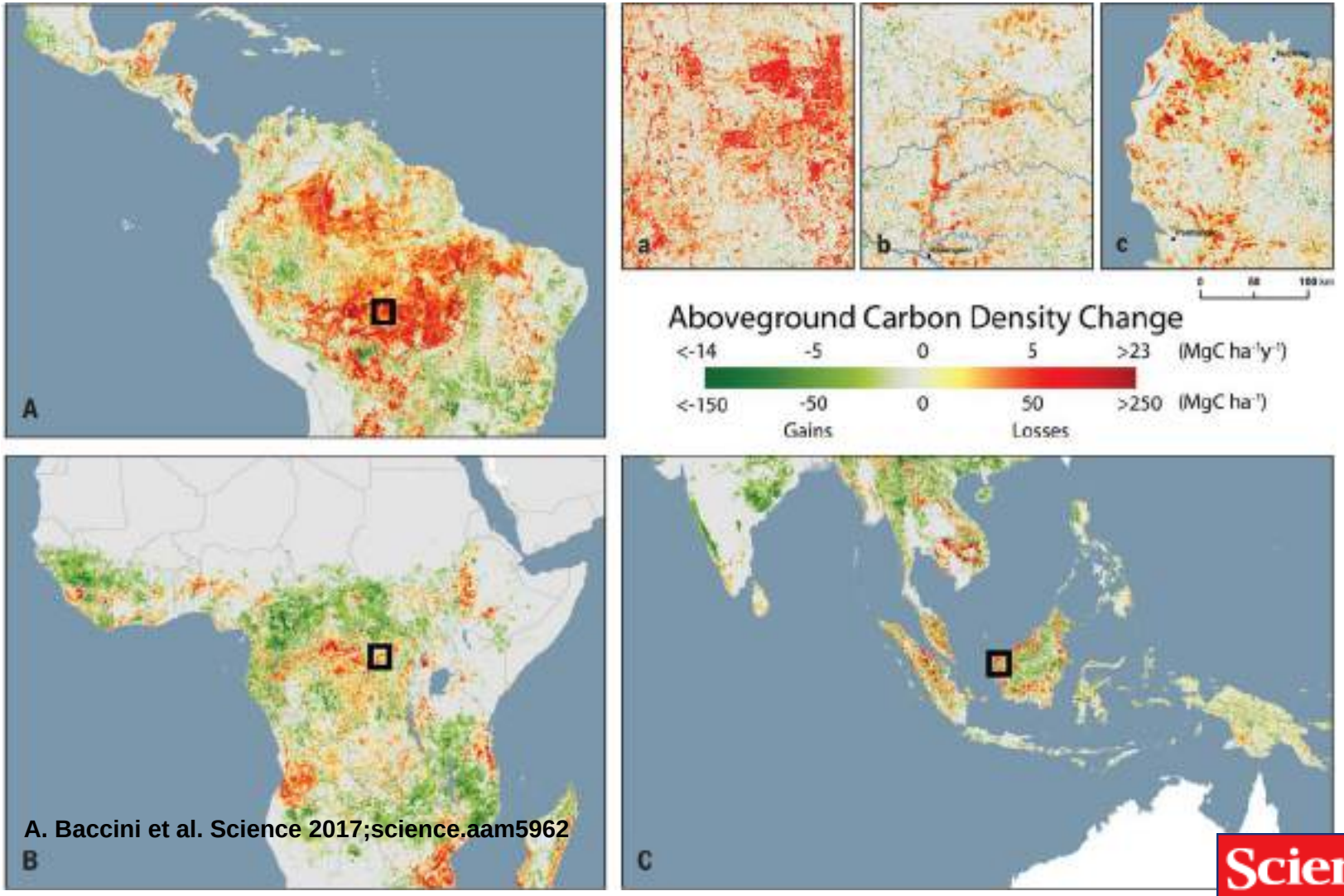
December 20, 2017

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 an management
- Green growth is essential for landscape restoration

