



Resources, Rights, and Development in a Changing World:

Trends Shaping Land Use and Natural Resource Governance
to 2030 – Implications for Livelihoods, Political Regimes and
Sustainable Development

Key Findings from RRI/Chatham House Brainstorming

Andy White, Arvind Khare

RRI



Outline

1. Introduction – Why the Blue Skies Meeting?
2. Some Key “Findings”
3. What we (RRI) see emerging as key implications – and paths towards solutions (Arvind)

Quick Introduction to RRI

Who: 1) coalition of 14 Partner organizations who commit to contribute and collaborate to advance tenure, governance, market reforms; 2) informal network of over 120 Collaborating organizations; 3) coordinating mechanism based in Washington that leads global analysis and advocacy.

What: 1) strategic collaboration, analysis, advocacy, and interaction at the country (70%) and global levels; 2) an “institutional innovation” in the forest/development arena whose work is led and governed by developing country leaders and organizations

Why: 1) tenure is a “game changer” for dignity, democracy, development



Why the “Blue Skies”?

1. RRI now 5 years old – time to take stock and rethink. What has changed since our last “big think” and how should we position ourselves for the future?

Our last “big think” was in 2007-2008 – “Seeing People through the Trees” – with Sida support:

1. Nexus of and booming demand for “food, fuel and fibre” increased historic increase in pressure on forests
 2. Increasing conflict around “land”, constraining “good” private, community investment, (making plenty of room for “bad”)
 3. Conventional business, conservation, development models had largely failed (poverty, deforestation, illegality, human rights, gender abuses remained despite 50 years of “development”);
 4. World was on the verge of “the last great global landgrab”
 5. Promising approaches to use market and political leverage
2. This reflection and rethink might be of use to others

Presumptions of the “Blue Skies”

1. All natural resource systems (land, water, wetlands, fisheries, forests, minerals) are under sever strain if not crisis;
2. Global demand for all is booming, supplies increasingly sourced in (rural) areas poorly governed and politically contested;
3. Global systems of food and commodity S and D, and regimes that govern finance, trade, and investment, are all in flux;
4. Climate change (CC) is dramatically altering ecological systems and increasing the vulnerability of rural people and resource production systems, lack of adequate action; CC will undoubtedly disrupt political and economic regimes in the coming decades.
5. The future of natural resources and whether they can be sustainably governed to provide the products and services needed for local and global survival, if not prosperity, is not at all clear.

At Least Three Things Are Clear

1. **Global growth, development models, and land and resource use will be increasingly shaped and defined by the governments, citizens and private investors of the rising economic powers of Brazil, India, China and other middle income countries.**
2. The rural and forested areas of the developing world – 30% of the global landscape – will be the focus of **increasingly intense global interest and contest**, both for producing the additional food, fuel, wood and water required to feed and service global demand, and for maintaining globally relevant ecosystem services, including securing forest carbon and biodiversity.
3. The **contest for land and resources will be contentious and potentially violent**. The some 2 billion owners and dwellers of these areas are among the poorest and most politically disenfranchised on the planet – and they have unmet expectations for justice.
4. In many ways, **the question of whether there will be adequate global natural resource protection and production over the coming decades hinges on how the rural and forest-dwelling people of the developing world are involved** in these transformations.

Themes and Issues Discussed

Session 1: Resource trends and climate change to 2030

- Global supply and demand for land, food, water and energy
- The effects of climate change on resources and production patterns
- Demographic changes, food prices and insecurity
- Prognosis for global economic growth and financial regimes

Session 2: Regional Perspectives on Global Trends

Session 3: Political forces shaping local land use, governance and development

Session 4: Markets, Technologies and Finance - Opportunities

Session 5: Strategies for development, better international management and local rights

