



# More haste – Less speed

How to make forests work for the climate and the people

There is a growing recognition that the industrial-scale export-based logging paradigm in tropical forests has failed. According to the World Bank, each year, governments lose \$5 billion in revenue to illegal logging and another \$10 to \$15 billion are lost to the economies of developing nations<sup>1</sup> – more than six times the total official development assistance dedicated to the sustainable management of forests.<sup>2</sup> Around 40% of illegally traded timber is imported by G8 nations.<sup>3</sup>

One billion people living in extreme poverty depend partly upon forests for their livelihoods, and as many as 350 million people living in and around forests are heavily dependent on them. Furthermore, forests are of immense ecological importance, comprise some of the richest biodiversity hot spots in the world and are an extremely important factor in the mitigation of climate change.

In a recent study the World Bank stated that “Industrial timber production has a poor track record in Africa. Over the past 60 years, there is little evidence that it has lifted rural populations out of poverty or contributed in other meaningful and sustainable ways to local and national development.”<sup>4</sup> Whilst on 25 July 2006 Baroness Amos, the UK Government’s House of Lords spokesperson on international development said: “There is a growing consensus that the traditional concession-based industrial logging model does not generate the desired economic, social and environmental benefits.”<sup>5</sup>

Moreover, forests are often targeted by warring factions as they are an easily accessible resource, the exploitation of which requires little more than chainsaws, trucks and an export point, but which can provide significant revenues to fund conflict, sometimes under the umbrella of the ‘legitimate’ timber trade. The international failure to curb the illegal timber trade is highlighted in conflict situations: two of the most brutal rebel groups in history, the Khmer Rouge in Cambodia and the Revolutionary United Front (RUF) in Sierra Leone, depended in large part on timber revenues.

The Stern “Review on the Economics of Climate Change”, issued on 30 October 2006, found that: “Emissions from deforestation are ... estimated to represent more than 18% of global emissions [of CO<sub>2</sub>], a share greater than is produced by the global transport sector.”<sup>6</sup>, which is in itself a strong argument against the promotion of industrial-scale logging.

However, the legacy of the misguided theory that industrial logging provides a durable economic benefit to poor but tropical forest-rich nations, is that it is still considered to be an economic imperative by a whole range of actors including most producer governments and multilateral and bilateral aid donors. Logging companies, very much the root of the problem, have become experts in adopting CSR tactics and signing up to voluntary initiatives such as the Forest Stewardship Council (FSC), and by creating partnerships with well known conservation organisations, whilst at the same time carrying on business as usual and trying to erase their poor past records.

Thus the model of industrial logging is promoted at the expense of the development of alternative forest uses, which are relegated to the areas not allocated to timber concessions, and often comprise already degraded land.

The issue of avoiding emissions from reduced deforestation and degradation is gaining more and more momentum in the international debates and climate negotiations. While this could offer an enormous benefit to the populations of forest rich but poor countries and become a major contribution to climate change mitigation strategies, it also poses great risks and potential harm, and should therefore be approached with caution.

The risks are, for example, a violation of customary land rights of indigenous people, a lack of informed participation of local populations in the process, increased land speculation and conflicts over land and among indigenous groups over compensation funds, corruption by national elites when international funds enter the country. In order to prevent an increase of conflict on different levels, the affected local populations must be directly engaged in the debates, mechanisms, decisions and processes; human rights, customary land rights and a free, prior and informed consent must be guaranteed.<sup>7</sup>

Liberia and Brazil are two countries rich in tropical forests. Yet the current debates surrounding avoided deforestation in the context of climate change differ according to the country's history, the role that forests and timber have played and are playing for the national economy, as well as to the political position taken by the nation's leaders in international negotiations. Despite these differences, it is important from a resource governance perspective to remember that forests constitute a livelihood for millions of people, and that timber is a strategic resource that can generate income to fund conflict and corruption.

