

## TROPICAL FOREST GOVERNANCE IN THE 21<sup>ST</sup> CENTURY



### Overview

Tropical forests are the most biodiverse ecosystems on Earth; they play a key role in regulating global climate; and provide livelihoods for over 1 billion of the world's poorest people. The past few decades have witnessed unprecedented rates of tropical deforestation, degradation and illegal logging, and improved forest governance is essential to reverse these trends.

Despite widespread agreement among developed and developing countries on the need for concerted action, there is no global, legally-binding agreement on forests. Global-level efforts to support tropical forest governance include a complex framework of overlapping 'soft-law' agreements and segments of related legally-binding conventions.

While global agreement has been slow to evolve, notable progress has been made through numerous multilateral and bilateral arrangements, national initiatives, market-based incentives, 'grass-roots' community management, and partnerships between states, the private sector, and civil society.

## Objective and scope

The objective of this briefing document is to:

- Detail the major challenges to effective governance of tropical forests;
- Provide an overview of current governance frameworks for tropical forests; and
- Highlight likely future directions in global governance of tropical forests.

## Tropical deforestation at a glance

Tropical forests cover about 15% of the world's land surface and 52% of the remaining forest area<sup>1</sup>. They support the majority of the estimated 80% of terrestrial biodiversity contained in forest ecosystems<sup>2</sup>, and approximately 25% of the carbon in the terrestrial biosphere<sup>3</sup>. An estimated sixty million indigenous people are wholly reliant on tropical forests<sup>4</sup>. Around 350 million people are thought to live in tropical forests, and a further 1 billion of the world's poorest people are thought to directly depend on forests for part of their livelihood<sup>4</sup>.

Ongoing forest loss and degradation has deleterious consequences for climate change, biodiversity, soil quality, hydrology, the livelihoods and cultural integrity of forest-dependent people, and sustainability of the timber industry<sup>5</sup>. Between 2000 and 2005, around 13 million hectares of forest were lost around the globe<sup>1</sup>. In South America, the annual forest loss during this period was around 4.3 million hectares, while in Africa 4.0 million hectares were deforested. South and Southeast Asia recorded an annual forest loss of 2.8 million hectares<sup>1</sup>.

The loss and degradation of tropical forests accounts for around 17% of global carbon dioxide emissions<sup>6</sup>. The global mitigation costs of climate change attributable to loss of tropical forest could reach US\$1 trillion per year by 2100 (Eliasch 2008)<sup>7</sup>. The annual cost of lost ecosystem services due to deforestation has been estimated as up to 7% of global GDP (US\$2-5 trillion)<sup>8</sup>.

The drivers of tropical deforestation are multiple and complex, and vary between countries and regions. Deforestation for agricultural expansion is the most common proximate cause of tropical forest loss,

although timber extraction and construction of infrastructure also play a significant role<sup>9</sup>. In Latin America, deforestation is often related to expansion of large-scale beef and soybean production. In Africa, forest degradation is most often associated with fuel wood consumption and expansion of small-scale shifting agriculture. In southeast Asia, land use conversion is mixed, with most deforestation stemming from either smallholder farming or the establishment of palm oil plantations<sup>10</sup>.

Underlying drivers that contribute to tropical deforestation include economic factors, governance factors (e.g. policies encouraging forest conversion, unclear land tenure, poor enforcement of environmental laws), technological factors, and cultural and demographic factors<sup>5</sup>. These factors, furthermore, are highly interactive. Economic drivers are influenced by international trade policies, or by 'perverse incentives' such as subsidies that reward timber extraction and agriculture over forest preservation<sup>5</sup>.

## Governance and tropical forestry

Forest governance is widely acknowledged as playing a central role in forest cover change in many tropical nations<sup>4, 5, 7, 11</sup>. Indicators of governance that may contribute to uncontrolled deforestation include poorly defined property rights, non-transparent decision making processes, corruption, lack of accountability, inappropriate and contradictory forest laws, and weak law enforcement capacity<sup>5</sup>.