Geography of carbon density change

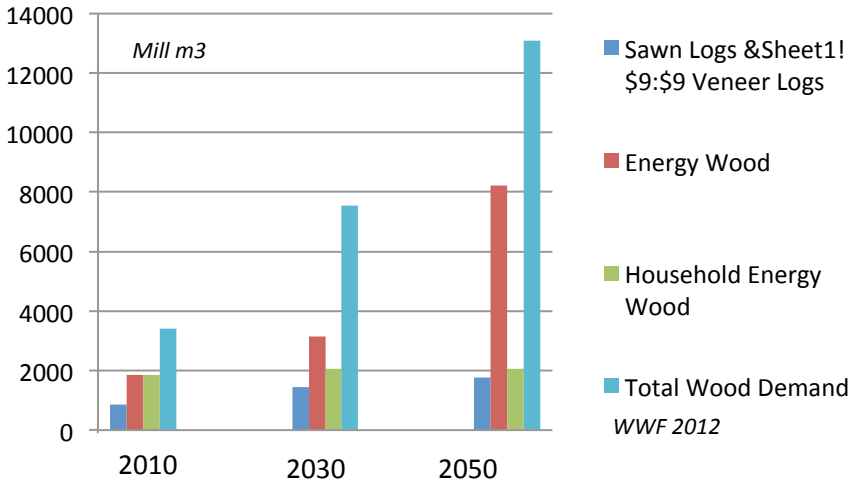


A. Baccini et al. Science 2017;science.aam5962

Published by AAAS

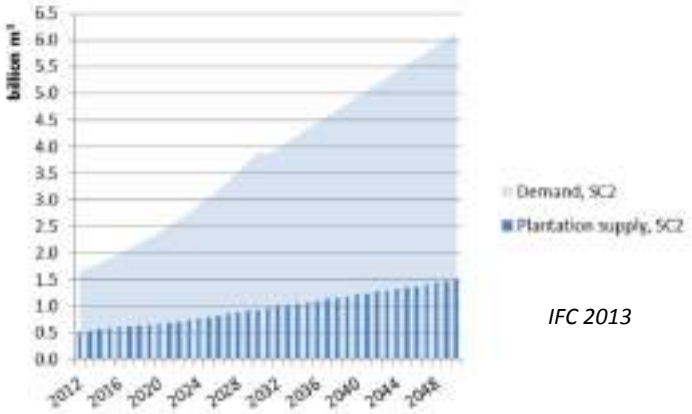
Increasing Global Wood Demand

Increasing global demand for wood



WWF 2012

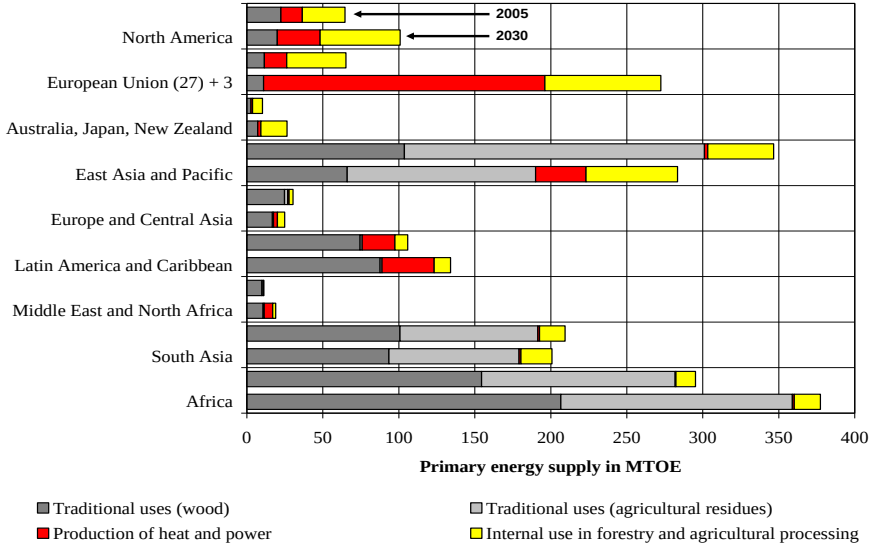
Increasing Gap for Industrial Roundwood



IFC 2013

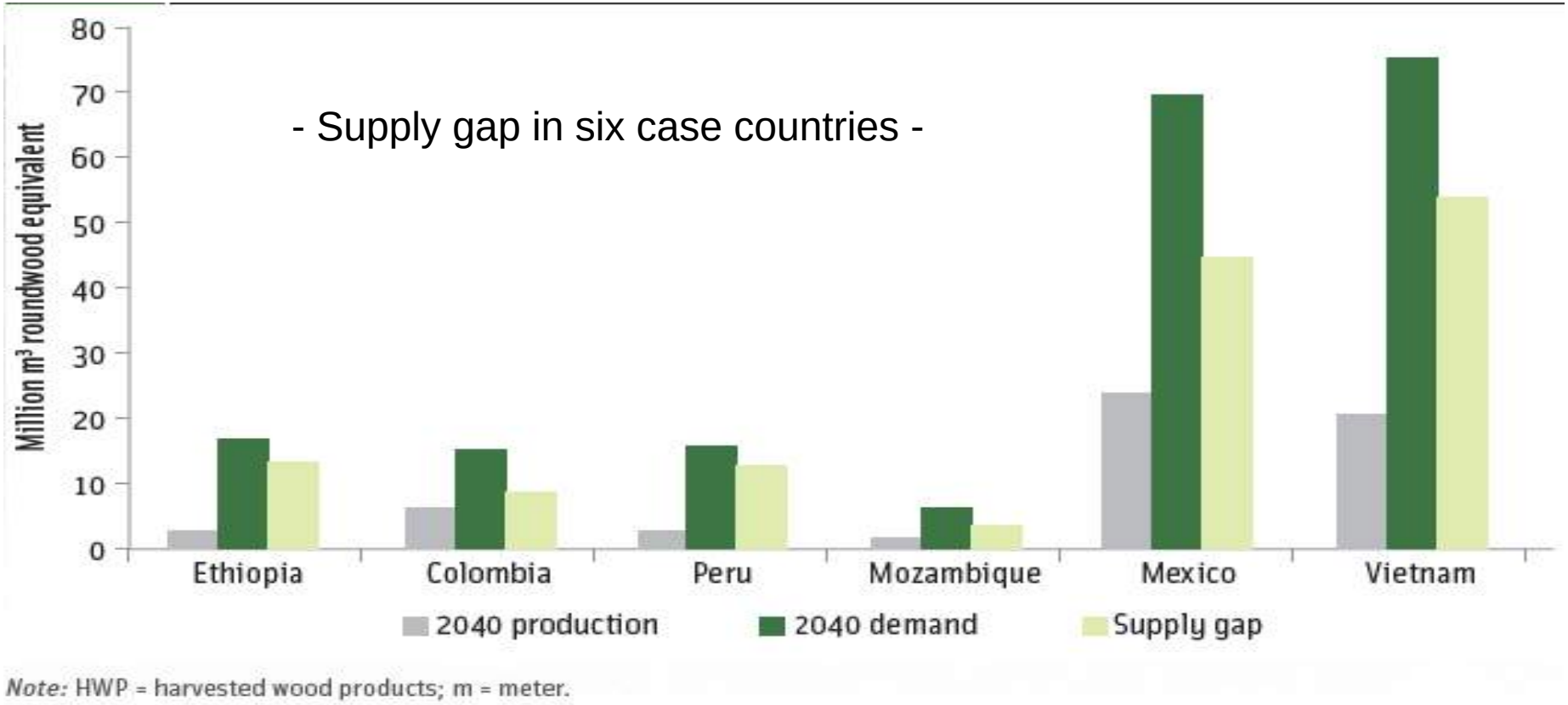
Demand in woodfuel and charcoal continues to increase

- 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

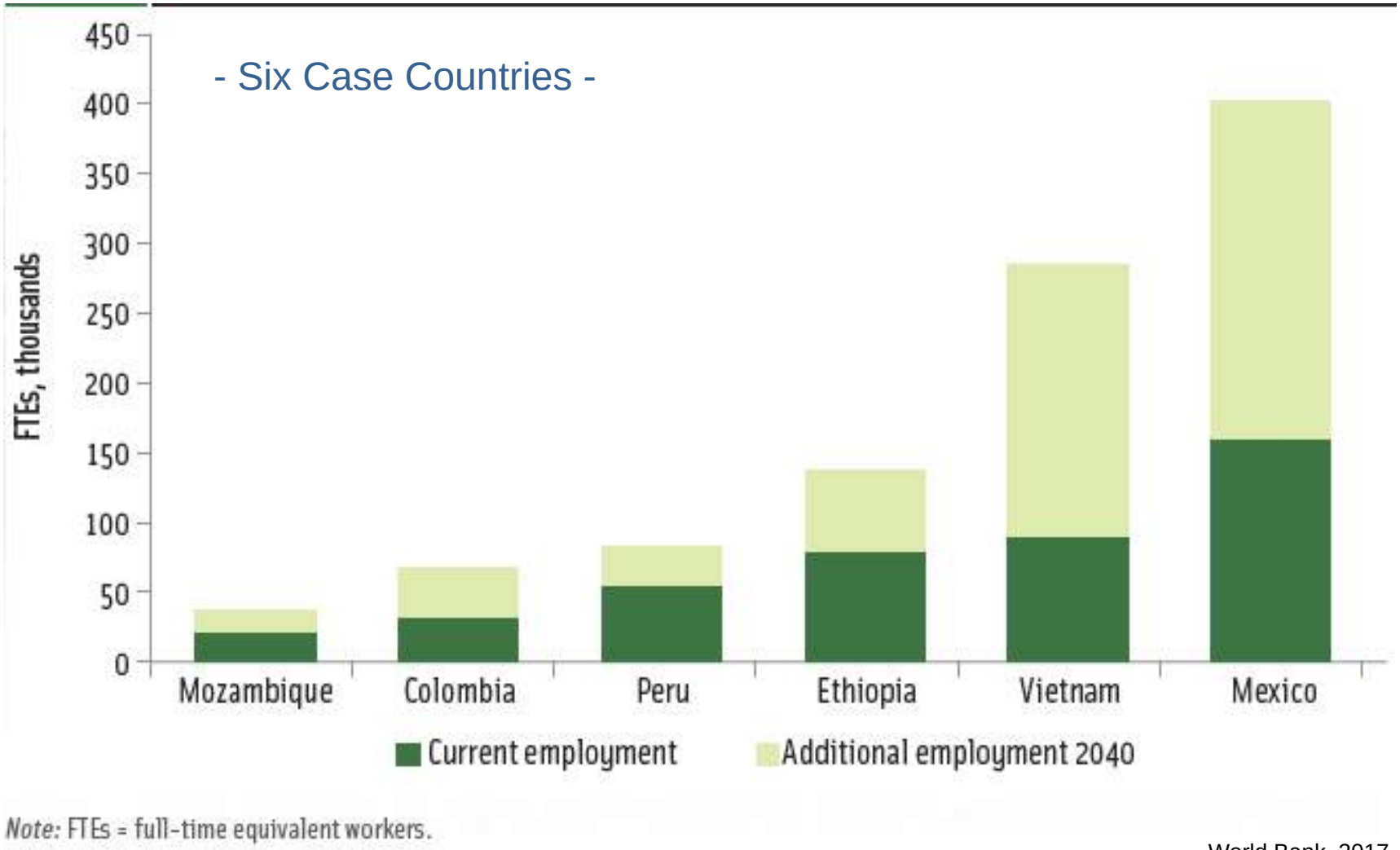
Projected HWP Supply Gap in 2040 under current conditions



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

World Bank, 2017

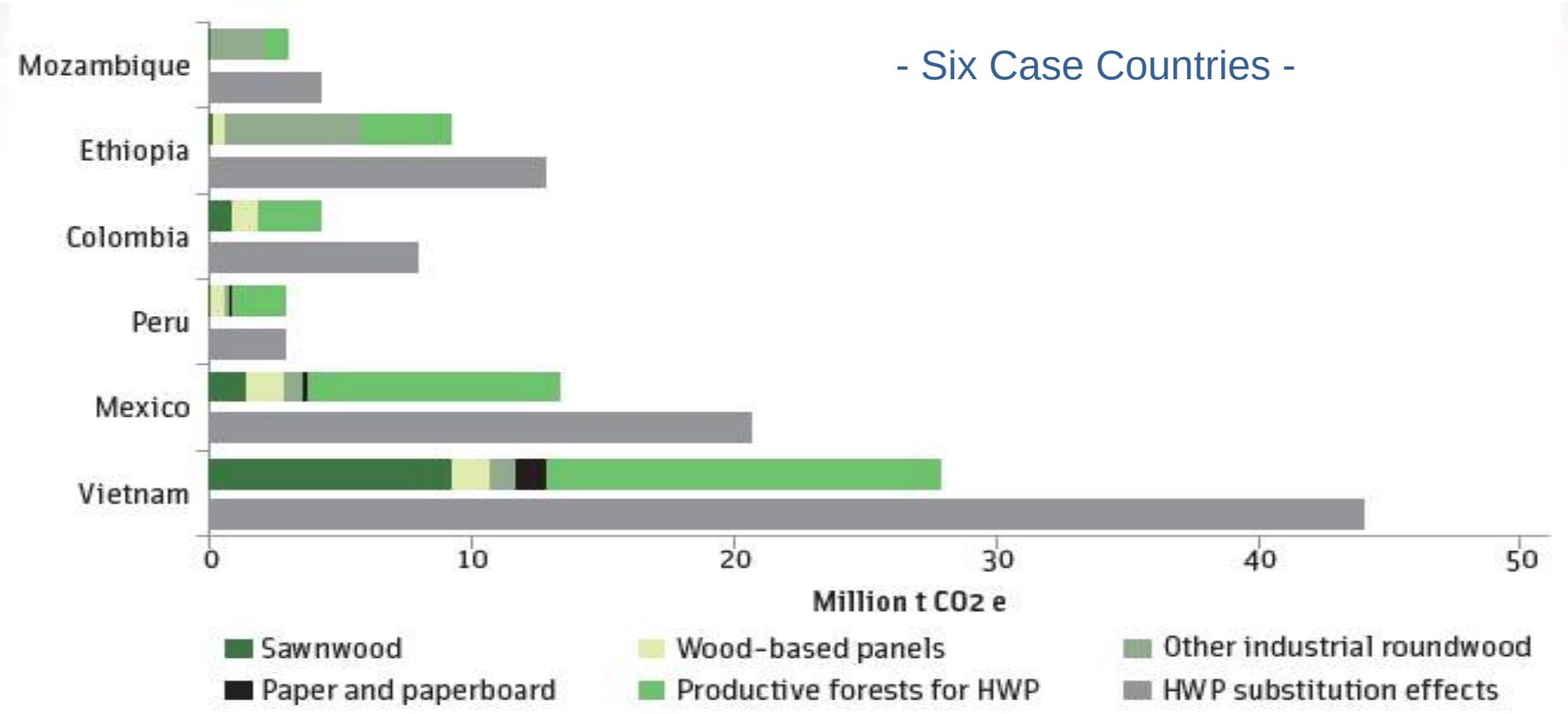
Employment Benefits of the Green Growth Scenario



