



Sustainable Forest Management in International Partnerships

WEBINAR BRIEFING NOTE

THE GLOBAL CONTEXT

When talking about forests, the numbers speak for themselves. Forests are home to 80% of terrestrial species of plants, animals and micro-organisms and represent 75% of water catchments, acting as filters, collecting and storing water and recharging underground aquifers. 1.6 billion people, many of them highly vulnerable, including indigenous people, landless farmers, rural women and youth, rely on forests for their livelihoods, food and fuel.

Up to 30% of greenhouse gas emissions can be absorbed by forests. Deforestation and forest degradation are the second leading cause of global warming, responsible for about 15% of global greenhouse gas emissions. The global rate of forest loss has slowed since 2000. Nonetheless, forest loss occurs unequally, and the largest declines happen in the tropics. Agricultural expansion is the main driver of deforestation (including soy, cattle, palm oil, cocoa, coffee).

Many forest enterprises are micro or small enterprises, and in tropical timber-producing countries, most domestic demand for forest products is provided by such enterprises. Wood products are the world's most valuable traded renewable natural resource (€200 bn/yr*). The integrity of forest ecosystems is critical to secure the livelihoods of forest-dependent communities, and to maintain the long-term economic role of forests for many partner countries. Forests and trees contribute to 28 targets relating to ten SDGs.

* Internationally traded wood products (FAOSTAT 2022). Note that the overall value of gross income was €1300 billion in 2020.

5 April 2022 on EU Learn - Agenda

Welcome and keynote address Patrice Moussy, INTPA F2

Moderation by Eleonora Paci INTPA F2

Sustainable forest management

Management of tropical production forests

Community forestry

Management of tropical production forests by local communities

Wim Ellenbroek F4 Facility

Aluísio Patrocínio Coomflona, Brazil (presentation by Daniela Vilela)

Corporate forest concessions

How « industrial » forest concessions contribute to the sustainable management of tropical forests...

And what can be improved with EU's support

François Busson F4 Facility

Markus Pfannkuch Precious Woods

Discussion and sharing of experiences from the audience

Comments by Paul Ankrah Winniwood, Ghana

[Registration page](#)



Objectives of this webinar

Participants will leave this webinar with a greater understanding of:

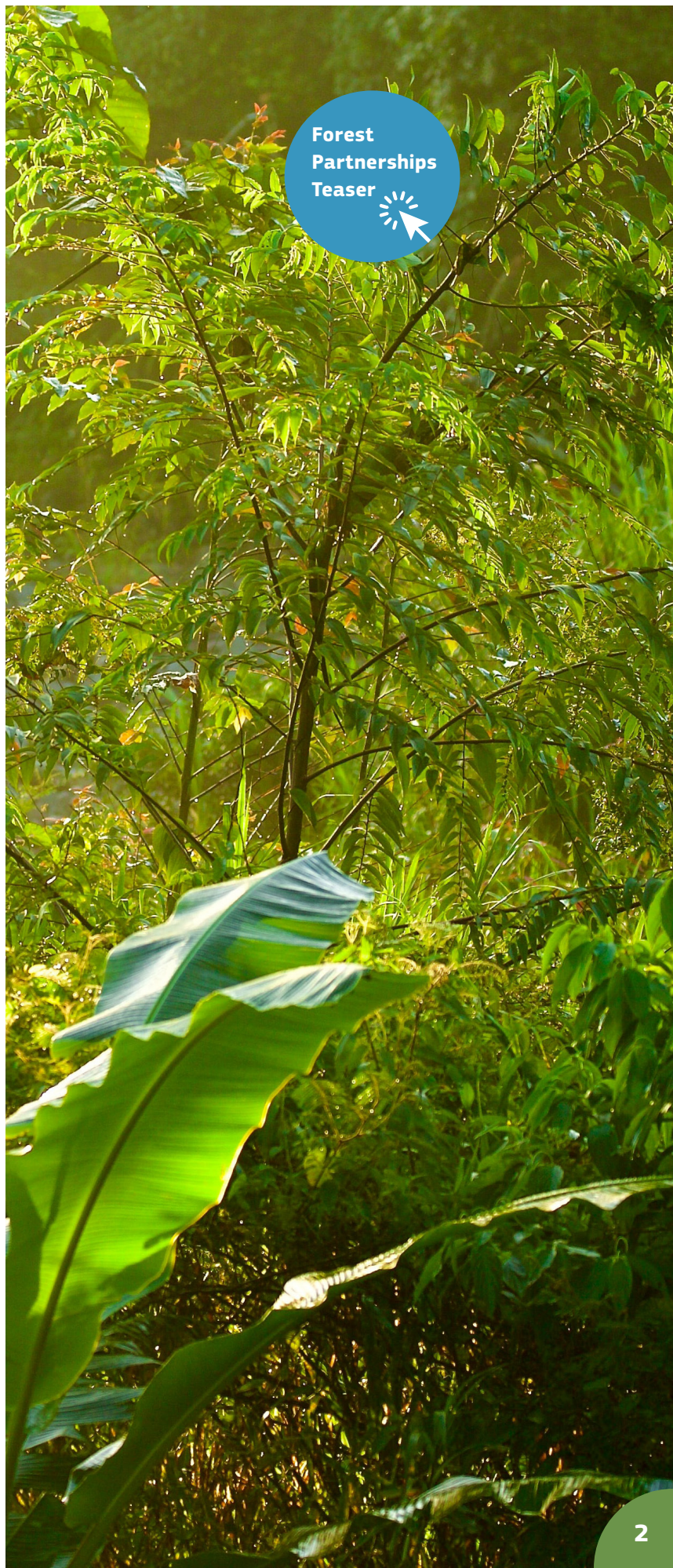
- The main forest management models: corporate forest concessions and community managed forests
- The role of forests in partner countries' national economies and in responding to the global challenges on climate change and loss of biodiversity
- Opportunities and challenges in the sector, and pathways for improved performance
- Options for EU support

