
PINCHOT INSTITUTE FOR CONSERVATION

Outlook for New Developments in Sustainable Natural Resource Management

Summary

Major economic, social and environmental factors are quietly reshaping the environment in which public, private and nonprofit conservation organizations are pursuing the goal of sustainable natural resource management. Traditional approaches to conservation are increasingly challenged to meet the needs of a society swept forward by a rapidly globalizing economy, but which nevertheless remains dependent upon abundant natural resources and well-functioning ecological systems.

The Pinchot Institute convenes a series of periodic “outlook” symposia for the purpose of examining important trends that are likely to influence future options in natural resource management, and to stimulate strategic thinking about how we as a community can best approach emerging issues and future challenges. An explicit goal is that these sessions catalyze further discussion across sectors, and reveal new opportunities for cooperation and collaboration to advance common goals in natural resource conservation. On February 24, 2006, the Pinchot Institute convened such a symposium at the Resources and Conservation Center in Washington, DC. A small number of distinguished speakers outlined four important trends currently influencing conservation, and then participated in spirited discussions about the implications of these trends, and how public, private and nonprofit institutions might respond, either to help mitigate potentially negative effects, or to capitalize on new and often unanticipated opportunities to advance conservation and sustainable development goals.

Al Sample (Pinchot Institute) and Scott Wallinger (National Commission on Science for Sustainable Forests) discussed the rapid global consolidation of the forest products industry, and implications of the industry’s migration to emerging markets in developing regions such as South America, Asia and eastern Europe. Decreased timber harvesting pressure on high conservation value forests, and increased investment in intensively managed forest plantations has created new opportunities for conservation in some regions of the world, but the resulting decline in economic values in some forests has made them more vulnerable to fragmentation and conversion to developed land uses, with an accompanying loss of biodiversity, wildlife habitat, watershed protection and other important societal values.

Jeff Campbell (Ford Foundation) described the still largely unmet potential of community-based forestry to raise living standards in struggling rural communities by creating opportunities for stable income and employment linked to sustainable forest management and long-term land stewardship. In areas where forests are predominantly under federal stewardship, private enterprises have withered and died because of the unreliability of resource supplies and work opportunities, and those that still survive have difficulty securing financing for capital investments for the same reason.

Leadership in Forest Conservation Thought, Policy and Action



Bill Ginn (The Nature Conservancy) described critically important conservation needs on private forest lands, made all the more urgent by the ongoing divestiture of large contiguous forest areas by traditional forest products companies, and their acquisition by investment groups. New approaches to conservation financing are helping to make available the financial resources conservation organizations need to protect high priority lands, including the development of new markets that reward private landowners for protecting important public values.

Finally, Sally Collins (USDA Forest Service) described the changing directions and strategies of the Forest Service as it seeks to continue providing global leadership in research, technical assistance, and sustainable forest management on federal, state, tribal and private forest lands. There are increasing threats to US forests from wildfires, invasive species, unmanaged recreation and forest fragmentation. A new kind of leadership is needed to address these challenges, leadership that is open and receptive to new ideas from around the world, and partnership approaches that fully utilize the creativity and flexibility in the private and nonprofit sectors.

Market Pressures and Changing Public Needs

Global economic and demographic trends are changing the fundamental structure of the forest products industry and redefining future opportunities for sustainable forest management in the U.S., on both private and public forests. Most of the large, integrated forest products companies are rapidly divesting their timberlands and manufacturing facilities in the U.S. and relocating to emerging markets in South America and Asia. While these activities are reducing timber harvest pressures on many U.S. forests, the decline in economic values on private forest land is leading to increasing rates of fragmentation and conversion, and the loss of important conservation values and “ecosystem services” from forests.

Given these current trends, an overarching question remains: *with economic values from U.S. forests projected to remain flat or decline, how can the U.S. maintain its forested ecosystems to ensure the provision of important non-market and market values?* With support from foundations, individuals, and corporations, land trusts and other nonprofit organizations have been able to protect and conserve large areas of forest; however, economic pressures continue to threaten land conservation efforts, necessitating the development of new “market-based incentives” to improve the economic viability of forest management and slow the rate of conversion to non-forest uses. At the same time, though, we are beginning to see the development of a *de facto* conservation market for private forest lands. Further efforts are needed to find new and better ways to make private forest ownership and management financially viable.

Public lands also have the potential to play a primary conservation role. According to emerging methodologies that estimate the social and economic values of a forest’s ecosystem services, public forest lands protect a broad array of important conservation values at a minimal cost to taxpayers. However, long-standing opponents to publicly owned and managed lands threaten to limit any expansion of existing reserves. To make progress on this front, we will need to move beyond the political divisiveness that has made adversaries out of organizations that really ought to see themselves as members of the same team.