World Bank, 2017

Mitigation Potential of the Green Growth Scenario

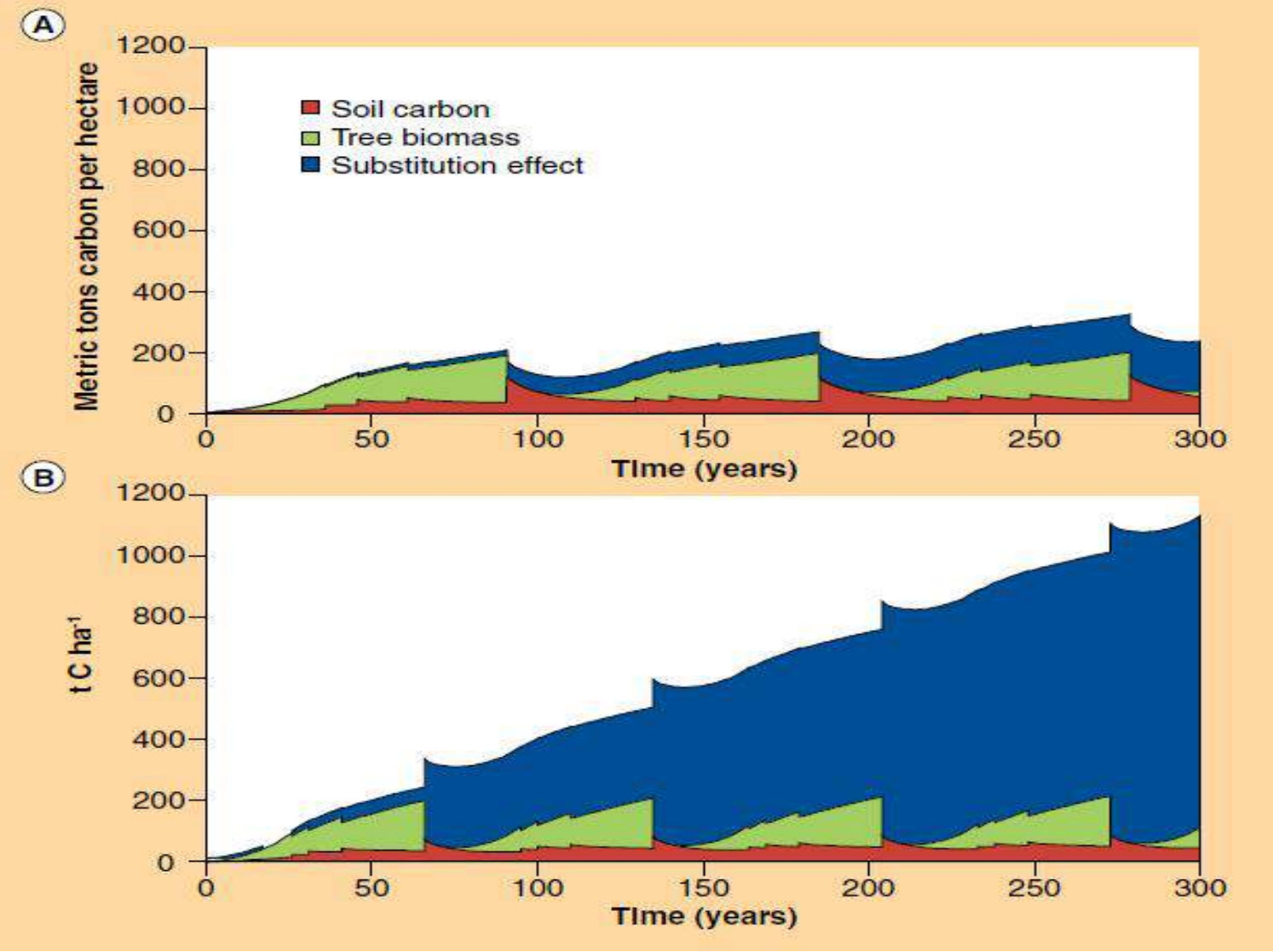
- Six Case Countries -



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

World Bank, 2017

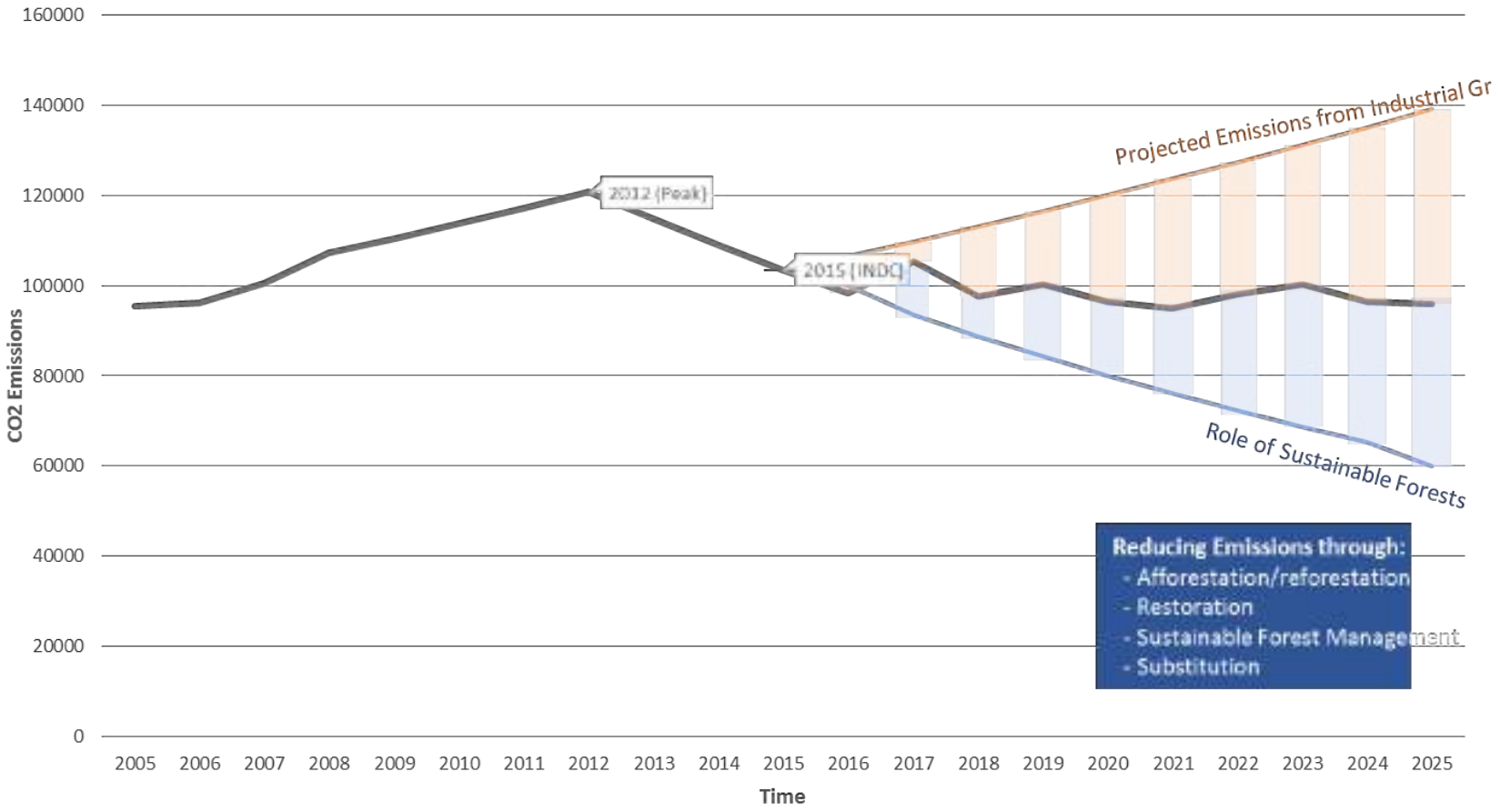
Mitigation Benefits of Sustainable Forestry Value Chain