This webinar is part of the series of Webinars on [European Green Deal - Greening EU cooperation \(Environment and Climate Change\)](#), offered by the European Commission's Directorate General for International Partnership (DG INTPA). The webinar is organized by the [Forests for the Future Facility \(F4\)](#).

INTERNATIONAL AND EU POLICIES

Key multilateral agreements, to which the EU is a signatory, call for the integrity and protection of forests, specifically in developing countries:

- **Agenda 2030 - SDG 15** (Life on Land) calls specifically for the use of ODA and public expenditure to “finance sustainable forest management and provide adequate incentives to developing countries to advance such management, including for conservation and reforestation”.
- **The Paris Agreement** (art. 5) states Parties should take action to conserve and enhance carbon sinks including forests highlighting “the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries...”.
- **The Convention on Biological Diversity:** as the most biodiverse terrestrial ecosystem, forests are captured under two of the Aichi Targets. Target 5: “By 2020, the rate of loss of all natural habitats, including forests, is at least halved and where feasible brought close to zero, and degradation and fragmentation is significantly reduced” and target 7: “By 2020, areas under agriculture, aquaculture and forestry are managed sustainably, ensuring conservation of biodiversity”.
- The **European Green Deal** is the flagship policy priority of the Commission 2019-2024 and calls for increasing EU engagement with partner countries, through the creation of Green Alliances. **Forest Partnerships** are a pillar of the Green Alliances and contribute to other pillars, such as sustainable energy, circular economies or ‘Farm-to-Fork’ food systems, providing an integrated approach to the geopolitical Commission’s development cooperation work.
- Building on **FLEGT Voluntary Partnership Agreement** experiences with partner countries on frameworks for legality, and participative and transparent governance processes for exported timber, Forest Partnerships can expand engagement in broader aspects of rule of law and the fight against crime financed through the illegal trade in natural resources. They focus on the development of value chains, private initiative and mobilising private finance and investment. Independent monitoring of forestry activities, including through the empowerment of local communities, has also proven valuable in building knowledge on the sustainable use and management of forests.



SUSTAINABLE FOREST MANAGEMENT

In 1987, the United Nations Brundtland Commission defined sustainability as “meeting the needs of the present without compromising the ability of future generations to meet their own needs”. In analogy to this definition, the aim of sustainable forest management (SFM) is to ensure that forests supply goods and services to meet both present-day and future needs and contribute to the sustainable development of communities.

Another leading definition comes from the Forest Stewardship Council (FSC) which promotes forestry that is environmentally appropriate, socially beneficial and economically viable. While the UN definition emphasizes sustainability over time, community benefits, and consideration of other forest goods and services than only wood, the FSC definition emphasizes the balance between social, economic and ecological interests.

