

Towards eco-systemic concessions: an introduction to the coming age of forests

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In the face of wholesale anthropogenic and climate-related threats, the planet’s four billion hectares of forests are now more valuable than ever. As a reaction to this pressure, in the Congo Basin for example, a system of “green financing” already makes it possible to reward initiatives that aim to combat deforestation. More generally, the role of forest managers needs to be rethought in these endangered areas to develop eco-systemic concessions that treat forests as more than just a market commodity.

The planet’s four billion hectares of forests (as estimated by the FAO¹) were valued at US\$ 150,000 billion in a recent report published by Boston Consulting Group, which stressed that the natural carbon-storing capabilities of the planet’s three trillion trees have a unique positive impact on the climate². These staggering figures preface two realities for the future of humanity: the commercial value of the world’s forests, which used to comprise social and environmental values, now also include a climate-societal value; and 30% of the total value of these forests could disappear by 2050, under pressure from deforestation, changes in land use and global warming. In the Congo Basin alone, these global “macro-forestry” realities give rise to a number of existential questions³, one of which is especially interesting: why must the private forest sector drive a new sustainable, equitable and profitable development paradigm to guarantee the transmission of our tropical forests to future generations?

FROM ANTHROPOGENIC THREAT...

The whole debate concerning the African demographic dividend is absurd unless we tie the total number of inhabitants to the increase in purchasing power and the carbon footprint of future consumers. The countries of the Congo Basin could be home to 500 million people by the year 2100, putting massive pressure on its forests, which represent over 80% of the total surface area of Gabon and 60% of Congo-Brazzaville. Timber consumption would then become a regional phenomenon driven by the basic needs of the population of Sub-Saharan Africa, which could then represent one-fifth of all humanity (i.e., wood fuel for cooking, timber for construction, conversion of forests to agricultural land, inter-regional African trade). We should bear in mind that in 2018, the bulk of plywood panels produced in the Congo Basin were already being consumed *in situ*⁴.

If we estimate average annual growth of 3% to 4% over 2020-2050, the countries of the Congo Basin could well witness a two-fold increase — and even a three-fold increase in the case of the Democratic Republic of Congo — in their purchasing power by 2050. The pressure on their stock of forests would be multiplied tenfold because these same populations would then have the financial resources needed to consume African — and international — manufactured goods. In addition to regional demand, China, which was already consuming more than half of Africa's timber output in 2018⁵, could well ramp up its demand. This would turn the forests of the Congo Basin into an even more readily available globally traded commodity and a source of the foreign exchange needed to purchase consumer goods.

...TO ENVIRONMENTAL REALITY...

BP Energy's Annual Report⁶ clearly demonstrates that economic growth automatically leads to an increase in energy demand. This link between income and energy is a fatal combination at a time when the forests of the Congo Basin remain the primary source of energy for populations that are still more rural than urban. In order to anticipate the irreversible effects of just such a scenario on the planet's tropical forests, Article 5 of the Paris Climate Agreement supports international mechanisms for forestry based on sustainable management of natural carbon sinks. Positive incentives may be offered to sovereign custodians of tropical forests to increase forest carbon sinks without turning a unique living heritage into a museum. Such an approach would include preserving essential biodiversity.

Jeremy Rifkin⁷ speaks of “*a carbon bubble that is unprecedented in human history*” and forests would appear to represent the best solution to the dual challenge of higher demand for energy coupled with climate change. And this is the contemporary reality in which energy companies, banks and even the GAFAMs are committing to “green money” initiatives in support of renewable electricity production. In September 2019, Norway's sovereign fund committed to paying US\$ 150 million a year over 10 years to the Gabonese government in exchange for initiatives to reduce deforestation and increase carbon sequestration capacities in forests with very high biodiversity. It is based on a minimum price of 10 euros per tonne of carbon sequestered. Under this approach, “green funds” could provide an indispensable source of funding to support forest concession holders who are already committed to sustainable forestry management policies under the control of the governments of Congo Basin countries. In the specific case of Gabon, what makes the initiative particularly innovative and promising is the focus on preserving an existing carbon sink that is the fruit of effective past management, in contrast to traditional incremental mechanisms which, in the specific context of the Congo Basin, may simply encourage post-deforestation plantations. These value-creation mechanisms, which could potentially concern 230 million hectares in the Congo Basin, are contingent on promoting and deploying an “eco-systemic concession” model that locks all stakeholders into a common approach to developing forests and preserving biodiversity.

