



Business + Forests + Forest Governance + REDD+ Global company perspectives



World Business Council for
Sustainable Development

FAO Expert Meeting on Governance of Forests and REDD +

May 19th, 2011

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Agenda

1. World Business Council for Sustainable Development (WBCSD)

- Members, Mission, Structure
- What is a sustainable company?
- Scale up options for sustainability

2. WBCSD's Vision 2050

- Role of business in a natural resource & carbon constrained world....including forests

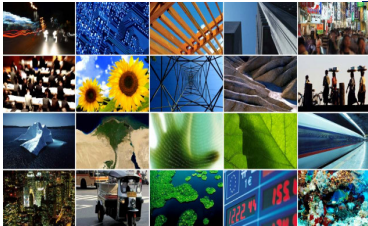
3. Forests & Climate

- The case for business action
- From REDD to REDD plus



WBCSD has 200 global company members (US\$ 7 trillion annual revenues, 2010)





The Regional Network

We also benefit from:

- 61 independent national and regional partner organizations
- involving thousands of business leaders
- two-thirds in developing countries and emerging economies.



www.wbcSD.org/regional/htm



Compared to the average company, a sustainable company has

- Longer time horizon
- Comprehensive view on impacts
 - Operations and supply chain
 - Direct & indirect
 - Social, ecological & economic
- Broader perspective on who their key stakeholders are...more than just customers and investors
- Highly innovative, learning, adaptable, taking integrated decisions



Progressively leveraged sustainability as a business development

- Concept – thought leadership
- Strategy – guiding some operations & actions..some of the time
- Driver – core operating principle, brand differentiation, market development & investments



Sustainability scale up strategies for business - options

- **“Soft” policy**
 - Company voluntary actions – CSR, project level, regional approach, across all operations and value chains
 - Sector based approaches
- **“Soft-to hard” policy**
 - Standardization – embedding sustainability into goods, service & technology offerings
 - Markets – voluntary & mandatory
- **“Hard” or “mainstream” policy**
 - Policy & regulation at national, regional and international levels