Widespread occurrences of illegal logging and illegal conversion of land to agricultural use are symptomatic of the failure of governance, particularly in remote frontier areas<sup>12</sup>. Illegal logging refers to forestry activities that violate national and international laws on harvesting, processing, transporting and exporting wood products<sup>13</sup>. Illegal activities include: logging in protected areas or logging without authorisation; harvesting over allowed quotas; processing logs without licenses; avoiding payment of taxes and duties; and violation of international trade agreements<sup>14</sup>.

Although it is impossible to calculate exact figures, it has been estimated that illegal timber may represent up to 10% of the global trade in primary wood products<sup>14</sup>. More than half of all logging in southeast Asia, central Africa and South America may be illegal<sup>13</sup>, although the

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1 FAO (2006)  
2 The World Bank (2004)  
3 Bonan (2008)  
4 The World Bank (2006)  
5 Kanninen et al. (2007)  
6 IPCC (2007)  
7 Eliasch (2008)  
8 European Communities (2008)

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9 Geist and Lambin (2002)  
10 Lambin and Geist (2003)  
11 Saunders et al. (2008)  
12 Saunders and Nussbaum (2008)  
13 Brack (2006)  
14 Seneca Creek and Wood Resources International (2004)



rate may be considerably higher in some countries (for example, 70 to 80% of logging activity in Indonesia, Gabon, Bolivia and Peru may be illegal<sup>4</sup>). Between 1995 and 2005, illegal logging has cost developing country governments an estimated US\$15 billion per year in lost revenue<sup>4</sup>. Illegal logging also causes numerous other problems, including environmental damage, loss of timber resources for future generations, and provision of revenues for insurgent groups involved in conflict<sup>13</sup>. The widespread nature of illegal logging and poor law enforcement provides little incentive to invest in improved (and more costly) logging practices<sup>13, 14</sup>.

The problem of poor forest governance has been recognised for many years, and has been addressed through a range of initiatives at the international, regional, national and sub-national scale. For example, since 2001, around 60% of all World Bank programmes in the forestry sector have included governance components<sup>15</sup>. The myriad initiatives recognise that tackling systemic poor governance is necessary to increase investment in long-term, sustainable forestry projects and improve forest management<sup>11</sup>.

Broad governance reforms that have been proposed for the forest sector include: the presence of effective institutions, with clearly defined roles and responsibilities; clear and appropriate legislation; the ability to enforce legislation; clear, reliable land tenure; creation of national verification and monitoring systems; participation of all stakeholders in decision-making processes (including civil society and the private sector); development of accountability; and policy reform to remove 'perverse' economic incentives to deforest<sup>4, 7, 11</sup>.

## Existing global governance of tropical forests

### Tropical forests at the United Nations

At the international level, governance of tropical forests is dominated by a number of 'soft-law' agreements. There is no Convention on Forests, although aspects of tropical forest governance are covered by a number of UN conventions (including the Convention on Biological Diversity (CBD), the World Heritage Convention, the Convention on International Trade in Endangered Species (CITES) and the Convention against Corruption, among others).

There was sustained debate over a potential forest convention at the Earth Summit in Rio de Janeiro in 1992. Developing nations were reluctant to participate in a convention that could restrict national opportunities for development through forestry

and agriculture. Instead, nations signed the 'Forest Principles', a non-legally binding statement on forest management and conservation<sup>16</sup>. In addition, Chapter 11 of Agenda 21 outlines global objectives for forest management<sup>17</sup>.

In order to develop a more comprehensive international legal framework, the Intergovernmental Panel on Forests (IPF) was formed in 1995, and later replaced by the Intergovernmental Forum on Forests (IFF) in 1997. The IPF and IFF created over 270 'Proposals for Action' on forests, but did not reach consensus on a forest convention. The UN Forum on Forests (UNFF) succeeded the IFF in 2000. UNFF acts as an international forum for continued dialogue and policy development<sup>18</sup>. The Collaborative Partnership on Forests (CPF) was formed in 2001, and comprises 14 international organisations<sup>19</sup> that support the work of the UNFF. In 2007, the UNFF achieved international consensus on a soft-law agreement: the 'Non-legally binding instrument on all types of forests' (NLBI). The forest convention debate has now been deferred until at least 2015, when the NLBI expires<sup>20</sup>.

