



CAN-International submission on how to address drivers of deforestation and forest degradation

20 February 2012

Climate Action Network-International (CAN-International) is the world's largest network of civil society organizations, with more than 700 members in over 90 countries, working together to promote government action to address the climate crisis.

CAN-International welcomes the opportunity to contribute to the work of SBSTA by giving our views on the issues identified by SBSTA at its thirty-fifth session, recorded in document FCCC/SBSTA/2011/L.25, paragraph 5.

Summary

For REDD+ to succeed, it must reduce, and ultimately reverse, the emissions of greenhouse gases from deforestation and forest degradation. REDD+ policies must address national- and local-scale drivers within REDD+ countries, but they will not significantly reduce deforestation and forest degradation unless they also minimize internationally-driven, demand-side pressures on the world's forests. Forest loss is caused by many factors but, according to the latest analyses, international demand for commodities such as agricultural commodities, biofuels, wood products and minerals is the dominant driver of emissions in many countries. Countries responsible for this international demand need to take steps to reduce those pressures in conjunction with efforts by forested countries to reduce domestic drivers of deforestation and degradation.

All governments have critical roles to play in addressing drivers of forest loss and, at a minimum, the following actions should be addressed in SBSTA recommendations to COP18:

For REDD+ countries:

- Addressing drivers of forest area and carbon loss in multi-sectoral low emissions development strategies and in national low carbon development plans;
- Encouraging Parties to reform ineffective legal and governance frameworks, monitor drivers and clarify land use rights and responsibilities;
- Requesting that NAMAs integrate climate mitigation goals with land use policies across different sectors, including agriculture, mining, public infrastructure, urban development and forestry;
- Encouraging parties to identify and utilize existing abandoned and degraded land for production.

For all countries:

- Noting the importance and inviting Parties to assess policy instruments to reduce the footprint of national and international markets and trade through enforcement of laws and governance, developing and implementing sustainable and responsible procurement and promoting credible certification;
- Inviting Parties to adopt policies to encourage the private sector to take actions that reduce its contribution, whether direct or indirect, at home or abroad, to deforestation and forest degradation;
- Inviting Parties to address leakage prevention through international coordination and active participation by developed countries and major emerging economies that play a key role in the demand for commodities such as palm oil, beef and soy;
- Encouraging all Parties to implement policies and develop incentives to reduce wasteful consumption; and
- Encouraging all Parties to remove perverse incentives that drive deforestation and degradation and ensure responsible finance, including consideration of taxes, subsidies, and investment.

1. Introduction and background

Before the drivers of deforestation and degradation can be addressed it is clearly necessary to know what they are and to have some idea of their scale, both at national and international levels.

Drivers vary considerably from country to country and especially from region to region. In South America, for example, the expansion of cattle ranching and rapidly increasing soy production (including for animal feed) are major drivers of deforestation, with ranching causing the most deforestation in the Amazon. In South East Asia, on the other hand, the leading drivers are wood harvesting (often used for pulp and paper production) and the establishment of oil palm plantations. Indeed, the activities are often linked, with forests first being logged for their timber and then converted to oil palm production, sometimes using the revenue from the timber to finance development of plantations. In parts of Africa, localized activities such as charcoal production to supply nearby growing towns and shifting cultivation also cause significant emissions, while large scale selective industrial logging is a major factor of primary forest fragmentation and degradation in the Congo Basin. Drivers of deforestation and degradation can operate at sub-national, national, regional, or global scales. The wide range of drivers and variability in the scales over which they operate will require that policies and measures and monitoring efforts to address and track drivers take into account specific national forest circumstances and opportunities.

Several currently significant drivers arise from global commodities markets, and international and national trade and economic policies can have significant effects on tropical forests. Deforestation is frequently driven by demand for commodities, for example, palm oil, from both developed and developing countries.¹ Increased demand for biofuels in Europe and North America could well lead to increased deforestation in SE Asia unless constrained; the EU biofuels directive and the US renewable fuels standard are examples of policies that can potentially drive deforestation. It is thus vital that all countries, and developed countries in particular, address the drivers of deforestation by ensuring that domestic policies reduce demand for irresponsibly produced key commodities rather than increasing it.

