Forests for climate and development
What can rich countries do?

2014 Australasian aid and international development policy workshop
Australian National University
February14, 2014

Propositions

- Forests are important for development and for the climate
- Reducing deforestation requires tough changes in the domestic political economy
- Results-based finance and demand-side policies from rich countries are promising approaches to support constituencies for change

Forests are important for development

FORESTS

timber
non-timber products
tourism

INCOME

bush meat, wild foods
fish
forage and fodder
erosion control
irrigation
rainfall patterns
pollination

FOOD

less dam siltation
Fuelwood & charcoal

ENERGY

clean drinking water
medicine
mosquito control
recreation

HEALTH

landslide prevention
tsunami mitigation

SAFETY

MDGs

Income from forests – 21%

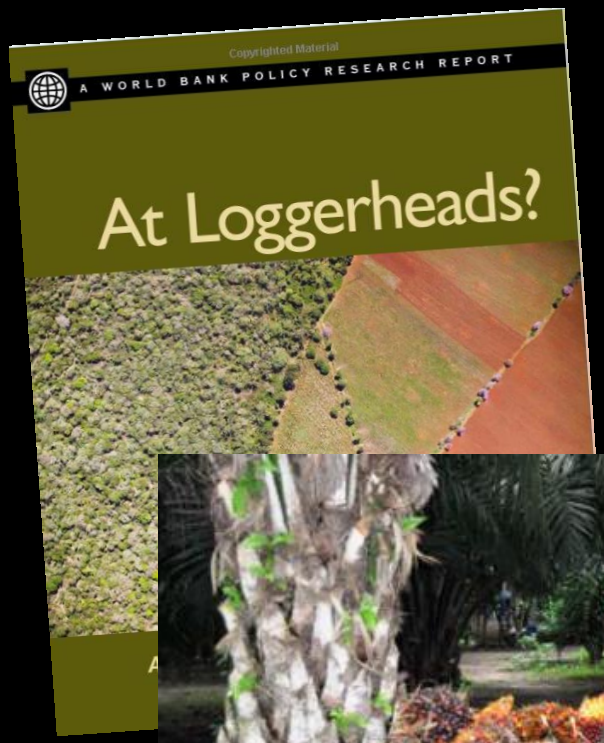
Source: Wunder et al, World Development Report (forthcoming)

Forest ecosystem services

Source: Saenz and Mulligan, Ecosystem Services, 2013.

