

The Private Forests Program Challenges and Opportunities

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Presentation Outline

- **The Private Forests Program**
 - Vision
 - Three Main Goals / Roles
- **Challenges**
 - Resources and Funding
- **Opportunities**
 - Addressing Family Forestland Owners' Needs
- **Questions and Feedback**
 - What did I miss – what did I not explain?

The Private Forests Program

- **Vision:**

The Private Forests Program provides value to citizens of Oregon through the protection of public benefits by assisting private forestland to be successful.

The Private Forests Program

- **Three Main Goals / Roles:**
 - **Lead the State of Oregon in developing new areas to make private forestry successful in Oregon**
 - **Provide value to landowners through provision of services**
 - **Maintain the social license to practice forestry in Oregon by ensuring effective and efficient forest practices that protect public benefits**

Developing New Areas

- **Biomass utilization**
- **Carbon credits**
- **Ecosystem services**
- **Certification**

Providing Services

- **Traditional management planning**
- **Cost share administration**
- **Education / assistance**
- **Incentive Programs**

Maintaining Social License

- **Efficient, fair, and consistent administration of Forest Practices Act**
- **Protection of public benefit**
- **Education and Engineering**
- **Effectiveness monitoring**
- **Compliance auditing**

Challenges

- **Resources and Funding**

**Caveat: what is the difference
between a puppy and a bureaucrat
talking about budgets?**

Eventually the puppy stops whining

Federal Funding

- **Changes in Federal priorities**
 - Increased emphasis on fire
 - Decreased funding for traditional state and private forestry
- **Changes in Federal accountability**
 - Redesign of State and Private Forestry
 - Increase in competitive allocation
 - Increase in monitoring and reporting

State Funding

- **Stabilization in State funding**
 - **07-09 increases partially offset previous state budget cuts in stewardship foresters**
- **Shift in emphasis?**
 - **Have lost most state resources for traditional service forestry**
 - **Increases in new areas: biomass, sudden oak death, Eastern Oregon monitoring**

Challenges

- **Decreased support for government expenditures**
- **Government viewed as inefficient**
- **Reliance on privatization and non-governmental organizations**
- **Greater number of organization competing for fewer resources**

Challenges

- **Addition issues to address**
 - **Efficient and effective regulations**
 - **Invasive Species**
 - **Inadequate Federal land management**
 - **Land Conversion and Fragmentation**

Regulations

- **Policy**
 - to encourage economically efficient forest practices that ensure the continuous growing and harvesting of forest tree species and the maintenance of forestland for such purposes as the leading use on privately owned land

Regulatory Challenge

- **Move away from one size fits all regulations**
- **Encourage voluntary methods with incentives**
- **Increase flexibility**
- **Keep regulations / rules simple**