Even though the UNFF process was not resolved in favour of a forest convention, the work of the IPF, IFF, UNFF and associated organisations has been important in fostering and promoting norms of sustainable forest management<sup>18</sup>. Although a convention would provide for a more holistic, legally-binding framework for global governance of tropical forests<sup>21</sup>, many groups have expressed doubt that such a convention would be effective in slowing the rate of forest loss. Some commentators argue that the existing international forest 'regime', composed of overlapping international agreements, broad global consensus on the principles of sustainable forest management (SFM), and a range of non-state led initiatives is well suited to the highly complex, variable forest sector<sup>22</sup>.

A parallel process on tropical timber as a trade commodity has been ongoing since 1976, when negotiations began for the first legally-binding International Tropical Timber Agreement (ITTA) at the Fourth UN Conference on Trade and Development (UNCTAD). The third, most recent ITTA was signed in 2006. The terms of the agreement govern the activities of the International Tropical Timber Organisation (ITTO), an intergovernmental body composed of 33 producer

15 Contreras-Hermosilla et al. (2007)

16 UNCED (1992a)

17 UNCED (1992b)

18 Fuchs (2006)

19 See <http://www.fao.org/forestry/cpf/en/> for a full list of organisations in the CPF

20 GTZ (2008)

21 Scholz (2004)

22 Glück et al. (2005)

countries and 26 consumer countries, which together account for 90% of the global trade in tropical timber.

The Food and Agriculture Organisation (FAO) of the UN has played a key role in forest governance, due to its involvement in national forestry programmes, and in joint initiatives with the ITTO to improve law compliance in the forest sector<sup>23</sup>. The World Bank is also heavily involved in forest governance initiatives through the Programme on Forests (PROFOR) and through major regional initiatives on forest law enforcement and governance.

### **Multilateral and bilateral initiatives on tropical forest governance**

Due in part to the inability to reach a legally binding international agreement on forest management, global governance of forests has become decentralised and somewhat fragmentary<sup>24</sup>, with emphasis placed on multilateral, bilateral, national and non-state led governance programmes. Among the most wide-ranging of the multilateral, state-centred initiatives are the EU's Forest Law Enforcement, Governance and Trade (FLEGT) Programme, and the World Bank-led regional Forest Law Enforcement and Governance (FLEG) process.

The EU's FLEGT Action Plan<sup>25</sup>, proposed in 2003, led to the adoption of the EU FLEGT Regulation in 2005. A key aspect of the plan is the development of Voluntary Partnership Agreements (VPAs) between individual countries and the EU, whereby only legally produced timber from participating countries will be allowed to enter the EU. In return, EU countries commit to improving access to EU timber markets for partner countries, and to support countries to improve governance, reform policy, build capacity, and involve all stakeholders in the negotiation process.

In September 2008, Ghana became the first country to sign a VPA with the EU, followed by the Republic of Congo in 2009. The terms of a VPA has been signed with Cameroon and negotiations are ongoing with Indonesia, Malaysia, Central African Republic, and Liberia, and informal discussions are proceeding in many other countries<sup>26</sup>. It is anticipated that after negotiating and signing a VPA (which in the case of Ghana took three years), another two years will be required before the agreement can be fully implemented<sup>11</sup>.

As the FLEGT programme is in the early stages of

implementation, it is perhaps too early to evaluate its effectiveness in improving tropical forest governance. Civil society and private sector representatives have been actively involved with the negotiation of most VPAs. FERN, a European non-government organisation (NGO) with an interest in the FLEGT process, has expressed 'cautious optimism' over Ghana's VPA agreement, as it was based on a multi-stakeholder consultation process and makes explicit mention of the role of local communities. Some concerns remain that the details of the forest law reform process and independent monitoring are not clear<sup>26</sup>.