The New “Super Cycle” of Growth

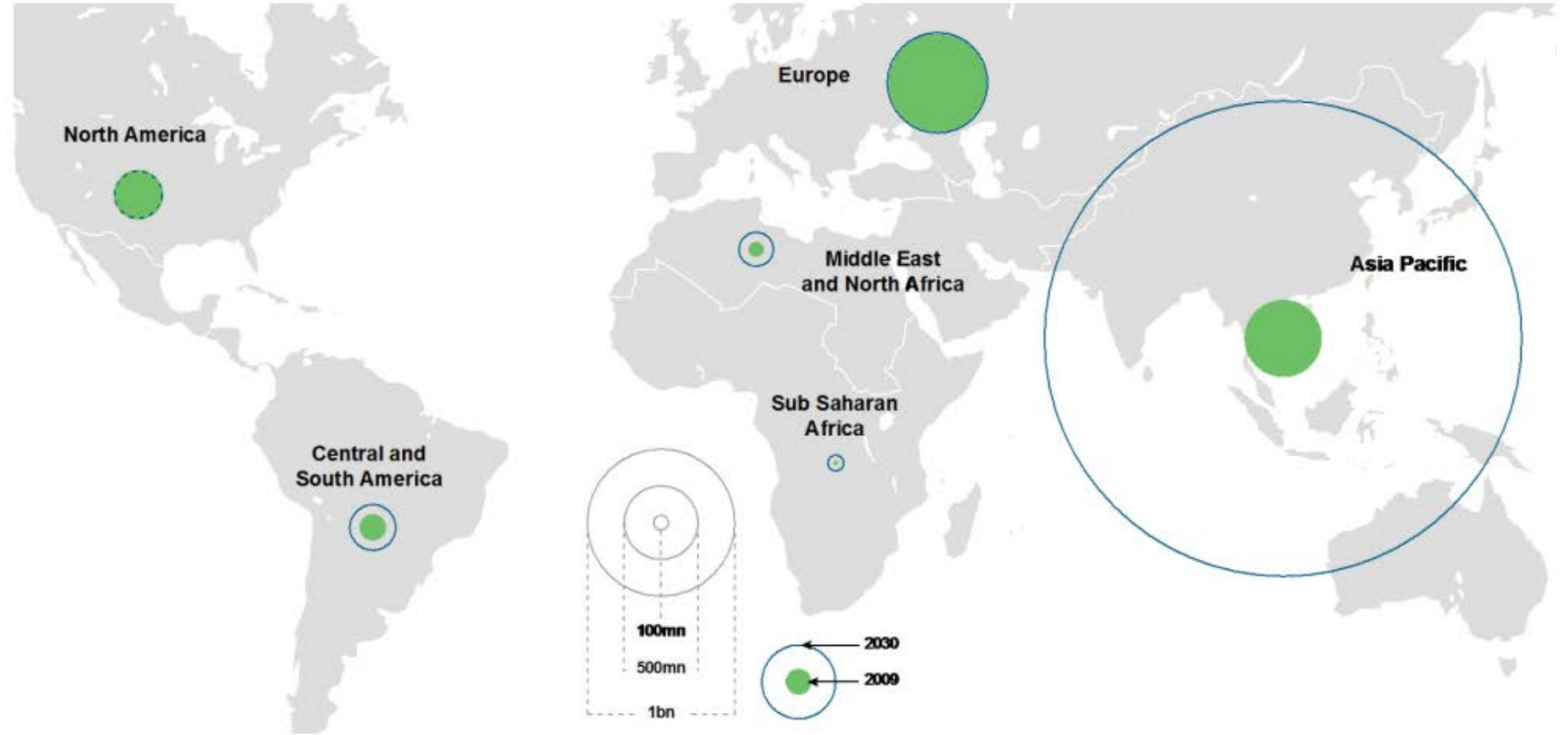
Analysis by Standard Chartered – 2010 to 2030

- characterized by massive population growth in developing and emerging economies, rapid urbanisation (extra 680 million in cities 2030), and a burgeoning Asian middle class.
- By 2030, conservative estimates see the world economy growing to more than USD 300 trillion from USD 60 trillion today.
- Emerging economies will contribute with two-thirds of real global growth.
- The West will grow but the East will grow faster, so the economic balance of power will continue to shift from West to East (currently the ‘West’ has 60% of the global economy but by 2030 this will be closer to 29%).

Discussion: 1) this is linear, does not include “shocks” or different scenarios, for example – what if China implodes?; 2) the world doesn’t have same resource “cushion” as in previous super cycles

