

SUMMARY

Summary of the Proceedings of the International Workshop “The International Regime, Avoided Deforestation and the Evolution of Public and Private Policies Towards Forests in Developing Countries” held in Paris, 21-23rd November 2007

A. KARSENTY¹, S. GUÉNEAU², D. CAPISTRANO³, B. SINGER⁴ and J-L. PEYRON⁵

¹ Département “Environnements et Sociétés”, UPR 36, TA C-36/D, Campus de Baillarguet, 34398 Montpellier Cedex 5, France

² Program Officer, IDDRI, Institute for Sustainable Development and International Relations, Paris, France

³ CIFOR, P.O. Box 0113 BOCBD, Bogor 16000, Indonesia

⁴ CIRAD / CEVIPOF (Sciences Po), 98 rue de l'Université, 75007 Paris, France

⁵ Director, ECOFOR, 42, rue Scheffer, F-75116 Paris, France

On hundred and forty participants from all over the world gathered for this workshop a few days prior to the 13th Conference of Parties (CoP 13) of the United Nations Framework Convention on Climate Change held in Bali in December 2007.

Several observations led to the organisation of this workshop. Forest policies implemented in heavily forested tropical countries appear to be converging in terms of objectives and types of natural resource management. Such convergence might result from the adoption of a certain number of instruments, including (i) forest concessions in order to organise production within objectives established by sustainable resource management; (ii) transnational normative tools such as forest certification which is gradually imposing itself through markets; and (iii) the prospect of an avoided deforestation mechanism established through negotiations that were opened at the UN Conference on climate change. Along with a number of institutions (such as United Nations Forum on Forest and International Tropical Timber Organisation) and international agreements (e.g., International Tropical Timber Agreement and the 2007 Non-Legally Binding Instrument on All Types of Forest) which act as vectors for different forest management principles (conservation, participation, sustainable logging, etc.), all these elements could be analysed as part of the emergence or consolidation of an international forests regime. For purposes of the workshop, international forest regime concept has been proposed by M.-C. Smouts, based on definitions proposed by Le Prestre (2002): “A regime is generally understood as a set of interrelated norms, rules and procedures that structure the behavior and relations of

international actors so as to reduce the uncertainties that they face and facilitate the pursuit of a common interest in a given issue area”¹. Regimes are international social institutions in that they constitute “persistent and connected sets of rules and practices that prescribe behavioral roles, constrain activity and shape expectations” (*idem*).

The workshop attempted to assess this regime’s effectiveness in a context wherein the role of forests within broader global environmental changes is increasingly emphasised.

The main issues tackled by the workshop’s participants were as follows:

- What elements could allow us to identify the emergence of an international forests regime?
- Are the public policies of heavily forested developing countries (such as Brazil, Bolivia, Central African countries, Indonesia and Malaysia) converging? If so, what is the role and impact of the supposed international regime and especially private tools (e.g., certification and voluntary agreements) in the construction and evolution of forest- and environment-related policies, and how might this role be interpreted?
- What divergence can be observed between policies in different countries and what are the reasons for these differences? How do collective representations and other national variables influence these choices?
- Will the increasing role of forests in the international environmental debate – especially payments to countries as a function of reducing deforestation (a.k.a. avoided deforestation) – contribute to consolidating an international regime? What is the

¹ Le Prestre P. G. (2002) “Studying the effectiveness of the CBD”, in: Le Prestre (ed.), *Governing Global Biodiversity*, Aldershot, Ashgate Publishing Company, p. 88

governments' real capacity to reduce deforestation rates, particularly in political and social terms? How can one evaluate the costs of reducing deforestation through "payments for environmental services"?