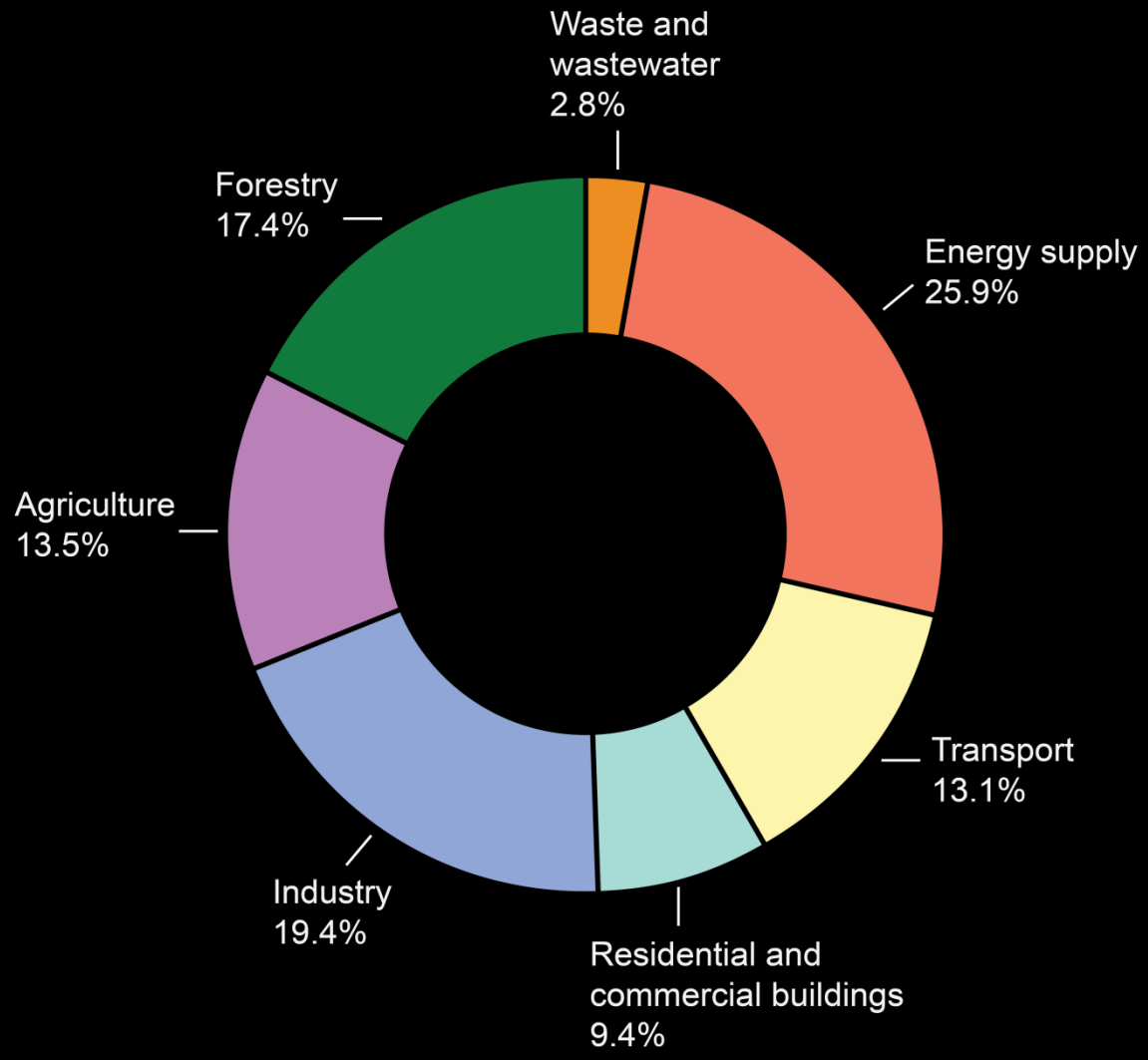
21%

Net impact of deforestation on development? It depends…



Forests are important for climate stability

Emissions from deforestation are a large share of total global emissions