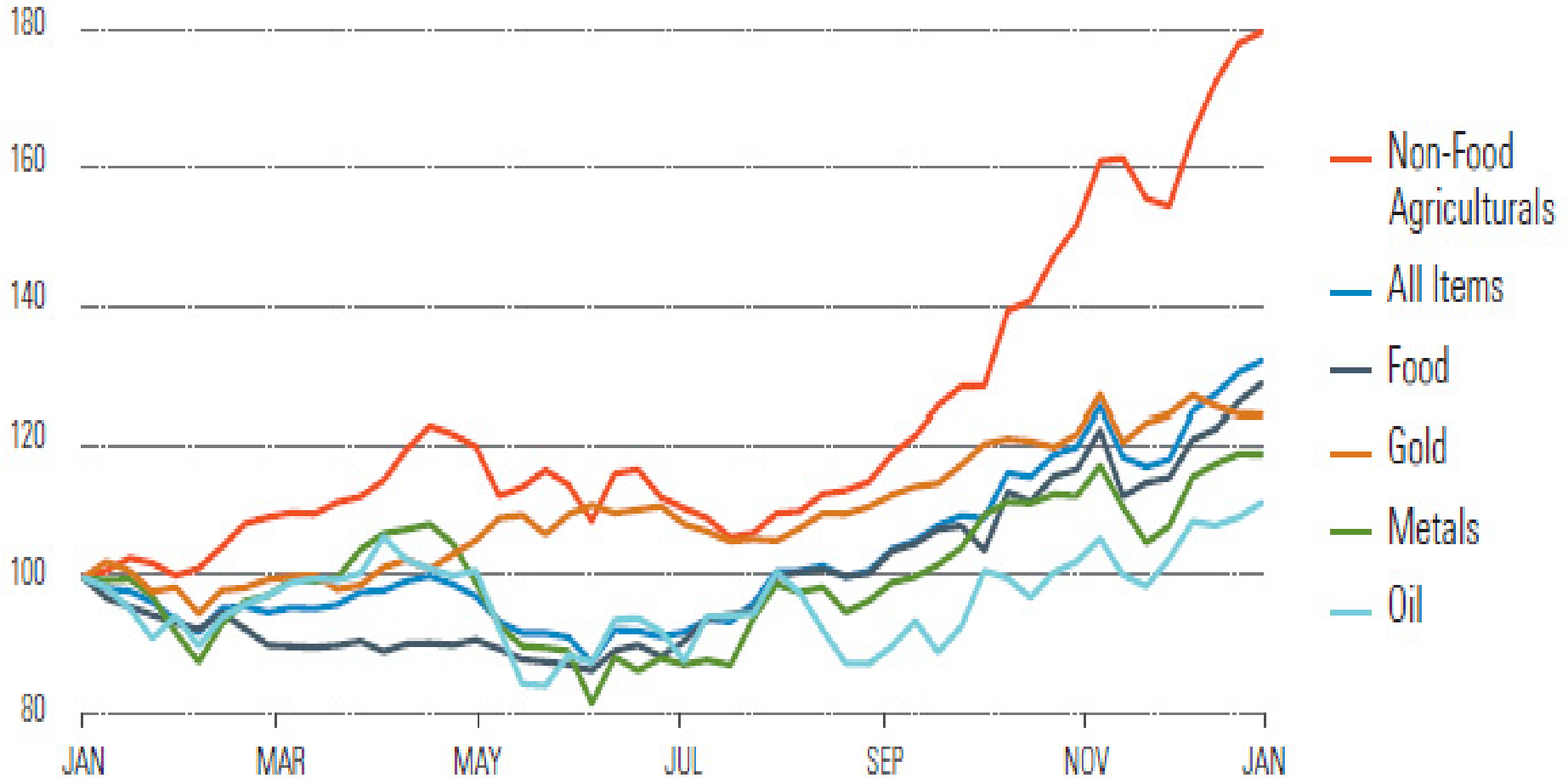
Middle class now and in 2030

Size of the middle class in 2009 and prediction for 2030



Historic Shift: Increase in Resource Commodity Prices

Commodity Price Growth in 2010



Resource Scarcity: “a permanent feature of our lives” Jeremy Grantham (GMO)

GMO Commodity Index: The Great Paradigm Shift



Note: The GMO commodity Index is an Index comprised of 33 commodities. Initiation: aluminum, coal, coconut oil, coffee, copper, corn, iron, jute, lard, lead, natural gas, nickel, oil, palladium, palm oil, soybeans, sugar, tin, tobacco, uranium, wheat, wool, zinc.

“The most important economic event since the Industrial Revolution” (Time to Wake Up: Days of Abundant Resources and Falling Prices are Over Forever, GMO Quarterly Letter, April 2011)

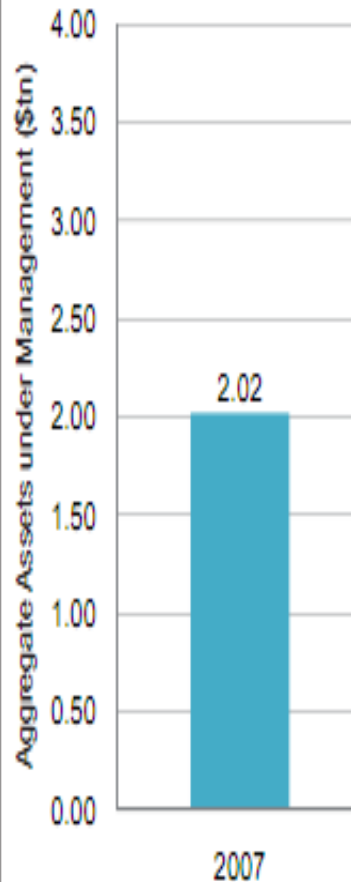
Dramatic Increase in Investments in “Emerging” Economies – Equity, Sovereign Wealth Funds

Private Equity Preps For Transition In Global Economies

“Emerging markets are the source of world growth for much of the 21st century—and private equity is plotting their strategies to navigate regional economic and political instability and volatility.” Christopher Chung, World Economic Forum

“China is a hundred countries in one thousand countries.” Jeffrey Pfeffer

Fig. 1: Growth in Aggregate Assets Under Management (\$trn)



“There will be hundreds of billions of dollars of infrastructure investment over the next decade or so in Africa, in ports, rail, roads, mining, hydroelectric, to exploit the resources and bring them to market.” IFC, May 2011

The Food Crises: Production, Uncertainty, Manipulation

1. The world will not meet the MDG and halve hunger by 2015. **One billion people hungry and increasing in 2010-11**
2. 70% of hungry live in rural zones and 70% of these are subsistence farmers – **success overall requires success with small holders.**
3. Must deal with hunger, poverty and climate change together, inextricably linked systems
4. **Speculative food commodity market now driving change – now roughly 15 times its physical market value** – driving change, a huge disconnect between the utility of food and the function of food markets. Unlike the futures market, these speculative markets can have damaging effects on those outside the trading hall. Increasingly distorted by currency traders.