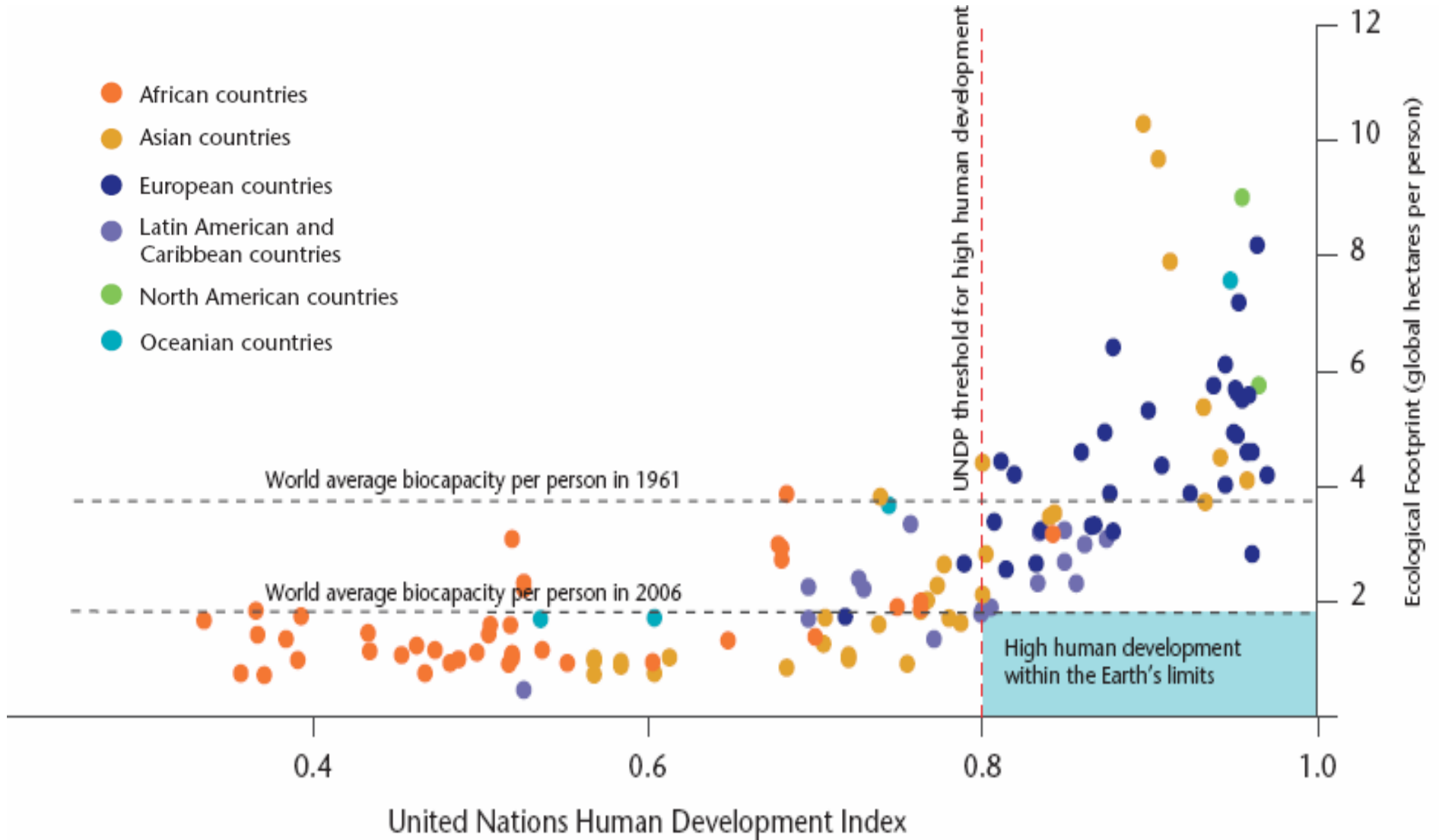
Platform for dialogue about the role of business in a resource constrained world

Vision 2050...some 9 billion people live well, and within the limits of the planet.....including forests