Through both presentations and debates, participants' responses converged on several issues, notably the following:

- The notion of "regime" is vague at best; whilst certain elements of a regime can be identified beyond doubt, they remain dispersed and heterogeneous, hence the overlapping of different regimes such as for biodiversity, logging and timber production, forests and climate change, and indigenous peoples. However, there is no hierarchy between these regimes and their respective actors tend to be relatively uninformed or disconnected with issues discussed in other regimes. Yet activities of these same actors take place in different regimes, sometimes resulting in contradictory interests. The notion of "regime" does not allow us to take account of the complexity of the interdependence between these different debates. However, despite its weaknesses, the concept of regime remains the only one that recognises the existence of networks of actors and exchanges that take place at the international level on issues related to tropical deforestation and whose complexity is only increasing with time.
- In order to assess the effectiveness of a regime, one must share a certain number of evaluation criteria. Yet major disagreements remain as to the hierarchy of such criteria, as witnessed by debates on industrial logging, forest management, local people's rights and reducing poverty. It thus appears that the international regime – whose process of evolution certain elements point towards – is not particularly effective in solving a certain number of major issues such as deforestation.

1. Towards a Regime Based on the Convergence of Public Policies?

- The national policies of many heavily forested countries display elements of convergence through the adoption of instruments such as forest concessions, management plans, instruments to verify legality, decentralisation, community forestry as well as private international tools such as forest certification.
- However, this convergence is limited to certain components only. For example, despite a general adoption of the rhetoric of people's participation in forestry, implementation has been uneven across countries. This is mainly because public policies continue to be characterised by national collective choices and local political routines – which are also subject to variation, notably as a function of national political contexts.
- In Southeast Asia, choices concerning forests are shaped by industrial demand which today is turned towards the growth of the pulp sector and of cash

crops. In Indonesia, attempts to decentralise forest management have only increased confusion. As a result, viable alternative management options have failed to establish themselves amidst the ruins of the old industrial logging system which had turned Indonesia into the world's plywood champion prior to the industry's current situation of near-collapse.

- In Brazil, until recently forests did not constitute a sector which would have led to genuine "forest policies" *per se*. Instead, they were characterised by a double issue dominated by access to land and promotion of national interests. The latter was recently reinforced with the renewal of a nationalistic discourse denouncing alleged attempts to internationalise the Amazon through a rhetoric based on World Public Goods – which many would want tropical rainforests to be part of. The forthcoming establishment of logging concessions in public forests in the Amazon could signal the emergence of a new representation of forests as a resource to be managed for timber, and a redefinition of forest sector policy consistent with this view.
- It is in Africa – notably in the Congo Basin and certain West African countries – that collective choices have remained the most stable from a historical viewpoint. Since colonial times, forestry remains a sectorial issue dominated by the role of logging and its corollaries such as sustainable logging, taxation (how to capture economic rent) and the timber industry. In the past few years, however, some actors have increasingly questioned this sectorial system by tackling the issue from a community forestry perspective and more recently still by emphasising the indigenous dimension, notably in the Democratic Republic of Congo. The largely successful complaint lodged by "Pygmy" groups against the World Bank and taken up by its Inspection Panel has been powerfully relayed by large international NGOs. The issue of "indigenous peoples" which had largely been ignored in Central Africa is gradually replacing conservation as the principal vector of contestation of the industrial logging system.
- However, these representations are still far from being engraved in stone. Changes in political regimes or the entry of well resourced, influential, new economic actors can reshape the discourse around forests and in the process modify the trajectory of national policies. For example, the increasing importance of agro-industrial Asian companies in Central Africa could eventually displace highly selective timber logging as the pre-eminent practice which has characterised the sub-region for decades, and set in motion profound changes in the structure and nature of forest sector policies in individual countries. In the face of such powerful factors of change, achieving policy convergence can be difficult or superficial at best.

