

## **Summary: The challenges of deforestation and forest degradation in the context of climate change, development and biodiversity loss**

On 26 and 27 May 2014, some 120 representatives of EU Member States, third countries, international organisations, the private sector, NGOs and research organisations/think tanks, responded to an invitation by the European Commission to discuss how to address deforestation and forest degradation in the context of climate change, development and biodiversity loss. The conference started a broad consultation process both inside and outside the EU to address the issue of deforestation and inform the development of future strategies.

### **Session I: PLANET – Deforestation and forest degradation on a global scale**

The first session set the scene, from a global and macroeconomic perspective, offering an overview of the current state of knowledge on current and emerging forest trends. It discussed the current limits and future developments of tools to predict and monitor deforestation, degradation and associated impacts on people, climate and ecosystems.

Deforestation is the result of a complex interaction of many drivers, some of which are highly context-specific. Overall though, demographic growth and increasing per capita consumption are the main driving forces. Agriculture, and specifically expansion of commercial and subsistence agriculture, is by far the most important driver of deforestation - present and future. Most future forest conversion to other land uses is going to take place in Africa and Latin America.

In addition, the inefficient use of natural resources (ineffective bio-energy, food wastes) puts further pressure on forests. Policies should consider consumption patterns.

The quantity and quality of data available on land use and land cover has increased rapidly in recent years: remote sensing information, coupled with participative ground-truthing, can now play a key role in informing and monitoring land-use policy.

Research and development in tropical agriculture as well as tailored extension services and finance to farmers can also contribute to reducing pressures on land and forests.

Voluntary private sector commitments can be useful in the short term, and generate positive spill-over effects, but in the longer term they cannot substitute public policies - necessary to regulate the market and set a level playing field- and law enforcement.

REDD+ can play an important catalytic role in redirecting investments towards sustainable land-use practices. However, early lessons demonstrate that tackling the enabling conditions - forest governance reform, strengthened law enforcement, land tenure and forest peoples' rights- are difficult prerequisites. Moreover REDD+ can only work if it is aligned to domestic policies and part of a coherent national approach to land use integrating rural development, adaptation and mitigation in consistent targets.

The challenges of deforestation and forest degradation cut across many policy areas. Ensuring policy coherence through comprehensive, coherent approaches and concerted action of different stakeholders is key.

Diplomatic efforts and political engagement at all levels have an important role to play in raising the profile of deforestation challenges and the sustainable land-use agenda. Efforts are needed on communication about forests, to ensure that their role does not fade from public view and that forest policy and its links with other policy areas assumes a more prominent role in policy debates.

### **Session II: BUSINESS – Competition for land and resources**

Recently, there have been major shifts in the attitude of the private sector regarding deforestation in mainstream operations. Some main operators, controlling more than 50% of the global palm oil trade, have committed to zero (net) deforestation policies by 2020. The concept of zero (net) deforestation has clearly gained traction within the private sector (producers, traders, processors and retailers); to a larger extent in the commodity oriented sector and to a lesser extent in the financial sector. Nonetheless, concrete action to deliver on these voluntary commitments is still limited compared to the scale of deforestation.

Rapidly improving forest monitoring information systems were noted as key to help business restructure supply chains to adapt to 'no deforestation' policies and avoid controversial sourcing areas.

Implementing zero deforestation policies in supply chains raises the challenge of traceability throughout complex supply chains. In order to lower the cost of traceability and avoid excluding smallholders from zero deforestation supply chains, jurisdictional approaches in producing countries are needed, whereby integrated low-deforestation policies targeting local drivers of deforestation are designed and implemented across the whole territory.

There is a convergence of views between the commodity oriented private sector and NGOs on:

- The ambition to transform the mainstream market, and not just focus on high sustainability standards for niche markets.
- The fact that voluntary private sector action, even if bound by strong, precise and verifiable commitments, such as the High Carbon Standard, will not be sufficient to impact deforestation rates significantly.

As a result, this session on business stressed the need for public policy that matches and encourages private sector action, while levelling the playing field for all actors.

The relevance of an EU Action Plan on deforestation and forest degradation to identify different instruments and levels of intervention for different stakeholders was reiterated. As part of this Action Plan, some panellists called for a policy package for phasing out illegally produced agro-commodities on the world market. The EU Timber Regulation and due diligence requirements applied to importers of wood products were seen by some as valuable models to apply to other commodities.

