

Speech PUSS Stephen O'Brien, DFID

**Dialogue on Forests, Governance and Climate Finance
Rights and Resources Initiative (RRI)**

**Chaired by Martin Horwood MP
Portcullis House**

12 October 2011

16.30-17.30

Word Count 1200

Ladies. Gentlemen. Distinguished Visitors. My colleague
the Right Honourable Martin Horwood.

Welcome to the many guests from across the world –
Africa, Asia, Latin America, as well as Europe and the
US.

Thank you for inviting me to speak today at the end of
this international dialogue on forests, governance and
climate change.

Autumn has arrived here in UK. But last week in London flowers suddenly bloomed again. Raspberries were picked for a second harvest as temperatures surged back to a summer high. The Chinese call this “kioo laohoo” (qiū lǎohǔ) meaning 'a tiger in autumn.' We call it an “Indian summer”, an expression used for more than 3 centuries. A UK “Indian summer”. This is a reminder it is not just indigenous peoples in The Americas and across the world whose harvests and lives are intimately connected to changes in weather and climate.

Much has been said during the Dialogue today on climate change and the importance of forests. My colleague Greg Barker, Minister for Energy and Climate Change, also touched earlier today on international climate finance. UK government is committed to keeping its pledge on international climate finance and to raising ODA to 0.7% GNI.

Key, of course, is the way forests are governed (as the title of the Dialogue implies) –and the transparent and accountable use of forest resources - the finance, goods and services forests provide.

This year's dialogue is about the use of climate finance, public and private.

I will focus, therefore, first, on how the UK is helping countries put in place the basics for climate finance, the systems that enable effective investment in sustainable forestry and responsible land use management. Second, UK's support to innovation. Third, how we can help build partnerships. Finally, the results we expect to achieve.

First, the basics.

UK's has earmarked international climate finance for forests, the total amount being subject to review, subject to results and demonstration of value for money. Some of it will help countries set up the systems and assurances that the products, services and revenues forests provide are benefiting poor people, protecting the climate, and enable further investment in this area. This includes due diligence that climate finance and forest investment will not feather the pockets of illicit timber traffickers, dodgy land dealers or promote deforestation and forest clearance, which deprives local and indigenous communities of their livelihoods.

UK works closely with Indonesia, for example, to help nurture good business practice and has helped Indonesia put in place independent audit systems to ensure the timber, wood and paper that it produces is legally compliant. These are commitments Indonesia has agreed

under a Forest Law Enforcement Governance and Trade treaty (FLEGT) it recently signed with Europe. And Indonesia has asked UK to ensure that no timber, illegally logged in Indonesia, enters UK. New legislation to be implemented in UK and Europe by March 2013 will make it an offense to sell timber and wood products in the UK that have been illegally logged elsewhere.

Second, on what UK is doing to support innovation.

I recently visited UK support in Ghana, where we are working alongside local people to harness their skills and help them seize opportunities.

Forests contribute to poor peoples' livelihoods and the Ghanaian economy. Local women double their family incomes by selling forest fruits and fibres in the local market. Young men, driven by hardship to cut down trees

opportunistically, have organised themselves into a chainsaw association to sustainably and legally manage and sell timber from cocoa farms. I met a forest concessionaire and sawmill owner, Ghasan Bitar, whose company supplies timber products to both domestic and export markets. This provides jobs for about 2,700 people. Ghasan aspires to be Ghana's leading leading timber company with management controls that guarantee legal and sustainable timber along the supply chain from tree stump to his British customers. By so doing he will demonstrate to UK consumers that the African mahogany and Iroko veneers for the wooden doors and cupboards we buy, is legally and sustainably harvested and also provides benefits to local communities. The UK is helping Ghasan Bitar's business and others like it, meet that aspiration.

These are the fresh faces of business in Ghana. Each in his or her way – the community market woman, the aspiring youth, the sawmill operator – are seeking to do business in a new way. The UK is supporting poor Ghanaian household entrepreneurs to improve their access to domestic markets and exporting businesses will more easily meet European market standards. This will require effort. As I walked around the market I could see that outside the market 90% of the timber sold was illegally chain-sawed.