Canadian Journal of Forest Research 37 (3)2007

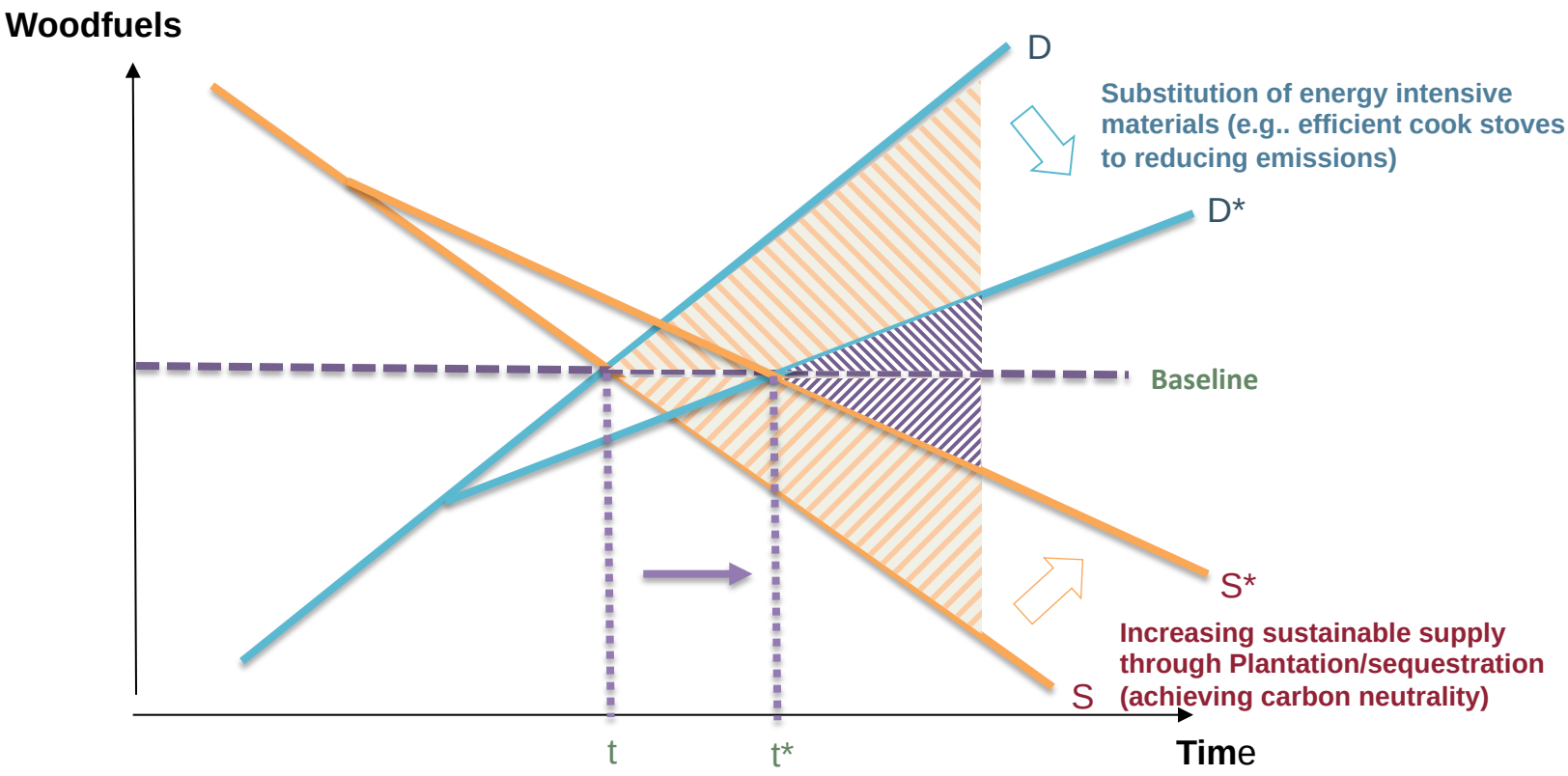
Potential of Forests for Achieving NDCs

- 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

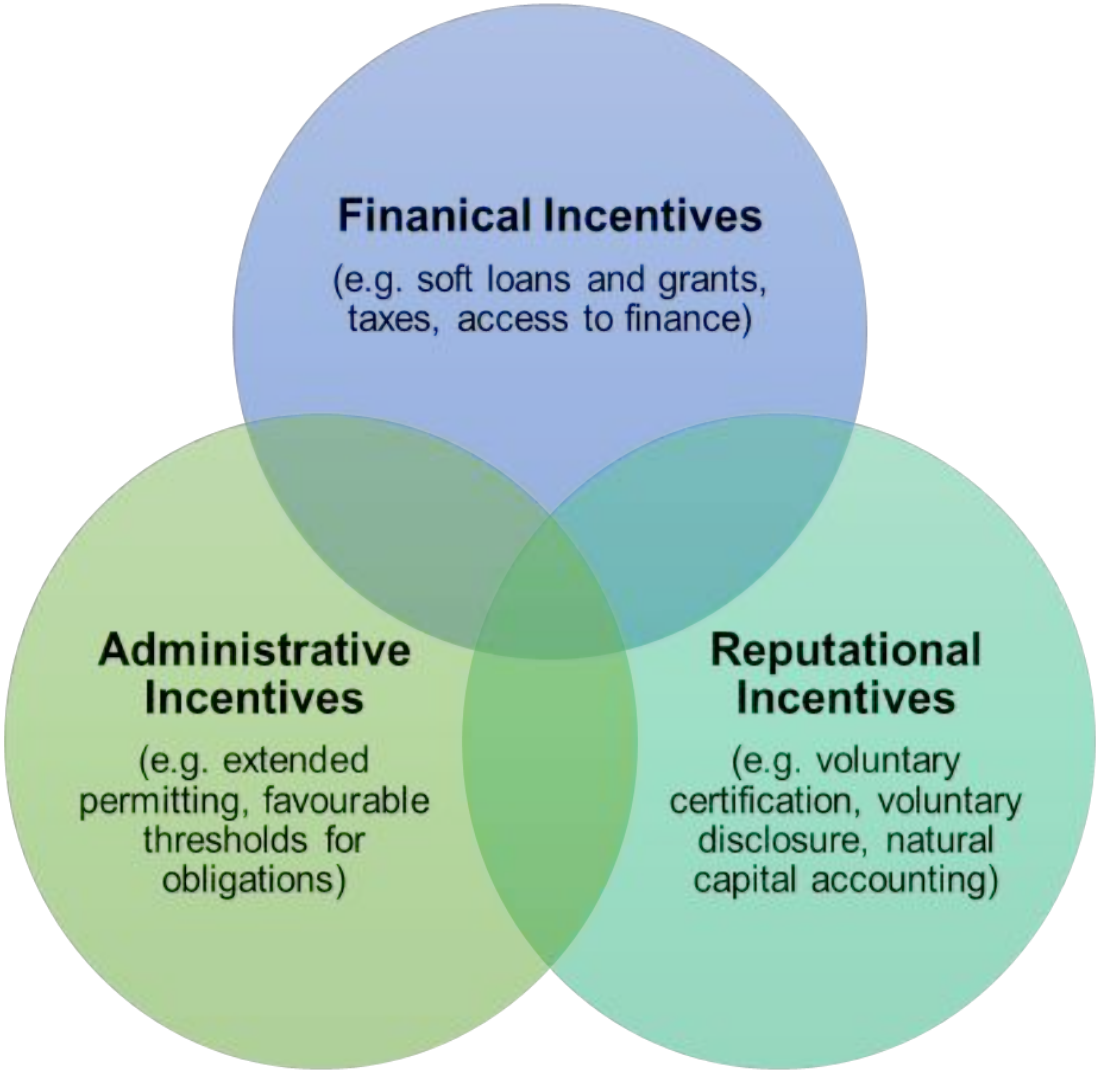
Factors affecting Investment Decisions*

- **<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

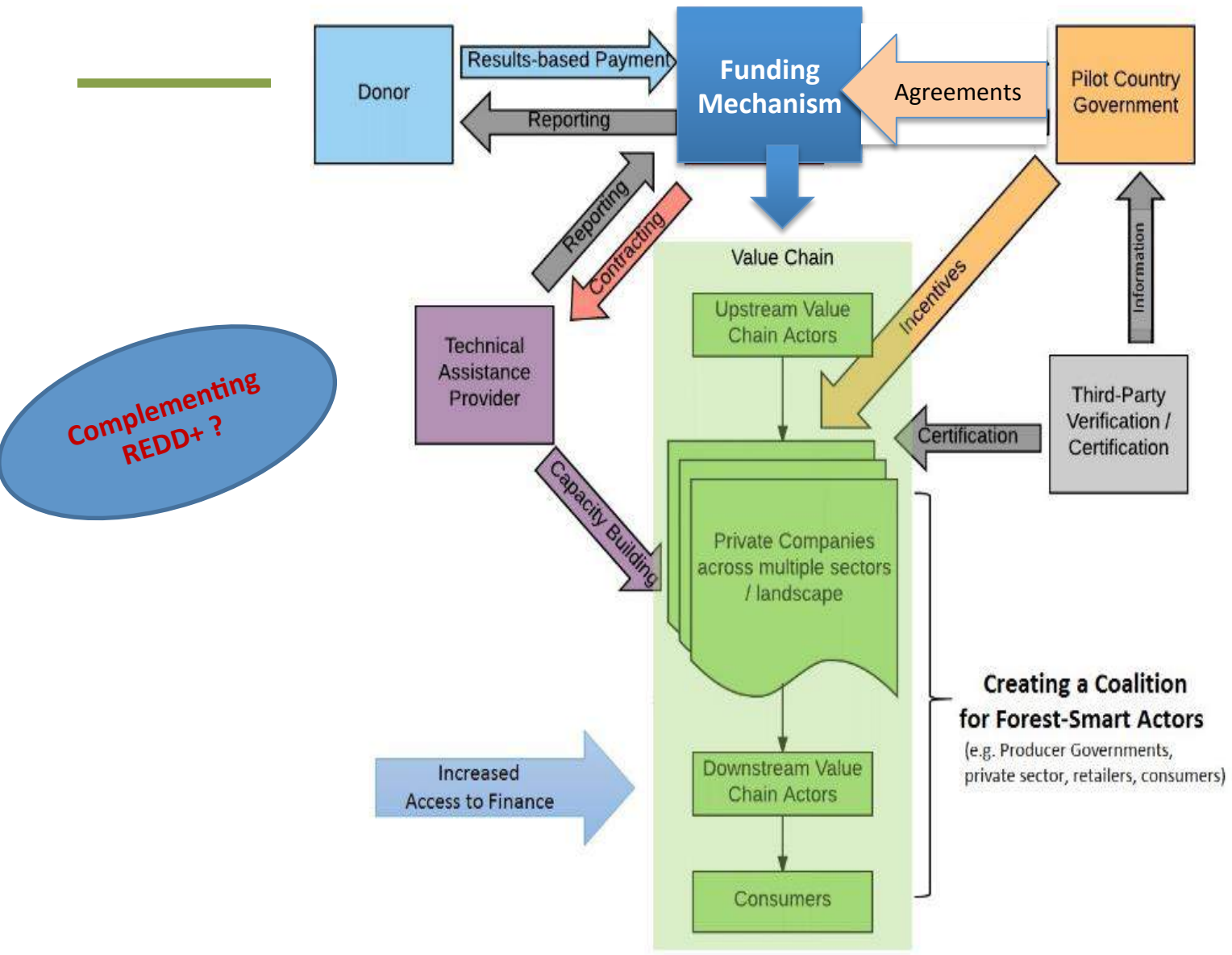
- **Intrasectoral factors affecting corporate investment decisions, including:**
  - Forest policies and regulations
  - Markets and market access
  - Technology/Expertise/Logistics
  - Information and transparency
  - Limitations/restrictions
  - Transaction costs and infrastructure