### **Session III: PEOPLE, LIVELIHOODS and ECOSYSTEMs – Securing livelihoods while ensuring sustainable use of forest and agricultural lands**

The third session focused on the perspective of those in developing countries: national authorities, forest-dependent peoples, subsistence farmers and small producers. Recent research findings highlight that the world's rural poor are more dependent on forest and environmental resources than is commonly realised. Income from natural forests and other natural resources/areas represents about 28% of total household income for rural livelihoods, sometimes higher than the contribution of cropping. Men generate at least as much of this income as women. Forests are vital to people's ways of life, spirituality, identity and sense of self-worth, as well as being important to their livelihood. Forest loss has devastating impacts on forest-dependent peoples.

Migrations and remittances will become increasingly important, and it is crucial to understand how to work with them for the benefit of forest cover, sustainable landscapes and communities. Over 30% of the developing world's forests are owned and managed by smallholders, indigenous peoples and local communities. Small-scale forest and farm producers taken together represent by far the largest private sector group but are overlooked by global initiatives, national policies, development funding and the "large industrial scale" private sector.

These forest communities not only depend on forests for their livelihoods but are active participants in both the informal and formal economy as primary producers of forest and agricultural products. For many smallholders, forest and agricultural products are part of a single production system and cannot be separated. Many small farming systems depend on the complexity of specific ecosystems. Taking account of that complexity is key to achieve a sustainable transformed rural economy.

Investments should contribute to an economic transformation model that builds on small producers and their organisations as the key drivers of a new sustainable rural economy. Small producers have an important role in developmental and environmental efforts related to forestry, climate change, food security, livelihoods and the green economy.

Success in addressing deforestation and forest degradation requires inclusive processes that promote stakeholder consultation and engagement. Commitment to listen to all and to the results of the discussion, monitoring, accountability and shared responsibility between the government, private sector, local communities and civil society organisations to develop and implement policies in this area are necessary ingredients for success.

Forest peoples are under increasing pressure as a result of intensifying forest destruction, with the situation reaching crisis point in several countries. Securing land tenure and support to titling programmes were mentioned as key contributions to slowing deforestation, as well as the need to align national policies on deforestation with ratified commitments and obligations on human rights and towards indigenous peoples. The FAO Voluntary Guidelines on the Responsible Governance of Tenure were recalled as a starting point to promote and implement actions at national level. Agencies and intergovernmental bodies could consider the need for time-bound plans and targets for land tenure security as part of international programmes for performance-based payments to forest nations for forest and climate protection.

In order to be successful, private sector pledges on zero deforestation should be backed up by effective compliance, verification and complaints mechanisms, and be complemented by regulatory initiatives to reform agricultural/forest sector governance and tenure. Coherence in national land use policies is a pre-condition that can be achieved through greater cross-sectorial coordination.

#### **Session IV: THE WAY FORWARD**

The importance of integrating the objective of reaching sustainability and reducing poverty was stressed: addressing deforestation is key to achieve development, poverty reduction and food security objectives. "Match ambition with reality", "make good use of existing initiatives", "consider trends in global demand for commodities" and "policy coherence for development" are key principles to inform discussions on the way forward.

There is no quick fix in addressing the challenges of deforestation and forest degradation. Broad and comprehensive approaches and collective action at various levels is necessary. REDD+ can play an important role in addressing deforestation and forest degradation, but cannot work in isolation and should be aligned to domestic policies and approaches to land use. Forests and landscapes have a key role to play in a new 2015 climate agreement, but mitigation action related to forests should not reduce ambition in other sectors.

Examples of the EU initiatives to address deforestation and forest degradation include the FLEGT Action Plan, that will undergo an evaluation in 2015 ; the EU Biodiversity Strategy 2020, which will be reviewed in 2015; support to the development of REDD+; sustainable production and consumption policies, and the prominent role of sustainable agriculture and energy in the development cooperation portfolio. Other instruments, also supported by the EU, include the responsible sourcing of minerals from conflict areas, ongoing international negotiation on the post-2015 development agenda, and the development of Sustainable Development Goals (SDGs).

In the final session participants worked in groups to identify possible solutions and ways forward to the challenges of deforestation and forest degradation, discussing the roles and responsibilities of different stakeholders, tools, scales and timeframes.

A review of approaches tested to tackle deforestation and forest degradation to date as well as key policies that contributed to the Brazilian success in reducing deforestation were presented as part of the introduction to the session. There is growing evidence that clear and enforced community rights over forests contribute to reduced deforestation. It was suggested to explore how companies could back their 'Zero deforestation' commitments with concrete actions, such as contractual penalties if product quality is not met, efforts in traceability and transparency as well as independent third-party verification. The essential role to be played by governments in curbing abuses, enforcing compliance, making decisions on land-use allocation more transparent, raising the bar on standards, changing their own procurement policies and restricting access to credit for non-compliant companies was emphasised.

The conference closed with a call for action at both individual and collective levels, addressed to consumers, business, producers, traders, civil society organisations, international organisations, national and local governments in the EU and beyond, all with a role to play.