If you are taking action, seeking innovation; UK climate finance can support you to go that extra mile.

It is not just the timber sector that can develop new approaches to business. UK is also supporting Indonesia and others to extend the lessons from strengthening

“legality” in the timber sector to palm oil (and other commodities that “drive” deforestation).

Last month Nestlé placed an order to resume purchases from a palm oil mill in Indonesia run by P.T. SMART, and by so doing acknowledged the company’s commitment to having a “no deforestation footprint”. Working with The Forest Trust, the company has put in place supply chain controls so the oil is fully traceable as legally, sustainably and socially sound, starting from its supplying palm plantations through processing and transport to the Nestlé factory; and from there to the Kit Kat biscuits we eat here.

UK will support countries and companies, similar to SMART, so they can acquire land for forest concessions or palm plantation and other land investments through transparent processes; help ensure that social and environmental assessments are followed; that land tenure

is clear and secure; that business does not clear natural peat forest of high carbon value; and, most importantly, that this does not create unresolved disputes with local people.

This brings me to my third point: partnerships.

The principle behind the SMART- Nestle - Forest Trust is that of partnership - a partnership that uses the dynamic of the market to improve forest governance and is “climate-smart”.

That’s smart business.

Recent consumer surveys in UK show that families, whether they shop in Asda or M&S, are keen to buy products from this type of partnership – products that are legal and low carbon.

The surge of global concern and local action on climate change has given birth to other types of partnership, which seek to do no harm to forests, and where forests provide opportunities for businesses, large and small.

The Meso-American Community Carbon Alliance, for example, is a joint effort by local and indigenous communities to manage sustainably 50 million hectares of forest across 7 countries in Latin America. By associating and “bundling” together their forest assets, this partnership, made up of many small land-use managers, seeks to improve its access to markets and gain more secure control of its resources. This is a home-grown partnership that is reaching out to investors, seeking business opportunities from beyond the region in order to improve the livelihoods of the thousands of farmer and

indigenous communities who hold a share in the partnership.

This kind of partnership is about balance between differing interests; ensuring that we move away from a traditional project-based approach, where a scattergun of small noble actions risk adding up in the end to nothing; leveraging in real private finance on the ground and, at the policy level, ensuring this is rooted into the warp and weft of peoples' lives.

And finally, the results we will achieve. And how all of you can help us achieve them.

I recently approved UK's new "Forest Governance Markets and Climate" programme; and we have further work under development to promote public and private

investment in sustainable forestry and land management as part of UK's international forestry and climate initiative.

The new Forest Governance Markets and Climate programme is UK's contribution to a bigger global endeavour that will protect 39 million hectares of forest; avoid 33 billion tonnes of carbon (CO₂e) emissions; avoid £13 billion in revenue and tax loss; save the livelihoods of tens of millions of forest-dependent communities and increase the incomes of 50 million farming men, women and children.

Ambitious results, but achievable.

By helping forest countries, communities and companies access markets, strengthen land tenure, certify the

integrity of each stage in the manufacture of their forest-related products from source to end product, build fiscal and revenue systems that are transparent so that the benefits of forests and trade are shared fairly, we can achieve these benefits.

This is the opportunity we all have before us. Let's work together - private sector, civil society and governments - to do it.

Things are not easy. I know that, having been a businessman myself working in regions remote from markets, where property rights are unclear and infrastructure limited. But climate finance, public and private, for forests does provide an opportunity that we should grasp now.

This week the Indian summer is passing. And today I draw to a close this useful Dialogue. Talk has aired

differences, and made clear the steps ahead. You in this room today are, I know, eager to stop talk and, like myself, take action - whether in forests, with your community, in your company.

By working together we will ensure that climate finance is used effectively and that we make a difference to poor people living in and around forests across the world.

So thank you for joining us here in the House of Commons. Thank you to the Forest Peoples Programme, the Rights and Resources Initiative and Forest Trends for organising this event.

I understand we are all invited to drinks. Please do join us.