The need for action to combat dangerous climate change is urgent and forests will have to play a role in this. But we will have to make forests work for both – for the climate and the people.

## Avoided Deforestation – a Brazilian perspective

Brazil is home to the largest rainforest area of the world, covering some 40% of the country. Burning these forests generates two-thirds of Brazil's total CO<sub>2</sub> emissions. As a result, Brazil is the only emerging economy to be a member of the group of countries in which forest degradation is the main source of greenhouse gases. Clearly the AD<sup>8</sup> debate has major import for the country. The Stern Review has underscored that AD is one of the cheapest and quickest ways of reducing CO<sub>2</sub> emissions. There are further gains for Brazil and other countries: AD maintains the habitat of indigenous peoples and other groups who use the forests sustainably, preserves biological diversity and prevents destructive use.

Despite these great opportunities, Brazil has long blocked all steps to integrate forests in the international climate policy process. Now as before, this has several reasons. Thanks to its high proportion of hydropower, Brazil has a very clean generating mix



Trucks transporting timber from a rainforest in Kelantan, Malaysia (Photo: Gerald Cubitt/OKAPIA)

and is therefore entirely opposed to accepting national emissions reduction commitments. Moreover, the Amazon region is viewed as an issue of national security and any integration within international agreements is seen as a threat to national sovereignty.

Brazil's obstructive attitude was reinforced by a muddled attempt to include forests in the climate regime as sinks. In actual fact, there was insufficient scientific consensus on the degree to which forests act as CO<sub>2</sub> sinks. The present shift from sinks to AD or RED is thus of huge importance to the international climate debate. While many matters of detail remain contentious, it is undisputed that forests are CO<sub>2</sub> reservoirs and that their destruction accounts for some 20% of global CO<sub>2</sub> emissions.

In this setting, it is a major breakthrough that Brazil presented a proposal of its own on RED at CoP 12 in Nairobi. In effect, the largest tropical forest country has now joined the ranks of the RED proponents. This decisively improves the prospects of making forest-related measures an element of international climate policy. There is further consensus that RED must operate at national (not project) level, proceeding from a national baseline. RED sceptics view the uncertain permanence of forest measures as the key counter-argument. What happens when deforestation rates rise again in a country after ten years? This risk will remain part of any RED scheme.

The critical point in further negotiations, however, is the question of financing. The Brazilian government favours a voluntary fund. Others have suggested financing a forest fund by levying an international carbon tax. Most of the smaller rainforest countries, in contrast, prefer a carbon market mechanism involving the creation of tradable emission credits within the Kyoto framework. For the Brazilian government, participation in binding mechanisms under the climate regime remains taboo. There is the added argument that RED must not result in relaxing the reduction targets of the developed countries. India, too, rejects carbon market mechanisms for forest conservation.

In the meantime, the World Bank has become a pacemaker of carbon market financed RED approaches. International NGOs also appear to be finding this proposal increasingly attractive – in marked contrast to their stance on forest sinks. The same applies to major Brazilian NGOs, which now explicitly favour RED and

carbon markets. Others, however, such as Amigos da Terra, have no intention of joining this forest turnaround. They view the carbon market approach as a route towards mercantilization and reduction of tropical forests to CO<sub>2</sub> reservoirs. The question of who precisely will profit from these mechanisms is an important unresolved issue. For instance, governor and soya king Blair Maggi is a new-found friend of the climate. He expects RED to fill the coffers of big landowners who reduce deforestation. Before such questions are resolved, much woodland will burn.

**Dr. Thomas Fatheuer**, Director, Heinrich Böll Foundation, Rio de Janeiro

## Liberia: forest and community rights in the context of climate change

Liberia hosts approximately 45% of the remaining forest in the Upper Guinea Forest region of West Africa. More than 30% of the country's population live directly off the forest. Forests remain one of the major sectors in the country and historically account for between 10-15% of the country's GDP<sup>9</sup>. Timber export in 2002 was valued at an estimated \$100m, approximately 60% of Liberia's export earnings for that year<sup>10</sup>; but this may be attributable to widespread over-harvesting. Due to the role of timber companies in continuing insecurity in Liberia and the region, the UN Security Council banned the import of Liberian timber into member states in May 2003.