Yet, timber harvesting or logging has a general bad reputation. This is because of its association with opening of pristine forests with heavy machinery for felling of giant forest trees, with a reputation of illegality and intrusion into customary lands of indigenous or tribal people. While this is undoubtedly true for much forest clearing and forest degradation in the past, and still happens in certain locations, logging is no longer the main cause of deforestation or forest degradation.

First, deforestation is mainly a tropical issue: where loss of tropical forests averaged 9 million ha/year over the period 1990-2020, this was only 6 million ha globally – implying that the temperate zones had a net increase in forest cover of 3 million ha, as reported in the FAO Forest Resources Assessment 2015 and 2020. It is now a well-established fact approximately 80% of global deforestation is caused by the expansion of land used for agriculture – both large-scale agriculture as well as smallholder slash-and-burn agriculture.

About Sustainable Forest Management (SFM)

The United Nations General Assembly in 2007 recognizes SFM as a dynamic and evolving concept that aims to maintain and enhance the economic, social and environmental values of all types of forests for the benefit of present and future generations. It implies various degrees of human intervention, ranging from actions aimed at safeguarding and maintaining forest ecosystems and their functions to those favouring specific socially or economically valuable species or groups of species for the improved production of goods and services. In addition to forest products (comprising both wood and non-wood forest products), sustainably managed forests provide important ecosystem services, such as carbon sequestration, biodiversity conservation, and the protection of water resources.

www.fao.org/sustainable-forests-management/en/



Next to deforestation, tropical forests are threatened by degradation. Causes are forest fires, mining, illegal logging and indiscriminate logging, irrespective of forestry rules and regulations. To avoid forest degradation, different programs and initiatives over the past decades have introduced the concept of sustainable forest management, or sustainable logging – most importantly Forest Law Enforcement, Governance and Trade (FLEGT), Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification (PEFC). Yet, the very concept that logging can be done sustainably, is often criticised. It cannot be argued that a logged or secondary forest is no longer a pristine forest. Yet, secondary forests do not necessarily have significantly less forest stock or biodiversity than pristine forests. Logged forests can still be rich in biodiversity and provide important environmental services such as water provision. Production forests often harbour more wildlife than neighbouring protected areas that are less well protected against poaching or encroachment.

All this, on condition that forest rules and regulations are well adhered to.

Next, a pristine forest usually protection, which needs to be covered from state funding, while a production forest is a self-reliant management model, where finance for forest conservation is generated from wood harvests. Harvest levels are based on ‘annual allowable cut’ quota, which are based on an estimation of the forest re-growth capacity. Clear-cutting is no longer practiced in the tropical or sub-tropical region, instead, selected trees are harvested in blocks based on a 30-35 yearly rotational cycle, allowing the forest to restore during the resting periods.

Wood is an elementary product for economic development, in construction, flooring or furniture, infrastructural works, paper, etc. Harvesting wood from production forests is therefore an economic necessity. Wood demand will only continue to grow, with the growth in population and in welfare. A wood trade deficit is quickly developing in many tropical countries that used to be wood exporters in the recent past.

SUSTAINABLE FOREST MANAGEMENT

Here are some data and graphs on tropical forests and their management. Important to note that production forests are just one-fifth of total forest cover in the tropics; and that a major portion (146 million ha) lies idle, without active management. This usually means the forest is unprotected, 'open access' and prone to conversion to agriculture or other land use.

Global forest cover (2020)

4,060 million ha (31% land mass)