The World Bank-led FLEG process has led to ministerial conferences for East Asia and the Pacific (2001), Africa (2003) and Europe and North Asia (2005). Regional FLEG-related activities in Latin America are coordinated through existing partnerships in Central America and the Amazon region, principally the Amazon Treaty Cooperation Organisation (OCTA) and the Forest Technical Committee of the Central American Commission on Environment and Development (CCAD). The focus of the FLEG programme has been to promote cooperation and communication among states to combat illegal logging and timber trade, and to disseminate accurate information on these topics.

In many countries there have been problems converting the FLEG conferences' Ministerial Declarations into action at the national level. Difficulties in implementation can be attributed to: the frequent absence of a strong sense of government 'ownership'; political leaders' poor knowledge of the issues surrounding illegal logging; high levels of corruption and strong influence of powerful illegal loggers; poor donor coordination; overemphasis on enforcement without considering the drivers of illegal activity; and insufficient involvement of non-state actors leading to a lack of consensus<sup>27</sup>. Further, the high complexity of reforms required and the contentious nature of illegal logging has meant that changes to the political and legal framework take a long time to occur, and are difficult to sustain over the long term<sup>27</sup>.

Multilateral talks and the high international diplomatic profile given to illegal logging and forest governance have contributed to the formation of multilateral groups such as the Asia Forest Partnership, the Central African Forest Commission (COMIFAC) and the Coalition for Rainforest Nations. The G8 activities have also explicitly included tropical forests, with an Action Programme on Forests between 1998 and 2002, and deforestation included as an important issue during the most recent presidencies of the UK (2005) and Japan (2008).

23 FAO (2005)

24 Agrawal et al. (2008)

25 Commission of the European Communities (2003)

26 Chatham House (2009)

27 Contreras-Hermosilla (2007)

The EU FLEGT-sponsored VPAs are technically bilateral, as they are made between individual countries and the European Community. There are numerous other bilateral agreements surrounding governance of tropical forests. For example, the German Federal Government is involved in governance-related aid and development programmes with many countries<sup>20</sup>. The US has negotiated agreements with 11 countries, mostly in Latin America, under the Tropical Forest Conservation Act (1998). The Act provides support and funding for locally-based tropical forest conservation initiatives (with the aim of strengthening civil society) in return for debt relief<sup>28</sup>. The United Kingdom and Indonesia signed a Memorandum of Understanding (MoU) in 2002 to combine efforts to combat illegal logging. Norway and has recently signed an MoU with Guyana to provide financial support for rainforest conservation<sup>29</sup>, and has also pledged up to US\$1 billion to Brazil for forest conservation<sup>30</sup>.

### National initiatives to improve forest governance

A number of consumer countries have shown strong commitment to improving tropical forest governance through action at the national government level. The United Kingdom has been particularly active in promoting international trade-based initiatives to improve forest governance<sup>31</sup>, with a substantial Forest Governance and Trade Programme within the Department for International Development (DFID). The programme primarily supports activities in countries entering into VPAs under the EU's FLEGT plan<sup>32</sup>. The UK government also operates procurement policies that call for the use of timber and paper products from legal and sustainable sources, and exclusion of unlicensed or illegal timber. Denmark and the Netherlands follow similar policies<sup>33</sup>.

In May 2008, the United States enacted an amendment to the Lacey Act (a statute initially designed for wildlife protection), which makes it a criminal offence to import illegally sourced timber and wood products. The definition of 'illegal' refers to forest laws in the country of origin<sup>34</sup>. It is anticipated that the stringent nature of the US approach will act as a strong economic disincentive for loggers and traders to behave illegally.