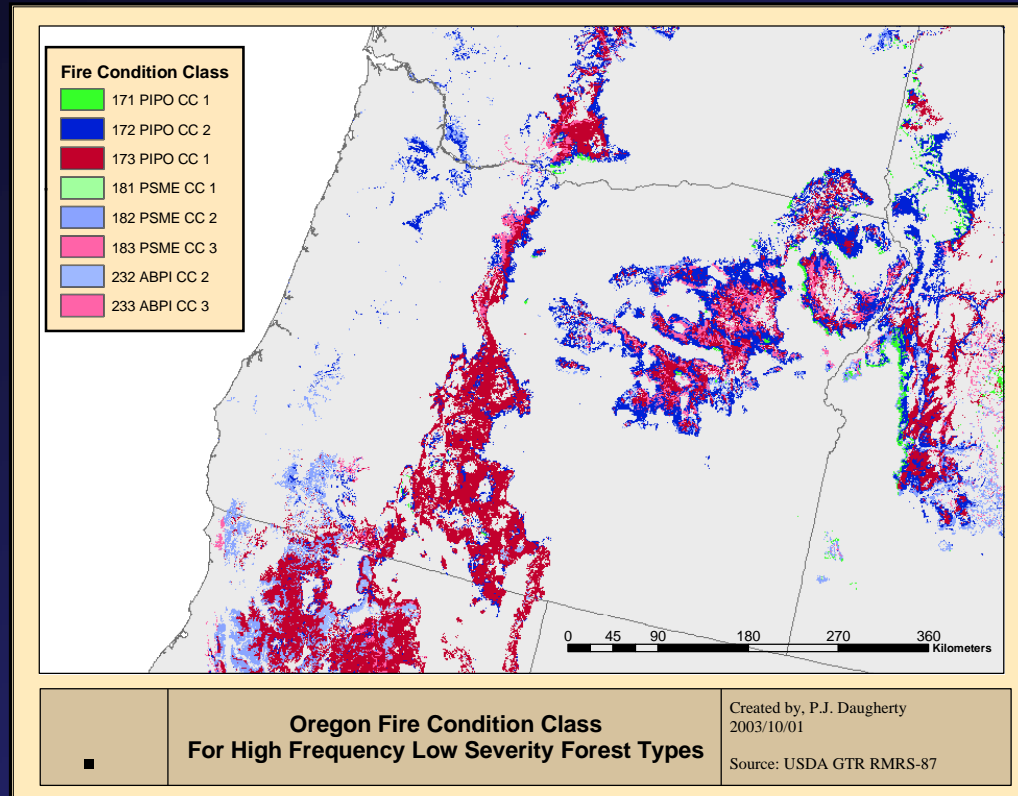
Federal Management

- The federal government holds 57 percent of total land base
- Harvested about as much as the state, which has 3 percent of total land base (396 vs 341 MMbf)

Federal Timber Harvests: actual, planned, and potential



Result of Federal Management



	Class 2	Class 3	Total	% class 3
PIPO	4,020,652	4,912,455	9,062,343	54.2
PSME	753,671	1,230,091	1,983,762	62.0
Total	4,822,014	6,151,441	11,102,692	55.4

Consequences



Land Conversion and Fragmentation

Evolution of Primary Challenges To Healthy, Working Forest



OR Population:	413,536	1.5 million	2.6 million	3.4 million	6 million??
Urban/Rural:	32%/68%	54%/46%	68%/32%	79%/21%	??%/??%

Land Conversion and Fragmentation

- In parts of central Oregon, 60% of forest industry land has shifted from forest industry to non-industrial ownership
- There are now 3 times as many dwellings in nonfederal wildland forest in eastern Oregon as in 1975

What happens when forestland “developed?”

- **Reduced Levels of:**
 - **Harvest**
 - **Investment**
 - **Water Quality**
 - **Carbon storage**
 - **Wildlife habitat**
 - **Forest Industry relevancy**

Opportunities

- **Merger of Forest Practices and Service Forestry**
 - Efficiency gains
 - Integrated delivery of services
- **Emerging areas in forestry**
 - Biomass
 - Ecosystem services – conservation easements
 - Carbon market

Opportunities

- **Addressing Family Forestland Owners' Needs:**
 - **Five main issues and potential solutions identified at the second family forestland symposium:**
Looking Forward II, Oregon Families and Their Forestlands: What's at Stake

Family Forestland Owners' Needs

- 1. Compensation for ecosystem services and other societal benefits**
- 2. Take advantage of opportunities presented by global climate change**
- 3. Address the conflict of values, reach out to the wider community**
- 4. Improve the delivery of stewardship information to family forestland owners**
- 5. Expand markets for locally harvested forest products**

