



Expert Consultation on Assessing Innovative Forestry Financing Mechanisms in the Asia-Pacific Region

16 – 17 December 2010, Bangkok, Thailand

WELCOME REMARKS
THURSDAY, 16 DECEMBER 2010

Distinguished Guests and Colleagues,

It gives me special pleasure to address you all, who without exception are some of the leading thinkers in the field of forestry in the Asia-Pacific region, and beyond. While this may be a busy time of the year, I am indeed delighted to see you are all able to come for this expert consultation. So let me, on behalf of all my colleagues, welcome you to FAO/RAP.

FAO has been placing special emphasis on bringing about sustainable forest management. Earlier approaches relied heavily on managing the forest estate for its timber. This has slowly been replaced, and currently we recognize the forests for their multiple values. Indeed, they produce a vast array of goods and services for the benefit, infact the survival, of mankind. Climate change has brought home this truism trenchantly – the world as we have it will be changed forever if the predicted events take place. And forests can play a critical role in mitigating such a disaster. So, the benefits stretch beyond the local levels to global levels. While there is much rhetoric about their importance, most of us generally expect to receive these intangible benefits from forests for free. Therein lies the problem. On one hand we want the forests to meet all our needs, but on the other, we are not prepared to pay for it. Perhaps, it is because we have not been able to put absolute values on these benefits. More than that, perhaps the idea of paying for “public goods” at the global level has not become a general practice.

There is no question, the multiple values of forests are not adequately being accounted for by the users and beneficiaries of these functions. To use economic language, these “externalities” are not absorbed in the market economy. So, how do we deal with these shortfalls in the market? The debates ongoing on climate change may offer some solutions. In recent times, policy-makers and organizations worldwide have concluded that preserving forests in a healthy state could be a cost-effective way to mitigate climate change. Amid the very difficult negotiation climate, the forestry sector has become one of the few winners at COP-15 and COP-16. By now, all foresters and most influential people outside the sector as well, are familiar with the REDD scheme. REDD, and its associated REDD+, has attracted funding support hardly ever witnessed before in the forestry sector.

Although the carbon credit schemes are promising, they are not the only viable instruments that may fund sustainable forest management. Indeed, we need to diversify our options for financing sustainable forest management – as not every approach is applicable for all countries. There are also different ways of approaching the policy framework in the forestry sector and over the past decade we have seen promising examples of countries slashing red tape and loosening regulatory barriers in order to allow private sector actors to sustainably

invest in forestry. There also exist promising examples of countries providing financial mechanisms that are linked to community development and hence a shift of power to a more local level. And there is much more to learn and explore – which is essentially why we are all gathered here today.

With the above in view, FAO has put together an interesting program for this expert consultation, and the enthusiasm we received for this meeting suggests that we are on the right track. The hope is that the countries and organizations present here will share their experiences on successful, and even less successful, measures that have been tried. I'm also pleased to note the presence of the private sector – and I am confident that you will bring the discussions back to reality if they stray too much into ideological and wishful thinking. Before I close, let me thank all my colleagues for bringing this meeting together, and especially to Mr. Rao Matta, Forestry Officer from FAO Headquarters, for preparing the draft project proposal on this matter. I trust that your elaborations here over the next two days will help shed light on important issues related to forestry financing in general, and in particular strengthen FAO's efforts in formulating a solid and sensible proposal for activities on the topic in the Asia-Pacific region.

I wish all the best of luck with the consultation.

Mr. Hiroyuki Konuma
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