

**2023 SFFI
National
Conference**

8-12 Nov 2023

SBECC



Organized by the THE Society of Filipino Foresters, Inc.

Hosted by the Central Luzon SFFI Council

Forest Production and Carbon Neutrality

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**Plenary Session 1: How can the country attain sufficiency
in wood and non-timber forest products?**

1 to 4PM, 9 November 2023

Outline

- Contribution to the economy of wood and wood-based products
- Trend in Reforestation Efforts
- Opportunities to turn the tide
 - Global warming and the voluntary carbon market
 - Payment for Ecosystems Services
- Creating an enabling environment
- Conclusion

Background of Forestry Sector

Exports vs Imports

Forest-based Products (Value in thousand US \$ FOB)

Year	Exports	Imports	BOT (+/-)	% Imports vs Exports
2018	520,202	1,483,877	- 963,675	285%
2019	613,814	1,461,339	- 847,525	238%
2020	911,571	1,884,426	- 972,855	207%
2021	1,082,503	2,391,322	- 1,308,819	221%
2022	1,005,267	2,599,793	- 1,594,526	259%

Source: PFS

Background of Forestry Sector

Year	GDP (at constant prices)
2022	0.014
2021	0.015
2020	0.020
2019	0.050
2018	0.050
2000	0.150

Background of Forestry Sector

Sector Employment Trends 1960 - 2020

Agriculture & Forestry sector's share in employment fell significantly. In contrast, the services sector, absorbed much of the labor force during the last two decades.

Sector Employment Shares (%)													
Sector		1960	1970	1980	1985	1990	1995	2000	2005	2016	2018	2019	2020
Agriculture		61.2	53.7	51.4	49.0	45.2	43.4	37.1	35.9	27.0	24.3	23.4	22.5
Industry / Manufac.		24.7	24.5	22.2	21.4	20.4	16.1	16.2	19.7	16.7	19.1	19.4	19.9
Services		26.2	32.1	36.5	40.2	44.0	40.5	46.7	53.9	56.3	56.2	57.2	57.6
https://www.statista.com/statistics/578788/employment-by-economic-sector-in-philippines/													
https://psa.gov.ph/statistics/survey/													

Reduction of forests resulted in gradual decline of the forestry industry/manufacturing sector.