“One shock away”



Robert Zoellick in *The Washington Post*, May 22, 2011:

“The world is “one shock away” — a major crop shortfall in a large nation, a run of bad weather — from a serious food crisis.”

“Uncertainty is the new normal.”

The Challenge of Water

1. **Problem is more of mismanagement rather than absolute shortage.**
2. Agriculture will remain the dominant use, but the doubling of other uses, such as urban domestic, industrial and thermal cooling will have a profound impact.
3. **Competition and conflict over water** is likely to increase.
4. Whilst a lot of popular concern is centred on the prospect of water wars, **a much more likely scenario is one characterized by local conflict – particularly between farmers and locally-based industry and towns.** The conflict will be all the greater if the industry is multi-national.

Discussion: all comes back to governance – and what local people what and expect, how the tensions will be resolved

The Challenge of Energy

1. New clean tech, low-emissions technologies exist (e.g. solar, biomass, wind), and steadily getting cheaper
2. BUT – all undermined by subsidies to conventional energy (billions annual); and governments, political systems can't overcome vested interests to switch
3. EXCEPT – China, EU? (China investing billions, the new clean-tech hub, may be buying your biomass soon?)
4. Technologies and business models exist that can provide biomass-based electricity to the 1.5 billion without power, provide rural jobs and additional incentives to plant trees and restore damaged ecosystems (over 1.2 billion hectares of degraded forest)

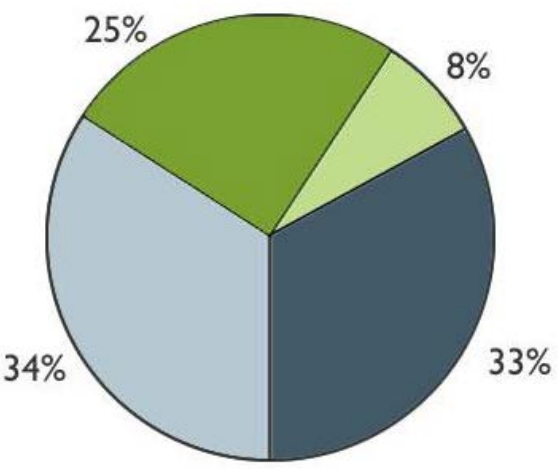
The Problem of “Land”

1. Insufficient arable land – with ag yields level or declining pressure is to extend into forests
2. Insufficient land with secure (and just) rights – disincentive for “good” private investments (lots of incentive for “bad”)
3. Governments reluctant to recognize local rights – difficulty in overcoming vested interests
4. A “spaghetti bowl” – of standards, principles and criteria – discouraging investment by all – from poor landowners to international equity investors.
5. Tremendous yield gaps – showing potential – e.g. case from Northern Morocco – where land quality is same as southern Europe but production only 10%

Distribution of Forest Ownership – Asia and Africa Behind – Proxy for Governance

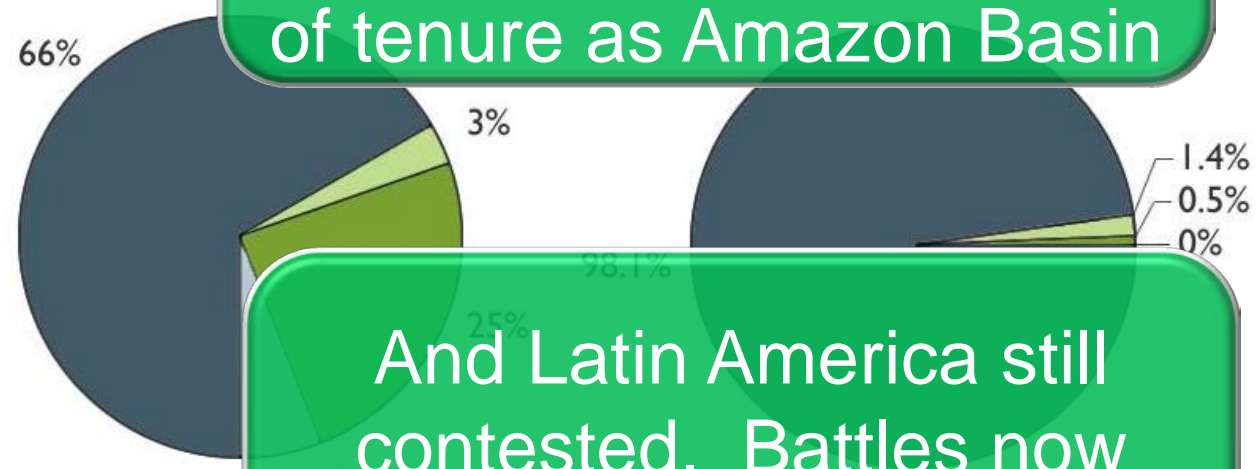
- Administered by government
- Owned by communities & indigenous peoples
- Owned by individuals & firms

Fig. 1: Latin America



(Bolivia, Brazil, Colombia & Venezuela; accounts for 78% of Latin American forests.)