Some drivers act indirectly but can have a substantial effect. For example, access to and from areas of natural forests is a very large factor in determining whether they will be subject to degradation and/or deforestation. Access is especially important for moving the products of industrial scale logging and agriculture; therefore, the provision of roads in the wrong place can, and does, lead directly to deforestation.

Illegal and unsustainable logging and clearly have the potential to undermine a REDD+ regime and therefore need to be addressed as a matter of urgency.

Much of the information used in this submission is from the Union of Concerned Scientists publication "The root of the problem, what's driving tropical deforestation today" (UCS, June 2011, available at www.ucsusa.org/whatsdrivingdeforestation). CAN thanks UCS for its permission to use this information and for its active participation in CAN.

2. How to address the drivers of deforestation and forest degradation

2.1. *Low emissions development strategies*

Traditional economic development in many countries has relied heavily on the use of fossil fuels and exploitation of natural resources, including forests. One of the main goals of both addressing climate change and sustainable development efforts is to help countries achieve their development goals without depending on highly-emissive and destructive strategies and practices. The following are possible components of low emission development pathways that address a range of drivers of forest-based emissions.

A low emissions development strategy for REDD+ countries should also include a national REDD+ strategy or action plan in accordance with paragraph 71(a) of the Cancun Agreements. In order to address drivers, national REDD+ strategies should include the following elements:

¹ According to agricommodityprices.com India, China, European Union-27, Pakistan, United States, Bangladesh, Kenya, Yemen, Burma, Egypt, Malaysia, Iran, Vietnam and Tanzania are the major importers of palm oil. Earlier, China was the single largest importer but in recent times India has become largest importer of palm oil. http://www.agricommodityprices.com/palm_oil.php

- Identification of the drivers of deforestation and forest degradation, such as commodity markets, infrastructure and land speculation;
- Identification of actions (including policies and measures) to address these drivers;
- Establishment of monitoring to determine if these actions are having the desired impact²;
- Estimation of the potential for emissions leakage across sectors and geographic areas; and
- Identification of those abandoned and/or degraded land on which it may be appropriate to produce commodities.

2.1.1. Land use planning

Low emissions development strategies should include participatory national land use planning efforts to identify and prioritize forests for REDD+ activities. Land use planning should develop a clear pathway for balancing current and future demands on the national landscape, including local livelihoods, agriculture and urban development. These plans should be developed with the participation of local rightsholders and take into account the need to conserve primary forests, the relative carbon contents of forests, the relative contributions of forests and other lands to maintaining and enhancing biodiversity and ecosystem services. They should also respect and resolve/clarify local and indigenous communities' tenure systems and land uses.

For national land use plans to be effective, ministries across sectors and stakeholder and government representatives at national, regional and local levels should be involved in their development and implementation. Implementation of land use planning should also be linked to functional regulatory frameworks and economic incentives: too often, land use plans are ignored because they are viewed as toothless mechanisms.

Land use planning will need to integrate multiple goals, including climate change adaptation and mitigation and sustainable development, and will need to meet the needs of local people. For example, in many countries, land use planning for the sustainable production of firewood and charcoal is a critical consideration for meeting the livelihoods of the poor while protecting the environment and is completely consistent with a low emissions development pathway.

2.1.2. Utilization of existing abandoned and degraded land for production

Most countries have significant areas of land that have been abandoned, and often also degraded. There is about 100 million hectares of such land in the tropics³, much of which could be restored and used either for agriculture or forestry or agroforestry, thus reducing the pressure on natural forests and other ecosystems. A first step in addressing drivers of deforestation should be to assess how much abandoned and/or degraded land is available in any particular country and, ensuring that the rights to land and resources by local communities and indigenous peoples are respected and protected, the prospects for using it productively, and its biodiversity value.

In considering the role degraded land can play, CAN recommends not valuing the land from its carbon perspective only. The CBD provides a useful definition for degraded forests: a degraded forest is a secondary forest that has lost, through human activities, the structure, function, species composition or productivity normally associated with a natural forest type expected on that site. Hence, degraded lands deliver a reduced supply of goods and services from the given site and maintain only limited biological diversity. REDD+ countries should consider how best to use degraded lands as they develop their low emissions development strategies.