Tomaselli (2017)

Different forms of incentive mechanisms in the policy mix



Financial Incentive Mechanism towards deforestation-free commodity value chains



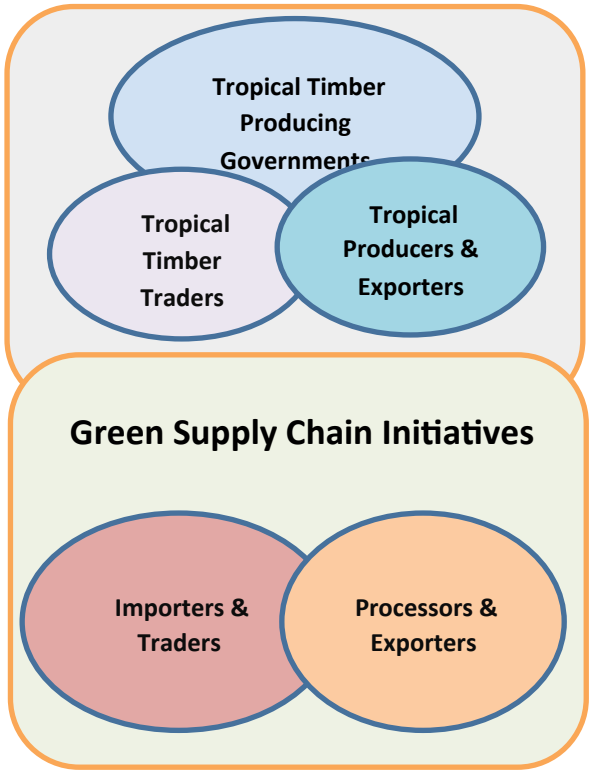
Green supply chains: Pathway to landscape restoration

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 …



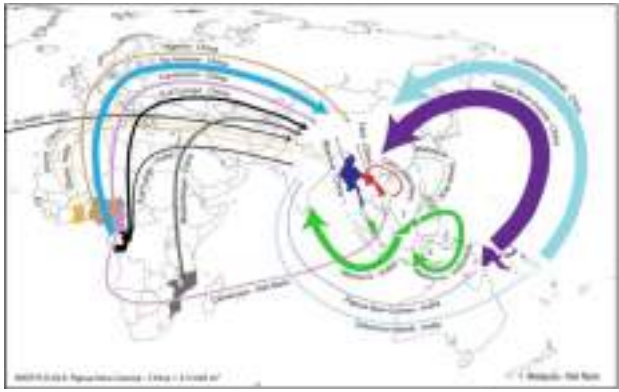
Demand for Legal and Sustainable Products

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

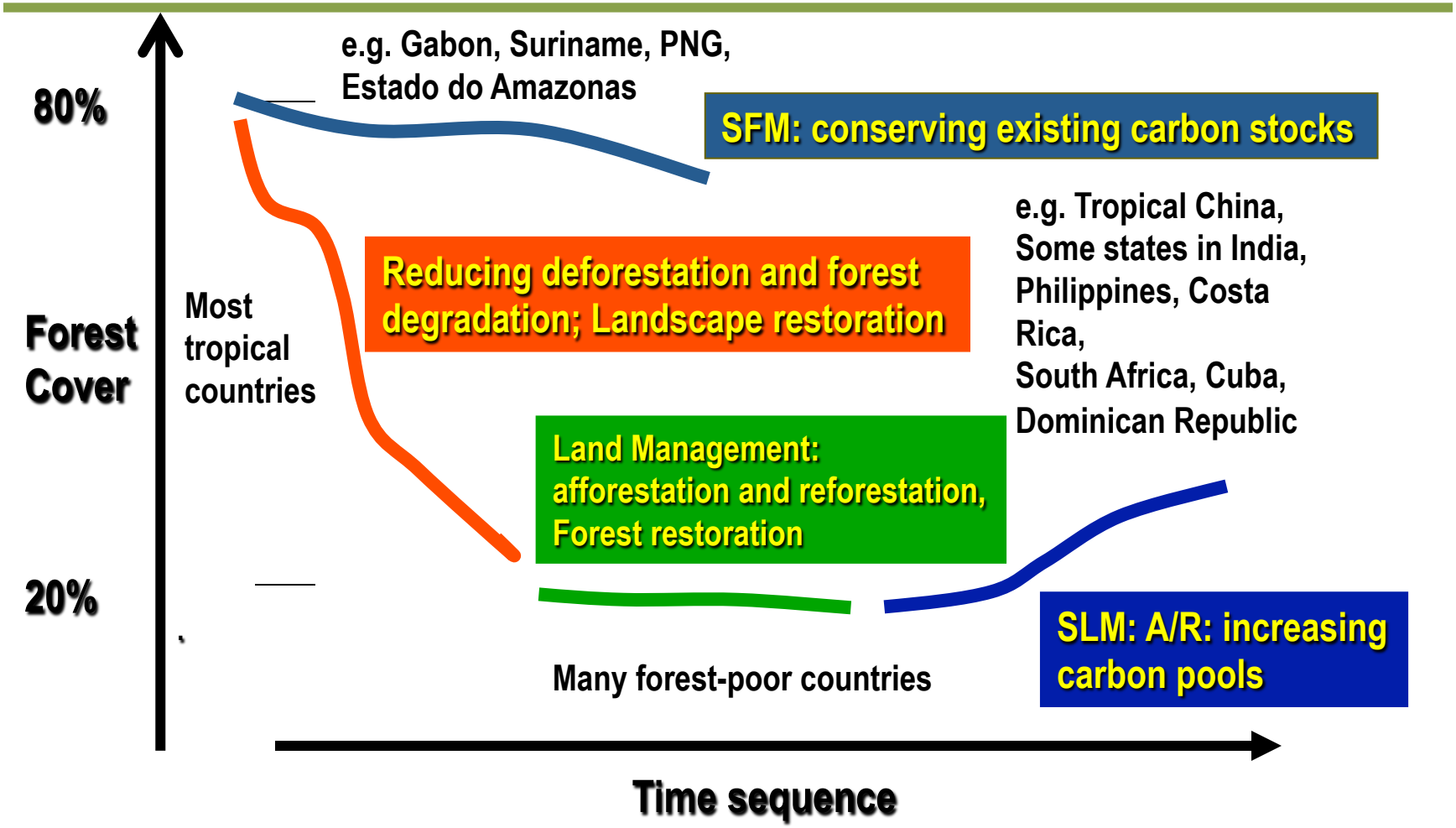
Enhancing Teak Management in Mekong Forest Landscapes

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!

dieterle@itto.int

Tropical countries' forest endowment: Distinct situations, different approaches needed