2. Towards a private regime based on voluntary market agreements such as certification?

- Non-governmental organisations are playing an increasing role in the international debate on forests and are greatly contributing to shaping an emerging regime. Their influence is visible both through (i) their lobbying activities and the pressure they place on large cooperation and development organisations such as the World Bank, and (ii) the elaboration and implementation of voluntary instruments such as certification. Their direct influence on developing countries may sometimes be limited, *e.g.*, in Africa, but they can also have a more important impact by galvanising international opinion or through their implication in participative instruments of policy elaboration such as in Brazil.
- In Africa and Brazil, the NGO “front” is anything but homogenous. At the risk of oversimplifying, certain movements favour community forestry and indigenous peoples’ rights, whilst others work together with the private sector to improve logging practices; others still battle for a stricter preservation of forests which is fairly incompatible with the development of a very active timber sector based on small-scale logging subject to little regulation – which in practice is embodied in the concept of community forestry.
- The role of NGOs has been particularly emphasised in the implementation of forest certification. The role of certification has notably been emphasised as having undoubtedly established a global reference for sustainable management, despite relatively modest results in terms of total surface area certified in tropical forests.
- After a period of reluctance, the private sector now seems amenable to adhere massively to certification schemes initially spearheaded by NGOs. In the Congo Basin, the private sector first committed itself rather timidly to a unilateral strategy of corporate responsibility through the creation of a code of conduct. However, external procedures to evaluate company practices quickly proved necessary to give credit to the efforts of the private sector. Several instruments have been set up or are being reviewed, notably Forcoms, Pan African Forest Certification scheme (PAFC - based on norms set up by ITTO and the African Timber Organisation) and FSC (Forest Stewardship Council). Nowadays, the sector has established an ambitious target of reaching 10 million hectares of certified forests (out of a total of 53 million ha) under PAFC and especially FSC schemes by 2012.
- Paradoxically, at the very moment when forest certification is starting to be implemented in tropical regions, it is being heavily criticised by NGOs (among others) which had initially supported the scheme. In Central Africa and Indonesia, the norms that enable certification to be obtained are established by private certification organisations without any significant

local participation, which poses questions in terms of local appropriation and even of the very credibility of certification. Meanwhile, it appears as if certain NGOs fear that certification – which many of them support in principle – might actually legitimate an industrial logging model which they are more than reluctant to accept.

- The growing role of non-state entities (notably NGOs and the private sector) in elaborating and implementing forest policies is not necessarily a sign of the emergence of private forest systems at the expense of public regulation. The distinction between a voluntary market-based instrument and public policy instruments appears increasingly blurred as some countries such as Cameroon are discussing on whether to adopt forest certification to guarantee the legality of exported timber, and others are thinking of using FSC to help legislation evolve. A future step might involve tax cuts for certified permits or concessions, as is already the case in one country of Central Europe.
- Forest certification as an instrument has played a structuring role whose impact goes well beyond merely calculating the extent of certified surface areas. It has induced changes in the way forests are represented and has influenced public policies. Certification remains a fragile construction whose limits have often been emphasised – which gives it a complementary role within a range of public policy measures. However, it enables to improve the economic value of standing timber stocks and contributes to fighting against increasing pressures from markets that are less sensitive to sustainable resource management issues. Moreover, it helps limit growing conversion of forests into pastures or cash crops such as soy and oil palm.

3. Towards a Regime Based on Remunerating Environmental Services within the REDD mechanism (Reducing Emissions from Deforestation and Forest Degradation)?

- The fight against climate change has pushed the tropical forest issue up high on the agenda of international environmental negotiations. The international forests regime might even be formalised one day as part of the climate regime, just like the debate on climate change was formed around international agreements (notably Kyoto and agreements on the climate convention) and market-based instruments (such as the international Emissions Trading Scheme and the Clean Development Mechanism). The reference in the final declaration of the Bali conference to an international mechanism known as REDD aimed at rewarding “avoided deforestation and degradation” only makes this even more plausible.
- The ability of this mechanism to reduce deforestation remains subject to debate, especially given the complexity of factors underlying deforestation

rates. Many economic policies and extra-sectorial factors (*e.g.*, interest rates, currency exchange rates, agricultural policies, relative prices, world demand in biofuel and animal products) have uncertain and context-dependent consequences on the evolution of forest cover. The issue of political economy and thus the way in which states might react to contradictory incentives and pressures has been put forward. These include mid-term financial incentives to reduce deforestation, but also the short-term political and social costs involved in fighting practices that lead to deforestation. Many “methodological questions” still need solving, such as the choice and construction of a reference scenario (a reference based on passed deforestation or the construction of a scenario predicting future deforestation), and the way in which to tackle the “degradation” issue. These are likely to rely less on technical solutions than political choices and arbitrations inasmuch as adopted rules will create winners and losers in what appears to be a new type of rent which no heavily forested country wants to be excluded from.