...THROUGH TO ECO-SYSTEMIC CONCESSIONS

Tropical forest logging arrangements are often a legacy of mining concessions and they are no

longer in phase with the challenges of developing an inclusive model, underpinned by innovative mechanisms for creating shared value over the long term. Although forest concession holders are often vilified amidst a plethora of preconceived notions, it is they who are generally best placed to transition to a systemic model capable of unlocking value from and preserving tropical forests. While still largely based on commercial management of timber extracted, concessions have evolved in line with international regulations and certifications as well as the obligations imposed by third parties such as NGOs or multilateral financial backers. Global warming has conferred tropical forests with “a new market value” that goes way beyond what its timber reserves are worth. For forest concession holders, the constraints of today’s offset arrangements can become tomorrow’s income streams, explicitly included in the contractual clauses of a new approach to forestry governance.

An eco-systemic concession is primarily a redistributive mechanism to develop forests in line with environmental interest missions whereby those living in the forests become not just “employees/partners” but “entrepreneurs/ partners”. It is a new type of concession based around a public-private partnership and a governance framework that does not impinge upon national sovereignty but safeguards the preservation and development of the forest’s cultural and societal dimensions. In certain cases, a diversified shareholder base comprising local, national and international stakeholders may provide an opportunity to combine public private and universal interests. Agroforestry, community-based forestry and forest eco-tourism may be harnessed to develop a virtuous African agro-business serving the people of the Congo Basin. Ecosystem services (i.e., the supply of water and electricity, hydrosystem regulation, carbon sinks (including those beneath the forest floor), preservation of biodiversity of species and habitats, etc.) are paid for by international funding earmarked strictly for eco-systemic concessions. A tropical forest is a timeless piece of heritage containing up to 45,000 plant species per hectare (compared to 1,500 in a temperate environment and 160 in a boreal forest environment). As the *Natural Capital Coalition* has shown⁸, a profitable eco-tourism activity is possible in the long run if it is part of a sustainable and enlightened approach to forest management. By harvesting only one tree per hectare every 25 or 30 years, responsible forest management can produce 17 times more value⁹ than a conservation policy *stricto sensu*. Certain, mainly European concession holders are already involved in virtuous and inclusive forest management programmes in the Congo Basin and their liability often extends way beyond the initial concession agreement term. Payment for all of the “ancillary services” aside from logging are not generally specified and even more rarely re-indexed as sustainable management practices become more common.

Eco-systemic concessions are created using a dynamic approach, in line with regulatory engineering principles that have proved their worth in other sectors in Africa¹⁰. The rigid contractual terms and conditions of public-private forest concession partnerships are no longer appropriate, either for the sovereign public authority or the private company involved. Eco-systemic concessions are an attempt to rethink the contractual basis and go beyond the legal, economic and financial aspects by integrating social, societal, environmental, climate and energy dimensions, etc. This represents a complete paradigm change where the forest becomes an ecosystem of possibilities for the concession holder. Rather than thinking in terms of potential offsets, eco-systemic concession holders seek to unlock the value of an ecosystem of services within a different space-time relationship. They are managers of carbon sinks and biodiversity for whom timber production is only of marginal economic value within the activity as a whole. They partner the development of eco-tourism and include the people that live in the forests within this approach. Eco-system managers receive international carbon funds directly and pay part of these over to central governments in the form of taxes.

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CONCLUSION

Climate change has led to the emergence of international “green financing” solutions that represent a fantastic opportunity to add value to forests on a continent with the highest annual rate of net forest loss with 3.9 million hectares lost between 2010 and 2020¹¹. We need to bear in mind that an oil palm concession can yield up to 700 times more than patrimonial management of a rainforest¹², however, in the latter case, the damage is irreversible and the carbon sequestration capacity is lost forever. Consequently, the deployment of eco-systemic concessions can be a bulwark that sovereign governments in the Congo Basin need to use, teaming up with concession holders for whom transforming the business of forestry management has become an imperative.

As we have seen with the world’s oceans, forests have become an integral part of protecting and preserving humanity. At the present time, forests — especially those in intertropical latitudes — are one of the few tangible ways of growing carbon sinks, combating global warming over the long term and protecting remarkable biodiversity.

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11. Ibid i
12. Ibid iv

