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LATIN AMERICAN AND CARIBBEAN FORESTRY COMMISSION

Item 4 of the Provisional Agenda

TWENTY-FIFTH SESSION

Quito, Ecuador, 29 September – 3 October 2008

SUSTAINABLE FOREST MANAGEMENT

Secretariat Note

Introduction

1. Sustainable Forest Management (SFM) is a comprehensive and holistic concept, taking into account multiple uses of forests and broader landscape aspects, and aimed at obtaining benefits from various products, goods and services with the view to improving life quality and conditions of people.
2. SFM is a dynamic process rather than a goal to be reached at a fixed point in time. There is no one definition of SFM; the concept needs to be considered with reference to local, national and regional objectives and realities.
3. The preservation and conservation of natural forests can be viewed within the framework of forest-related principles adopted by the United Nations Conference on Environment and Development (UNCED, 1992).
4. Forests constitute the most complex ecosystems on earth, alongside oceans, being the main mitigating factor of greenhouse gases and playing a critical role in sustaining life on earth. Changes in forests can alter ecologic regimes with subsequent effects on air, soil, water and biological diversity.
5. Goods and services from forests include, among others, soil and water conservation; support of rural development and agricultural systems; the maintenance of biological and cultural diversity; climate change mitigation; wood and non-wood forest products; biofuels; employment generation; recreation and tourism. Forests play an important role in poverty alleviation and food security for millions of people who, directly or indirectly, depend on forest resources.

6. Although the contribution of forests to rural poverty alleviation is unquestionable, this function is still not well documented. Much of the contribution to families in need is not included in the national statistics because it is identified at subsistence level or by income based on local markets. Likewise, the contribution of forests to domestic economies is, in many cases, underestimated since it is accounted by segments and integrated into the different items which are part of the national accounts system. This also results in an undervaluation of forests' goods and services offered to the society, since many forest benefits are not valued in the marketplace.
7. Net losses of forest area have reached an alarming annual rate of 7.31 million hectares worldwide. In Latin America and the Caribbean, this figure reached 4.74 million hectares a year from 2000 to 2005, with 0.51% annual reduction rate of forest cover. This contributes to the persistence and accentuation of poverty in countries of the Region.
8. Deforestation figures do not measure forest degradation caused by excessive exploitation of forest resources or fires and invasive species, which occur in parallel and can cause even more damage.
9. The Intergovernmental Panel on Climate Change (IPCC) has estimated that greenhouse gas emissions from the forestry sector, mainly from deforestation and forest degradation in the tropics, has reached 17.4% of the total.
10. There are impediments, including insufficient financial resources, for the formulation, implementation and monitoring of sustainable management plans, strategies and policies. In addition to financing these include weak mechanisms to promote the participation and commitment of stakeholders directly and indirectly involved in management; the lack of diversification in terms of forest products and use of the same; and failures in valuing social and environmental services.
11. Several key factors arise from outside the forest sector as a result of public policies which are not integrated into forest policies and laws. Deforestation is largely the result of economic forces not directly related to the forest, such as economic gains from using forest land for other uses.
12. This document describes concerns, progress and actions related to the management of forests in Latin America and the Caribbean and seeks the support of the Commission to continue to advance progress towards SFM. The study on exemplary cases of SFM in the region constitutes a contribution to this effort.

Exemplary cases of sustainable forest management in Latin America and the Caribbean

13. The qualification as "exemplary" forest management intends to highlight situations where the SFM concept has been properly applied, which is reflected in the conditions of the forest as well as the benefits provided to its owners, communities and the society as a whole and which could be used as a reference model for other forests in similar conditions and contexts.
14. SFM can be defined and assessed through principles, criteria and indicators. Said elements which consider environmental, socioeconomic, legal and institutional aspects, help to assess the periodical progress towards SFM and must be used in the identification and evaluation of exemplary cases.
15. There are forest projects and programmes in Latin America and the Caribbean which have been considered as good management cases in accordance with the criteria by the interested parties; however, they are not widely known. The cases will provide important lessons and experiences worthy of being known thus contributing, towards improving the ongoing processes and the SFM application in the Region.