While this situation might sound challenging, it is by no means bleak. There are important opportunities on both private and public forest lands to, first, ensure their conservation as forest land, and second, manage these lands in ways that are socially, ecologically, and economically sustainable. In February 2006, the Pinchot Institute for Conservation hosted a unique outlook session designed to stimulate discussion of potential opportunities through which the U.S. can develop a more cohesive forest conservation strategy. Approximately 20 people attended this event, representing various stakeholder groups interested in the future of our nation's forest.

Community Forestry in the United States

Over the course of the last ten years, the Ford Foundation has invested \$50 million in community-based forestry (CBF) efforts in the U.S. This support has helped create a diverse network of practitioners, policymakers, and funders that is active in promoting the benefits of conservation at national, regional, and local scales. The strength of CBF has been, and continues to be, its ability to link individuals across landscapes and economic sectors through creative, social webs that connect producers, consumers, and users of forests and forest products. CBF also links critical social and environmental justice components of sustainability to these economic and ecological drivers. Today, CBF in the U.S. encompasses a unique spectrum of activities, including: community-owned forests, collaborative restoration, management and monitoring of public and private forest lands, and cooperative economic ventures.

While the CBF community has made incredible progress over the past decade, a variety of obstacles remain. Thus far, the implementation of new stewardship contracting authorities and other rules applicable to restoration forestry on public lands has been slow and patchy. In addition, collaborative partnerships (the heart of CBF) between land management agencies and outside groups continue to be hindered by frequent transfers and staff changes within agencies. These personnel shifts have significant consequences; experience has demonstrated that qualified and innovative field staff have a much greater impact on the ultimate success of a project than a clearly articulated plan for replication.

To ensure that CBF efforts actually achieve their stated goals, locally led multiparty monitoring should be encouraged, which requires the development and implementation of new participatory tools and techniques. Such monitoring efforts will allow attentive land managers to adopt an adaptive management approach that takes monitoring results into account.

In terms of economics, rural communities need to be supported by a diversity of enterprises, to which local, forest-based enterprises remain central. By capitalizing on local branding, story telling, and strong producer-consumer connections, rural entrepreneurs should be able to build new markets that may ultimately help to ensure a steady flow of short-term financial benefits to landowners.

Another obstacle is the continued exploitation of mobile forest workers. Many of these workers are forest products harvesters, who represent some of the poorest and most forest-dependent members of rural communities. Despite CBF efforts to draw attention to these issues, these workers still face discrimination, violence, and fear; to counter these ongoing struggles, they need strong institutional capacity mechanisms to support them.

After ten years of work, there are still many opportunities and challenges for CBF. An ultimate goal for the movement would be to convince policymakers that community organizing and local institution building are integral to land management. As a first step, we must urge policymakers to move beyond the pilot phase of action and invest in real, long-term projects. We must also work to decentralize traditional forest management structures and, potentially, strive for co-management of public lands.

The Role of NGOs and Business

Addressing broad scale threats to ecological systems is extraordinarily challenging for conservation, in part, because many current problems require new skills and competencies beyond simple land acquisition. In the coming years, many NGOs will be required to think about people, their role in the landscape, the systems that hold us together as communities (governments, commerce, business), and the essential cultural and human values that control so much of how we use resources. For conservationists the message is clear: working at nature's scale is essential.

The nearly irresistible forces of capitalism in the U.S. currently dominate our culture, our politics, and even our natural environment. In response to the powerful forces of the new global economy, conservationists are increasingly exploring the use of various incentives to encourage a change in business practices and a greater commitment to sustainable resource management. Such tools rely not only on regulation, but also on growing customer expectations. New focus is being placed on green products harvested legally and in sustainable ways, on tax credits and deductions that reward investments in conservation, and on a new set of financial incentives designed to encourage business practices and investments that support biodiversity.

In other developments, dedicated business people turned environmental entrepreneurs and conservation-oriented investment bankers are pioneering a new set of market-based conservation tools in partnership with business. These practical visionaries have protected millions of acres of land, transformed the practices of entire industries, and inspired farmers, forest owners, and ranchers to adjust their management practices to sustain natural systems.