Several forest nations have implemented programmes

- 28 USAID (2006)
- 29 [http://news.mongabay.com/2009/0204-guyana\\_norway.html](http://news.mongabay.com/2009/0204-guyana_norway.html)
- 30 [http://www.norway.org.bd/policy/environment/regnskogen\\_i\\_brasil\\_en.htm](http://www.norway.org.bd/policy/environment/regnskogen_i_brasil_en.htm)
- 31 Forest Trends (2006)
- 32 <http://www.dfid.gov.uk/mdg/forest-govern-trade.asp>
- 33 Gulbrandsen and Humphreys (2006)
- 34 USDA (2008)

designed to improve forest governance and slow deforestation, most notably Brazil. Brazil loses more natural forest each year than any other country, with an average annual loss of 3.5 million hectares between 2000 and 2005<sup>1</sup>. Over the last decade, Brazil has made changes in laws and policies on forest management and land tenure<sup>35</sup>, and has undertaken a number of 'experiments' in frontier governance, such as land-use zoning, satellite-based monitoring and expansion of areas protected as indigenous reserves or for conservation<sup>36, 37</sup>. These changes appear to have been partly responsible for a drop in deforestation rates since 2004<sup>37</sup>.

In December 2008, the Brazilian government launched the 'National Plan on Climate Change', which aims to cut deforestation rates in 2017 by 70% in comparison with the period 1996-2005<sup>38</sup>. The initiative is supported by the 'Amazon Fund', which Brazil hopes will generate US\$21 billion by 2021 through donor contributions. Although Brazil has made some significant advances, two of the major impediments to forest governance are unresolved land tenure, and under-resourced environmental agencies, particularly in remote frontier regions<sup>36</sup>. Such problems are common to many tropical forest nations.

### Non-state led initiatives for improved governance of tropical forests

Non-state actors have become increasingly important in forest management and governance, due in part to ineffective forest regulation at the national and international level<sup>39</sup>. Other factors driving the active participation of non-state actors include the ongoing trend towards decentralisation of forest management<sup>24</sup> and state engagement with civil society and private sector governance initiatives.

Non-state led governance initiatives include forest certification schemes, direct management by local communities and indigenous peoples, and the formation of strategic alliances between non-government organisations (NGOs), local communities, research institutions and states. Private corporations are also becoming involved in governance by investing in forest carbon.

A variety of certification programmes exist, including a number of national, industry-led programmes. The Forest Stewardship Council (FSC) was founded in 1993 by a group of transnational NGOs (most notably the

- 35 Including the 2006 Law on Public Forest Management.
- 36 Thiel and Viergever (2006)
- 37 Nepstad *et al.* (2006)
- 38 Government of Brazil (2008)

World Wide Fund for Nature or WWF). The idea behind the FSC was to create market advantage by providing certification to timber operators that pass compliance tests, based on criteria agreed at the national and subnational level. The FSC model has been most successful in temperate forests, with around 17% of the total area of FSC-certified forests in developing countries<sup>39</sup>.

The lack of wider adoption of certification in tropical forests has been attributed to lack of resources, poor infrastructure, corruption, the high cost of certification, and environmentally insensitive markets flooded with cheaper, illegally logged products<sup>39</sup>. With 4% of global forests certified, certification arguably cannot provide sufficient incentive for improved governance without links to wider policy reform<sup>18</sup>. However, certification has played an important role in promoting sustainable forest management and improving communication among forest stakeholders<sup>39,40</sup>.

It is widely agreed that forest governance initiatives are more likely to succeed if those whose livelihood depends on the forest resource are active participants. For example, in the Brazilian Amazon, legally recognised indigenous lands act as strong impediments to deforestation, with indigenous tribes often enforcing legal restrictions on forest use<sup>37</sup>. Collective action groups have emerged elsewhere in Latin American frontier regions, often in response to state imposition of conservation and development initiatives that did not benefit or include the local community<sup>41</sup>. An analysis of four social movements in Guatemala, Nicaragua and Brazil suggested that the common element of success was early outside assistance that helped strengthen local institutions and establish networks, pressuring governments to recognise the communities' rights<sup>41</sup>.