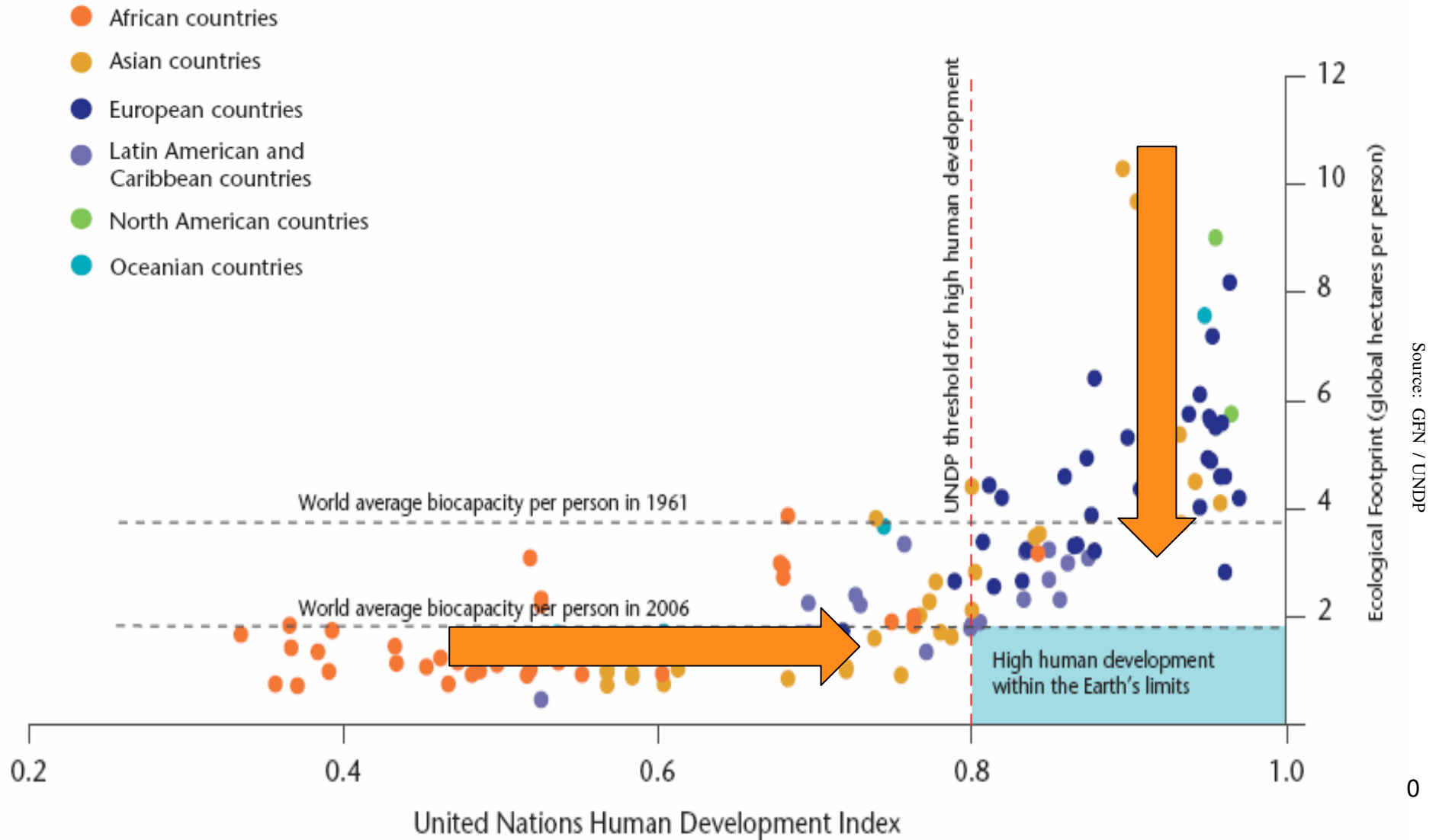


Development and consumption are outpacing ecological limits



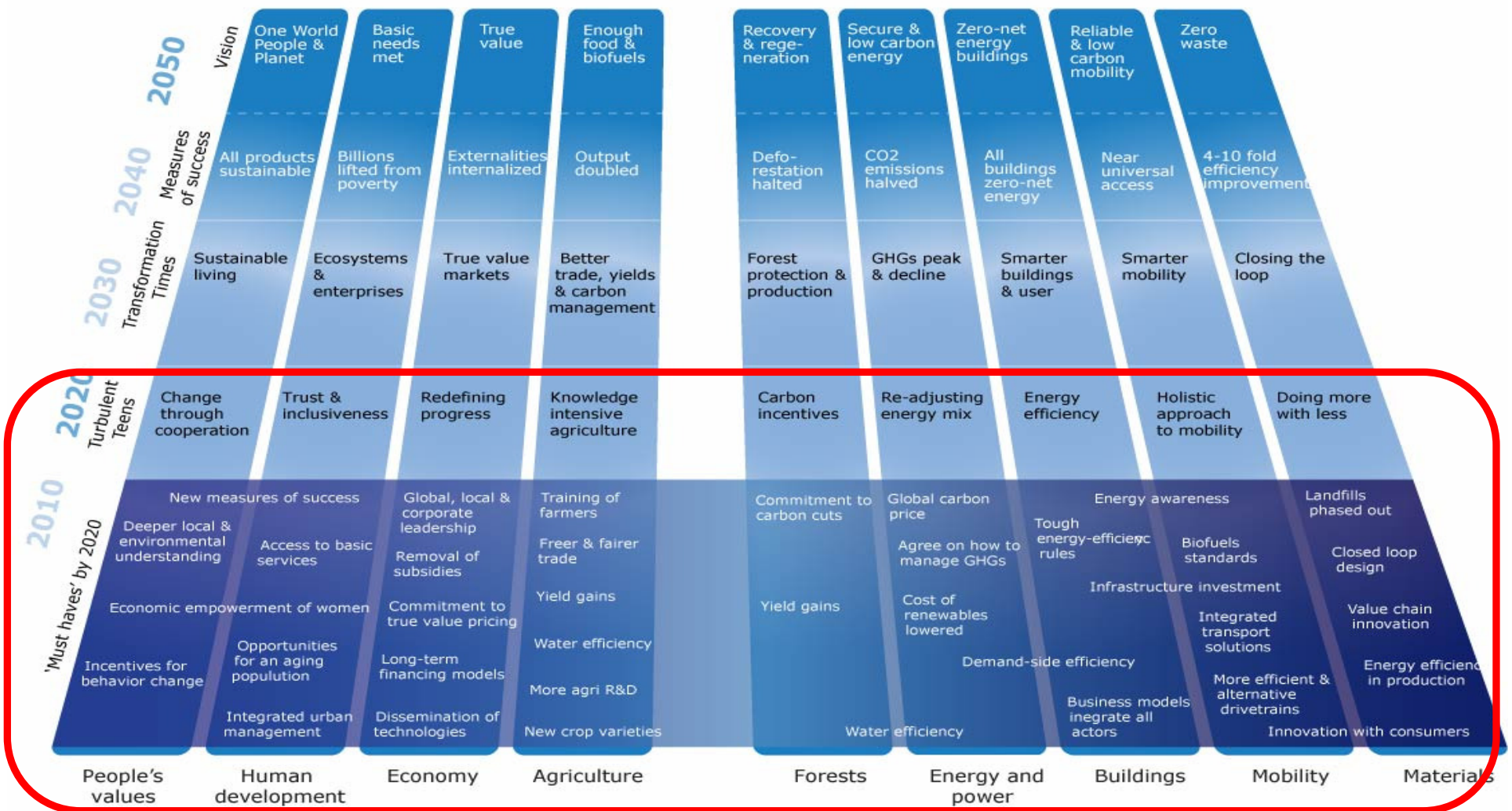


Two innovation challenges - improving living standards within ecological limits





Vision 2050 Pathway - 9 elements and 2 time periods





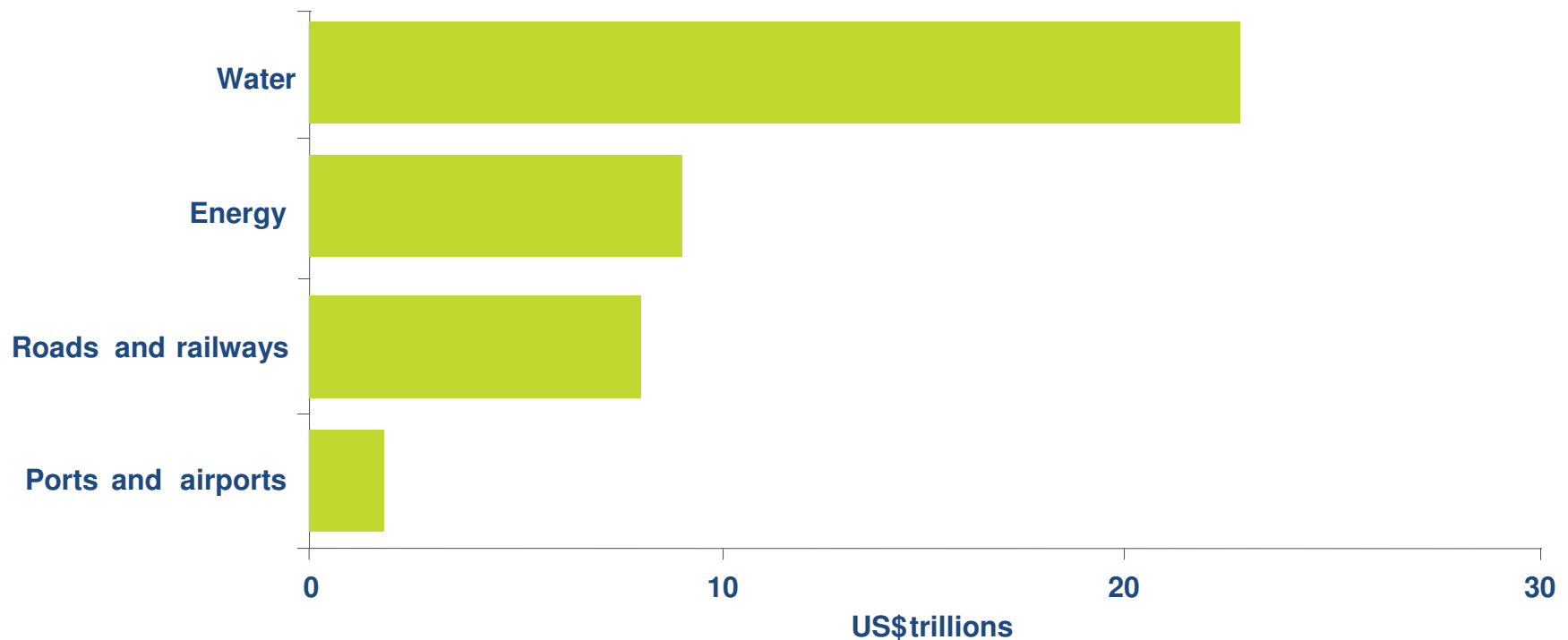
Opportunities in Vision 2050





Examples of the size of potential business opportunities

Investment requirements for urban infrastructure up to 2030



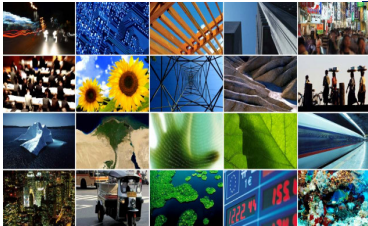
Source: Booz Allen Hamilton, *Strategy+Business*, n°46, 2007 (from Booz Allen Hamilton, *Global Infrastructure Partners*, World Energy Outlook, OECD, Boeing, Drewry Shipping Consultants, U.S. Department of Transportation)



Vision 2050: Forests Pathway

Turbulent Teens (2010 – 2020)

- Commitments to cut carbon
