

Timber Legality and Forest Landscape Restoration: Fostering Dialogue and Avoiding Unintended Consequences

Rene Zamora, World Resources Institute

Mr. Zamora introduced the concept of Forest Landscape Restoration (FLR) as a new movement seeking to leverage land use activities to face climate change, adaptation and restoration. He also introduced to the audience the Bonn Challenge under which Initiative 20x20 and AFR100 bring together FLR commitments from Latin America and African governments. Beyond just tree planting, the speaker explained that FLR includes a comprehensive portfolio of activities including the design of strategies to conduct different types of restoration strategies vis-à-vis economic activities (e.g. agriculture, cattle ranching) to ensure more sustainable use of the land. The speaker provided examples highlighting the nexus between forest legality with FLW: when there is little incentive for land owners restore their lands for timber production because illegal timber outcompetes legal timber in the market; when the law makes it expensive to restore the land, or when it restricts the use/ownership of the trees after restoration activities.

Guillermo Navarro, FAO-FLEGT

Mr. Navarro's presentation focused on achieving forest landscape restoration through legal and sustainable business models and value chains via investments and institutional approaches to FLR. As with REDD+, he explained, FLR can be expensive and we need make an attractive business case for investors. There needs to be a paradigm change on FLR to focus on profitable businesses value chains that co-generate human well-being and the rehabilitation of environmental services. Legality needs to be cost effective and not looked anymore as a transaction cost but as a value added. FLR needs to be focused on productivity, cost effective (low costs of being legal); the laws need to be clear and –in some cases—less restrictive (e.g. particularly about the access/use of the timber); laws should also protect the dignity of the forest actors and be enforced to reduce the impunity of illegal activities. Mr. Navarro then provided specific examples from an analysis of a Teak value chain in Costa Rica where the producer receives a fraction (4%) of the financial return on the timber over a 17 years period. With the legal restrictions, which prohibit the owner to use about 70% of his/her land, the opportunity cost for protecting environmental benefits are too high.

Mr. Navarro asked three panelists to make short presentations answering the following questions:

- Please provide examples showing the linkages between FLR and legality
- What is the impact and the sustainability issues in the examples you highlighted?
- What are the necessary social, environmental, economic and institutional conditions that will make legality and restoration complementary?

Richard Gyimah, Ghana Forestry Commission

Context: the government of Ghana is implementing a national plantations strategy that seeks to establish and manage 625,000 ha of plantations by 2040 to deliver a sustainable supply of timber products, as well as a range of economic, social and environmental benefits. The government is now calling for private developers and public-private partnerships to implement the strategy but, at the same time, communities are increasingly becoming more involved in natural resources governance and management and calling for better benefit- 2018 Forest Legality Week Event Summary 9 sharing

arrangements as forest land custodians. Mr. Gyimah presented two examples of the linkages between legality and FLR: the first was a community-managed project that rehabilitated forest reserves while increasing the production of agriculture, wood and non-wood forest products as well as institution's capacities. Although the project established 13,388 ha of plantations and trained almost 5,000 local farmers in livelihoods initiatives, the livelihoods initiatives could not be sustained after the end of the project. Moreover, because the trees had a relative long rotation, farmers ended being cash strapped. The second example highlighted a large-scale plantation established in degraded areas within and outside forest reserved by commercial private developers. Although almost 20,000 ha of plantations were established, the initiative is putting pressure on agricultural lands resulting on the dissatisfaction among local farmers as they feel their livelihoods are threatened. Some of the challenges identified by Mr. Gyimah included: a major challenge to FLR is to provide economic alternatives to industry as the private sector is an important actor to create sustainable value chains. He also identified the need to have in place harmonized and coherent laws that holistically tackle FLR efforts and weak law enforcement.

Rene Zamora, World Resources Institute

Mr. Zamora explained a paradox between the Guatemalan government's efforts to promote FLR running afoul with the legal framework. The Guatemalan government is willing to compensate land owners with up to \$2,000 USD in six years if they restore riparian zones. However, by law, the trees that are within 30 meters next to a river cannot be touched. This means that if the landowner restores the riparian areas, they are, ipso facto, relinquishing their lands. Compared to growing sugar cane, the opportunity cost is too high and there is no benefit from FLR. However, Mr. Zamora explained that the key is to change the landowners' paradigm; if they focus on how riparian forests function as a barrier to protect the sugar cane plantations from river flooding, there is a clear and direct benefit from FLR. Mr. Zamora also emphasized on the need to ensure that the legal framework is coherent and not-contradictory. He also highlighted the fact that engaging the private sector is key.

Maria Ines Miranda, SSC-Americas

Ms. Miranda introduced the audience to the Good Wood project in Chile, which sought to connect forest products supply chains from small producers directly with ethical consumers willing to pay a premium. A key component for the success of the project was to communicate to the buyers the environmental and social credentials of the project through label recognition (e.g. FSC, fair trade). Ms. Miranda explained that where there is illegality there is lower value of the forest and less information about the supply chain, but in the case of ethical consumers, it was very important to tell the story behind the products. Unfortunately, the project had to stop, but Ms. Miranda argued that there is a need to scale up the model to increase the value to the forests and make them more profitable vis-a-vis other productive activities such as soy, palm oil and mining. If there is no economic value associated with the forests, we will not be able to protect or restore the forests. In terms of FLR, Ms. Miranda explained that there is a need to start a movement to create and foster these value chains to access more high value market and there are favorable conditions in Chile, Mexico and Peru, and that entrepreneurship and innovation is needed to expand these models.

Discussion

In responding questions from the audience, panelists discussed ways to measure the impacts of FLR efforts focused on timber production. A possible way to measure impacts and outcomes could be through the adoption of forest management certification systems or assessing the impacts on the communities working in these supply chains. The panelists also discussed the challenges assessing the price difference in the market place between legal and illegal timber. There are some estimates (e.g. a 40-50% more for legal timber in Ghana), but price differences also depend on price and products. There is also the issue between different Harmonized Trade Standard codes when looking at price difference in international markets. A member of the audience asked the 2018 Forest Legality Week Event Summary 10 panelists about the current and projected size of plantations, and the proportion of timber from these operations going into export markets. The panelists provided some rough estimations including 20-30% of finished products exported from Ghana are from plantations; 5 million hectares of plantations in Chile providing 99% of the production. The panelists also discussed how timber from Chilean plantations outcompete timber from plantations in Guatemala, and how it is very difficult to do forest management in Costa Rica (including from FLR) due to the country's focus on forest protection. In that country, 55% of Costa Rica's territory is forested and 20% of that is in protected areas.