Background of Forestry Sector

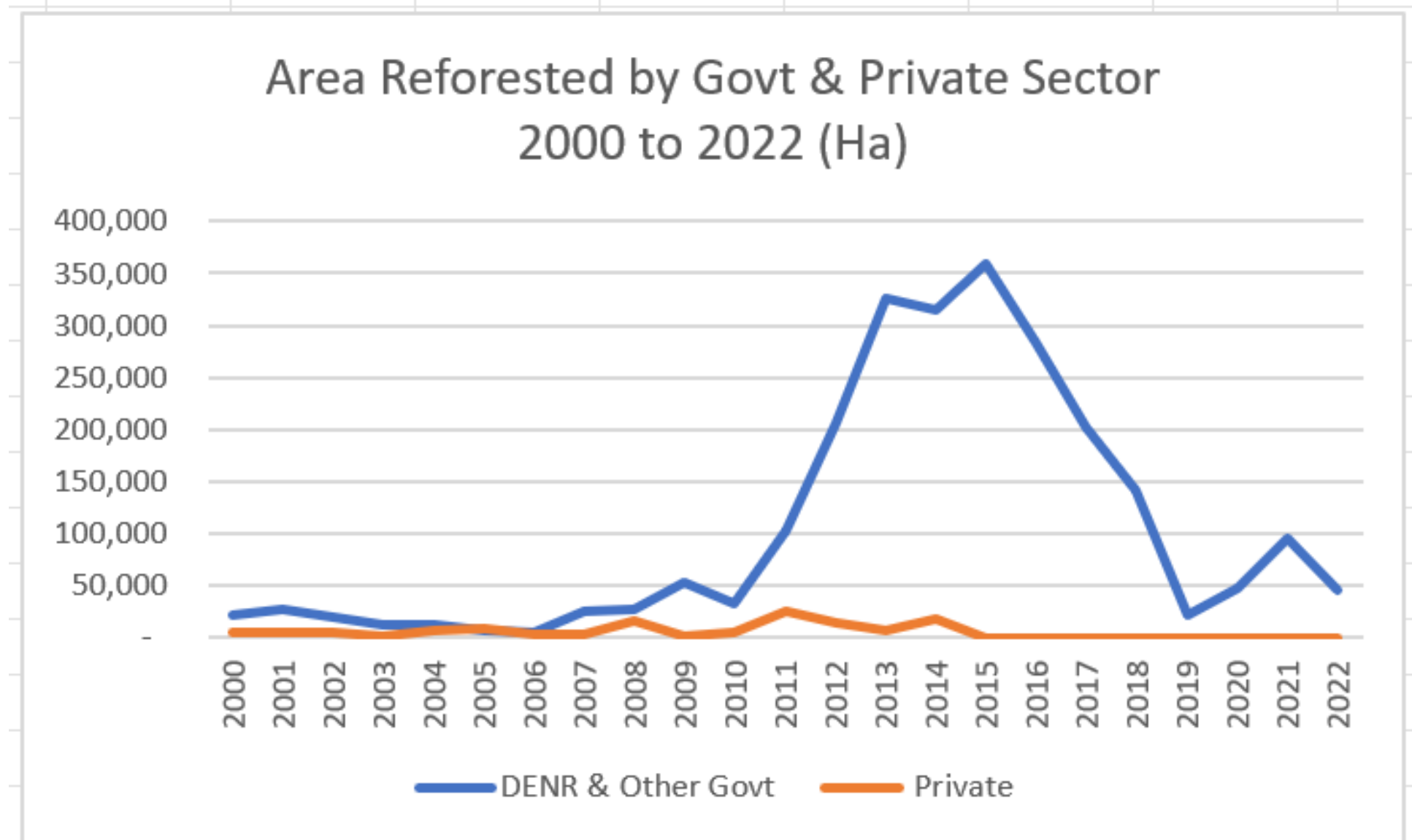
Philippine forest cover, 1575-2015

The country's forest cover has essentially hit a plateau since Corazon Aquino was president.



Sources: Forest Management Bureau; National Mapping and Resource Information Authority; Marites Danguilan Vitug's *The Politics of Logging: Power from the Forest*.