Data Source: IPCC, Climate Change Synthesis Report, 2007.

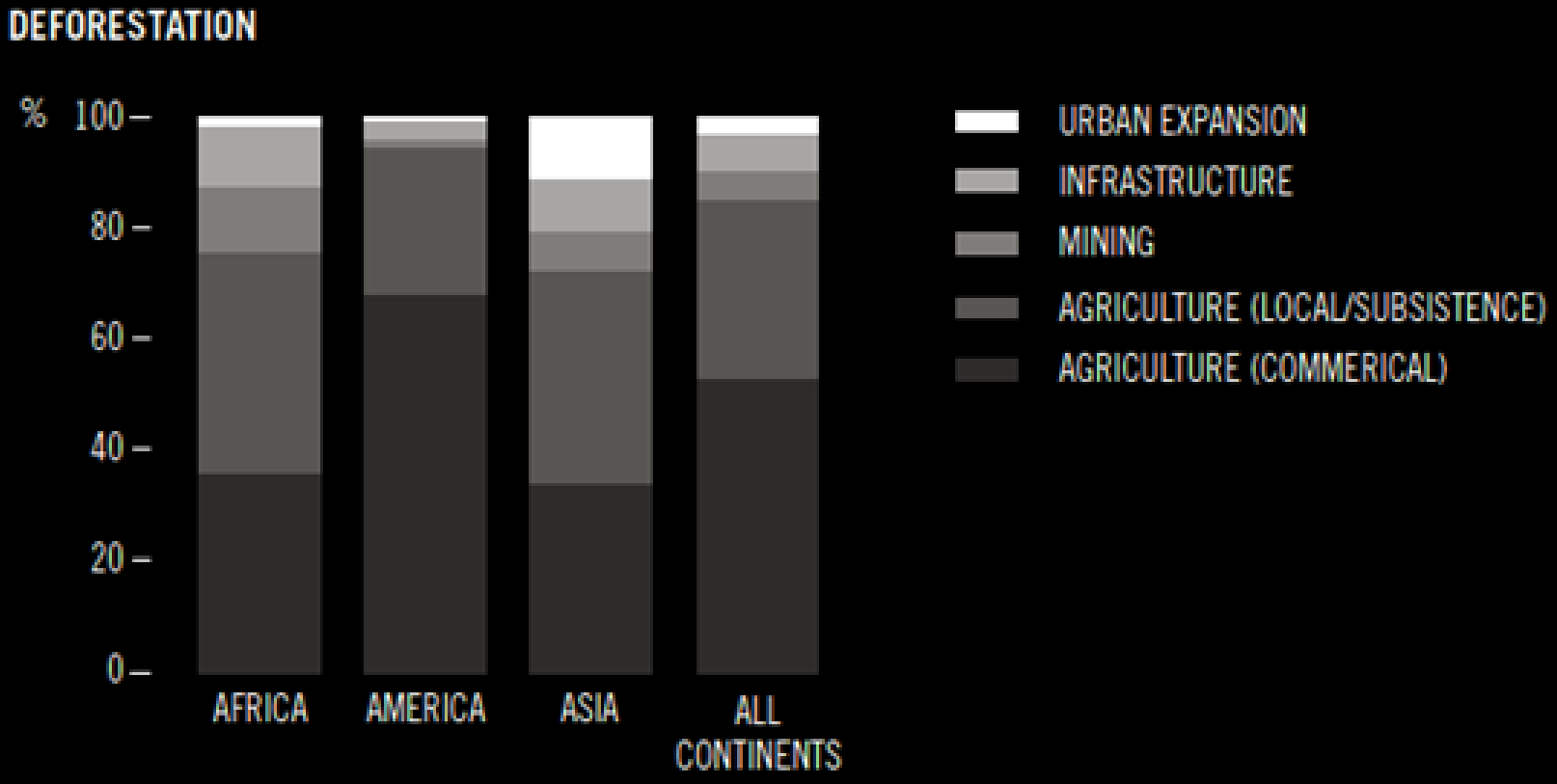
Despite decades of development assistance for tropical forest protection and management, deforestation *increased* by 2101 square kilometers per year 2000-2012