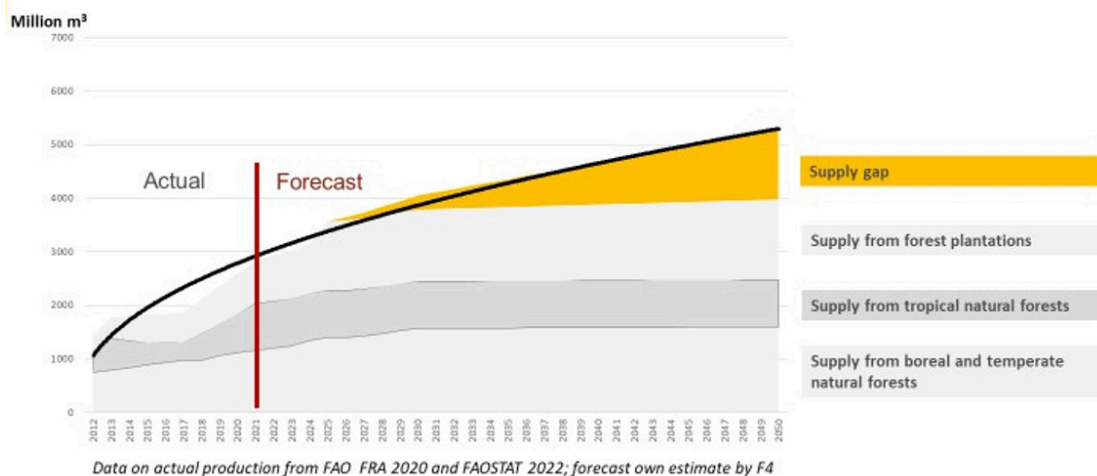
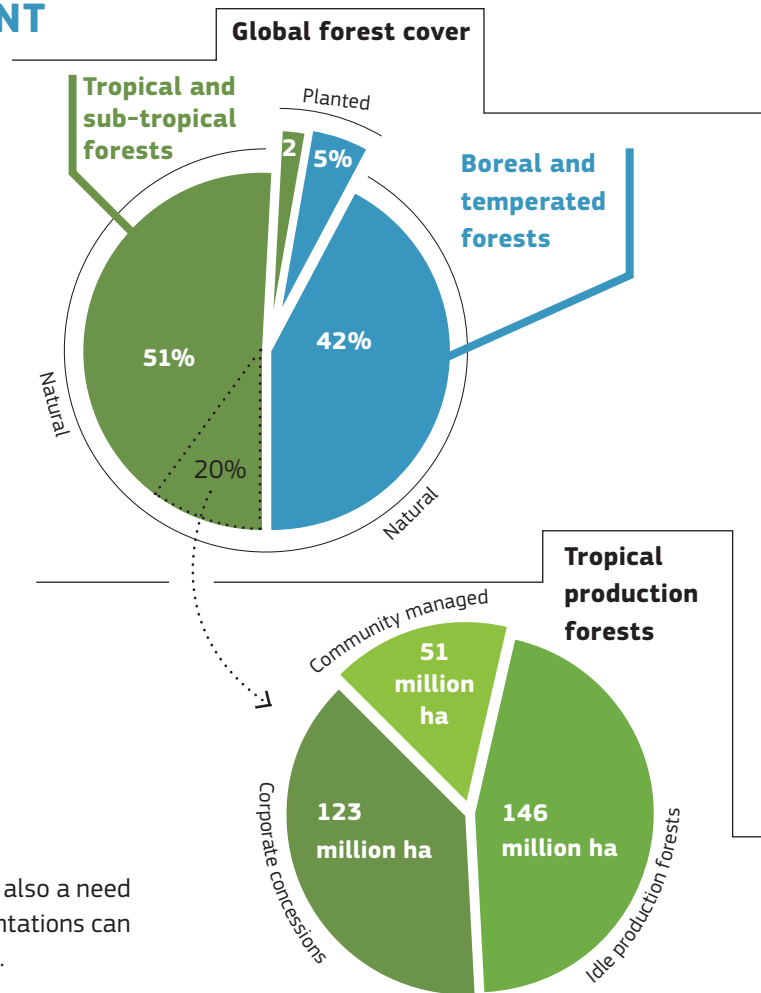
Tropical and sub-tropical forest cover (2020)

2,130 million ha (53%) of which

Production forests ~400 million ha i.e. only ~20%

- Natural forests 320 million ha
- Forest plantations 78 million ha

Apart from sustainable harvesting from natural forest, there is also a need to develop tree plantations on degraded forest lands – tree plantations can be more than 20 times as productive as natural tropical forest.



Even if we accept that sustainable forest management does no harm to the forest and creates important side benefits, this does not necessarily mean it is economically viable. In general, the business model for sustainable forest management is weak due to:

- **Price distortions** from log export bans, taxation, price under-cutting from illegal logging;
- **Large areas implying high logistical costs** (roads and transport, machinery);
- **A narrow range of commercial species**, at low densities, implying low productivity;
- **High costs of protection** against outside threats.

This leads to the question how the economic performance of the forest sector can be enhanced, in a sustainable manner. In the next section, we focus on two main models, namely corporate concessions and community-based forest management.

MODEL 1

Community-based forest management

What is it?

