

# Realizing the Potential of Investing in Locally Controlled Forestry

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UNFF AHEG2

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# 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



# Investing in Locally Controlled Forestry

“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.” *Elson*

# What is ILCF?

**Locally controlled forestry** describes 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.

**Investment**, in the context of ILCF, comes in two forms:

- Asset investment is seeking a tangible financial return
- enabling investment, which does not expect a financial return, is focused on securing rights, organizational development, capacity building and sustainable livelihoods



## Why focus on ILCF?

- More than one billion people
- One quarter of the world's forests
- At least \$75 - \$100 billion/year in goods and services
- Untapped opportunity for economic development and poverty reduction
- Potential for forest protection in face of climate change
- Social justice



# ILCF Initiative Support



## Funders

- Growing Forest Partnerships
- Sida



## Initiative Partners

- IIED
- IUCN
- FAO
- World Bank



# Initiative Objectives

- Share learning between forest rights holders and investors;
- Improve trust through an agreed investment framework between forest rights holders and investors;
- Identify ways forward and catalytic actions;

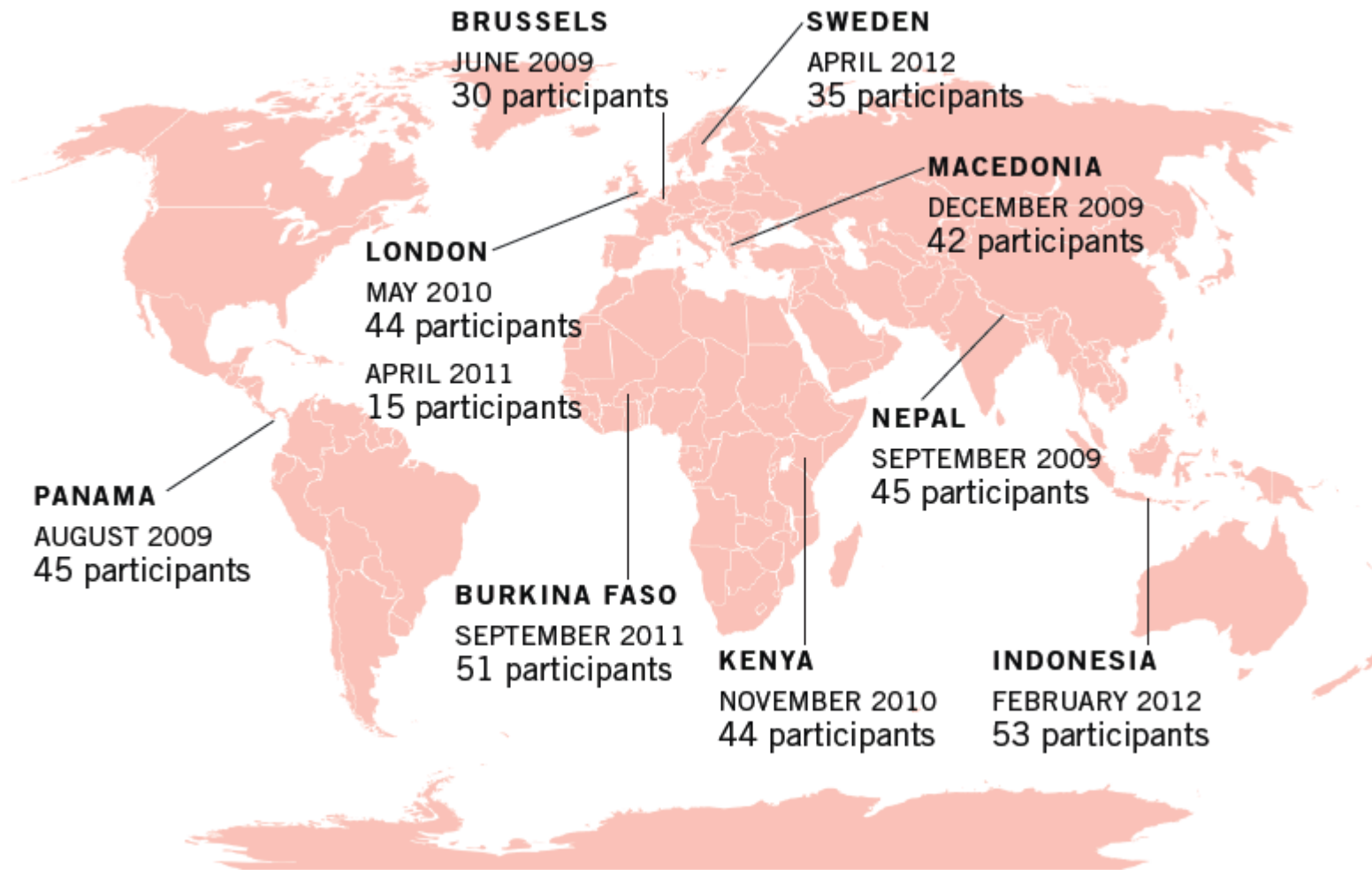


# How TFD's Initiatives Work



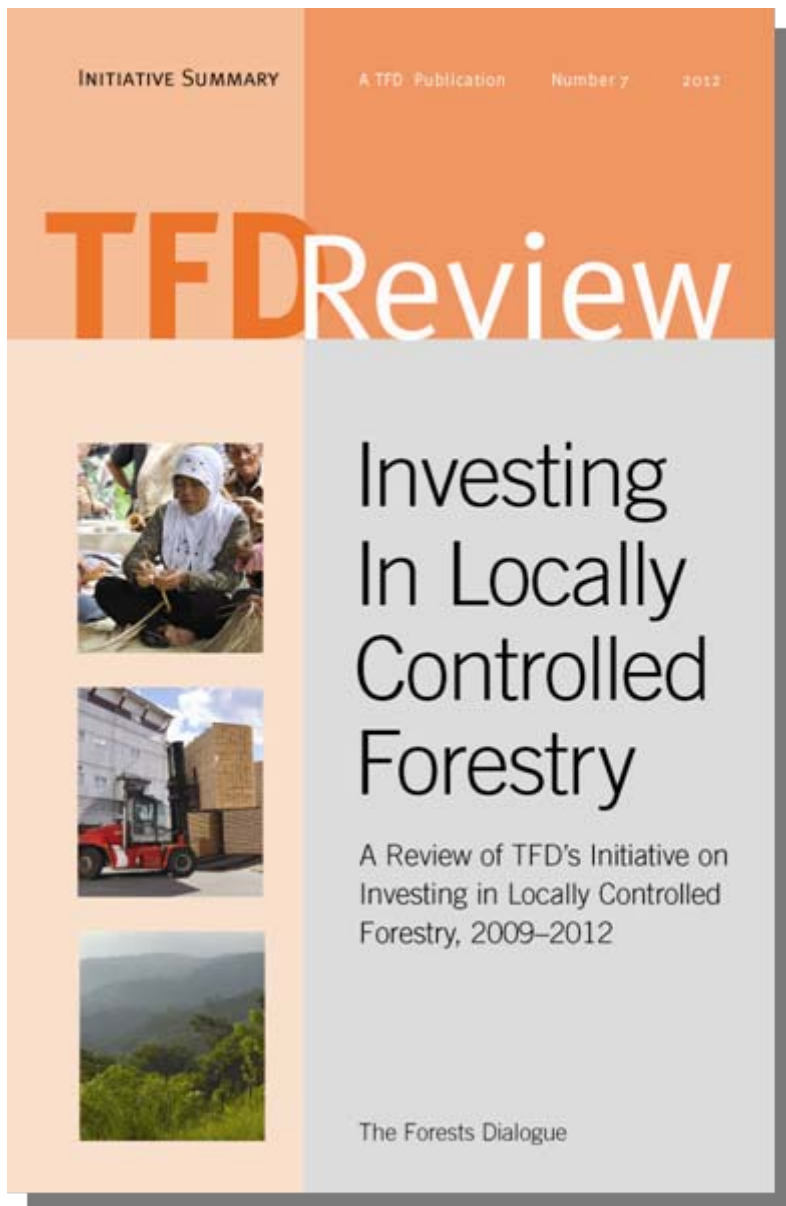


# The Process: 2009-2012



400 participants from 60 different countries





## Initiative Findings

### Favorable Conditions for ILCF

- Commercial forest rights
- Business capacity
- Organization building
- Fair and balanced asset investment deals
- Enabling investment to unlock the potential of ILCF



# Changing the Pattern of Investment

## TRADITIONAL MODEL



## NEW MODEL



Source: Elson (2011)



# Advancing ILCF

## Actions to scale up

- Alliance building around the framework of ILCF
- Enabling investment to broker partnerships at scale
- Creating an operational framework for LCF Investment deals and equipping stakeholders with step-by-step guidelines
- Additional information and pilot projects to consolidate the case





# Thanks!

## TFD Documents and Publications

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