Source: Hansen et al, SCIENCE, 2013.

To view animation of deforestation in Riau 2000-2012, go to:
http://mongabay-images.s3.amazonaws.com/13/deforestation-in-riau-600.gif

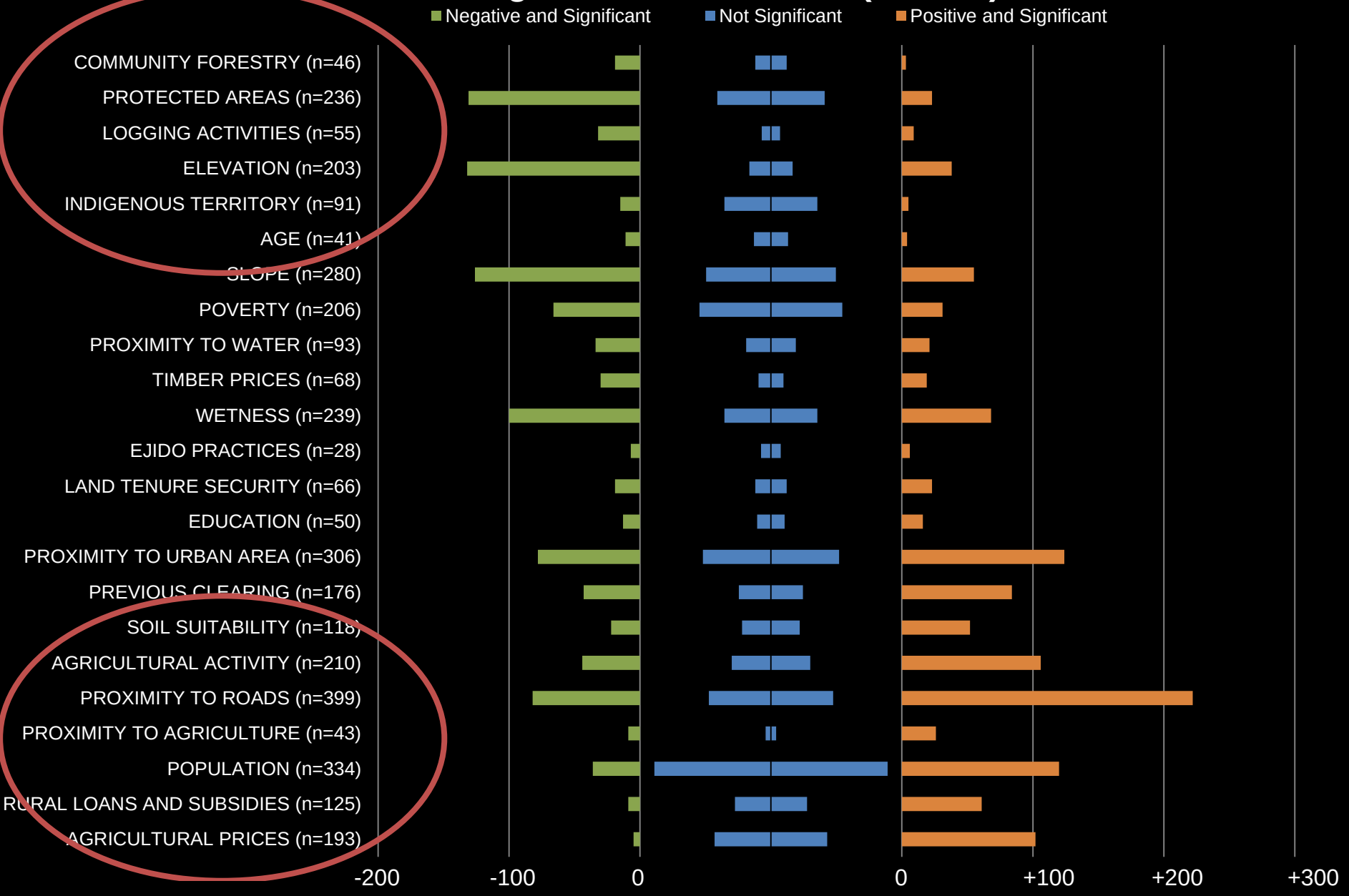
Reducing deforestation is tough, but possible