Fig. 2: Asia



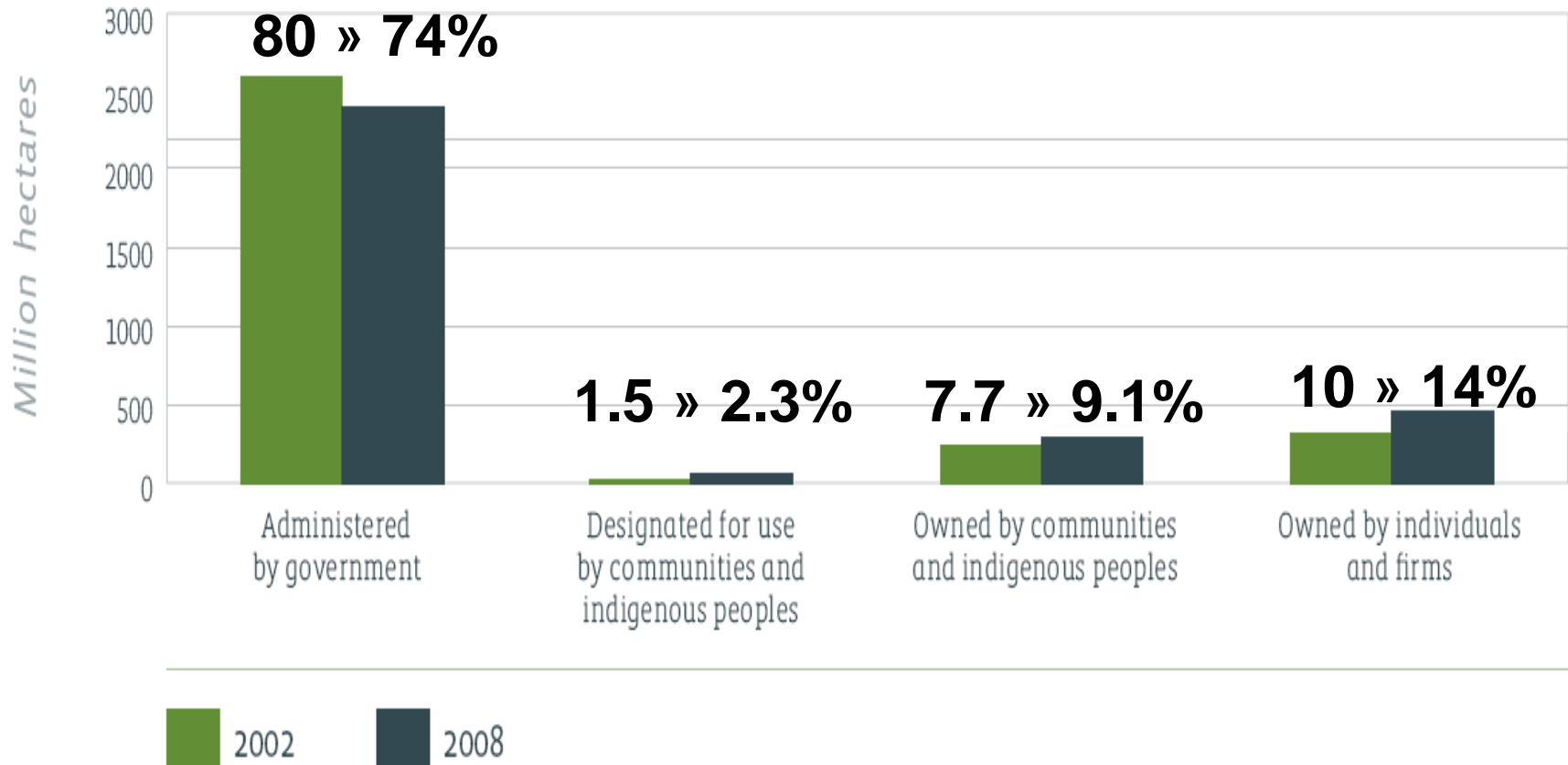
(China, Australia, Indonesia, India, Myanmar, PNG & Japan; accounts for 78% of Asian forests.)

At current rate it will take the Congo Basin 250 years to have same distribution of tenure as Amazon Basin

And Latin America still contested. Battles now fought over what ownership really means.