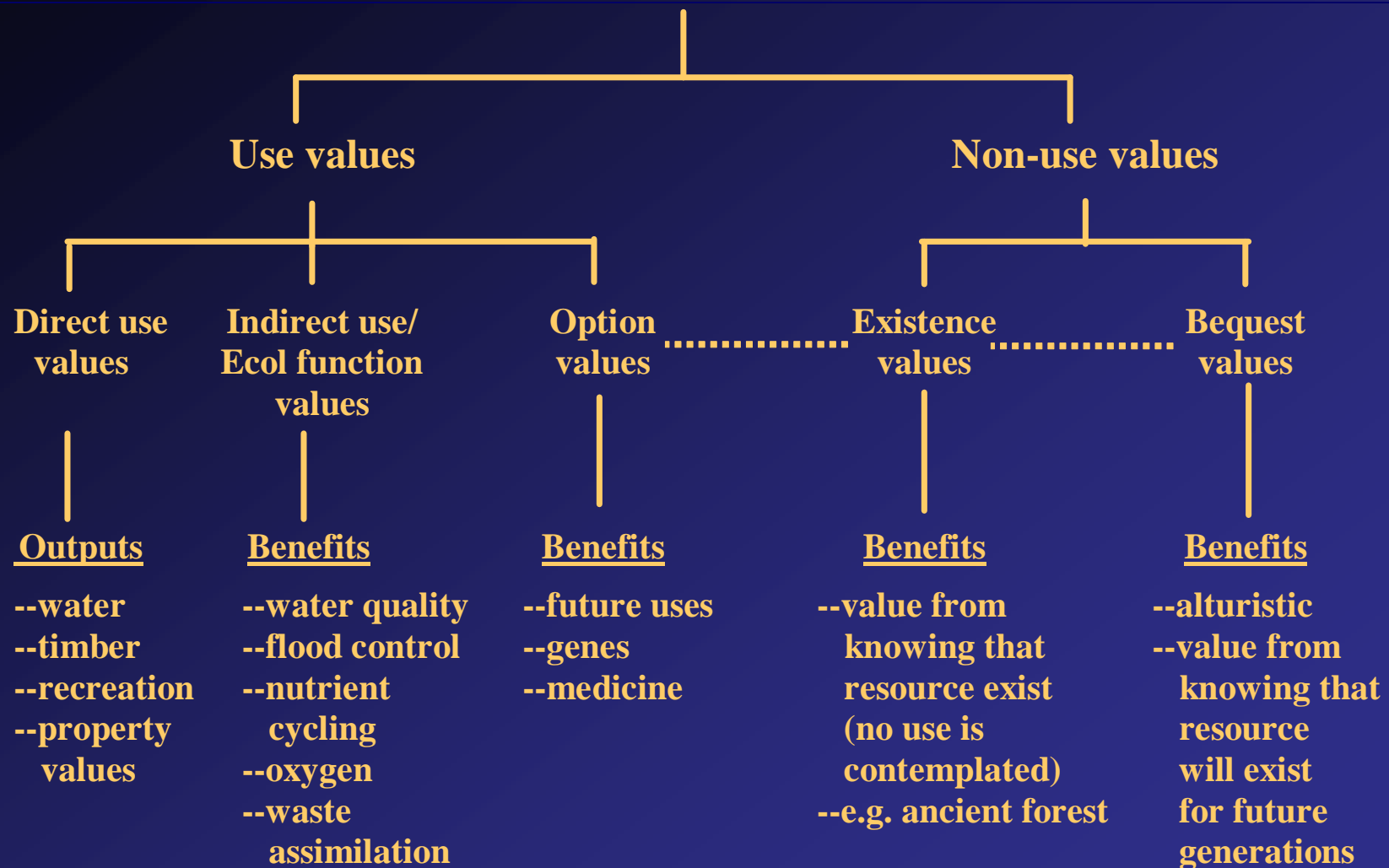
1. Ecosystem Services Compensation

- **Solutions proposed at the symposium:**
 - **Develop financial incentives (cost-share programs, others) for maintaining and enhancing environmental values and services**
 - **Develop and increase access to market for carbon sequestration**
 - **Enact “hold harmless” agreements protecting landowners from trespasser liability lawsuits**
 - **Create a “green credit” forest fund to pay for conservation easements on family forestlands**

Ecosystem Benefits

- Are the goods and services through which ecosystems, and the species which make them up, sustain and fulfill human life
- Includes the production of *ecosystem goods*, such as forage, timber, and biomass fuels, ...
- In addition to the production of goods, *ecosystem services* are the actual life-support functions, such as cleansing, recycling, and renewal ...(Daily 1977)

Ecosystem Benefits



Adapted from: Barbier 1991, Young 1992, and OECD 1995.