- Carbon incentives drive ecological progress.
- Deeper global understanding of the crucial role of forests
- Start of implementing REDD plus
- Yield gains from planted forests
- Water efficiency



Vision 2050: Forests Pathway

Transformation Time (2020 – 2050)

- Carbon prices and payments for ecosystems services support alternatives to extensive primary forest clearing
- Consumption of roundwood grows by 50% for building purposes
- Yield gains from planted forests



Vision 2050: Forests recovery and regeneration

Measures of success

- Crucial role for forests to support a sustainable world
- 30% forest cover of global land area
- +10% carbon sequestered in forests compared with 2010
- Primary forests primarily conserved for ecosystems services
- Yields and harvest from planted forests have increased 3-fold to meet demand for wood, paper , bio-energy and bio-plastics.
- Improved role of wood because it stores carbon, is renewable and recyclable



How big are forest related business opportunities (US\$)?

Opportunity cost – is scary

- Estimated \$ 1.9 – 4.5 Trillion p.a. loss in natural capital due to deforestation (c.f. current forest, paper & packaging sales \$ 318 Billion p.a.)

New revenue opportunities – are significant

- Certified forest products
 - Now \$ 5 billion; 2020 \$ 15 b; 2050 \$ 50 b
- Bio-carbon/forest offsets
 - Now \$ 20 million; 2020 \$ 10+ b; 2050....depends on REDD+
- Payments ecosystem services, like water from forests (voluntary & government)
 - Now \$ 8.2 billion; 2020 \$ 15 b; 2050 \$ 45 b
- Biodiversity offsets, including forests (voluntary & mandatory)
 - Now \$ 20 billion; 2020 \$ 10.1 b; 2050 \$ 20.4 b

Source: The Economics of Ecosystems & Biodiversity (TEEB, 2010)