Status of Forest Tenure – State Dominated but Changing

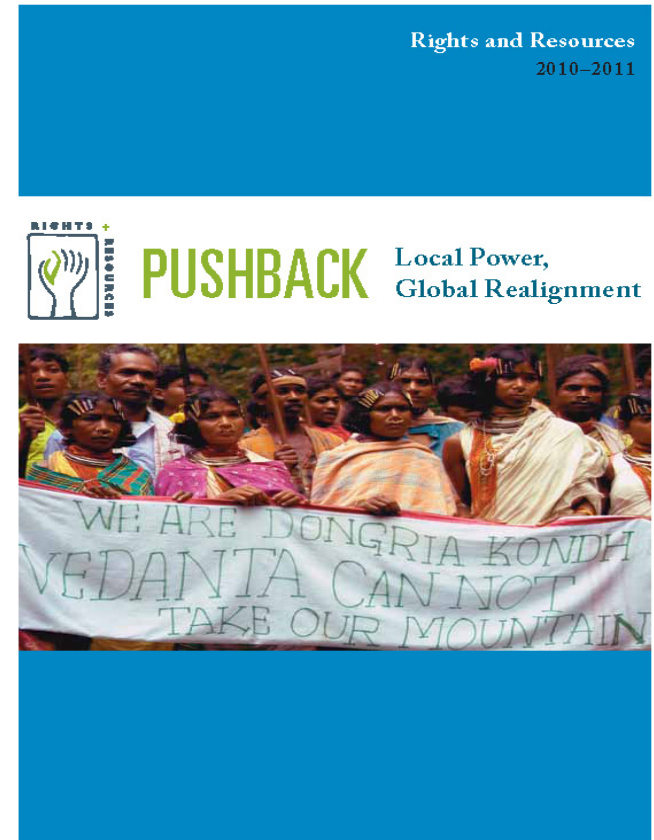
FOREST TENURE DISTRIBUTION BY TENURE CATEGORY IN 25 OF THE 30 MOST-FORESTED COUNTRIES, 2002–2008



Source: Sunderlin, W., J.Hatcher and M. Liddle. 2008. *From Exclusion to Ownership?: Challenges and Opportunities in Advancing Forest Tenure Reform*. Washington D.C.: Rights and Resources Initiative.

What Happened (on Tenure) in 2010?

1. Recognition/devolution to households increased substantially – in China and Brazil
2. No (globally significant) progress of recognition of collective forest rights:
 - doubled between 1985 and 2000
 - ↑5%/year 2000-2008
 - miniscule compared to rate of ‘land grabbing’ ↑1000% between ‘08 and ‘09 (World Bank)
3. Pushback – by local people: many defeats and many successes



Did 2010 mark the end of progress on indigenous and community forest land rights, or just a stall?

Popular Discontent and Mobilization

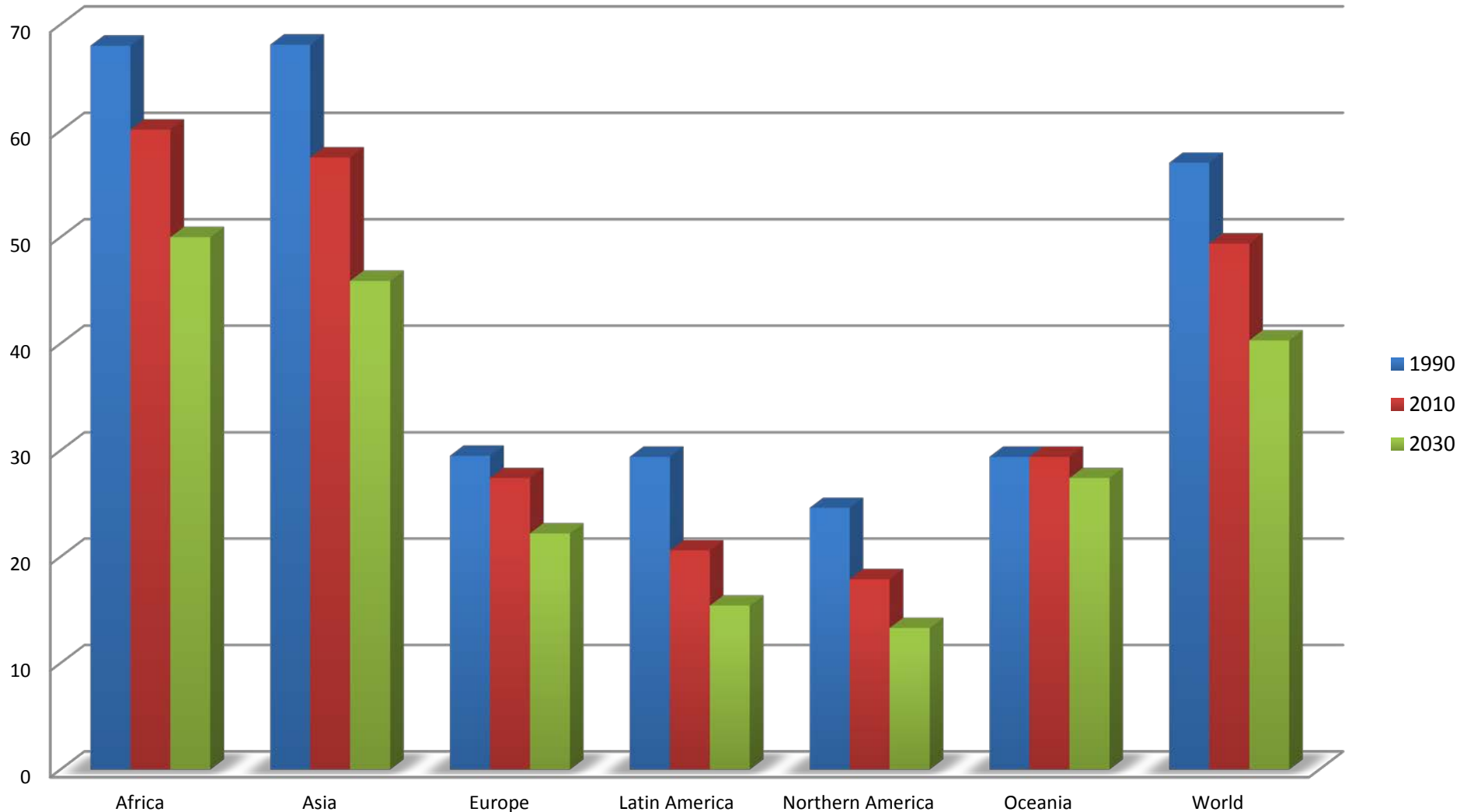
1. “Arab Spring” driven by discontented youth, joblessness, high cost of living;
2. “Great political awakening” – (Brezinski and Scowcroft)
3. Growing mobilization of rural peoples – including women – and telecom access increasing rapidly facilitating mobilization
4. unmet demands for justice, and desire for dignity widespread