² Monitoring of drivers of deforestation and forest degradation, and of the impacts of efforts to address them, should be integrated, to the extent possible, into national forest monitoring systems for REDD+ or other existing monitoring and reporting frameworks.

³ Global Partnership on Forest Landscape Restoration, 2010. "A World of Opportunity"

2.1.3. Reduction and eventual cessation of logging in remaining primary forests

Most logging in the tropics occurs at the expense of primary forests and focuses almost exclusively on few valuable trees, which took several decades if not centuries to grow. Targeting a few species not only leads to their over-exploitation but also requires an extensive network of logging roads that cut through pristine forest areas. As a result, vast expanses of largely untouched primary forests are opened up and fragmented, at increased risk of human induced degradation/deforestation, and more vulnerable to climate change, especially drought-induced fire.⁴

Logging should therefore be redirected to secondary forests and previously logged areas.

2.2. Leakage prevention

Global commodities markets drive a significant proportion of deforestation in many countries. Therefore, if a driver is negated in one country there is a good chance that production of the commodity in question will simply switch to another country (or region), resulting in leakage of emissions. This is not a new phenomenon. More than one hundred years ago, most palm oil was produced in the Niger River estuary, which at that time was known as the Oil Rivers due to the prevalence of oil palm (the oil palm is native to Africa). Large scale commercial cultivation of oil palm later occurred first in Malaysia, then Indonesia and is now spreading to Papua New Guinea. There is a distinct possibility of production moving back to Africa if demand continues to increase, and especially if it is limited by REDD+ and/or other policies in Southeast Asia.

Solving the potential problem of leakage requires international coordination and active participation by the developed countries and major emerging economies that play a key role in the demand for commodities such as palm oil, beef, wood products, and soy. All countries will need to review domestic policies that stimulate demand for such commodities and take action to reduce demand in their countries. All countries have a responsibility to develop and implement sustainable and responsible procurement policies and measures.

Ensuring that all countries have access to REDD+ will also be an important way to address leakage. This can be done by ensuring all interested countries have support to engage in REDD+ readiness. Carefully structuring incentives such that all countries, including countries with high forest cover and low historic rates of deforestation, can participate is also important if we are to avoid displacement of drivers to those countries.

2.3. Policy tools to address drivers of deforestation and forest degradation

The drivers of deforestation and degradation are many and varied, and the specific suite of policies and measures adopted by a country will necessarily be determined by its national circumstances and capacities. However, there are several general categories of policy responses that may be encouraged under the UNFCCC.

2.3.1. Enhanced cross-ministerial coordination

The drivers of deforestation and forest degradation are diverse and hence come under the remits of different national ministries, including forestry, agriculture, mining, planning, commerce and others depending on the nature of the driver. For example, in many countries the issuance of licences for logging production forest can be an important source of government revenue and so finance ministries will need to be involved in planning and implementing REDD+.

⁴ Laurance WF, Camargo JLC, Luizao RCC, Laurance SG, Pimm SL, Bruna EM, Stouffer PC, Williamson B, Benítez-Malvido J, Vasconcelos HL, Van Houtan KS, Zartman CE, Boyle SA, Didham RL, Andrade A & Lovejoy TE, 2011. The fate of Amazonian forest fragments: a 32-year investigation. *Biological Conservation* 14: 56-67.

Malhi Y, Aragão LEOC, Galbraith D, Huntingford C, Fisher R, Zelazowski P, Sitch S, McSweeney C & Meir P, 2009. Exploring the likelihood and mechanism of a climate-change-induced dieback of the Amazon rainforest. *Proceedings of the National Academy of Sciences* 106: 20610-20615.

CBD (Convention on Biological Diversity) 2009. Connecting Biodiversity and Climate Change Mitigation and Adaptation: Report of the Second Ad Hoc Technical Expert Group on Biodiversity and Climate Change. CBD Technical Series No. 41 <http://www.cbd.int/doc/publications/cbd-ts-41-en.pdf>

2.3.2. Improving governance as a tool for addressing drivers

Addressing drivers of deforestation and forest degradation in many countries will require work to improve forest governance. This includes ensuring secure land tenure, effective and well-enforced laws backed by policies that encourage sustainability, and empowered and committed local communities. Additionally, many countries would need to eradicate the corruption that results in illegal or destructive logging or allows ranchers, planters, or settlers who clear-fell and burn forests to acquire land. Improved governance in these countries and renewed commitments by donors can help attract the investments needed to effectively reduce emissions from deforestation and forest degradation.