Background of Forestry Sector

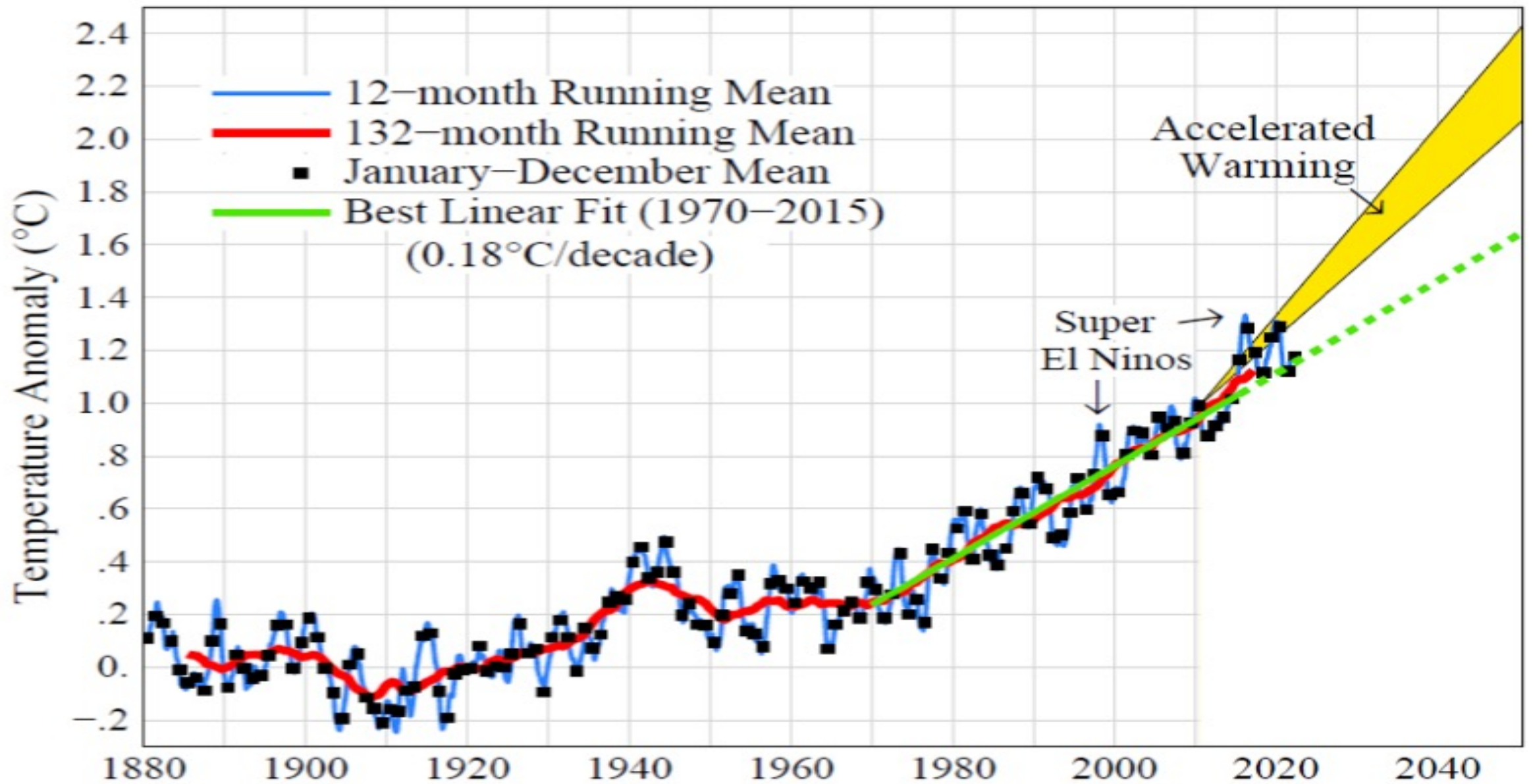


Conclusion

The Forestry Sector is not significantly contributing to the socioeconomic development of the country (more imports vs exports, insignificant contribution to the GDP, weak forestry manufacturing and industry, very low employment, etc.)

Opportunity

Voluntary Carbon Market



Accelerated warming is now projected for the coming decades as climate feedbacks intensify. Global temperatures relative to 1880-1920.

Hansen et al. 2023. *Global warming in the pipeline*. In press.

(Source: Garrity 2023)

Opportunities



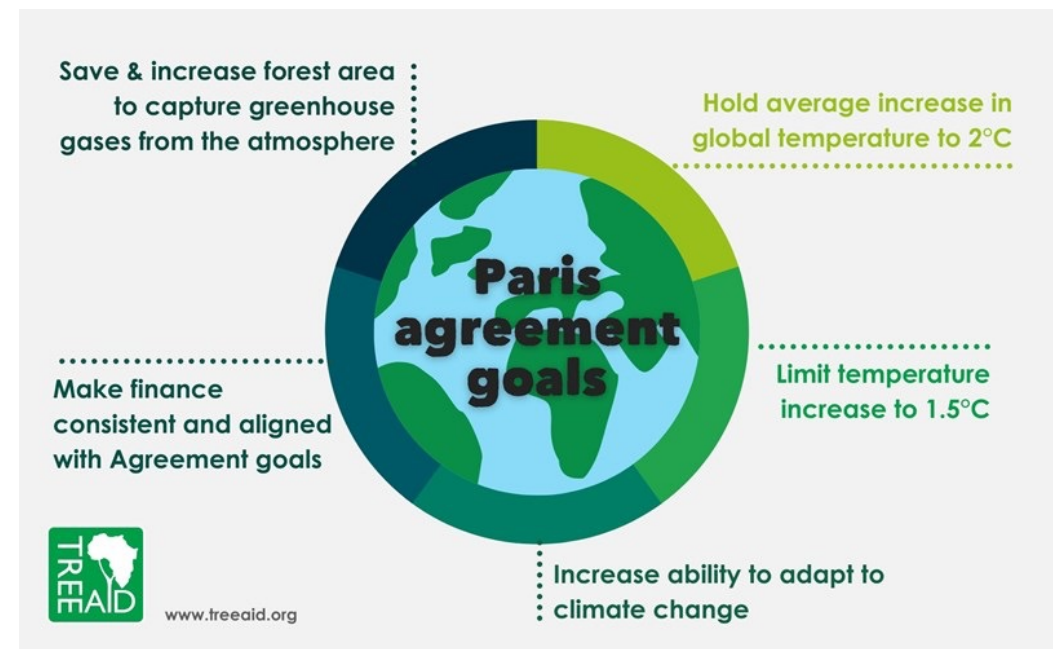
NEW YORK DECLARATION ON FORESTS

The New York Declaration on Forests (NYDF) is a political declaration calling for global action to protect and restore forests. It offers a common, multi-stakeholder framework for forest action, consolidating various initiatives and objectives that drive forest protection, restoration, and sustainable use. Adopted in 2014, the NYDF is the major reference point for global forest action.

Source: forestdeclaration.org



Source: www.un.org



Source: treeaid.org

What is net zero?

Net zero means cutting greenhouse gas emissions to as close to zero as possible, with any remaining emissions re-absorbed from the atmosphere, by oceans and forests.

Why is net zero important?

To avert the worst impacts of climate change and preserve a livable planet, global temperature increase needs to be limited to 1.5°C above pre-industrial levels.

Currently, the Earth is already about 1.1°C warmer than it was in the late 1800s, and emissions continue to rise.

Emissions need to be reduced by 45% by 2030 and reach net zero by 2050.