They have a sense of urgency – do we, or, does the “west”?



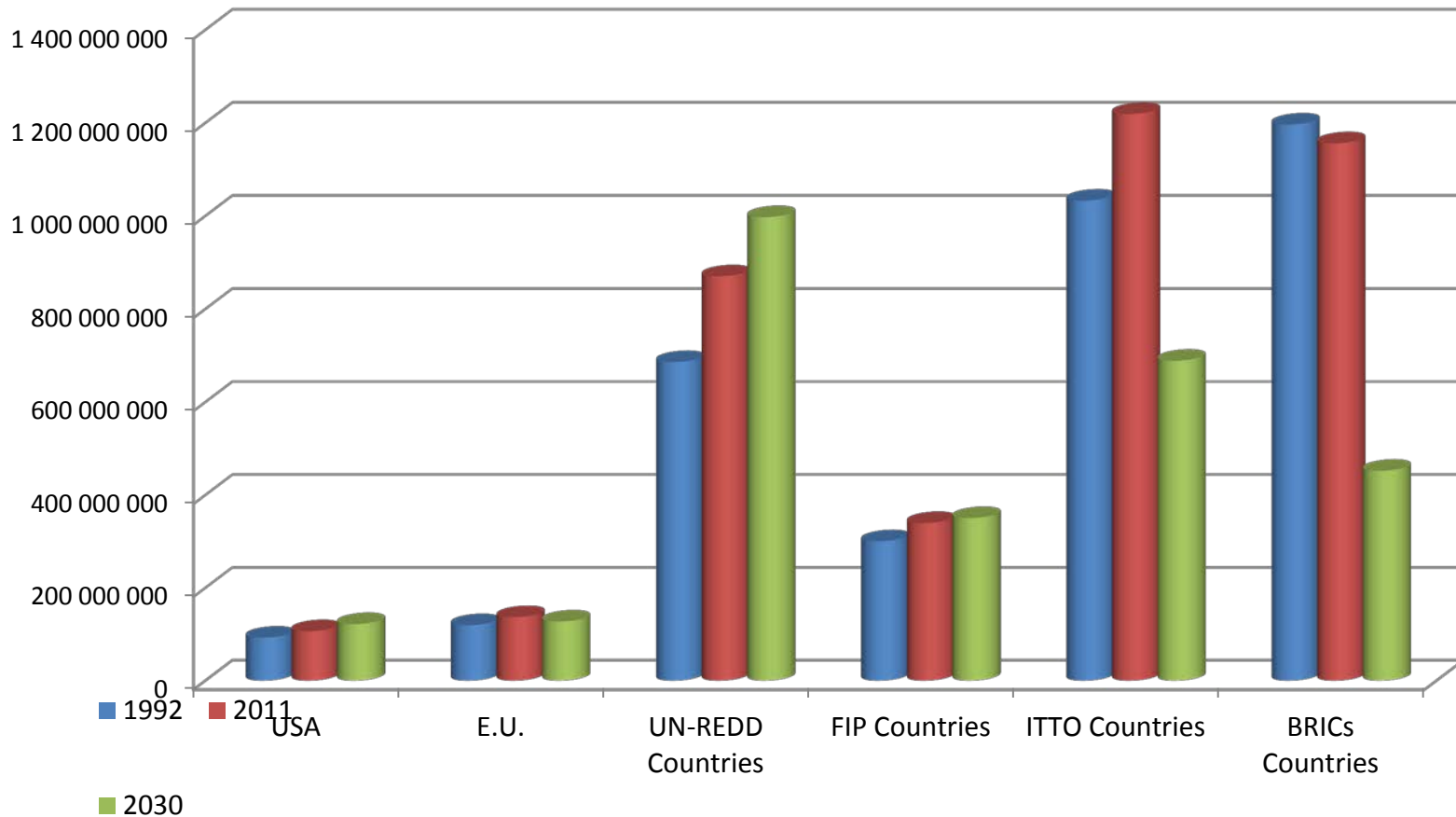
Rural Population Remain Large (thus need for jobs, demand for local products)

Evolution of Rural Population by Regions (%)



Need for Jobs for Young People in Forest Areas

Population under 25



Source: U.S. Census Bureau, International Data Base.