2.3.3. Domestic and global financing: encouraging development away from forested land

Deforestation and forest degradation in many countries are driven by domestic and global demand for commodities including beef, soy, wood products, and palm oil, and investments in these sectors. In some instances, domestic policies may result in perverse incentives for deforestation and/or degradation linked to production of such commodities through price supports, tax breaks, or other means. The first step such countries can take is to eliminate existing perversities affecting forest land.

However, simply correcting perverse incentives will not, in most cases, sufficiently address the impact of demand for commodities on tropical forests. Domestic policy options can be used to guide development away from forested land. Also, measures to reduce demand for products sourced from deforested land (such as certification schemes), measures to increase transparency, and provisions for responsible domestic investment and procurement can be useful. Similarly, all countries should develop policies to redirect public investments, for example, through public pension funds, away from sectors leading to deforestation and forest degradation.

Efforts should also be made to develop new business models to reduce pressures on forested lands. For example, the prevailing business model promotes large-scale agriculture while ignoring the opportunity presented by tens of thousands of smallholders on millions of hectares of previously deforested landscapes. If policies promoted companies to act as aggregators rather than producers (plantation owners), investment could facilitate smallholder production in a way that respects smallholder rights, improves livelihoods and encourages development away from forested land.

In addition, all countries should adopt policies to reduce public investments in sectors leading to deforestation and forest degradation and to encourage the private sector to take actions that reduce its contribution, whether direct or indirect, at home or abroad, to deforestation and forest degradation.

As when implementing any policies intended to address the drivers of deforestation and degradation, it is essential to recognize the value of non-forest ecosystems and to ensure that these policies to address drivers do not lead to the degradation of other ecosystems valuable for biodiversity conservation, carbon and other ecosystems services.

2.3.4. Legal production

Illegal logging is a significant cause of deforestation and, especially, degradation. Cutting timber for sale is both a direct driver of deforestation emissions and the expansion of selective logging and associated roads acts as a catalyst for complete destruction of degraded forests. Precisely how much logging is illegal is a matter of conjecture, simply because it is illegal and therefore not recorded, but estimates vary between 20 and 40% of internationally traded timber and possibly far more within some countries.⁵

While legal logging, especially in primary forests, is also an important driver, eliminating illegal activities is an obvious first step that also contributes to improving overall governance and needs to be addressed urgently if countries are to successfully implement REDD+. Countries that import timber can help by banning the import of illegal products. The USA and the EU have already taken action to do this. Though they have followed different paths, the resulting policies have similar objectives. In 2008, the USA amended its Lacey Act (originally introduced in 1900 to prevent the transportation of illegally captured wildlife across US state lines) to include a ban on importing illegal timber. The European Union's efforts began in earnest with the launch of its Forest Law Enforcement, Governance and Trade

⁵ Illegal wood for the European market, An analysis of the EU import and export of illegal wood and related products, WWF, July 2008

(FLEGT) Action Plan under which Voluntary Partnership Agreements (VPAs) were developed with tropical forest countries.⁶ To complement these agreements, the EU Timber Regulation, agreed in 2010, prohibits the sale of timber logged illegally under the rules of the country of origin. The Regulation will come into force in EU member states in 2013.

Public procurement policy can also help in preventing the import of illegally logged timber. In most developed countries it is estimated that government accounts for about 10-25 per cent of timber and wood purchases, and thereby exerts substantial influence on the market.⁷ Six EU member states Belgium, Denmark, France, Germany, Netherlands and the UK currently have or are developing systems which will require proof of legal (or sustainable) origin for central government purchases of timber and wood products. Many countries already have a frameworks for 'green' procurement, promoting the use of recycled paper, for example, or sustainable timber in building projects. It should be possible to adapt these frameworks to source legal timber and wood products.

2.4. Technical and methodological considerations

There are several technical and methodological aspects of addressing drivers of deforestation and forest degradation that should be considered under SBSTA. Guidance may be especially useful on where coordination is needed between consideration of drivers and other agenda items, such as capacity building and technology transfer.