The Voluntary Carbon Market

Non-mandated carbon emitters use voluntary markets to offset their unavoidable carbon emissions

- Companies feel increasing pressure from consumers, markets, and governments to show that rather than simply being part of the climate problem, they can constructively contribute to its resolution.
 - Most companies have committed to being carbon neutral by 2050.
 - This calls for decarbonisation of company operations
 - Zero-net GHG targets require companies to balance out any remaining GHG emissions with carbon dioxide removals, i.e. storing carbon in trees, soils and other biomass or using technological carbon removal solutions.
- (Source: Charlotte Streck (2021) ,

Race to Zero

More than 315 signatories as of 30 September 2023

USD 64 trillion in assets under management

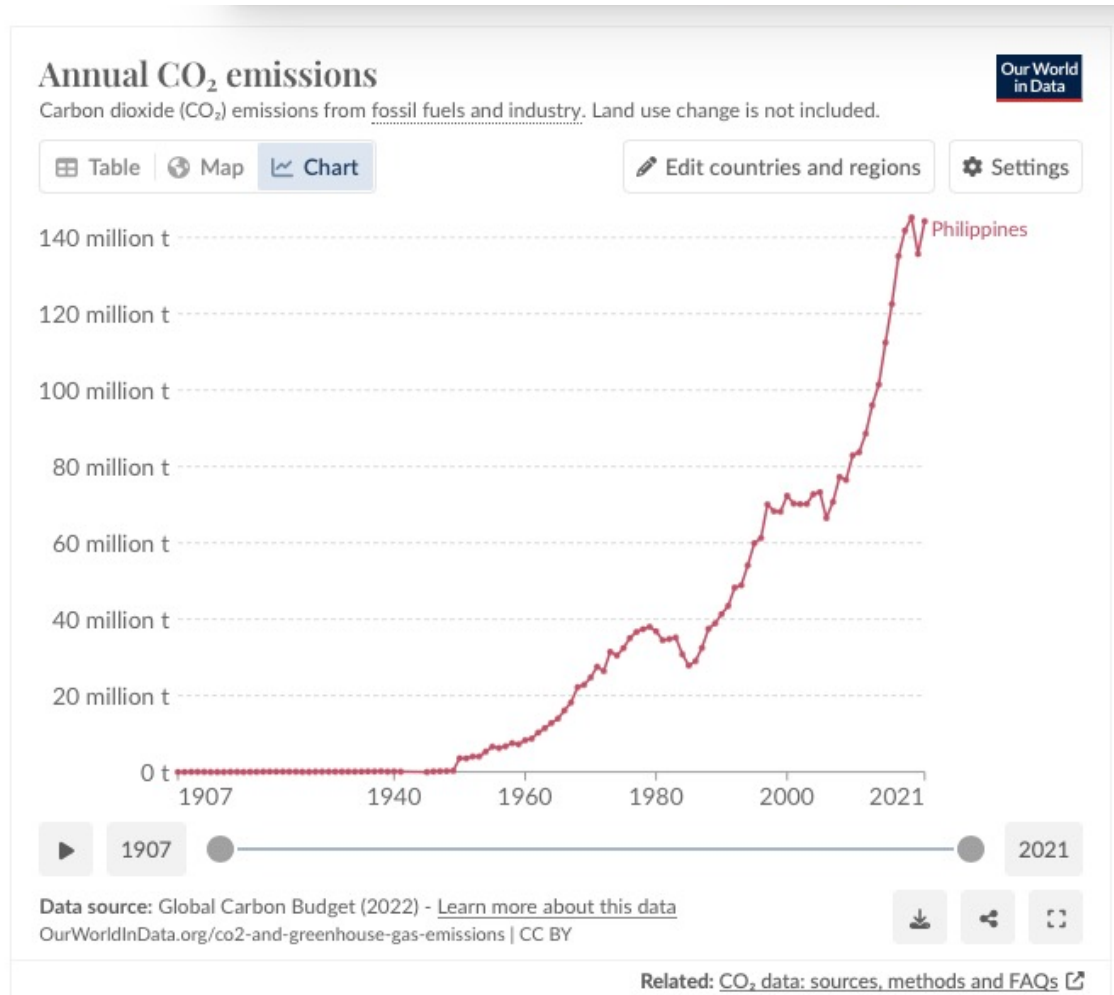
The Net Zero Asset Managers initiative is an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner

The Net Zero Asset Managers initiative is a formal partner of the UNFCCC's Race to Zero Campaign.

(<https://www.netzeroassetmanagers.org/>)