Conversion to agriculture – mostly commercial and often illegal – drives deforestation



Source: Global Canopy Programme, 2013, based on Hosunuma et al 2012

Regression coefficients (n~6500)

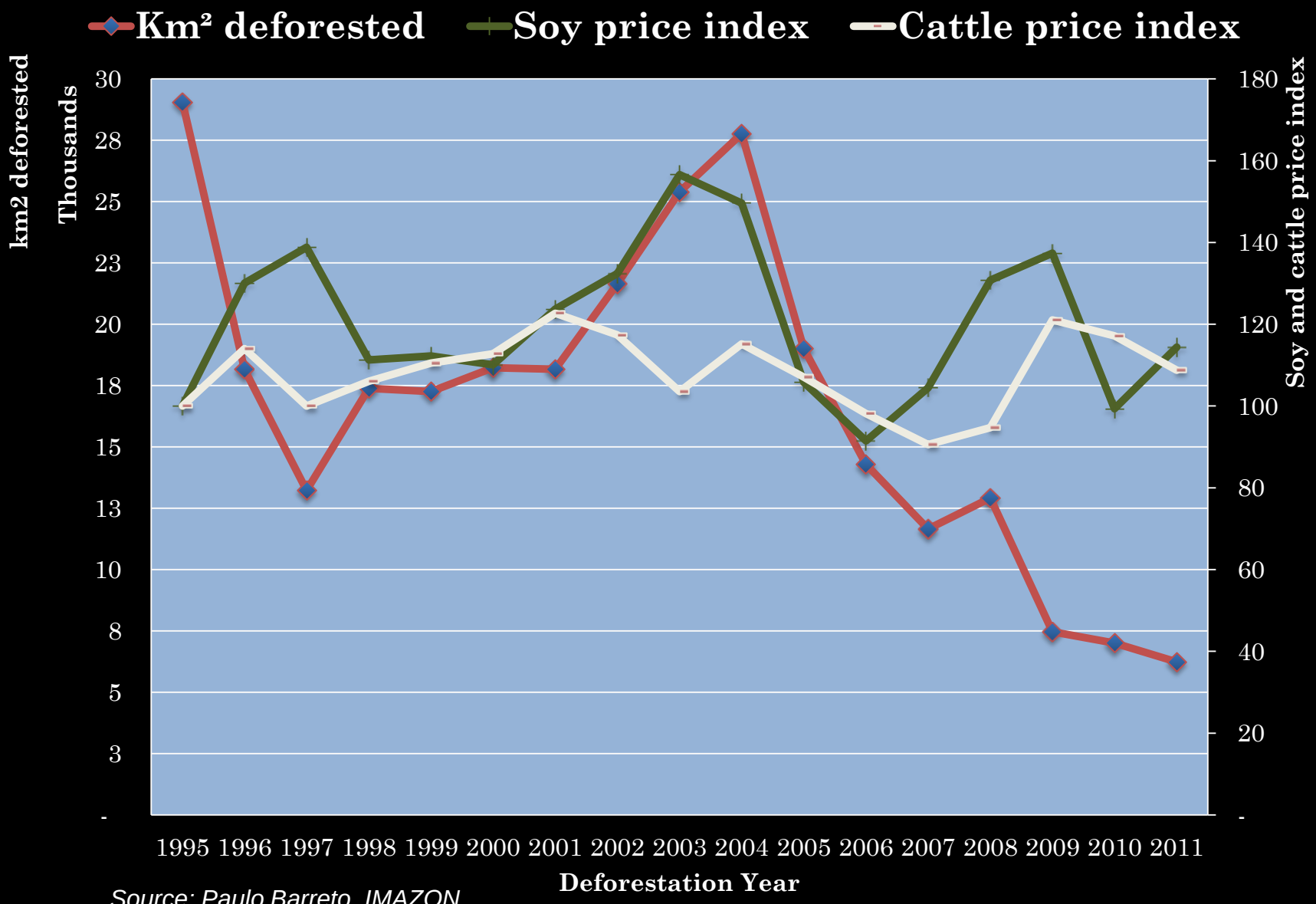


Source: Ferretti-Gallon and Busch, in prep.

Deforestation in Brazil…

Source: Paulo Barreto, IMAZON

…decoupled from agricultural prices

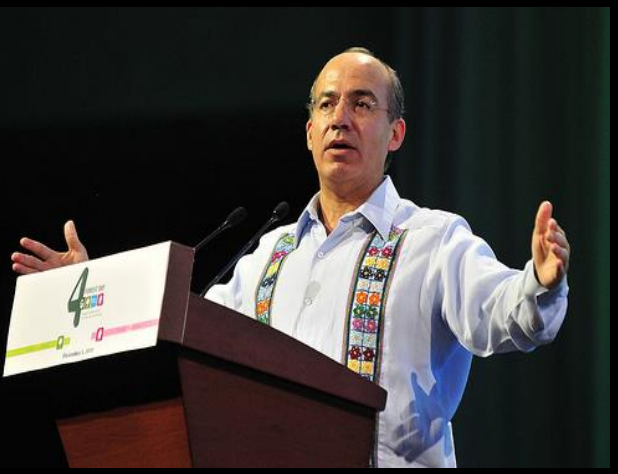


Source: Paulo Barreto, IMAZON

Policy options to reduce deforestation (or, how did Brazil do it?)

- ✓ Increase forest area given formal protection
- ✓ Increase transparency of land cover change
- ✓ Increase law enforcement effort against illegal forest conversion
- ✓ Remove subsidies that incentivize forest conversion (e.g., access to credit)
- ✓ Recognize and strengthen indigenous and customary forest management systems

Results-based finance – a promising approach?