Ecosystem Benefits

- **How does one encourage market development for ecosystem services?**
 - **Creating scarcity – what is the initial allocation of credits?**
 - **Assignment of ownership / property rights**
 - **Baseline and additionality**
 - **Measurement and accounting**
 - **Equity**

Market Difficulties

- **Existence of scarcity**
- **Many services are non-rival, i.e., consumption of service by one does not exclude consumption by another, e.g., climate mitigation**
- **Initial scarcity often created by government action, e.g., no net loss of wetlands**

Property Rights Regimes

- **Property rights regimes are bundles of rights and responsibilities assigned by society to individuals or groups of individuals**
- **Not discrete, but rather a continuum -from open access, to private, to commons, to state, to federal**
- **Assignment of rights affect who should pay for ecosystem services**

Market Difficulties

- **Property rights – some services are not exclusively owned or clearly transferable**
- **Property right regimes are often non-congruent with ecosystems – e.g., right to clean water**
- **Often leads to minimum standards approaches and regulatory approaches**

Policy Issues

Baseline and Additionality

- **Another major issue in carbon trading is “additionality,” meaning that buyers of carbon credits need assurance that their investment is not supporting business practices as usual (LaRocco and Vickerman 2007)**

Policy Issues

Baseline and Additionality

- **OSWA is already working with partners at both the national and regional level to develop economic incentives to promote retention of certified forestlands. These incentives are designed to reward the landowners who have supplied many of the public goods and services for free overtime but are now faced with pressures to convert to other uses (OSWA 2007).**

Additionality: Opposing Views

- **Efficiency:**
 - **Why pay for anything that is already required?**
- **Equity:**
 - **Regulations vary by use, therefore paying one agent (farmer) while requiring agent (forestland owner) to provide same service for free**

Additionality: Opposing Views

- **This difference in view led to the removal of an ecosystem services program from legislation that would have built upon the Forest Resource Trust's current role in securing carbon offset funds**
- **Replaced with ODF in role of assisting landowners in securing payments for ecosystem services**

Ecosystem Services Efforts

- **Symposium proposed solution**
 - **Develop financial incentives (cost-share programs, others) for maintaining and enhancing environmental values and services**
- **Private Forests Program prevented from developing cost-share program as part of Forest Resource Trust**
 - **Will continue to look for opportunities to develop programs in conjunction with stakeholders as appropriate**

Ecosystem Services Efforts

- **Symposium proposed solution**
 - Enact “hold harmless” agreements protecting landowners from trespasser liability lawsuits
- **Private Forests Program efforts**
 - Expanded the Stewardship Agreement program to define a benefit of “regulatory certainty” at both the state and federal level
 - provided a public records exemption for required stewardship plans

Ecosystem Services Efforts

- **Symposium proposed solution**
 - Create a “green credit” forest fund to pay for conservation easements on family forestlands
- **Private Forests Program efforts**
 - Expand the Legacy Forests Program to be applicable statewide – updating assessment of need to reflect current circumstances
 - Beginning discussion with Bonneville Power Administration and Oregon Department of Fish and Wildlife on availability of conservation easement for family forestland owners

Conservation Easements Challenges

- **Relatively new to Oregon**
- **Holding conservation easements represents a new liability for the Department**
- **Funds for administering and monitoring easements**