- FAO defines community forestry as a strategy for sustainable forest management through the participation of rural people, by making the objectives of rural people central in forest management and ensuring that rural people obtain reasonable benefits from forest management. In practice, however, many national governments have their own specific definitions of community forestry.
- Focus of the webinar is on the management of natural forest by communities. While communal tree plantations or smallholder woodlots also fall under community forestry, their management is quite different from the management of natural forest.
- Community forestry has been advocated by development agencies over the past 40 years, under a rights-based approach that (often implicitly) assumed that the delegation of forest management to communities would secure both livelihoods and ecological sustainability. In practice, however, in many cases the risk of forest conversion increased after land titles or rights were issued to communities.
- Globally, customary communities (indigenous, tribal, other) have traditional rights to large forest areas in Africa, Asia and Latin-America, but just over a quarter (28%) only is under their formal ownership or their legally designated use.
- The notion of 'community' applies to very diverse realities, ranging from indigenous settlements and tribal villages to settlements created by agrarian reform. Communities are not necessarily homogeneous groups and may well consist of clans or distinct interest groups.
- Community forestry often implies communal tenure with benefit-sharing among community members, but not necessarily so – examples exist where community members manage individual parcels of forest land.
- National governments usually have regulations for forest management that also apply to community forestry. Harvesting needs to be based on an approved forest management plan, requires a formal harvest permit and, if applicable, a transport permit; Tax regulations may also apply, even though communities are sometimes exempted of some of these.
- The term 'community forestry' is often associated with wood production, but this need not be the case; the forests can also be set aside for protection or used for subsistence. A variety of value chains can be linked to community forests, from wood products (fuelwood, saw logs) to non-wood forest products (nuts, medicinal plants), environmental services or tourism.



Challenges and opportunities

- Information on the performance of community forestry is mostly case based, not systematised at (inter-) national level and qualitative in nature, especially as regards economic performance.
- Literature reviewed is mostly critical of the economic achievements of community forestry, and the overall picture is that communities are handed an asset that they find hard to manage.
- Still, while acknowledging the various challenges, sustainable forest management need not be beyond the reach of communities.



Key elements for success

A conducive environment: As any other form of entrepreneurship, community forestry needs security of tenure, protection of rights and property, while rules and regulations should not be prohibitive. Forest areas are typically prone to invasion from farmers, cattle ranchers or miners who see forests as idle, open access land. The condition of public infrastructure (road conditions, access to power, internet or mobile phone networks) is another key element.

A viable business model: Many community forestry initiatives fail because community forests simply do not have the capacity to generate a meaningful income for enough of community members. Forest areas are small, remote, or with low productive capacity. Sometimes, only subsistence use or artisanal methods of logging are allowed, which does not allow for a viable business model.

Entrepreneurial organization (first tier): governments often ask communities to create an organisation that is made responsible for forest management. These 'community forest enterprises' often take the form of a user group, a village committee, or a formal association or cooperative, so-called 'first tier' organisations. A successful community enterprise needs an organisation with a clear business mandate from the community; it must have members with skills to either implement or oversee forest operations. The preparation and implementation of forest management plans also require a fair degree of forestry knowledge, which – if unavailable 'in-house' – must be procured from a third party.

Group formation (second tier organisation): stand-alone community forestry enterprises may lack viability in terms of bargaining power, technical capacity or access to finance. One solution to this is group formation – in the form of an informal marketing group, an association, a cooperative or a company. Organisations that bring together first-tier community enterprises are called 'second tier' organisations.

Group formation can offer benefits such as:

- ▶ efficiency gains
(allowing machinery to operate at full capacity);
- ▶ stable market relations
(selling from depot gives higher reliability of supplies);
- ▶ higher revenue
(higher volumes can attract bigger customers);
- ▶ membership services
(renting of equipment or services to members).