Building restoration readiness
Creating capacities to restore

Wageningen Centre for Development Innovation

Cora van Oosten, Global Landscape Forum, December 2017

WAGENINGEN UR
For quality of life

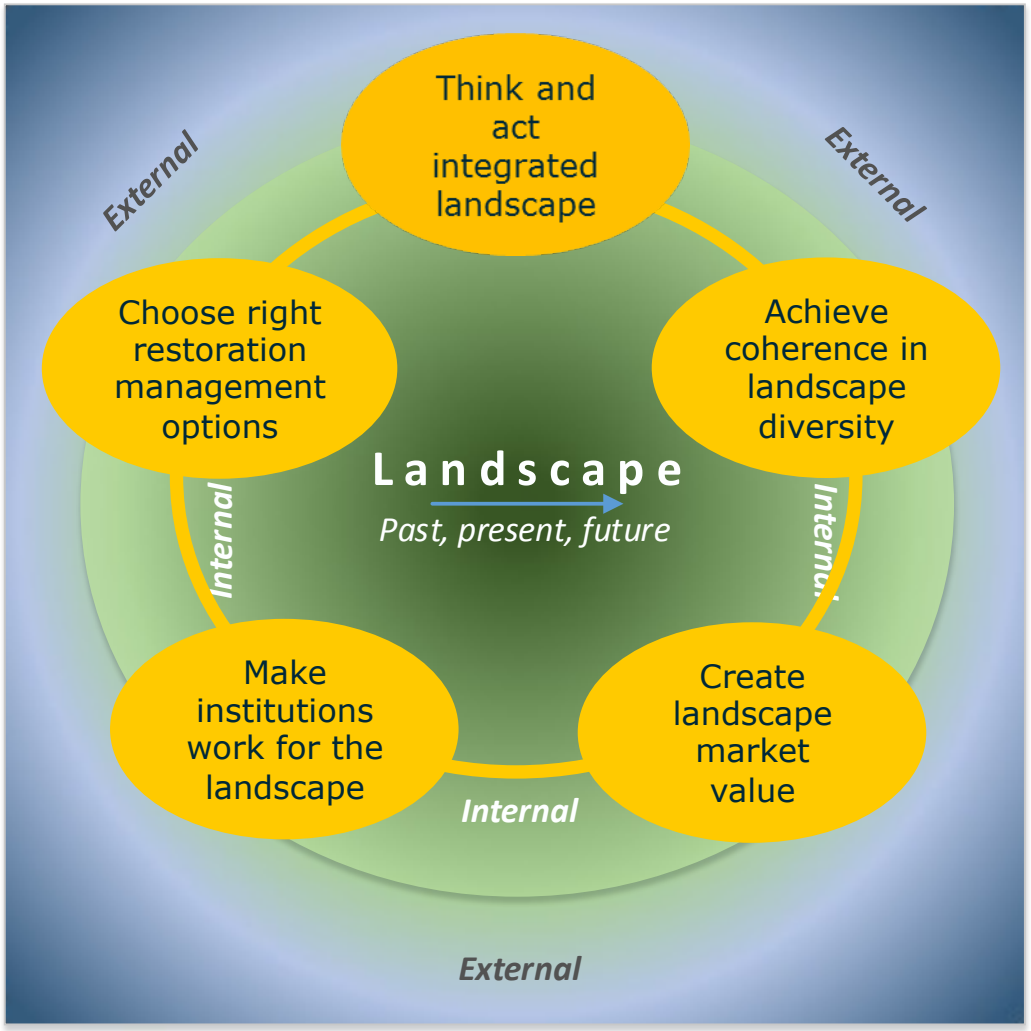
Landscape

Landscape restoration

Governing landscape restoration

WAGENINGEN UR
For quality of life

Creating the capacities to restore



WAGENINGEN UR
For quality of life

Approaches to successful participatory landscape assessment and planning

Christine Fürst
Martin Luther University Halle
Germany

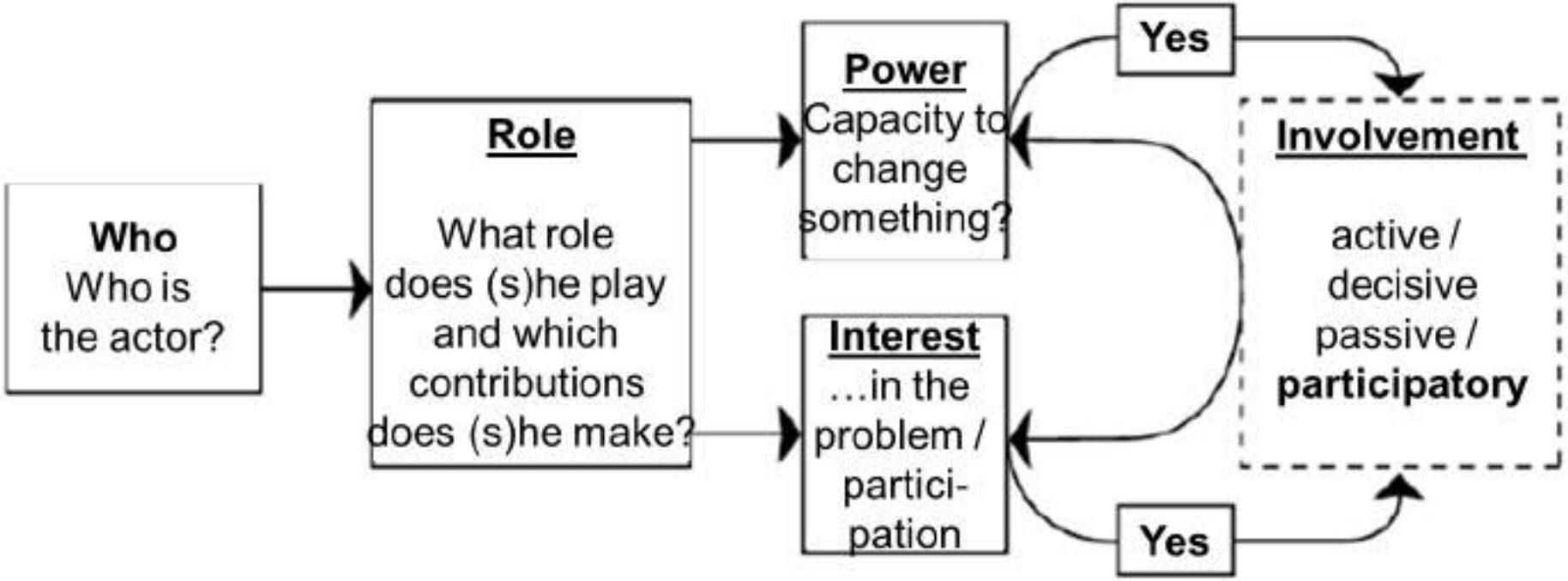
What means participation in LA&P?

- "process through which **stakeholders** influence and share control over priority setting, policy-making, resource allocations and access to public goods and services" (The World Bank)

- "... means that **people** … are involved in economic, social, cultural and political processes that influence their lives". (UNDP)

- "**partnership** based on dialogue between the different **partners** involved…. This requires negotiation rather than the dominance of a project agenda that has been defined from outside." (OECD)

What is needed? – get to know your actors!



FAO, 2004, modified

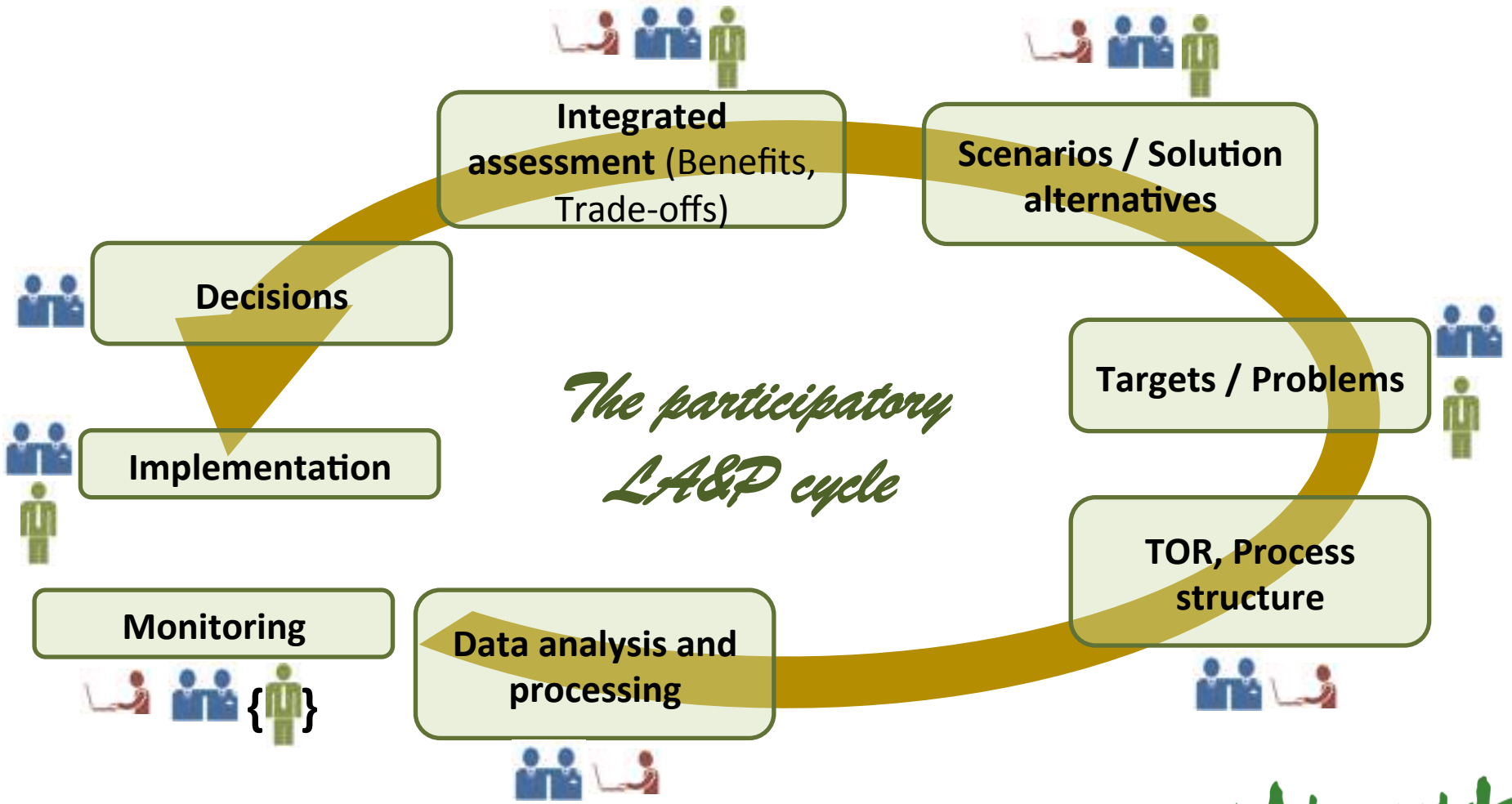
What is needed? – get to know your actors!