Role of Forests to Achieving Net Zero Emissions

Philippines Annual CO₂ Emissions



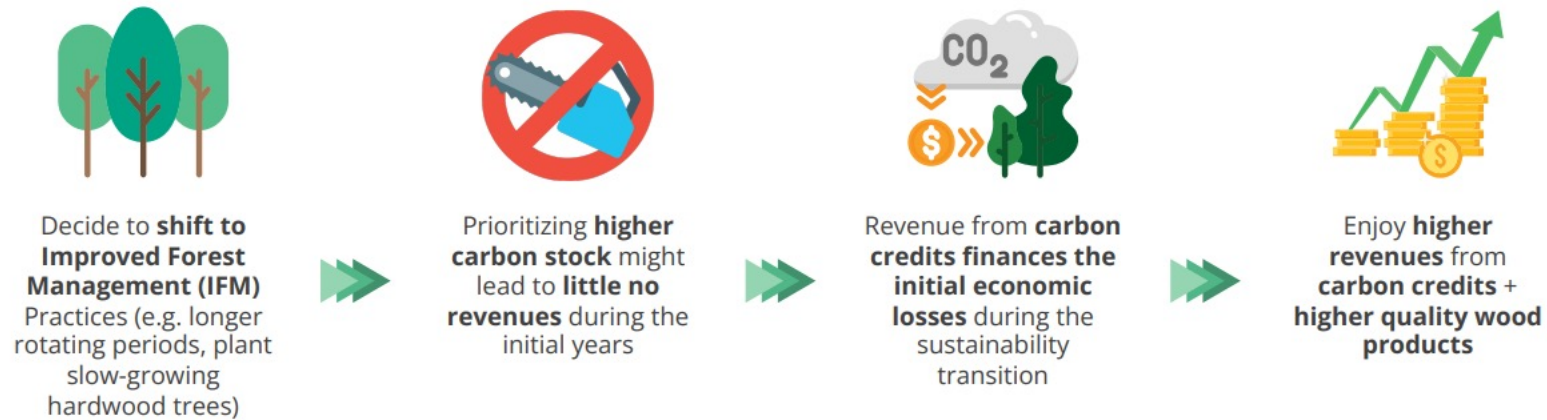
(Source: www.ourworldindata.org)

Approximately 109M tons of carbon dioxide can be sequestered by the Philippine forests (Camacho et al. 2009).



(Source: www.coolearth.org)