16. The 24th Session of the LACFC requested FAO to develop the Study “In Search of Exemplary Cases of Sustainable Forest Management in Latin America and the Caribbean”, which was initiated in February 2007 and is due to conclude at the end of 2009.

17. The Study includes five stages of development:

- a) Agreed definition of the criteria, concepts and/or elements to be used in selecting exemplary SFM cases.
- b) The analysis and selection of exemplary cases under the responsibility of a Panel of Experts based on defined and agreed criteria and indicators, compiled in a database.
- c) Validation in the field and documentation of cases selected as “exemplary.”
- d) Publishing of a book celebrating the exemplary cases, supplemented by an electronic forum to generate lessons learned.
- e) Proposals for replication of good cases.

The challenge posed by sustainable forest management financing

18. A long-term challenge is the need to create and sustain political, legal and institutional structures which enable investments in forestry and conservation activities in Latin America and the Caribbean. The success of SFM depends on its ability to be self-financing in the long term.

19. Potential funding sources include local and national government budget allocations, private sector investments, contributions of international cooperation, non governmental organizations, and income through the sale of goods and services coming from the forestry sector, among others. Despite frequent national and international contributions to support SFM, it is generally accepted that more needs to be done, either because the resources are insufficient or because they are not used in an effective way.

20. A review of the outlook for forests and forestry in the world’s major regions, currently under preparation for the 2009 edition of the *State of the World’s Forests*, concludes that economic growth is an important factor for SFM. Countries that have been the most successful in halting deforestation and moving on a path towards SFM tend to be countries with high levels of incomes. In general, the more developed countries require less land for agriculture, and society has more funds available to invest in forest management and conservation.

21. In the region, the importance of the forest sector and its social, economic and environmental contributions are often not acknowledged by various sectors of the society. This may be related to the lack of explicit acknowledgement of economic contributions of the forest sector in national accounts, including the variety of goods and services which originate in the sector.

22. A project on “Strategies and financial mechanisms for the conservation and sustainable use of Latin American forests” was recently concluded. The project covered 19 countries, with financing by the Dutch government and carried out by FAO in conjunction with IUCN/ORMA and CCAD in Central America, and the ATCO in South America, together with GTZ-BMZ. Among its conclusions, the following can be highlighted:

- Sustainable forest management funding is highly reduced and, to a lesser extent, for wildland conservation; it is less problematic for plantations.
- Critical beneficiaries (the poorest sector) are marginally favoured by existing mechanisms, but there is great variability among countries;
- There are numerous and varied mechanisms to finance the SFM, but there is little systematization and coordination among them and no clear-cut strategies are followed;
- It is necessary to create or improve the existing conditions to increase the funding flow and its effectiveness;
- There is a great need of strengthening institutional capabilities;

- Value can be added through the exchange of knowledge between countries and different actors;
 - Positive synergies can be created facilitating a wide ranging and open dialogue between the financial and forestry sectors: for this, the creation of an appropriate space is needed to promote mutual understanding, a joint vision and the solving of problems.
23. Positive synergies could be created through the harmonization of the use of traditional and innovative mechanisms as from broad and integrated strategies.
24. Some countries of the Region have set up strategies for SFM promotion and funding which seek to establish and consolidate a unified and flexible funding system to develop a set of incentives and mechanisms to value and charge for environmental services from forests, and other funding lines which promote forests conservation, SFM, forestation and reforestation.
25. The Commission is invited to analyze recent opportunities as well as traditional and non-traditional funding mechanisms at the disposal of the forestry sector, including opportunities which have arisen from recent discussions on climate change, mainly the Bali Action Plan, December 2007, and the expectations from the REDD (Reducing Emissions from Deforestation and Forest Degradation); and to encourage to emphasize the role of SFM, including forest conservation, as a long term viable solution.
26. Moreover, an invitation is extended to the Commission to consider and analyze different challenges to effectively implement the SFM in the Region.