- The risk of a backlash effect on the emissions trading scheme has been mentioned with the possibility of a massive influx of REDD carbon credits on the existing carbon market which is already concerned with maintaining the “price signal” of the avoided CO₂ tonne at a sufficiently high level. The solution put forward by several participants is that firm quantitative targets in reducing emissions in industrialised countries will enable a greater absorption of new credits. However, others have expressed doubts whether this will happen and even if it did, whether it would solve the problem. Moreover, a large proportion of these credits from the REDD mechanism might well not be additional (*i.e.*, they might simply originate from inappropriate or manipulated reference scenarios). In this case, they would only be “hot air” whose effect on the carbon market would be comparable to injecting a great deal of fake currency in a monetary circuit. For this reason, proposals have been made to isolate the REDD mechanism from the Kyoto-based carbon market by relying on funds rather than carbon credits.
- The architecture of REDD and certain of its potential consequences have led to criticisms from NGOs which focus on promoting the rights of local and indigenous peoples. Many of them fear that the state will only increase its control on forests at the expense of community forestry, notably by implementing stronger conservation principles that could exclude local populations from fortress forests perceived as money-making carbon reservoirs. Calculating the opportunity cost of renouncing deforestation – such as the amount of compensation to be paid to a farmer who stops clearing forests to extend his fields – is key to estimating the cost of reducing deforestation. Yet the reliability of such a calculation has given rise to many

a debate on the relevance and use of such exercises. The real cost of reducing deforestation on the long term is obviously much greater than the annual value of the production to which an economic agent must renounce. Implementing such a programme capable of integrating a large number of agents and providing them with production alternatives whilst ensuring that they honour their contracts surely has additional costs which economists refer to as transaction costs. The ethical considerations of such a programme also need to be borne in mind, since it could stick poorest farmers into their current poverty level and increase their vulnerability to food market hazards.

- However, the REDD mechanism could play a key role in the international regime to fight climate change. It would be the first step towards integrating developing countries into the process of adopting quantified objectives for the reduction of future emissions, which in turn would confirm the path engaged on with the Kyoto Protocol which had been questioned by the US administration. Moreover, it could also contribute to strengthening and formalising the international forests regime which continues to be characterised by the absence of an official agreement.
- The architecture and rules of the REDD mechanism remain open and will be subject to discussions among scientists as well as technical and political negotiations which could result in very different outcomes. The unconditional remuneration of governments through “Kyoto-style” carbon credits based on a reference level of deforestation (whether passed or anticipated) is not the only option on the table. The idea of a world fund to fight deforestation has also been mentioned. Such a fund would enable to finance policies and measures which all would agree on to say that they are necessary and potentially effective in reducing deforestation. These might include modifying agricultural policies to improve their ecological components; reforming the functioning of control bodies (to fight corruption); and reforming land tenure systems in forested areas. A fund would also have the advantage of being able to pay local actors rather than just governments through large-scale programmes of payments for environmental services aimed at farmers, companies and local communities.
- However, the question of a sustainable and sufficiently large financial source to maintain this fund going is a recurring problem with this kind of policy instrument. Shortly before the Bali Conference, Norway announced it would allocate approximately US\$ 500 million a year to fighting deforestation. Yet it remains uncertain whether many other countries might have the will and the means to follow Norway in its footsteps – any more than they have the will to raise the amount of funds earmarked for official development assistance – a small proportion of which already goes to fighting tropical deforestation. Only the prospect on an international tax for this fund could

solve the problem. The proposal made at Bali by the French Minister of Ecology, to tax international financial transactions to create resources to fight climate change goes in this direction. However, like other proposals, it has yet to be implemented.

- Finally, it is also necessary to change models of individual and collective consumption: forests are converted to respond to increasing demands for beef consumption which in turn fuel soy production that merely serves as cattle fodder; demand for palm oil and sugarcane is stimulated by demand for biofuels; and increasing paper consumption leads to clearing degraded forests in Indonesia so as to plant fast-growing species. Certification labels and economic instruments alone cannot save the world's tropical rainforests.