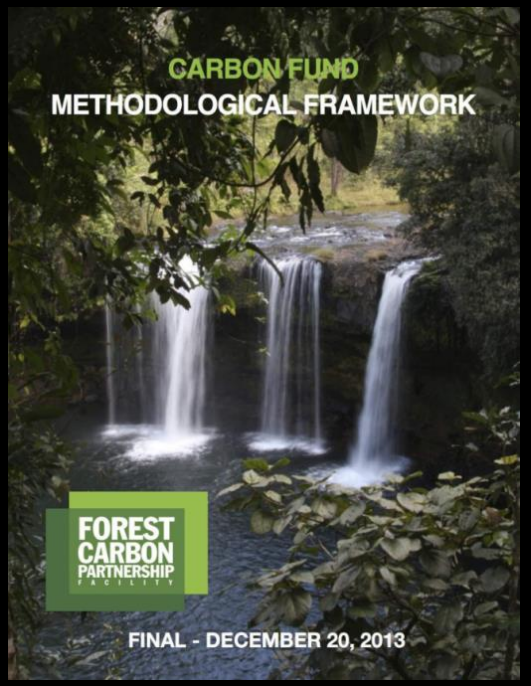


2013

REDD

2009

2007



FIP

UN-REDD PROGRAMME

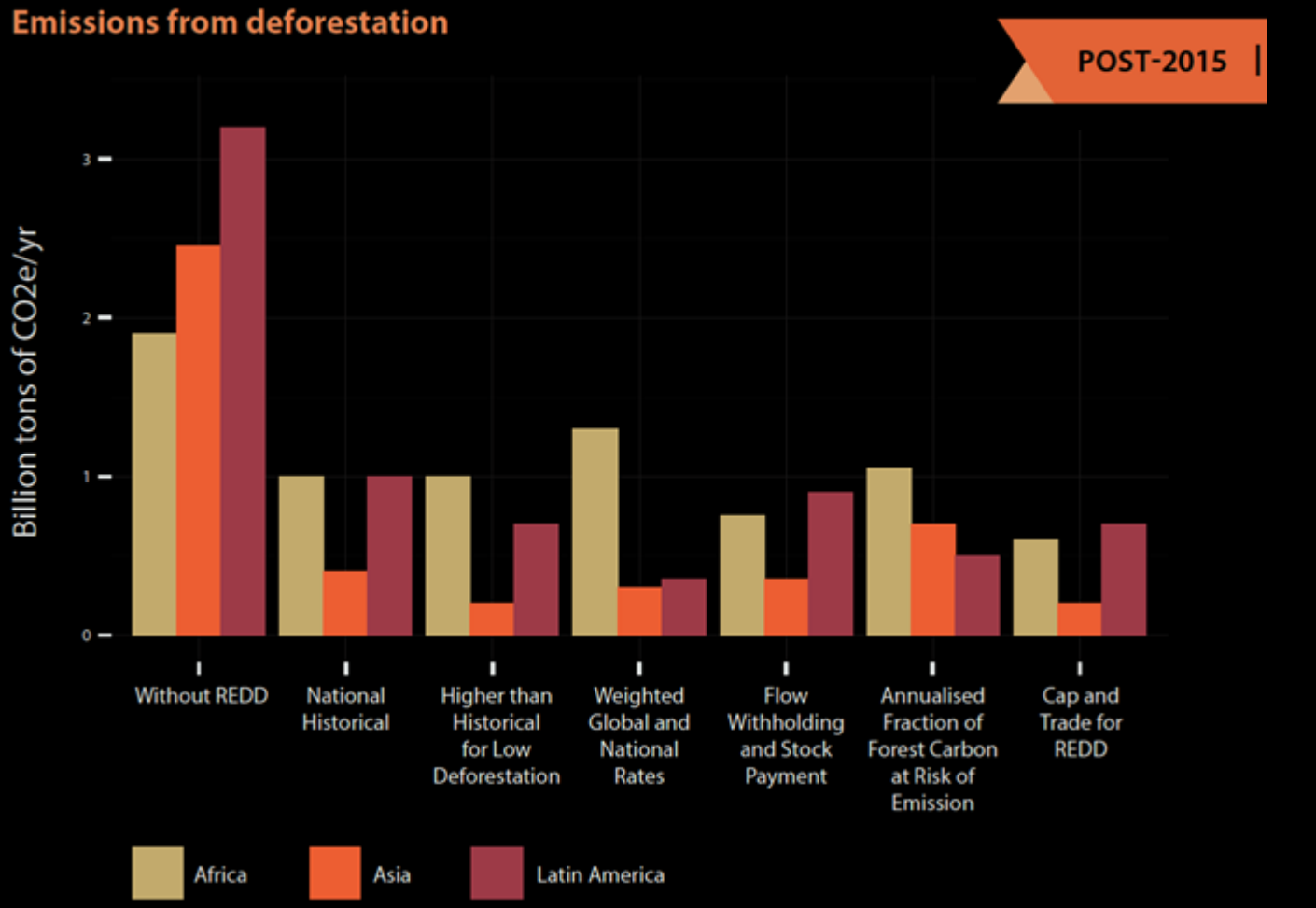
The United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries

FAO UNDP UNEP

COP15 COPENHAGEN
UN CLIMATE CHANGE CONFERENCE 2009

Launch of Australian Global Forests and Climate Initiative

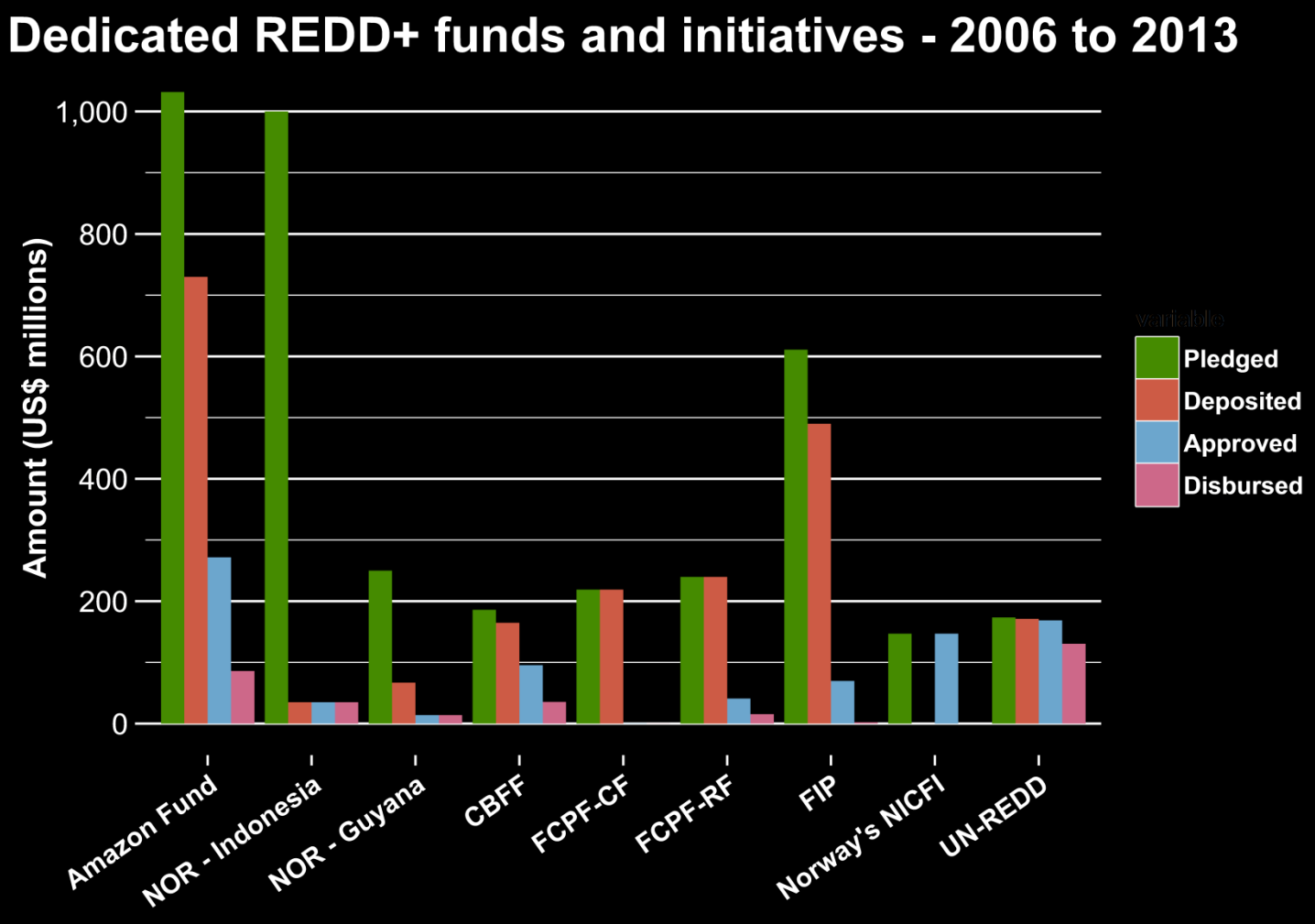
Potential forest emission reductions



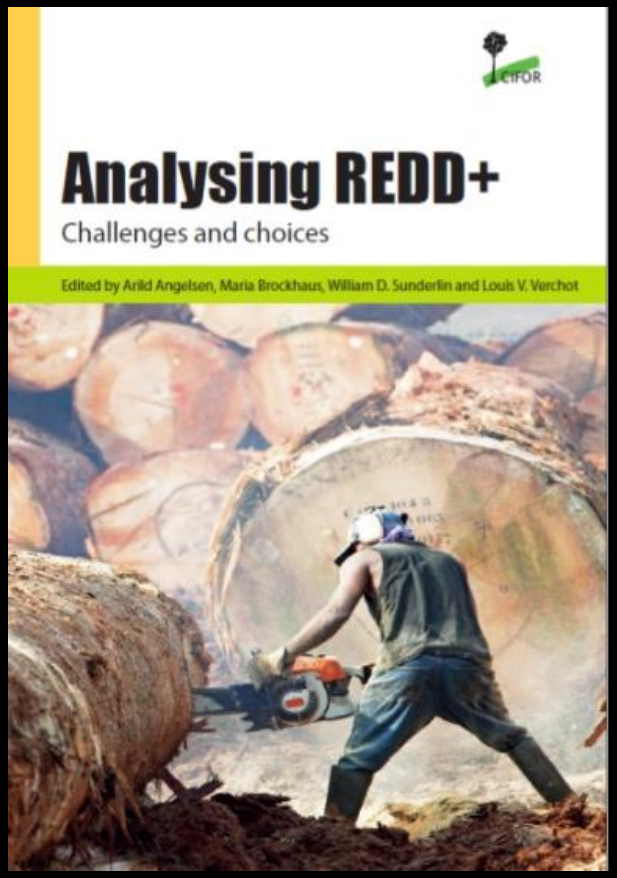
60. Busch, Jonah, et. al. Environmental Research Letters, author calculations (October-December 2009). Available at http://iop-science.iop.org/1748-9326/4/4/044006/fulltext/.

Source: Report of the High-Level Panel of Eminent Persons on the Post-2015 Development Agenda, 2013

Funding falls short of need