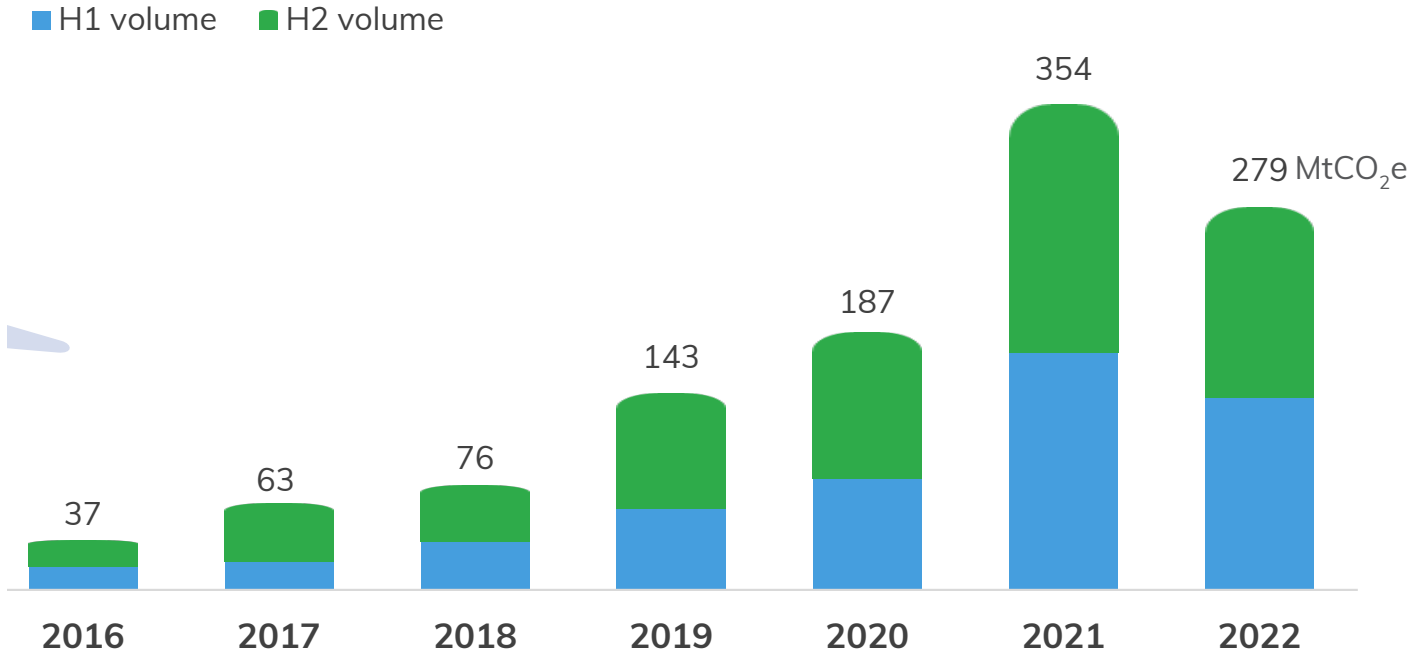
Shifting to Improved Forest Management



Kennemer, 2023

2022 Overview

VOLUNTARY CARBON MARKET

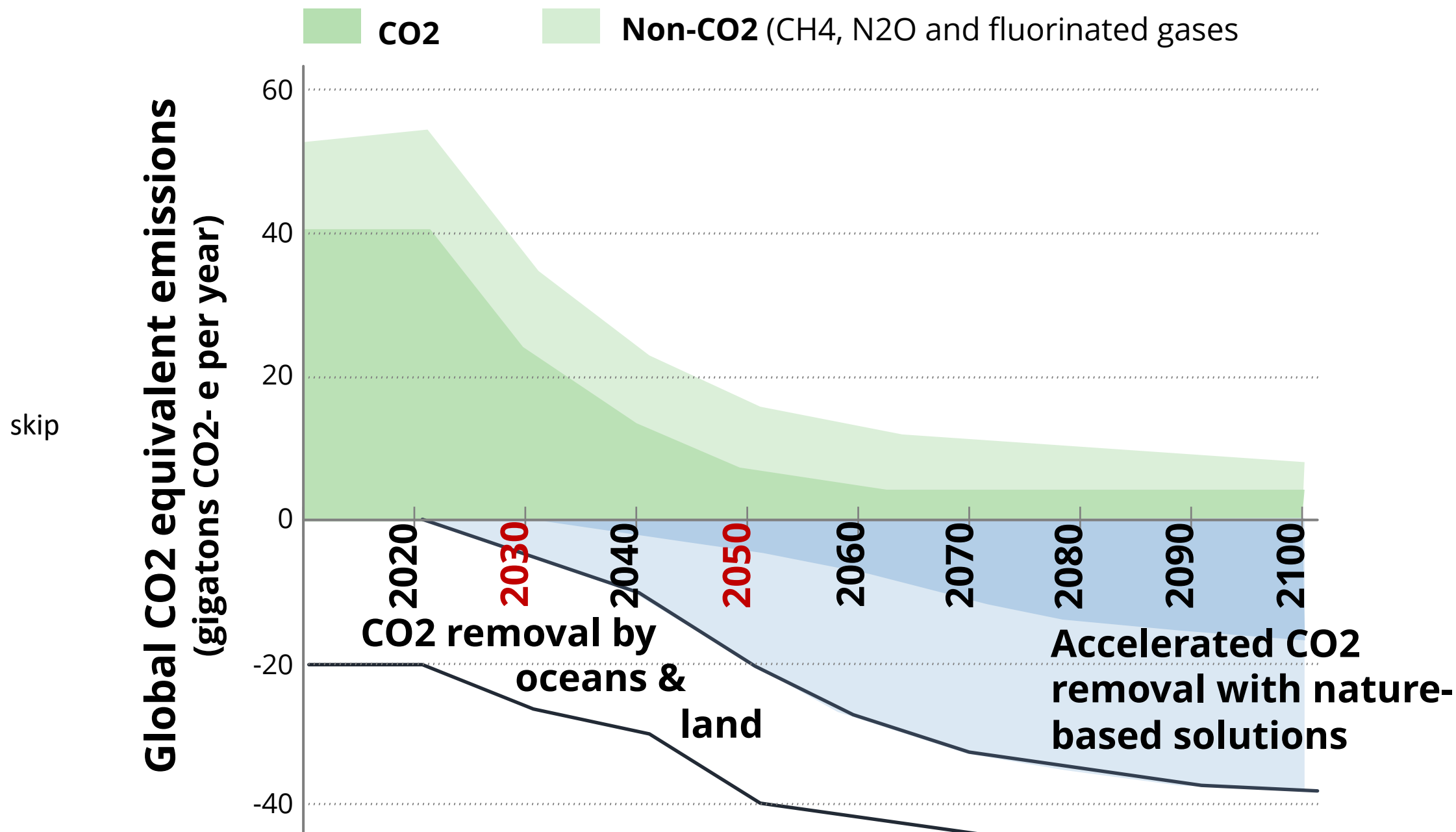


Issuance of carbon credits decreased by 21% in 2022 (279 Mt) compared to 2021 (354 Mt).¹ Issuances were 19% lower in H1 2022 compared to H1 2021, and 23% lower H2 2022 compared to H2 2022. Despite the decrease, issuances in 2022 were still 49% higher than those in 2020. The credits issued over 2022 represents 19% of total credits issued since the inception of the voluntary carbon market. Cumulative issuance of VERs now stands at 1.45 Gt.

(Source: Climate Focus 2022)

The Race to Zero

Reaching net-zero carbon dioxide and net-zero GHG emissions. Rogelj et al, 2021.



EverGreening Restoration Target Areas

Unique strategies for:



Restore tree cover on 575 million hectares of degraded forest lands



Triple the rate of carbon accumulation on degraded farmlands, by increasing tree cover. Increase soil carbon through regenerative farming practices with trees on 500 m ha of agricultural land



Regenerate a healthy grass-tree balance on 650 m ha of degraded pasturelands.