Ecosystem Services Efforts

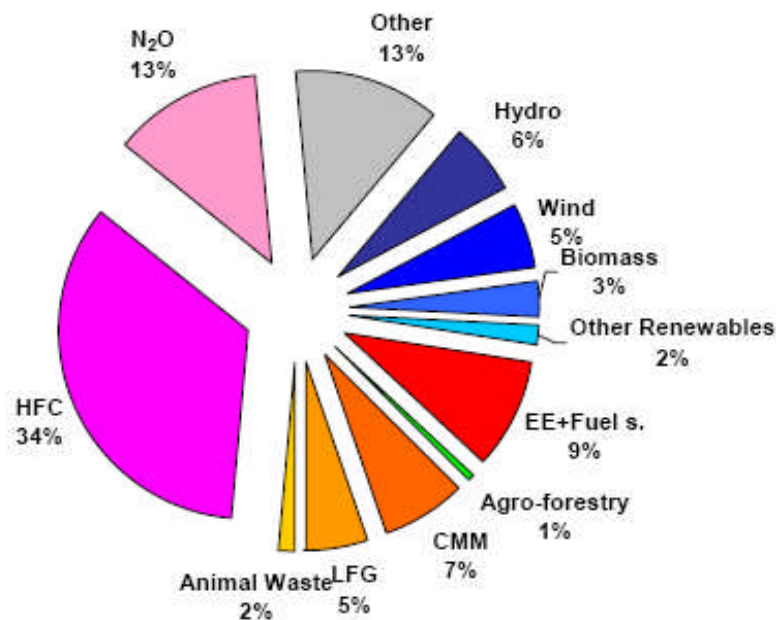
- **Symposium proposed solution**
 - **Develop and increase access to market for carbon sequestration**
- **Private Forests Program efforts**
 - **Restructure the Forests Resource Trust Program**
 - **Improved loan process**
 - **Added cost-share capability**
 - **Attracting new funds**

2. Global climate change

- **Solutions proposed at the symposium:**
 - **Reduce carbon output of forestry; increase carbon storage in forests**
 - **Create jobs and business opportunities that improve economic conditions and the environment**
 - **Demonstrate how management practices align with societal values**
 - **Stimulate synergy between environmental groups, tree farmers, manufacturers, and consumers**
 - **Reconnect urban and rural Oregonians through the marketplace**

The State of Carbon Market

Figure 6: Asset Classes of CDM projects.



As a share of volumes contracted in 2006

Carbon assets from Land Use, Land-use Change and Forestry (LULUCF) remain at 1% of volumes transacted so far. Their regulatory complexity and limited market access to the EU is likely to limit their demand

State and Trends of the Carbon Market 2007. Karan Capoor, Sustainable Development Operations, World Bank; Philippe Ambrosi, Development Economics Research Group, World Bank

Barriers to Use of Forests in Carbon Markets

- **Why forestry credits are so different?**
 - **Risk of “non-permanence”**
 - **Interrelated property law issues**
 - **Competing values**
- **These issues equal greater risk – and this has to be managed by contracts**

Implications for Contracts

- **Purchase And Delivery**
 - **How much of the sequestration of the project is being purchased?**
 - **How will it be managed?**
 - **How will it measured?**

Implications for Contracts

- **Liabilities And Remedies**
 - Who will be liable?
 - How will force majeure issues be addressed?
 - What will be the scope of the remedies?

Outlook for Forest Carbon

- **Still emerging, often overstated in potential**
- **Probably will remain limited for some time**
- **Restricted to land use change – afforestation, rather than management changes**

3. Conflict of Values

- **Address conflict of values, reach out to wider community, and build on common ground. Solutions proposed at the symposium:**
 - **Develop more intensive public education on forestry and family landowner issues**
 - **Organize more family forest tours for the public and school children**
 - **Increase capacity of family forestland owners to engage the wider community and elected officials**
 - **Partner with NGOs to find funding, provide training, develop educational material, and build solutions**
 - **Reach out to rural property owners with diverging views**

