

Opening speech

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It is a pleasure to be here today for this opening session. This year marks the 10th anniversary of the REDD Research and Development Center. I would like to congratulate FFPRI for the many achievements in advancing the discussion on forests, which has been instrumental to climate change mitigation to a large extent. It is also a good time for me to look back at how REDD evolved and what the new and emerging challenges and developments are, in light of past experience. I myself was part of the REDD+ discussions from the beginning, first in 2005 and then substantially from the 2007 Bali COP13¹ onwards, in the context of the development of the Forest Carbon Partnership Facility² (FCPF) and my work at the World Bank³ at that time.

At that time, many of my colleagues, including myself, were enthusiastic because we assumed that the magic remedy to stop deforestation had finally been found. Large volumes of funding went into forests in a very easy and fast way. However, I returned home from COP13 quite worried, asking myself if all the good approaches in the past were all of a sudden obsolete. Many questions immediately came to my mind. How to address degradation and regular forest management activities as opposed to the approach on large-scale deforestation by agriculture? How to deal with situations of low forest cover and high population as opposed to high forest cover and low population situations? How to distribute funds? Who decides who has to contribute to emission reductions? Who earns the credits? What about land rights and the rights of indigenous people? Is REDD leading to recentralization and top-down approaches after many years of successful decentralization work? How can countries with low governance manage such approaches?

For me, the philosophical question was, whether it is right or wrong to compensate avoiding wrongdoing, illegal activities, or unsustainable practices on the basis of market-based payments. It became clear over the years that forestry was not the “low-hanging fruit” as Nicholas Stern proclaimed in his famous report, “The Economics of Climate Change.” While brilliant in theory, it is not in sync with reality and the needs of people. For urbanized citizens in the north, a standing tree was seen as a good tree and therefore forest management and cutting trees were generally seen as a dirty, destructive, and corrupt business, as well as the cause of climate change. That is what directed the funding to climate change activities. Soon it became evident that the definition of REDD was too narrow. We had to shift to REDD+, and more issues for consideration surfaced immediately. Many specialists started to work on carbon accounting, carbon finance, social and rights issues, MRV issues, and so on. It became clear that REDD was in fact one of the most complex undertakings in the fight against climate change.

There is no doubt that the REDD discussion and process resulted in a number of key achievements regarding general awareness on the role of forests for climate change and development. Without Nicholas

¹ <https://unfccc.int/process-and-meetings/conferences/past-conferences/bali-climate-change-conference-december-2007/cop-13>

² <https://forestcarbonpartnership.org/>

³ <https://www.worldbank.org/>

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Stern, the massive influx of money into the forest and climate agenda would not have been possible. Forestry was an early success story in the complicated United Nations Framework Convention on Climate Change⁴ (UNFCCC) agenda, as results are documented in the decisions in many of the COPs we have seen since then.

It was also a major achievement that developing countries now have a much better understanding and tools at hand regarding the drivers of deforestation and forest degradation, land tenure issues, and so on. It is clear that the global discussion and our understanding about the role of forests is now at a completely different level compared to 15 years ago. However, do we see real financial flows and results-based payments at a scale of jurisdictional levels now? Most of the REDD funds so far have been spent on readiness, employing large numbers of consultants, and this is a little bit of a cynical analysis. Many countries who have invested themselves in getting ready are trapped in unrealistic expectations and express frustrations because the money that flows does not come in so easily.

What is missing? Is the theory of change right? Is there bottom-up ownership and proactivity at the grassroots levels? Will small, middle, and large-scale producers on the ground react to prospects of receiving results-based payments decided at jurisdictional levels, or will they need different incentives for reinvesting and restoring forests? A big question for me is, does the current REDD approach still work in situations where external factors are outpacing human action, such as situations where forests have reached tipping points and become net-emitters without influence from outside? Currently, we can observe such cases in all climatic zones such as in the boreal forests of Europe, California, and Australia, but also the Amazon where we reach such tipping points. So the question is, can the REDD methodology address these issues in an effective way?