Opportunity

Payment for Ecosystems Services

Payment for Ecosystems Services

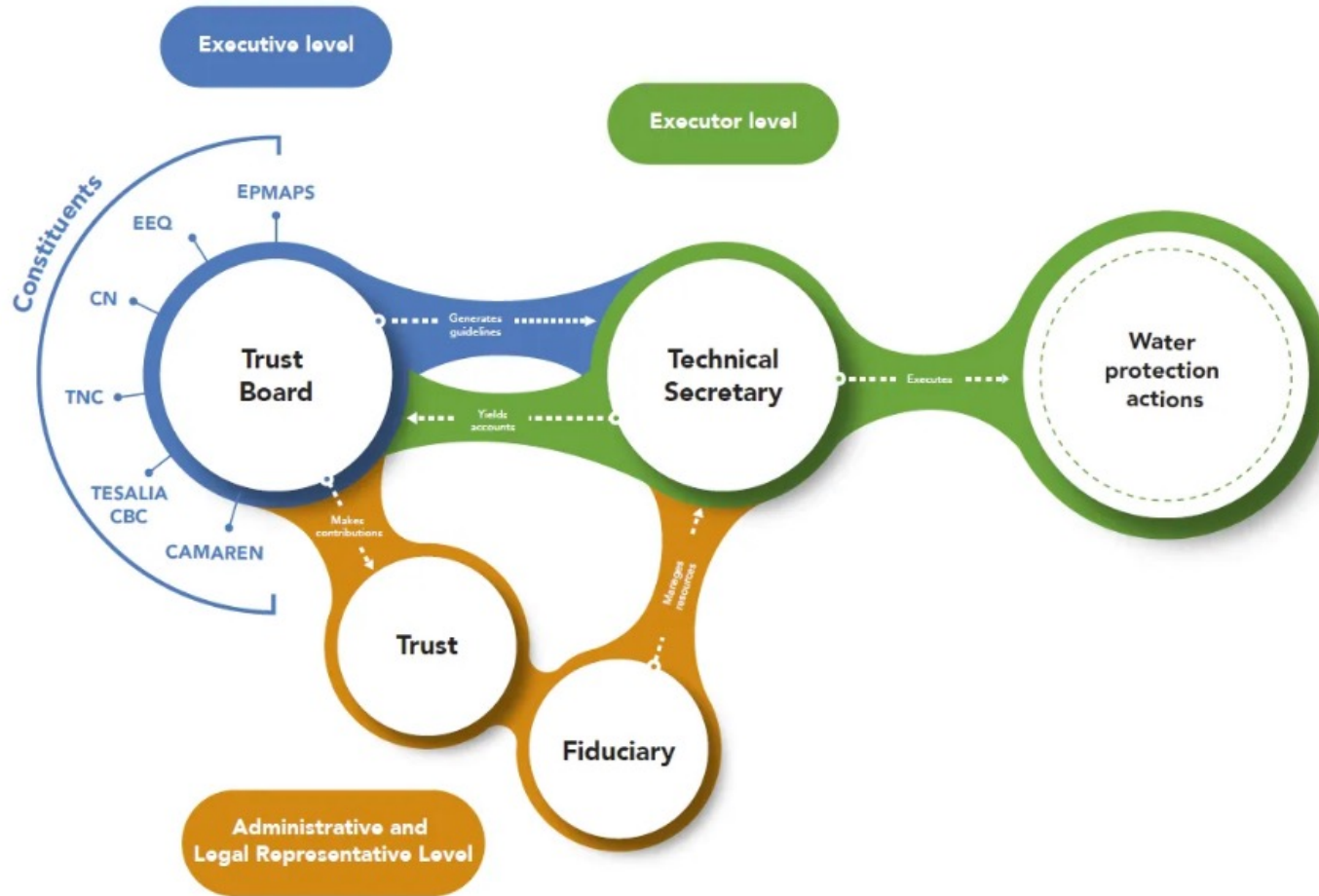
- PES is a way to compensate people (provider) who are protecting nature or using sustainable practices that provide ecosystem services.
- Revenue is collected from people (buyer) who benefit from these practices through taxes or other means and distributed to the providers.
- PES is a way to secure long-term funding for conservation and sustainable use of natural resources

(Source: Global Environment Facility)

Payment for Ecosystems Services

- How Do Water Funds Work?
 - Water users pay into the funds in exchange for the product they receive — fresh, clean water.
 - The funds, in turn, pay for forest conservation to ensure available safe drinking water
 - The Water Fund of Quito, Ecuador: an initial investment of \$21,000 in 2000 grew to over \$20 million at present
 - Currently, this fund provides about \$1 million annually for conservation activities without additional grants. It has helped replant vegetation, buy land for conservation, and build fences to keep livestock out of water sources; such activities have reduced erosion and cut pollutants in drinking water.
- (Source: Global Environment Facility)

Payment for Ecosystems Services



The structure of FONAG consists of three levels: (1) Directive - Trust Board of Directors, (2) Management and legal representative - Private trust and (3) Executor- Technical Secretariat.