Expert: person that holds special knowledge that exceeds that of an average person; (ideally) not personally concerned / interested in the decisions. *Examples*: Scientists / researchers; indigenous and local knowledge holders

Stakeholder: individuals, groups or organizations that represent a specific / typical interest or concern, not necessarily specialized knowledge holders. *Examples:* (N)GO employees, representatives of land owner associations, tourism, nature conservation

Laymen: individuals that are (in-)directly affected by a FLR project, no group interest; consulted to represent the "public view / opinion" and insights on how the latter may vary dependent from age, gender, profession, etc. *Examples*: local / regional citizens

How to? – implementation in LA&P



Some conclusions

- Successful participation in LA&P means **involving each actor type where it (bene-)fits best to the process**

- There is **no single „best method“**, but participatory planning / actor involvement must be based on a sequence of case-specific (techno-logical / infrastructural / cultural suitability) methods or tools along the planning process

- Essential is a **continuous moderation / facilitation** of the process from the beginning on, and the formation of **structural (institutio-nalized) responsibilities** for putting the plan(s) into action

Frankfurt School
FS-UNEP Collaborating Centre
for Climate & Sustainable Energy Finance

Evaluating innovative options and financial risks

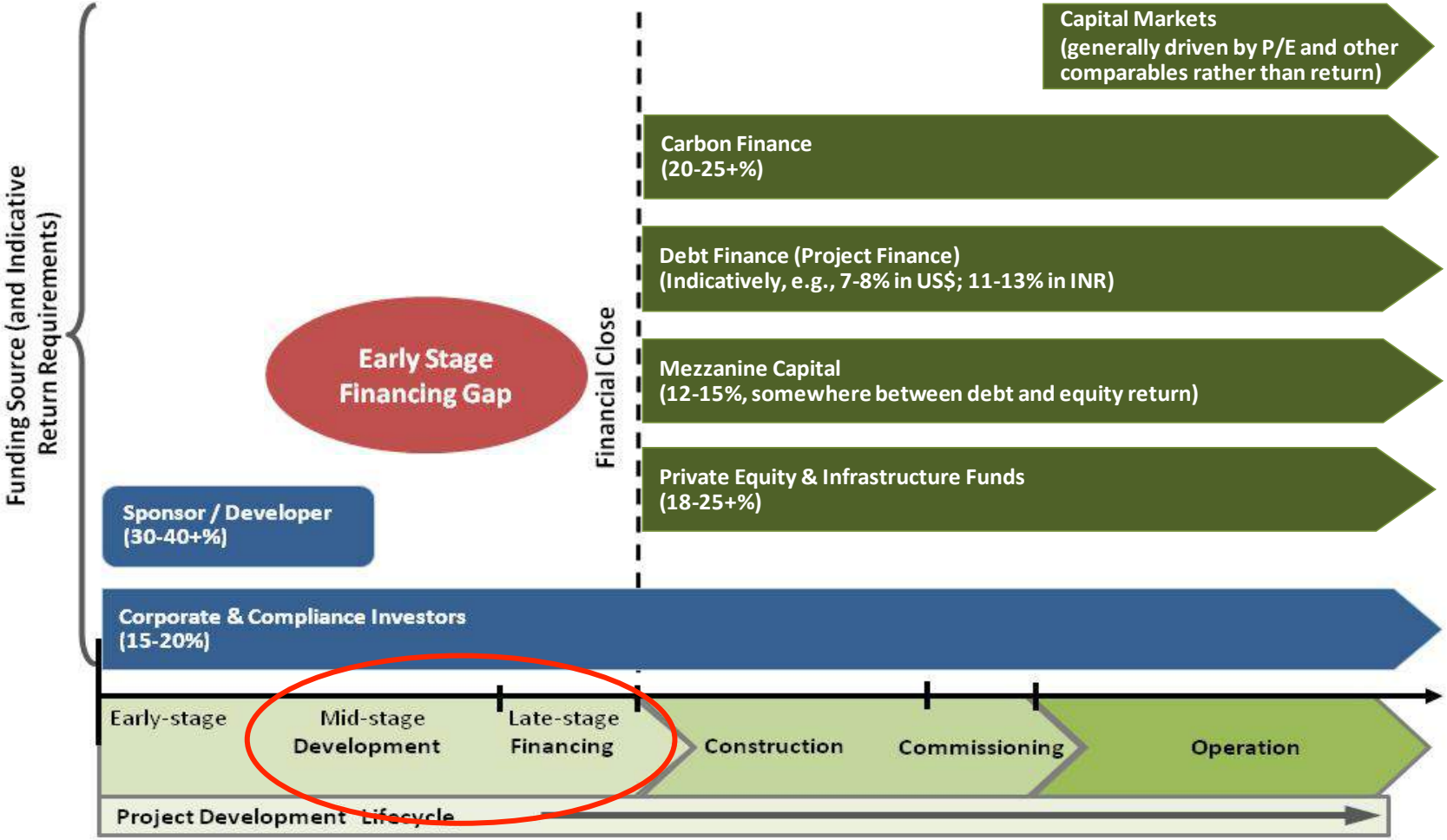
Bonn, 20 December 2017

Key question:
What are the underlying financing issues in FLR?

- **Financing the substantial challenges faced and commitments made by governments, FLR cannot be financed solely with increasingly scarce public funds**
- **Despite the fact that the private sector has currently pledged up to USD 1.5billion for FLR activities, very little has actually happened so far**

- ➢ **What is needed to initially pilot and then scale up private investment in FLR?**
- ➢ **Are there approaches and concepts from other climate finance activities that could be replicated or adapted to FLR?**
- ➢ **Are there private players already out there today that can be enticed to show-case that FLR projects can attract triple bottom line investors?**

Where are financiers along the project cycle
the case of Renewable Energy



Source: UNEP, Aequero

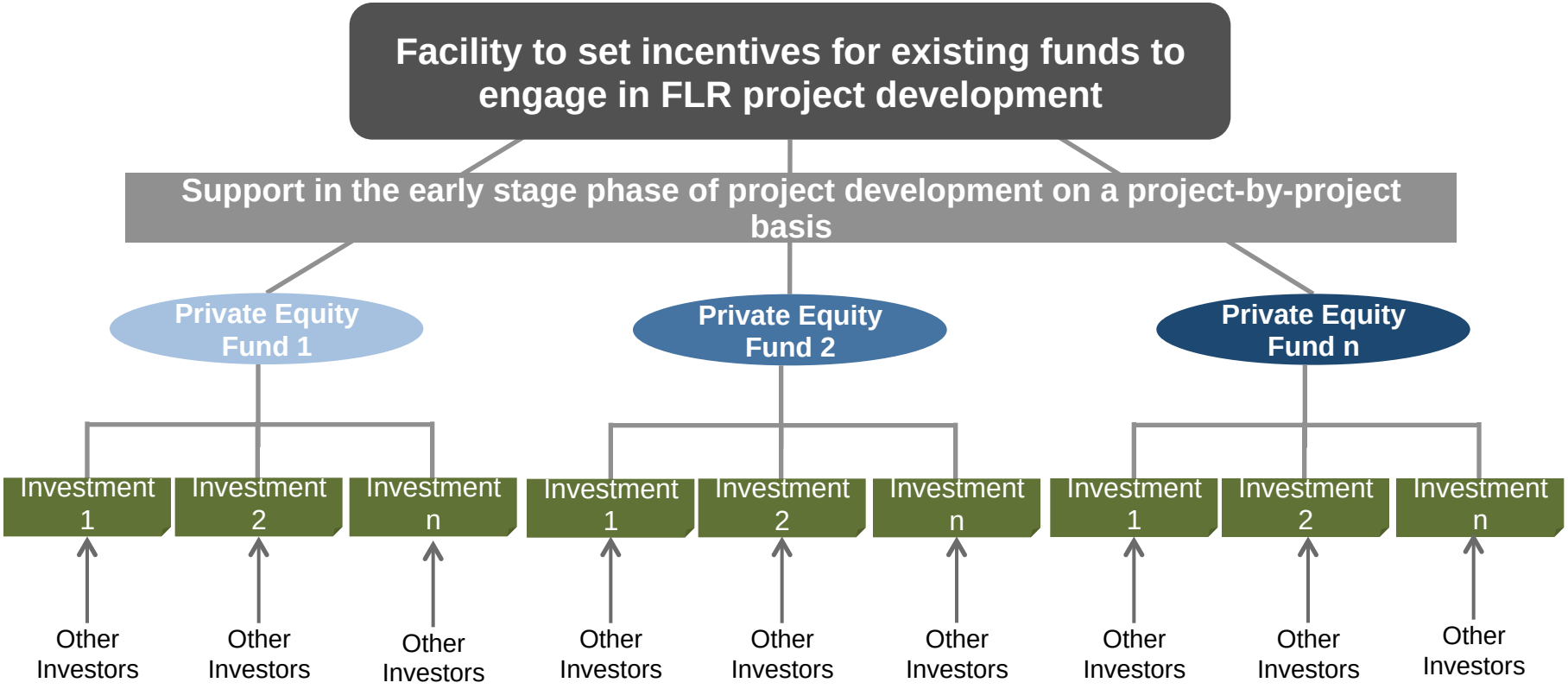
Development/Transaction Costs

Frankfurt School
FS-UNEP Collaborating Centre
for Climate & Sustainable Energy Finance