There are several ways in which conservation interests can and are partnering with business:

- *Conservation investment banking.* Conservation investment banking is a new specialty that is focused on finding and deploying capital to obtain conservation results, while continuing to meet business needs. Arranging loans, merging and acquiring businesses, investing in or creating new companies and partnerships to take advantage of marketplace opportunities—all are tools of the investment banking trade.
- *New environmental markets.* There are new markets for nature's goods and services that have been used to conserve millions of acres of land. The new markets include carbon credits to protect forests and natural resource-based "banks"—grassbanks, forest banks, and water banks—all deployed around land conservation objectives.
- *Conservation incentives.* Some of the world's largest companies have moved into new conservation-oriented land management practices by responding to customer demand for green products that

are sustainably produced. There are financial incentives for conservation— tax credits, deductions, and grants and payments linked to conservation management—that encourage companies and landowners to manage for endangered species and implement wildlife conservation practices.

Using tools such as these, we can change the direction of conservation *and* business in ways that will save our natural capital—land, water, biodiversity—while honoring the energy, creativity, and power of each.

The Role of the Federal Government—Turning “the big ship”

In looking at the national conservation issues of recent years, it seems that many of them have their roots in global trends and pressures. For example, the U.S. has witnessed a dramatic change within the forest products industry in the last 20 to 30 years. Current timber prices are largely being set globally, and it can actually be more economical for an American company to operate overseas and import the wood than it is to operate in the United States and sell on our own markets.

Another striking global trend is the shift from largely centralized models of forest governance to more decentralized structures. In China, for example, state-owned forestry enterprises are inefficient and losing money. Discussions around the decentralization of power in forest management have risen to prominence in China, a country considering potentially devolving all forest ownership to local communities. Other countries are also in the midst of similar debates, including Brazil, Indonesia, and Russia. In some ways, these countries are where the U.S. was 150 years ago—trying to figure out how to set up state and federal systems of forest management.

Poverty is another pressing topic in discussions of forest management worldwide. Over eighty percent of the world’s poor depend on forest resources, and close to a billion poor people live in the world’s 19 biodiversity hotspots. What the USDA Forest Service has learned from its international partnerships is that in order to protect biodiversity worldwide, we must offer local communities a stake in the management of their resources. More and more, governments are engaging communities in local forest management because they recognize that the best caretakers are those who know and depend on the land the most. This interest in community-based forestry has quickly become a significant global trend, with parts of Mexico, including Oaxaca, setting examples to be followed.

To capitalize on lessons learned, the USDA Forest Service is beginning to re-educate its leaders on the global scale of certain forest management challenges through national leadership seminars. In these forums, participants discuss such topics as ecosystem service markets, certification, and community forestry. To date, 50 Forest Service employees have completed their “global” training.

While the current and emerging global challenges facing forest managers are immense, they can be addressed in a number of ways. For example, the development of viable markets for ecosystem services can provide economic incentive for conservation. This is already being done in a number of places around the world. Among other services provided, the USDA Forest Service State and Private Forestry programs offer a variety of conservation incentives to private forest landowners. In order to increase overall effectiveness, these programs need to be better coordinated with similar rural development programs offered by the USDA Natural Resources Conservation Service (NRCS).

With the increased parcelization of forests and a growing number of landowners owning smaller and smaller tracts of forested lands, are there incentives that can be offered to landowners so that they may act collectively to conserve forests across ownerships? Worldwide, about \$2 billion per year are spent in public subsidies for plantation forestry. Could some small percentage go to ecosystem services and restoration?

Finally, further efforts should be made to promote working forests and to encourage sustainable forest management on private lands in federal policies such as the 2007 Farm Bill.

Forestry, like the forest itself, is always in transition. And sharp transitions can bring innovation and creativity.

Conclusion

The institutions and organizations that traditionally have protected and managed forests in the US are all undergoing major changes—public agencies, corporations, nonprofit organizations, and private forest owners. Major economic, social and environmental factors outside the forest sector are creating new and unprecedented challenges for conservation. But with a little creativity, these organizations are discovering that there are new opportunities as well. The success of sustainable forest management in the future will largely depend on the openness and receptivity of forest conservation organization, and their ability to adapt quickly to take advantage of unanticipated opportunities to advance conservation goals. The effectiveness of forest conservation overall will depend on the ability of these organizations to work across sectors in innovative partnerships that capitalize on the comparative advantages of public, private and nonprofit organizations.

The full texts of the presentations at this symposium (and slides) are available on the Pinchot Institute website at www.pinchot.org. The Pinchot Institute is an independent nonprofit public interest organization focused on natural resource conservation and sustainable development. Through objective policy research, technical assistance and education, the Pinchot Institute helps to develop innovative and broad-based solutions to the conservation challenges of both the present and the future. Find out more about the Pinchot Institute at www.pinchot.org.