A thorough assessment of all past, current, and potential future drivers of deforestation and forest degradation is an integral component of the REDD+ process. Such assessments should be undertaken early and often, and in an inclusive manner using transparent and participatory methodologies. The outcome will inform the development of many components of a national REDD+ framework, including forest monitoring and MRV systems and the choice of policies and measures to reduce emissions. The assessment of drivers should also result in a plan for how those drivers will be addressed and for monitoring the effectiveness of that plan. Drivers are likely to shift over time as policies and measures take effect, as well as with changes in external factors such as technology development and global market trends. Regular, continuous monitoring and evaluation will help countries respond to changes and adapt their REDD+ strategies in a timely manner.⁸

Spatially-explicit monitoring, including independent and community-based monitoring, of the on-the-ground impacts of REDD+ policies and measures can reveal their effectiveness in varying landscapes and contexts, thus allowing REDD+ strategies to be optimized for specific conditions. Monitoring can also alert counties to possible leakage of deforestation or degradation to previously intact forest areas.

2.5. Waste Reduction

The extraction, transport and final consumption of many of the commodities derived from the destruction tropical forests is simply wasted. In the case of food, for example, roughly one-third of food produced for human consumption is lost or wasted globally, which amounts to about 1.3 billion tons per year. As the Food and Agriculture Organisation puts it, "Food is lost or wasted throughout the supply chain, from initial agricultural production down to final household consumption. In medium- and high-income countries food is to a significant extent wasted at the consumption stage, meaning that it is discarded even if it is still suitable for human consumption. Significant losses also occur early in the food supply chains in the industrialized regions. In low-income countries food is lost mostly during the early and middle stages of the food supply chain; much less food is wasted at the consumer level."⁹

⁶ VPAs are agreed, with Cameroon, Central African Republic, Ghana, Indonesia, Liberia Republic of Congo and Vietnam. Negotiations are ongoing with the Democratic Republic of Congo, Gabon and Malaysia, and informal discussions are proceeding in other countries.

⁷ Controlling Illegal Logging Using Public Procurement Policy, Duncan Brack, Energy, Environment and Development Programme, Chatham House, June 2008, EEDP LOG BP 08/02

⁸ Here CAN is not implying that any assessment of potential drivers should serve as a rationale for changing current measuring criteria and goals.

⁹ *Global Food Losses and Food Waste, FAO 2011*

Whilst much more food is wasted in highly developed countries (Europe and North-America 95-115 kg/year as opposed to 6-11kg/year in Sub-Saharan Africa and South/Southeast Asia) there is scope for all countries to be less wasteful.¹⁰

2.6 Safeguards

Small-scale producers, whose access to forests is simplistically perceived by some economic studies as having the lowest opportunity cost, are often seen as the easiest sector to target when addressing drivers, instead of the more powerful vested interests of large corporations that are more politically difficult to confront. Recent studies show that small-scale producers are not major drivers of deforestation. Regardless, the rights and livelihoods of indigenous peoples and local communities must be respected and protected in all aspects of REDD+, including while addressing drivers.

The drivers of deforestation and forest degradation should be addressed while meeting millennium development goal 1.C - halve, between 1990 and 2015, the proportion of people who suffer from hunger.

REDD+ must incorporate strong safeguards for biodiversity and the rights of indigenous peoples and local communities. It must, as a bare minimum, respect the safeguards included in the Cancun Agreement on REDD. This can be undermined by economic analyses which only consider the opportunity costs of tackling different drivers of deforestation but exclude transaction, communication and enforcement costs. Studies which do not factor in those costs can incorrectly imply that it would be more cost effective to remove small-scale producers from their land than to focus on the large-scale deforestation caused by big corporations. REDD+ must not rely on models which only consider a restricted set of economic factors but must include strong provisions for the protection of non-monetary aspects such as biodiversity and peoples' rights.

In some instances, activities that are necessary for survival, such as charcoal production, also result in deforestation and/or forest degradation. It is important to recognize that "energy poverty" is an important component of underdevelopment, and that for many of the world's poorest people, sustainably produced firewood and charcoal are the most feasible sources of energy for the foreseeable future. REDD+ policies and programs must balance competing demands on land and resources in a manner that ensures the food and energy needs of affected populations are met.

¹⁰ Ibid FAO.