The Failure of Action on Climate Change

1. Historic, colossal collapse of leadership – especially and particularly, from the US;
2. Already causing major disasters, death, destruction – and on current path we’re headed way past 2 degrees C;
3. No one expects an agreement in Durban (UNFCCC already announced in Bonn that it’s too late for a successor agreement to Kyoto);
4. REDD has done some good but is not delivering, misguided by McKinsey and the overly simplistic notions of opportunity cost and ignorance of the real state of forest governance;
5. No forest carbon market anytime soon. Need to change the business models and government to support low-emissions development;
6. From whence will come the leadership and sense of urgency? What to do to get “unstuck”?

Key Findings from Blue Skies

1. All major systems and global challenges now interconnected. Need a systems approach to understand and act upon them;
2. Resource rights, justice, dignity and dreams of development at center of solving issues and developing sustainable resource management and political regimes;
3. Empowering and unleashing the entrepreneurial energies of the the ½ billion “subsistence” farmers and the 1.2 billion forest-dependent people is necessary for success – on all fronts;
4. Need to focus more on influencing investment (infrastructure, etc.) and private sector business models and supply chains
5. Need to now focus on helping local people shape their national resource regimes and emerging economies shape the new world order



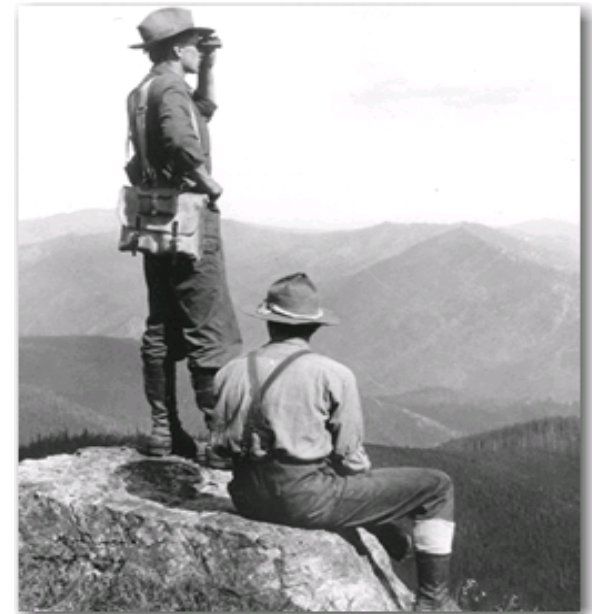
Source: Economist; iAfrica



The Political Basis For Forestry/Natural Resource Governance Is Changing

From:

- Forest/lands owned by the state/public, centralized
- State sponsored industrialization
- Command and control – state-led regulation
- “Western” science, models, regimes, flavors, uniform styles etc.



To:

- Forest owned by many different entities, IP, communities, households
- Locally-led industry, many small-scale enterprises, beyond just timber
- “Democratic Forest Governance”: citizen voice/choice, transparency, accountability



The end of feudal forestry? Who are forestry’s new allies?

What Needs To Be Done

1. Recognize the URGENCY!!!!!!

- *Complacency will doom millions, including us.*
- *Remember and rescue Climate Change*

2. Be willing to rethink our institutions and ACT to transform them;

3. Think big – and help the new drivers of change (local people, emerging economy governments) develop the new world order.

Some Places to Start

1. ***Scale-up transformation of the tropical forest industry and conservation models:***
 1. *Require sustainable supply chains from industrial agricultural and forestry production – e.g. Nestle*
 2. *Establish new global mechanisms to promote pro-conservation and pro-poor, biomass-based energy/forest products – e.g. via the IFC*
 3. *Promote/require community enterprises, outgrower schemes*
2. ***Shift finance to community conservation and production:***
 1. *Develop a new community-based commodity market for forest products and services (including carbon)*
 2. *Encourage national-level funds (e.g. Brazil, Mexico, Costa Rica)*
3. ***Aggressively shape all new investments:***
 1. *International standards on the sovereign wealth funds*
 2. *Build national systems of standards and accountability*
4. ***Establish a global forest tenure/governance fund – public-private partnership with investors, independent of the WB, with emerging economy leaders/investment***
5. ***Invest in the analysis to design and establish the above and more – a hundred BRIC-based “Bretton Woods”***



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