Source: FONAG (2019)

But to make these happen....

Need to create an enabling environment
to encourage private-sector investments

¹ <https://forestry.denr.gov.ph/pdf/mp/8.%201.00%20Introduction.pdf>



Presently investment climate is not attractive

Through the years, the forestry sector in the Philippines continuously declined in physical, economic and environmental terms.

The decline is attributed to challenges in the governance of the forestry sector some of which are the log bans and significant delays in granting and approval of permits.

Significant policy reforms initiated at present, but interpretation and implementation vary widely across DENR field offices.

¹ <https://forestry.denr.gov.ph/pdf/mp/8.%201.00%20Introduction.pdf>



PROPOSAL

Forest Industrial Economic Zone (FIEZ)

A FIEZ is a designated properly zoned geographical area primarily forest/ public lands

The FIEZs draw inspiration from Republic Act No. 7916, as amended, otherwise known as “The Special Economic Zone Act of 1995 administered by the Philippine Economic Zone Authority (PEZA).



Forest Industrial Economic Zone (FIEZ)

Objectives:

- to promote the flow of investments by providing an attractive climate and incentives for business activity
- to shield the forest industry locators inside the FIEZs from the unstable regulatory environment and political interference
- to integrate processing and manufacturing, tree plantations, and agroforestry farms, protection forests in tenured production areas,
- adopting sustainable land use practices, and technological advancements



Favorable Location

- favorable climate, soil
- peace and order
- presence of port
- supportive LGU and upland communities
- shall have an area of at least 250,000 hectares



Designate as Forest Production Areas to Address Acute Shortage of Forest Products

FIEZs shall be established in strategic areas throughout the country to be able to meet the wood-based requirement in the shortest time possible and efficiently. Each FIEZ shall have an area of at least 250,000 hectares.



Job Creation/Employment and Economic Diversification

FIEZs seek to diversify local economies by promoting the development of forest-based industries along the value chain, such as timber and agroforestry production, forest-based product manufacturing, and biomass for energy, among others, thus creating job opportunities.

Diversification reduces reliance on a few industries, promotes value-adding, and ensures overall resilience.



Simplifying Systems and Procedures

- Strict implementation of the Anti-Red Tape Act (ARTA) of 2007 (R.A. 9485) and the Ease of Doing Business and Efficient Government Service Delivery Act of 2018 (R.A. 11032), an amendment to R.A. 9485

Some Salient Features of R.A. 9485 and R.A. 11032

- A. *Maximum processing period of 3 working days for simple transactions, 7 working days for complex transactions, and 20 working days for highly technical transactions.*
- B. *Citizen's Charter, a document that "communicates, in simple terms, information on the services provided by the government to its citizens. It describes the step-by-step procedure for availing a particular service, and the guaranteed performance level that they may expect for that service."*



Simplifying Systems and Procedures

Cont...

Salient Features of R.A. 9485 and R.A. 11032...cont.

- c. Faster processing of business permits and licenses. Implementation of the Business One Stop Shop (BOSS)* — a facility that allows applicants to submit documentation and complete all steps for business registrations and license renewals from one central access point
- d. Automated business registration process.* The law also mandates the Department of Information and Communications Technology (DICT) to receive applications online through a Central Business Portal (CBP). The agency must also maintain and manage the Philippine Business Databank (PBD) to provide concerned offices with access to data and information of registered businesses.
- e. Accountability. Officials and employees who act against the EODB Law may face administrative and criminal liability.*



Facilitative Institutions

The national and local agencies working on the FIEZ must be facilitative, conforming to the provisions of the ARTA. Agencies should be willing to explore ways within legal means to address issues and challenges.



Convergence Approach

Agencies working together on the same geographical area collaborating in the preparation of a master plan, implementation of the plan, monitoring of progress, sharing investments, and agreeing to develop enabling policy environment



Coordinating Council

Establishing a coordinating mechanism, such as a council, to promote collaboration, ensure smooth implementation of respective institutional mandates, and provide a venue to address issues and challenges.



Good Road Network/Infrastructure

Presence of farm-to-market road linking production areas to manufacturing/processing plants, ports and markets



Conclusion

- Philippine Forestry Background
 - Deforestation has plateaued since 2000s
 - However, the forestry sector not contributing significantly to the socioeconomic development of the country
 - Much of the reforestation efforts done by the government
- The Philippines can take advantage of existing global climate and environment frameworks to enhance forest production and achieve carbon neutrality
- Models are existing to improve forest management and carbon sequestration potential with participation from the private sector, such as the VCM and PES
- The Philippines can enhance participation in VCM and PES by creating an enabling environment through the FIEZ, and ensuring security from log bans, strict implementation of ARTA and ease of doing business, and upholding the convergence approach

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