In anticipation of a new mechanism for carbon trading under a revised Kyoto Protocol (following the UN Framework Convention on Climate Change (UNFCCC) in December 2009), several 'avoided deforestation' projects are being developed, involving the private sector, civil society and governments. These alliances form in expectation of mutual benefits: corporations are able to trade carbon credits, governments to receive financial and capacity building assistance, international NGOs to achieve their aims of conservation and local participation, and communities to gain resources and involvement in forest management. Examples of such projects include the Noel Kempff Mercado Climate Action Project in Bolivia<sup>42</sup>, the Ulu Masen project in

Aceh, Sumatra<sup>43</sup>, and Juma Sustainable Development Reserve Project in Amazonas, Brazil<sup>44</sup>.

Aside from their intrinsic social, cultural and biological value, forests are also economically valuable for more than carbon and timber. There is potential for creating new financial mechanisms to encourage investment in forest ecosystem services, such as rainfall generation and weather moderation<sup>45</sup>. The Iwokrama Forest project in Guyana is an example of investing in forests in return for multiple ecosystem services<sup>46</sup>.

The contribution of civil society to forest governance programmes can be seen in the active involvement of local to global NGOs and research institutes in formulation and implementation of policy on forest governance. At the international level, WWF and the International Union for the Conservation of Nature (IUCN) have been active in co-ordinating projects designed to support FLEG- and FLEGT-related initiatives (such as the IUCN's 'Strengthening voices for better choices' programme in six countries)<sup>47</sup>. Among other important NGOs and research institutes, US-based Forest Trends, The Forests Dialogue at Yale University, Chatham House in London<sup>48</sup> and the Centre for International Forestry Research (CIFOR) in Indonesia have been heavily involved with research and information sharing at the international level on issues surrounding forest governance<sup>4</sup>.

## Looking to the future: Ongoing initiatives in tropical forest governance

### Reduced emissions from deforestation and degradation (REDD) and forest governance

The first implementation period of the Kyoto Protocol to the UNFCCC runs from 2008 to 2012. The terms of the post-2012 climate framework are being negotiated in the lead up to the UNFCCC 15<sup>th</sup> Conference of the Parties (COP) in Copenhagen, in December 2009. Deforestation was not explicitly included in the Kyoto Protocol, due to the difficulty of measuring carbon emissions from forest loss, and because of concerns over 'leakage' – deforestation and degradation might simply move to areas outside the boundaries of projects supported by the Kyoto Protocol<sup>49</sup>. However,

39 Cashore *et al.* (2006)

40 Karsenty *et al.* (2007)

41 Cronkleton *et al.* (2008)

42 <http://www.noelkempff.com/English/ProjectSummary.htm>

43 [http://www.rainforest-alliance.org/news.cfm?id=carbon\\_ccb](http://www.rainforest-alliance.org/news.cfm?id=carbon_ccb)

44 Fundação Amazonas Sustentável (2008)

45 Mitchell (2009)

46 [www.iwokrama.org](http://www.iwokrama.org)

47 IUCN (2005)

48 Chatham House manages a website with extensive resources at [www.illegal-logging.info](http://www.illegal-logging.info)

49 Wainwright *et al.* (2008)



it is now recognised that the loss and degradation of tropical forests must be addressed in the post-2012 international climate agreement, in order to reach target levels of atmospheric carbon dioxide<sup>50</sup>.

Under a new mechanism for reduced emissions from deforestation and degradation (REDD), developing nations would receive some form of financial compensation, such as carbon credits, for lowering the rate of forest loss. The idea for REDD was first raised by Papua New Guinea and Costa Rica, supported by the Coalition for Rainforest Nations, at COP11 in Montreal, and was officially included as part of the post-2012 climate framework under the terms of the Bali Action Plan<sup>51</sup> from COP13. Such a mechanism has the potential to generate billions of dollars in carbon payments for developing nations with significant tropical forests<sup>52</sup>. While a REDD mechanism represents a powerful market incentive to leave forests standing, governance failures in many of the countries that stand to benefit most from REDD represent a serious challenge to successful implementation<sup>7, 11, 52</sup>.