Options for EU action

The EU can support:

| ■ Strengthening of governance and enabling environment | ■ Strengthening of the production base | ■ Entrepreneurial capacity improvement at community level | ■ Strengthening of service organisations | ■ Strengthening of demand |
|--|--|--|--|--|
| <ul style="list-style-type: none"> ▶ Land use planning and improved farming techniques (e.g. wise use of fire) ▶ Supporting the process of introducing legal and sustainability criteria in national forest management standards ▶ Forest monitoring and early warning systems ▶ Infrastructure development (transport, ICT, energy) | <ul style="list-style-type: none"> ▶ Support the re-sizing of community concessions to ensure sufficient productive capacity ▶ Support forest protection via development of new revenue models ▶ Support enrichment planting, or tree plantations on degraded sites using revenue models (e.g. forest carbon) | <ul style="list-style-type: none"> ▶ Organizational training (strengthening of associations, cooperatives, SMEs) ▶ Forest management training ▶ Business plan development and financial planning ▶ Facilitate access to finance and private sector investment (e.g. via EFSD+) | <ul style="list-style-type: none"> ▶ Strengthening the services of 2nd tier organisations (e.g. machine rings, decentralised wood depots, forest management, secondary processing, cooperative marketing) ▶ Training for professional service providers (e.g. certification bodies, consultants, technicians) ▶ Product development responding to market requirements (via buyer relationships) | <ul style="list-style-type: none"> ▶ Domestic green procurement by government entities, institutions, leading construction companies, financial institutions – to stimulate legal and sustainable supplies ▶ Product promotion – both domestically, regionally, and internationally ▶ Promotion of ‘lesser-known species’ |



MODEL 2

Corporate forest concessions

What is it?

- Concession: a contract, license or permit granted from the State to a firm or a person to extract and market timber commercially from a defined area of the forest within a given period.
- Industrial concessions were mostly set up during the colonial period and were oriented to exports (initially to the colonial countries, then more globally).
- A study of Latin America, Southeast Asia and West and Central Africa (Karsenty, 2015) found that, out of a total forest area of 1.2 billion hectares (100%), 19% is (public) production forest area. Of the total public forest area, 14% was under industrial concessions.
- Forest concessions are important in terms of jobs, turn-over and value adding.
- The global market for tropical woods shows a decrease in EU demand, an increase in Asia's demand, and growing national and regional markets.
- Rules governing concessions evolved, especially in the 1990's, when sustainable management of forests started to be embedded in national legislations.
- There is a trend towards private certification (in the tropics), but important differences between continents.

Main challenges

- Tropical forests are typically characterised by scattered harvestable trees, big trees needing heavy machinery and road and processing infrastructure – which are often poor. This constrains the scaling and expansion of the timber-based value chains.
- Business models are conservative (often small family businesses) and not eager to drive changes.
- Sustainable tropical forest management requires important investment in inventory and planning (20–30-year rotations), selective and reduced impact logging, social commitments.
- Increasing challenges and costs related to management of biodiversity or social commitments.
- Decreasing profitability of the business (higher costs, lower benefits – especially after the first rotation) and increasing competition.
- Difficulty to access finance / investments especially for family-based businesses and SMEs.
- Unfair competition with companies that do not require sustainably produced goods.
- Overlap of rights to the land (local communities, mining companies, inter alia).
- Environmental sustainability of current exploitation rules and rotation cycles being questioned
- Increasing reputational risk (INGO campaigns).

Opportunities

- Commitment of part of the private sector to private certification with high social and environmental standards, coupled with restrictions on the trade in illegally produced wood products (US Lacey Act, EU Timber Regulation, and similar legislation).
- Diversification of revenue streams ('lesser-known' tree species, other productions – including plantation and energy production-, payments for environmental services).
- Building up cooperation and partnerships; operators often see each other as competitors and work stand-alone. Partnerships with other companies along the value chain are needed, for example off-take agreements with communities or other concessions to scale up the resource base.
- Improvement of the silvicultural practices, of the value chains and transformation, including valorisation of 'waste'.
- New market opportunities in local and regional markets, service provision to community forests.

Options for EU action

The EU can support:

- Policy dialogue;
- Promote the trade in sustainably produced forest goods and services;
- Improved governance (law enforcement, transparency, independent monitoring, inter alia);
- Differentiated taxation regimes (lower taxes for certified concessions);
- Training and capacity building in technical and managerial areas;
- Investment in improved forest operations, diversification of production and revenues, inter alia.

A follow-up webinar is planned (May/June 2022) to focus on the development of **value chains** and **private sector investment** that can support the sustainable management of forests.



FORESTS FOR THE FUTURE FACILITY

The [Forests for the Future Facility \(F4\)](#) provides technical support to contribute to healthy forest ecosystems and forest related value chains in Asia, Africa, the Caribbean and Latin America. The Facility is managed by [DG International Partnerships Unit](#) [F2 – Environment, Sustainable Natural Resources](#).