Conflict of Values

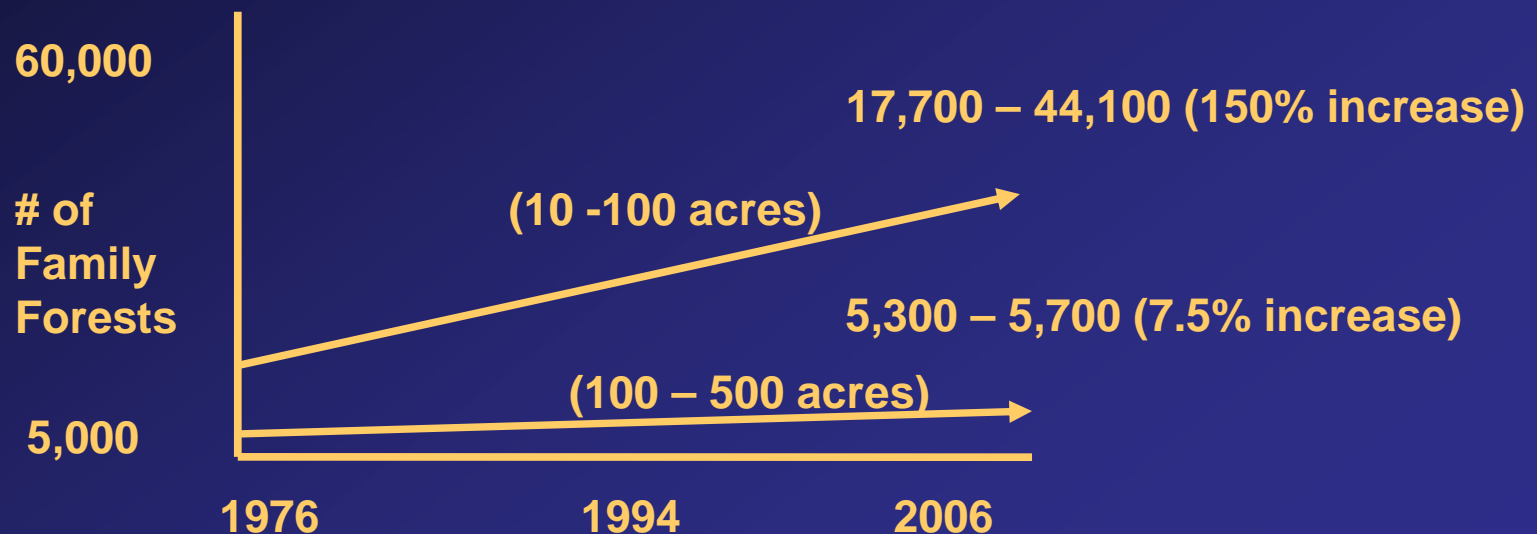
- **Department's efforts:**
 - **ODF has limited authority and resources for education**
 - **Examining our role in education efforts – want to develop an integrated public education program to improve Oregonian's understanding of forests and forestry and increase knowledgeable public input regarding the uses and benefits of Oregon's forestlands and resources**

4. Improved Delivery of Information

- **Improve the delivery of stewardship information to family forestland owners, targeting particularly those who are not now being reached. Solutions proposed at the symposium:**
 - **Train foresters who interact with family forestland owners to talk to them about the Ties to the Land family succession program**
 - **Use the Ties to the Land program to engage landowners who are not now being reached by any forestry stewardship programs**
 - **Build new coalitions among public agencies, private citizens, and industry**

Delivery Challenges

- Resource constraint limit effectiveness of traditional one-on-one delivery of technical assistance
- Lost training coordinator position
- Number of family forestland owners increasing



Delivery of Information

- **Private Forests Program efforts**
 - Trying to eliminate duplicate management planning efforts (e.g., stewardship, tree farm, NRCS, ...)
 - Working with NRCS to improve access to EQUIP funds for forestry
 - Beginning to re-institute our Stewardship Training program
 - Re-examining our overall communication and delivery approach

5. Expand Markets for locally Harvested Forest Products

- **Symposium proposed solution**
 - **Develop local farmer's market-style markets for wood products**
 - **Build awareness of and pride in using locally grown wood and other products**
 - **Improve marketing and public relations efforts on behalf of local wood products**

Markets for Forest Products

- **Private Forests Program efforts**
 - **Beginning effort for group certification of family forestlands through tree farm's third party group certification process**
 - **Expanding efforts to facilitate woody biomass market expansion**
 - **Working to pilot stewardship contracting on federal forest land**

?Questions?

What did I miss?

What did I not explain?