There are currently a large number of REDD proposals<sup>53</sup>. Although it is still unclear what the final shape of the REDD mechanism will be, it now appears unlikely that the final terms will be resolved by COP15 in Copenhagen. However, it does seem likely that some form of governance reform will be a requirement for participating in any future REDD mechanism. Uncertainty remains over how to fund such reform, which will need to commence before countries start to receive finance from carbon credits. For governance reform to be effective, financial contributions and development aid from industrialised countries will be required, in concert with strong political commitment and project leadership<sup>54</sup>.

In recognition of the governance challenges to REDD-related schemes, the World Bank launched the Forest Carbon Partnership Facility (FCPF) in December 2007, as a pilot programme to assist countries to attain 'readiness for REDD'. At present, 23 countries are receiving capacity-building assistance. The FCPF has attracted criticism from some indigenous rights groups, due to a perceived lack of sufficient consultation with forest peoples, and in some countries such as Papua New Guinea, the exclusion of civil society by the state during negotiations<sup>55, 56</sup>.

## **Market-based incentives to improve legality and governance in the forestry sector**

The combined effect of Voluntary Partner Agreements under the EU FLEGT programme, the ban on importing illegal timber into the US, increased penetration of certification schemes and carbon credits for avoided deforestation will result in increased market-based incentives to reform forest governance. However, it is unclear what level of market demand is required to catalyse significant governance reform and lower rates of tropical deforestation and degradation<sup>57</sup>. Financial gain is only one of a complex series of drivers of tropical deforestation, so that economic incentives must be accompanied by policy and action to reform forest governance<sup>9, 11</sup>.

To increase the economic incentive to trade in legally extracted tropical timber, current international trade and certification efforts to combat illegal logging need to expand to include major markets and processing countries such as China, Korea and Japan<sup>4, 39</sup>. At present, bilateral international agreements such as VPAs can be circumvented by exporting or processing timber products through a third country<sup>31</sup>. It must be borne in mind that the greatest proportion of tropical timber is destined for domestic markets, where international agreements on timber trade are unlikely to have a strong influence<sup>23</sup>.

Partnerships between states, corporations and civil society on avoided deforestation and payment for carbon credits are likely to increase in prevalence, particularly in the context of a potential REDD mechanism. There is much current debate over such schemes, centred around who owns the right to the forests and their carbon, how communities may best benefit from the projects, and the disparate (and potentially conflicting) agendas of the actors involved. The high variability of carbon prices in international markets and the current global credit crisis will have significant impacts on the availability and extent of private sector and government investment, with ramifications for voluntary partnerships and projects<sup>58</sup>.

## **Participatory and inclusive approaches to forest governance**

Forestry has been steadily moving towards a more participatory agenda, with the gradual abandonment of 'top-down' initiatives towards a focus on 'grass roots' action and active participation of civil society and the private sector<sup>24</sup>. This trend is expected to continue, although there are concerns that the prospect of large payments for forest carbon may result in a 'forest

50 Stern (2006)  
51 UNFCCC COP (2007)  
52 Ebeling and Yasué (2008)  
53 See Parker *et al.* (2008) for an overview  
54 Hoare *et al.* (2008)  
55 Forest Peoples Programme (2008)  
56 Global Witness (2008)

57 Y. Malhi and R. Nussbaum, pers. comm. (2009)  
58 ICF International (2009)

grab', corruption, and exclusion of forest dwellers and powerless stakeholders<sup>59</sup>. For this reason, it is imperative to implement appropriate governance reform, including secure land tenure and explicit agreement about who should receive payment for forest carbon<sup>59</sup>.

Major international governance initiatives, including the EU FLEGT process and the World Bank's Forest Carbon Partnership Facility, require that governments undertake consultation and negotiation with civil society groups and forest peoples in order to receive assistance, although the actual degree of consultation varies between countries. Experiences from projects coordinated by numerous agencies, NGOs and research institutes have shown consistently that involvement of local communities is a key ingredient of successful initiatives to improve forest governance, as is the equitable and reliable clarification of land tenure and rights to forest resources<sup>11, 24, 54</sup>. Long-term political support is also essential to improve forest governance; past initiatives have often been hampered by changing political priorities<sup>60</sup>.