The business case for company action on ecosystems.....including forests

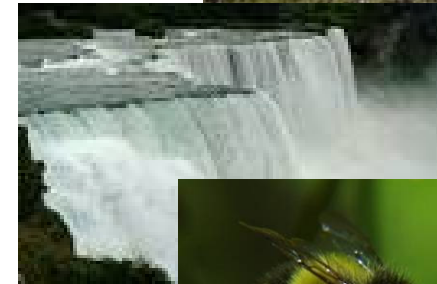
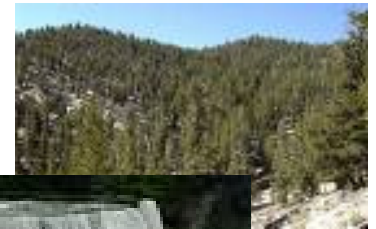
Business impacts on ecosystems and ecosystem services



Ecosystem change creates business **risks** and **opportunities**



Business depends on ecosystems and ecosystem services





How can companies respond to their ecosystems (and forest) “footprint”?

1. Measure, manage and mitigate dependence & impacts risks
2. Improve decision-making by undertaking *corporate ecosystem valuation* to quantify business risks and opportunities
3. Innovate and help develop new markets for ecosystem services and eco-efficient goods, services & technologies
4. Encourage suppliers & purchasers to adopt best practices
5. Enter into local partnerships to address on-the-ground issues
6. Promote “smart” ecosystem regulation that leverages market forces and business solutions that halt degradation and “levels the playing field” for all





Guide to Corporate Ecosystem Valuation



Effective biodiversity and ecosystem policy and regulation options



*Business input to the COP10 of the
Convention on Biological Diversity*

October 2010



Effective policy options to leverage market forces and business solutions

1. Intergovernmental Platform on Biodiversity & Ecosystem Services
2. Green Public Procurement
3. Access & Benefit-Sharing
4. Subsidies
5. Payments/Markets for Ecosystem Services e.g. REDD+
6. Mitigation hierarchy, biodiversity offsets & “no net loss”
7. Taxes & fiscal incentives
8. Protected areas & managed areas with conservation targets
9. National Green Accounting
10. Investments in natural capital
11. Environmental regulation, standards & certification



What is the REDD+ case for business?

- Forest related industries
 - If REDD+ expands the sustainable management of forest, investment risk is reduced and industry reputation is improved and product benefits are enhanced
 - New business opportunities as project investors & managers
- All industries, especially heavy C emitters
 - Emission offsets that are linked to biodiversity, sustainable livelihoods, critical ecosystem service provision



WBCSD & REDD+

- Forests generate multiple benefits, largely as public goods and services, so we opted for:
 - a multi-stakeholder approach
 - embed business perspectives within consensus based reports and recommendations to policy makers
- The Forests Dialogue (TFD) @ Yale University's FES
 - www.theforestdialogue.org



TFD & REDD+ since COP 13 @ Bali

- Policy dialogues on REDD to REDD+
 - Guiding principles & recommended actions
 - Phased approach; social, ecological & economic safeguards
- Field dialogues & recommendations on:
 - Finance & investment options
 - Readiness & implementation challenges
- Community of REDD+ practitioners created
- Shared learning network
- Credible advice for policy makers & negotiators
- New issues identified & dialogues launched e.g. Free Prior Informed Consent



Some final comments on two new publications

- Neither reference TFD.....but both are highly consistent with findings
- In the transition for “**soft**” policy & *voluntary* actions to “**hard**” policy and *mandatory* requirements on REDD+, both provide useful frameworks for:
 - MRV
 - Performance assessment
- Support improved forest governance
 - Key to sustainable management
 - Important business investment criteria



Final observations on REDD+

- Cancun confirmed how critical forests are for climate mitigation and adaptation
- The first global “PES” experiment
 - Forests **are** valuable for more than just fiber
- Phased approach has been launched
 - FCPF, FIP, UNREDD, REDD+ partnership
- Market place “architecture” under rapid development
- Significant global demand yet to be created
 - New reduction targets + REDD+ offsets



Thank you

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