The forest sector in Liberia is undergoing reform. The reform has so far focused on institutional and legal issues related mainly to industrial logging. None of the critical issues that have challenged and undermined forest governance and law enforcement has been tackled. Forestland tenure, decentralization and devolution of forest governance and management, and forest land use are three key issues that have neither been tackled nor discussed in any meaningful way throughout the reform process. In fact, the focus of the reform has been on the question "how do we make industrial logging work?"

This is not only narrow in scope but it fails to draw on lessons from the past; industrial logging has not brought any meaningful benefit to Liberia, especially for the rural poor whose livelihoods depend almost entirely on the forest. This is particularly important because beyond Liberia, nowhere on the continent has industrial logging brought real benefits to local communities. Instead it has worsened the economic situation of forest dependent communities. Social and environmental impacts, human rights abuses and funding for violent conflicts have characterised most logging operations. Evidence from other parts of Africa indicates that opening up forests to industrial logging almost invariably leads to massive deforestation with no possibility whatsoever of any tangible social and economic benefits being generated locally.<sup>11</sup>

This experience provides a firm argument in favour of exploring alternative forest uses in Liberia; one of which relates to the challenge and opportunity presented by climate change. Forests have a critical role to play in mitigating climate change, however, it is equally

critical that initiatives being proposed for realising its contribution are managed in a more transparent and accountable manner.

The key word for Bali should therefore be 'caution.' Approaching the discussions in Bali with caution and a view to challenging the status quo or business as usual is critical if forests are to play the role they ought to play in the fight against climate change. Parties to these discussions must commit themselves to providing for the meaningful involvement of forest peoples in decision-making about these schemes at the national, regional and international levels.

The concept of Reduced Emission from Deforestation (RED) has potentials; but those potentials will only be realized if lessons from past failures in the forest sector form the basis of discussions on forests and their role in mitigating climate change. There are also some additional risks and dangers associated with these schemes that need to be clearly assessed and dealt with both at the national and global level. The most apparent is the danger that overemphasizing the potential contribution of this scheme to climate change mitigation efforts could undermine the global campaign for urgent actions to reduce emission. Most of these issues have already been highlighted in various studies<sup>7</sup>. These include the risks of:

- further entrenching governments control over forests, which contribute to the exclusion and marginalization of forest peoples in governance arrangements;
- governments and northern conservation organizations, in their effort to silence opposing views and to guarantee protection of would-be forest carbon 'reservoirs', will exclude forest peoples from the decision-making processes related to the establishment and conservation of these reservoirs;
- national governments and their conservation counterparts unfairly labeling and unjustly targeting local peoples as the 'drivers' of deforestation;
- introducing or entrenching and enforcing forest laws that violates customary land rights in the forest sector;
- increasing land speculation, land grabbing and land conflicts as a result of competing claims on Avoided Deforestation (AD) compensation;
- raising the stakes for conflicts within local communities over acceptance or rejection of AD schemes

The focus of the discussion should therefore be: "How can we make forests work for the climate and people?" The importance of mitigating climate change must not overshadow the need to ensure that forest peoples, whose livelihoods will be seriously impacted by these schemes, are economically and socially empowered to face the challenges that will come with each of them. This is not only the economically sound thing to do, it is socially just and is a major determinant of whether or not these concepts work. Moreover, one of the reasons industrial logging has failed has been its top down approach, with local communities being the last to hear about decisions taken about their forests. A top down approach on avoided deforestation would be likely to fail for the same reasons.

The following recommendations should therefore be critically considered:

- 1. The parties should commit to empowering local communities, including those in forested and deforested landscapes, through the law to fully participate in national level decision

making on Avoided Deforestation or Reducing Emissions from Deforestation and forest Degradation (REDD).