The availability of real-time satellite imagery raises the possibility of involving civil society groups in forest monitoring, and the question of whether 'community policing' and empowering people to use information could be an effective method of improving forest governance<sup>61</sup>.

To date, non-state actors (including indigenous peoples, farmers, loggers and plantation owners) have been situated on the fringes of the negotiations surrounding a potential REDD mechanism, as national delegates make key decisions in various UNFCCC fora<sup>62</sup>. Past experience has shown that exclusion of non-state actors is likely to lead to an unsatisfactory outcome for forest governance.

## Summary

Tropical deforestation is a politically, socially and environmentally complex issue that has been debated in the international policy arena for over three decades. The drivers of illegal and legal conversion of tropical forests to other land uses vary within and between countries. Deforestation in a given area will continue as long as it remains more profitable to remove trees than to keep them standing, and where there is limited political will and/or capacity to halt deforestation<sup>54</sup>.

Numerous international agreements on tropical forest

governance, and the involvement of the private sector and civil society have given rise to a global forest 'policy network'<sup>22</sup>. The emergence of forest law enforcement and governance initiatives based on extensive consultation with local stakeholders represents a real opportunity to slow tropical forest loss. Financial compensation for forest carbon and ecosystem services could provide substantial funding. Strong political commitment will be needed to implement the required governance reforms at a local and national level. This will necessarily include land tenure reform, and the equitable and just distribution of benefits flowing from carbon payments.

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Published: February 2010

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59 Collaborative Partnership on Forests (2008)

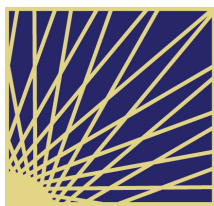
60 R. Nussbaum, pers. comm. (2009)

61 Y. Malhi, pers. comm. (2009)

62 H. Schroeder, pers. comm. (2009)



## The 21st Century School and Tropical Forest Governance



The **James Martin 21st Century School** ([www.21school.ox.ac.uk](http://www.21school.ox.ac.uk)) was established in 2005 at the University of Oxford to foster innovative thinking, deep scholarship and collaborative activity to address the most pressing risks and to harvest new opportunities of the 21st century.

The School's Institutes are home to interdisciplinary research teams from across the University working on a wide range of topics of global significance in the fields of health, climate change, and other frontiers of science and society. By stimulating cutting-edge research and intellectual exchange and public debate, the School aims to enhance the management of systemic risks and to leverage the opportunities arising from technological and social innovations.



The **Oxford Centre for Tropical Forests** (OCTF) ([www.octf.org.uk](http://www.octf.org.uk)) was launched in late 2008, with funding from a range of sources including the James Martin 21<sup>st</sup> Century School and the Environmental Change Institute (ECI) at the University of Oxford. The OCTF is a network that takes advantage of the wealth of knowledge on tropical forests held in Oxford, including a number of university departments, NGOs, private companies and the public sector.

Among the private companies in the network are ProForest ([www.proforest.net](http://www.proforest.net)), which coordinates the Central Point of Expertise on Timber Procurement at DFID, and EcoSecurities ([www.ecosecurities.com](http://www.ecosecurities.com)), a company that sources, develops and trades emission reduction credits. Together with Chatham House and the Overseas Development Institute (ODI), ProForest and EcoSecurities produced one of the background papers for the Eliasch Review on estimating the cost of capacity building in rainforest nations<sup>52</sup>. The Global Canopy Programme ([www.globalcanopy.org](http://www.globalcanopy.org)), an alliance of NGOs, universities and research institutes that is also part of the OCTF, has produced an overview of some of the major REDD proposals<sup>51</sup>.

The OCTF is currently expanding its programme of work on tropical forest governance, and has recently appointed three James Martin Research Fellows in Forest Governance to undertake research into the human dimensions of tropical deforestation.

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