The 2019 UNEP Emissions Gap Report⁵ draws a dramatic conclusion that we are currently on the way to a 3°C world if additional measures are not taken. An honest look at what happens on the ground, therefore signals that we need a differentiated approach and additional elements for success. This is a substantial shift from previous approaches worldwide, in which timber and wood-based energy were often treated as a cause of the problem rather than an integral part of the solution. We are now seeing a trend towards integrated approaches in which development and economic growth, as well as climate and the multiple other benefits of forests and forest products are seen as a part of win-win solutions with tremendous potential, especially for producer countries and poor people. In reality, most of the big players such as the World Bank, FAO, UN-REDD, Norway, and Germany apply a mix of approaches and have already returned to more traditional or proxy-based activities. The train has departed towards a landscape restoration approach and engagement with the private sector.

In this case, what is the role of ITTO? Let me give you a couple of observations and thoughts guiding the work of my organization. In the light of the Intergovernmental Panel on Climate Change (IPCC)⁶ Special Report 2019⁷, the roles of productive forest and legal and sustainable supply chains need much higher emphasis. Forest products have an important climate mitigation effect through substitution and storage. Therefore, we

⁴ <https://unfccc.int/>

⁵ <https://www.unenvironment.org/resources/emissions-gap-report-2019>

⁶ <https://www.ipcc.ch/>

⁷ <https://www.ipcc.ch/sr15/>

need approaches which go beyond the forests themselves and include the whole value and supply chain from the tree to the market. There was a statement that without including forest products, we cannot achieve the 1.5°C target, so we need all resources at hand.

If the demand for wood from rapidly-growing populations is not addressed, and I refer to Africa which will grow by three billion people by 2100, it will lead to substantial gaps of supply which will invalidate ongoing REDD+ efforts. There is a strong need for upfront finance as opposed to REDD+ payments on results. There is also a changing awareness that forests and forest industries need to contribute, and to their maximum extent, for the advancement of bio-based and circular economies, while meeting the needs of a growing global population.

There is a need to look at alternative incentive mechanisms, similar to those used to incentivize individual decisions such as for solar panels or electric cars. We need a different understanding of the theory of change in which impact and change will be the cumulative result of individual decisions and actions, and not only from top-down guidance. This means a modification of jurisdictional payment systems, towards a set of additional flexible results-based upfront transfers on a competitive basis. Fiscal and macroeconomic incentives need to provide a secure framework for private sector action and investment. Large-scale jurisdictional approaches should be directed primarily to situations such as to protect protected areas. Their unique global values need to be protected and stakeholders need to be compensated for loss of income or livelihood.

Compared to the big players within the Collaborative Partnership on Forests⁸ (CPF), ITTO is a relatively small player and therefore has to assume a specific role, defined through the International Tropical Timber Agreement of 2006⁹, which is to promote the expansion and diversification of international trade in tropical timber from sustainably-managed and legally-harvested forests, and to promote the sustainable management of tropical timber-producing forests.

We are very happy that the 55th Session of the International Tropical Timber Council¹⁰ last year in December took account of the fact that winning the fight against climate change cannot be done without addressing the development needs of rapidly-growing populations in the tropics. It endorsed the ITTO Secretariat proposal for piloting a new programmatic approach to focus future work on the following three program lines. First, legal and sustainable supply chains to enhance tropical timber supply chains from the forest to the markets, to achieve legality and sustainably, and to contribute to climate change mitigation. Second, forest landscape restoration and the sustainable management of productive forests to help scale up the area of forest landscape restoration and increase the provision of goods and services from productive and economically-viable planted and restored forests, in line with the needs of populations which is a contribution to climate change as well. Third, biodiversity and climate change in context to strengthen the capacity of tropical timber-producing countries to maintain and enhance biodiversity in productive forests and landscapes.

⁸ <http://www.cpfweb.org/en/>

⁹ https://www.itto.int/direct/topics/topics_pdf_download/topics_id=3363&no=1&disp=inline

¹⁰

https://www.itto.int/events/55th_session_of_the_international_tropical_timber_council_and_sessions_of_the_associated_committees/

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I would like to conclude by saying that ITTO and other organizations alone cannot solve the tremendous challenges ahead. More than ever, we need to act in partnership with other organizations in the CPF, as well as with civil society, local communities, indigenous peoples, and importantly the private sector. ITTO continues to reach out to and work with partners all over the world, including those involved in global and regional processes, students, local authorities and communities, and high-level national and private sector leaders. I hope this provided a sort of stimulation for the discussion today. Thank you very much.