2. The land rights of forest people must be discussed and an agreement reached on how those rights will be respected by individual states. The parties should commit to concrete actions to safeguard the rights of forest peoples. For example, individual governments should commit to formalizing forest people land rights over their customary forestlands and protecting those rights in national law.

3. The fundamental question of who benefits from money to be generated from Avoided Deforestation funds should be discussed and a global framework agreed amongst the parties. The general principles to be applied must be negotiated and agreed and should not be left to individual governments.

4. Local communities whose lands are subjected to the scheme should receive the full benefits of participation.

In a country like Liberia, where stakeholders are only now starting to discuss land tenure, steps must be taken to ensure that the country is first supported to clarify land tenure and reform its land tenure regime and laws. Discussions on Avoided Deforestation should be convened within the broad context of forest governance and management and not as a stand-alone opportunity. Without these broad reforms, the rights and livelihoods of forest people and local communities, the overwhelming majority of the population, will be put at risk.

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## Notes

- 1 World Bank. 2002. A Revised Forest Strategy for the World Bank Group. Washington, D.C.: World Bank.
- 2 [http://siteresources.worldbank.org/INTFORESTS/Resources/ForestLawFINAL\\_HI\\_RES\\_9\\_27\\_06\\_FINAL\\_web.pdf](http://siteresources.worldbank.org/INTFORESTS/Resources/ForestLawFINAL_HI_RES_9_27_06_FINAL_web.pdf)
- 3 <http://www.globaltimber.org.uk/G8IllegalTimber.htm>  
<http://www.illegal-logging.info>
- 4 Forests in Post-Conflict Democratic Republic of Congo, Analysis of a Priority Agenda, CIFOR, World Bank and CIRAD; 2007.
- 5 <http://www.publications.parliament.uk/pa/ld199697/ldhansrd/pdvn/lds06/text/60725w0262.htm>.
- 6 Stern Review, The Economics of Climate Change, page xxv.
- 7 see: Griffiths, Tom (June 2007): 'Seeing RED'? 'Avoided deforestation' and the rights of Indigenous Peoples and local communities, Forest Peoples Programme, [www.forestpeoples.org/documents/ifi\\_igo/avoided\\_deforestation\\_red\\_jun07\\_eng.pdf](http://www.forestpeoples.org/documents/ifi_igo/avoided_deforestation_red_jun07_eng.pdf)
- 8 Some argue that Avoided Deforestation (AD) schemes should include the restoration of degraded forests (REDD = Reduced Emissions from Deforestation and Degradation) while others want to restrict the schemes to deforestation only (RED).
- 9 P. Hess, S. Trainer, Forest Inventory Liberia Report No.2, May 2006
- 10 FDA (Liberia), National Forest Management Strategy (Draft - June 2007)
- 11 Concessions to poverty, The Rainforest Foundation and Forests Monitor, February 2007

### Memorandum To Have and Have Not Resource Governance in the 21st Century

„To Have And Have Not“ is a Heinrich Böll Foundation Memorandum dealing with the challenges of Resource Governance in the 21st Century, focussing on the oil and gas, mining and forest sector. It came about during the German G8 Presidency 2007 through an international civil society networking, strategy and dialogue process. The authors of the Memorandum are key civil society activists from Brazil, Cameroon, Germany, Hong Kong, India, Liberia, Mexico, the UK and USA. It aims to strengthen civil society positions and networks on governance issues in the extractive industries and serve as a handbook and capacity building tool for policy development and action.

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“I support your important effort in raising with the G8 the many complex and globally interrelated issues of enhanced natural resource governance for more mutually beneficial trade and sustainable development. At this juncture these issues are particularly relevant for all global stakeholders. But especially so for fragile post-conflict states such as Liberia, desperately seeking to judiciously lever our precious natural resource endowments, to the durable benefit of our long suffering people.”

Ellen Johnson-Sirleaf, President of Liberia