

The Forests Dialogue (TFD) Dialogue on Investing in Locally Controlled Forests

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Welcome to TFD's ILCF Dialogue

Meeting Co-Chairs

- Ed Barrow
- Dominic Walubengo
- Víctor López

Partners



Initiative Partners

- Growing Forest Partnerships
 - IUCN
 - IIED
 - FAO
 - World Bank



Local Partners

- IUCN – East Africa
- NedBank
- Forest Action Network
- National Alliance of Community Forestry
- Wildlife Works Carbon



The Forests Dialogue

Purpose and Mission

- Established in 2000 by NGO and Business Leaders
- Reduce conflict among stakeholders in the forest sector
- International platform and process to discuss key SFM and conservation issues
- Build mutual trust, enhanced understanding and commitment to change

Structure

- Steering Committee
- Secretariat
- Network of Partners



TFD Initiatives

Priority SFM Issues

- Investing in Locally Controlled Forestry
- Forests and Climate including: REDD+ Financing; REDD Readiness
- Free, Prior, and Informed Consent
- Forests & Poverty Reduction and Rural Livelihoods
- Intensively Managed Planted Forests
- Illegal Logging and Forest Governance
- Forests and Biodiversity Conservation
- Forest Certification



How TFD's Initiatives Work

Dialogue Phase

- Scoping Dialogue
- Experiential Field Dialogue
- Wrap-Up Workshop

Outputs

- Co-Chairs Summaries
- TFD Reviews
- Commissioned Papers
- Consensus-based recommendations /guides/ suggestions.

Outcomes

- Trust among leaders
- Next Phase of Engagement
- Meetings with decision makers
- Coalitions
- Impact on policy



Participants Pact

TFD operates under the
Chatham House Rule

“Participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed”.



Participants Pact

Spirit of Participation

- Active Listening
- Constructive, solution oriented Interventions
- Participate as individual
- Help define and own the outcomes



Investing in Locally Controlled Forests

“There are huge opportunities to invest in small-scale or community-based forestry projects that achieve a decent return on investment whilst advancing environmental and developmental goals. However, current financing mechanisms are not oriented to this sector, except in some specific and quite limited examples.”

Definitions

Locally controlled forestry means “the local right for forest owner families and communities to make decisions on commercial forest management and land use, with secure rights, freedom of association and access to markets and technology”

This includes the management of forests for timber, non-timber forest products and other social or environmental values, as carried out by forest-dependent families or smallholders, community groups and Indigenous Peoples— “rights-holders”

Definitions

Investment is the active allocation of resources to enhance forestry assets not only in the present but also for future benefits. It can be made in a variety of ways and by a variety of actors.

	Activity	Investor
“hard” investment	Creating new forest resources, managing forests, building production and processing facilities and other infrastructure, direct financial investments	-financial investors, banks, forest companies -governmental organizations -small and medium forest enterprises -resource owners and rights-holders
“soft” investment	Preparing the ground for “hard” investment, e.g., improving governance, securing forest rights, developing human resources and capacity building, establishing credible forest certification for assurance of sustainability	-multilateral organizations, bilateral donors -governmental organizations -environmental and civil society NGOs -research institutions -resource owners and rights-holders -forestry companies

Origins of this Dialogue

- Previous TFD dialogues: IMPF, small landowners, pro-poor forestry
- Growing Forest Partnerships
- Connections between “north” and “south”



Locally Controlled Forests



- One billion people
- One quarter of the world's forests
- \$75 - \$100 billion/year in goods and services
- Broad range of economic, environmental, social, cultural and spiritual benefits
- Multiple use, including climate change mitigation
 - Must play a key part in the development and expansion of REDD-plus

ILCF Initiative - Objectives

1. Ensure that investment streams strengthen LCF and address concerns
2. Bridge the gap between investors and three rights groups
3. Build investment preparedness among all actors





The ILCF Initiative

- **TFD dialogues – so far**
 - Belgium (scoping)
 - Panama (field)
 - Nepal (field)
 - Macedonia (field)
 - London
- **Growing Forest Partnerships**
 - World Bank
 - IIED
 - FAO
 - IUCN
- **3G Alliance**
 - Indigenous Peoples (IAITPTF)
 - Family Forest Owners (IFFA)
 - Forest Dependant Communities (GACF)
- **“Hard” and “soft” Investors**
- **Dominic Elson Paper**

ILCF Learnings - Needs



- Local rights both secure and 'legible'
- Integrative approach: synergy between 'soft' and 'hard' investment
- Business support services and capacity building
- Partnerships, alliances, aggregation and portfolio approaches

ILCF Learnings - Obstacles



- Misperceptions and language differences
- Limited business development capacity amongst communities
- Insecure land tenure
- High transaction costs
- Long time scales
- Inadequate value proposition of business plan
- Insufficient consultation and unclear communication
- Mismatch in expectations and practices
- Inadequately assessed market and political risk
- Difficulty extracting profit

ILCF Learnings - Solutions



- A partnership approach
 - Well-defined roles for hard investors and rights holders
 - Clear and agreed sharing of risk, cost and benefit
- Role of soft investment and governments
 - Systemic investments that improve conditions to attract private capital
- Innovative mechanisms such as:
 - Escrow accounts
 - e.g. Root Capital and FAST
 - New legal and financial mechanisms such as Real Estate Investment Trusts and leasing
- Make better use of existing, effective data and networks

Next Steps

- Continue TFD's dialogues to develop:
 - guidelines and principles of ILCF for investors and communities
 - Best practice/codes of conduct
 - Investment process models
- GFP will continue to support:
 - in-country actions
 - working with forest dependent people to ensure and increase ILCF
 - supporting existing initiatives and filling in the gaps on the ground
- Research and analysis will be commissioned for:
 - quantitative data
 - definitions and typology
 - case studies



Asante Sana!

TFD Documents and Publications

Available electronically in English (y español) at:
www.theforestdialogue.org



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