Reasons for limited private investment in FLR

- **Early-stage development risk**
- **Lack of portfolio of investable projects**
- **Lack of assistance for project development – lack of seed capital**
- **Frequently: lack of capacities**

Concept
Incentive mechanism for existing funds to engage in FLR



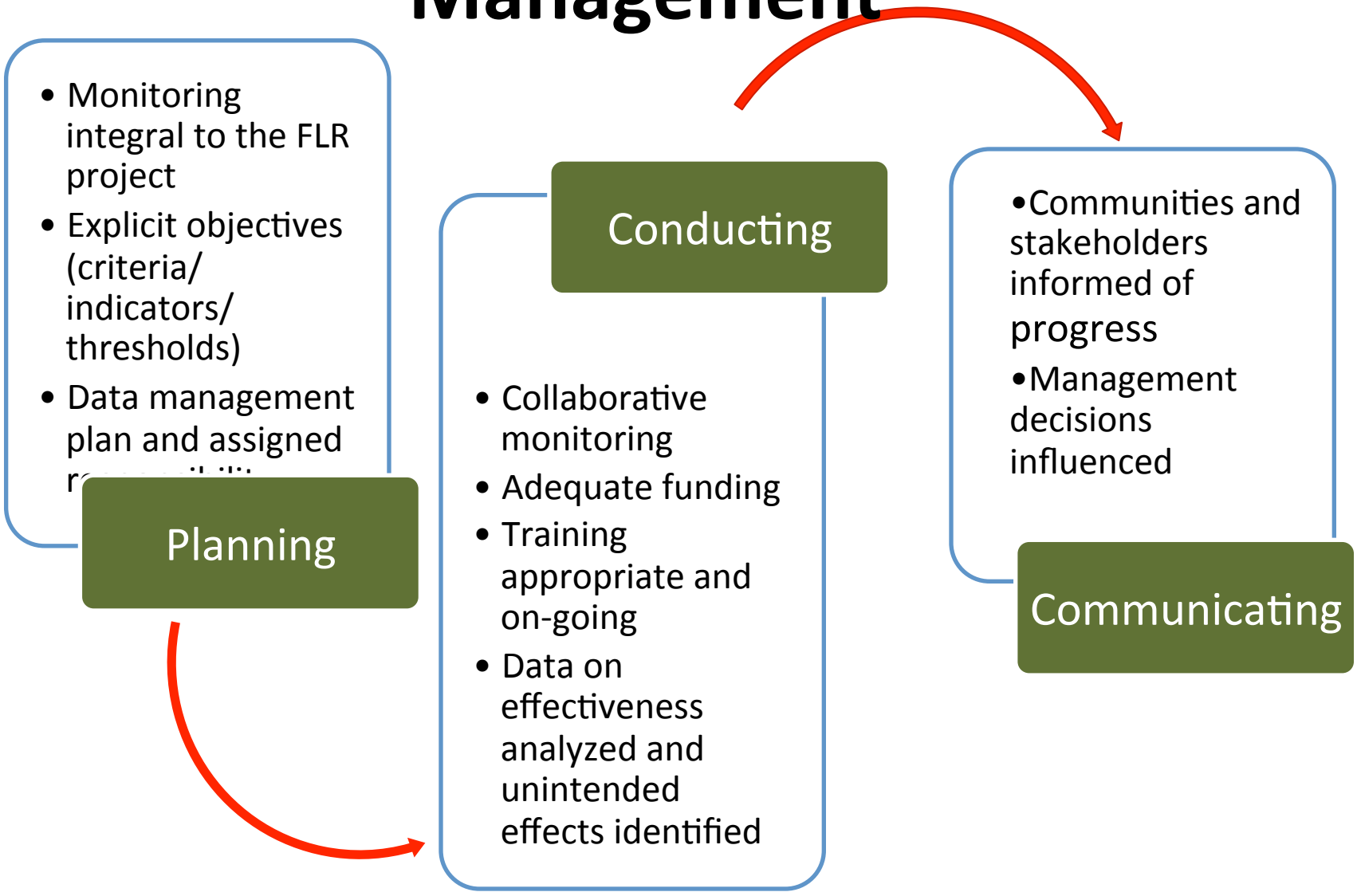
Frankfurt School
FS-UNEP Collaborating Centre
for Climate & Sustainable Energy Finance

Thank you for your attention!

Tobias Panofen
Senior Project Manager
Email: t.panofen@fs.de

FS-UNEP Collaborating Centre
for Climate & Sustainable Energy Finance
Adickesallee 32-34
60322 Frankfurt am Main
Germany
fs-unep-centre.org

FLR as a Learning Process/Adaptive Management



Transforming Landscapes

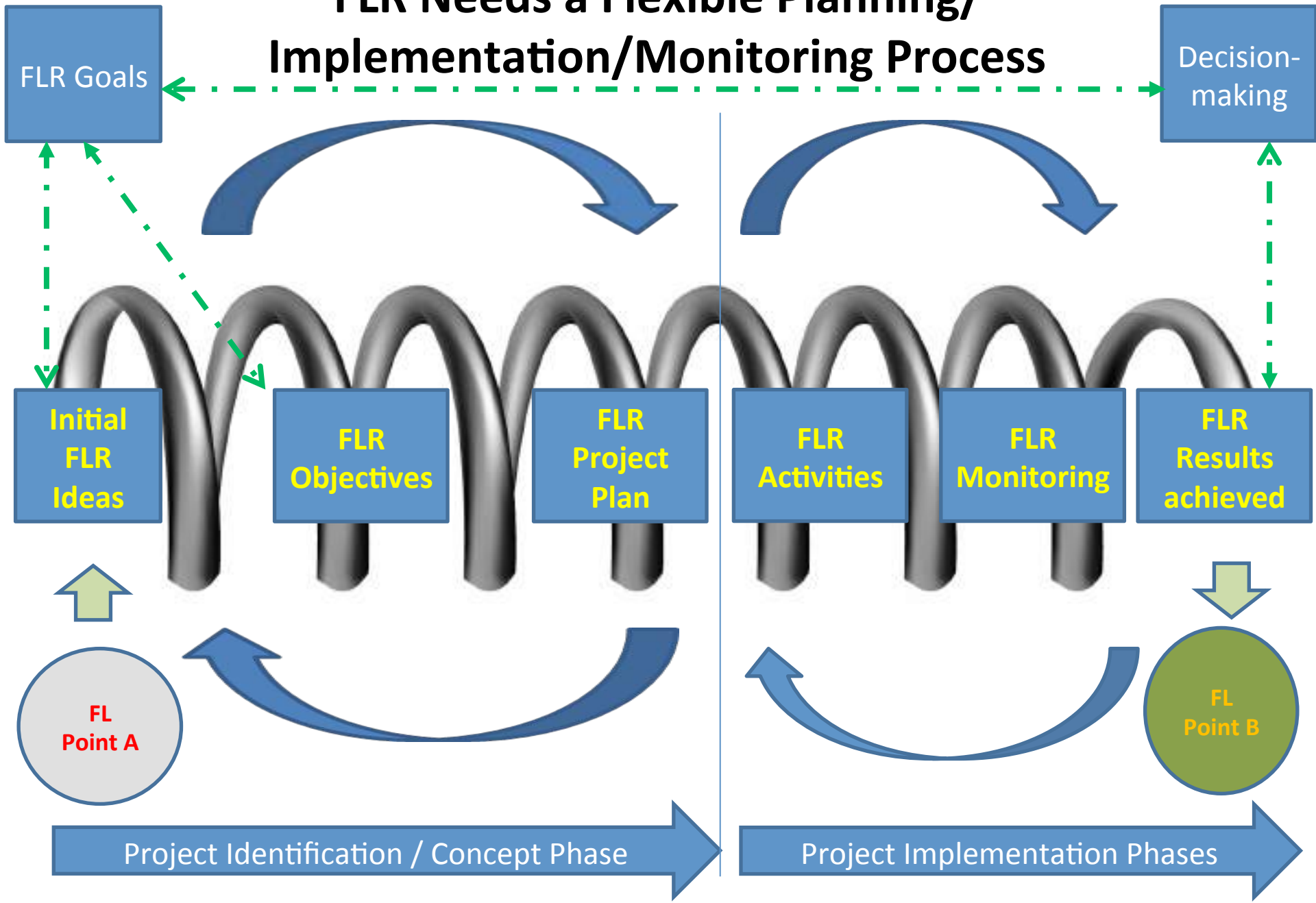
"Moving from Point A to Point B"

- FLR begins with an ecological baseline and a social/ economic/cultural context
- Technology on how best to restore/manage a forest landscape is indispensable
- But integrating into a specific social and economic context requires negotiations

Contextual Complexity

	Simple	Complex
Stakeholders	Few	Many
Objectives	Clear	Conflicting
Priorities	Agreed	Contentious
Technical Capacity	Adequate	Lacking

FLR Needs a Flexible Planning/ Implementation/Monitoring Process



Capacities and Competencies

- Broad understanding of FLR
- Specific technical skills
- Local knowledge
- Negotiation and/or facilitation
- Participatory project management
- Communication

Building Capacities
for the restoration of tropical forest landscapes
and the enhancement of their ecosystem goods and services

Panel Discussion