Data source: Climate Funds Update, 2014, modified by CGD staff



+

Ca$h
On
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A new approach
to foreign aid

But does it work?

Conditions favoring REDD+ transformational policy reform

Enabling institutional conditions	Policy Arena
• Deforestation rate (PRES) • Legal framework (EFF) • **Change initiated (CHA)**	• **National ownership (OWN)** • **Coalitions (COAL)** • Inclusiveness (INCL)

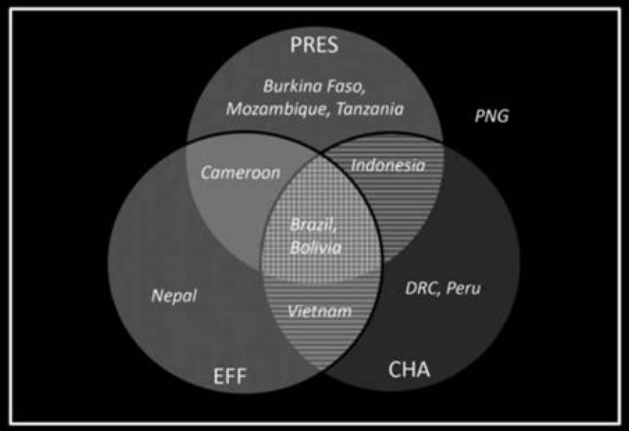


Figure 1 Observed configuration of the three remote conditions

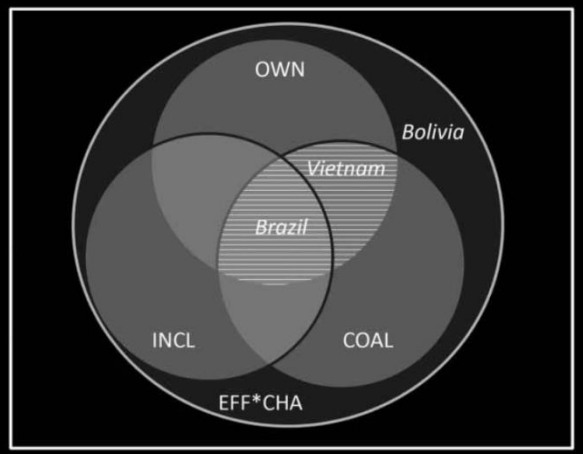
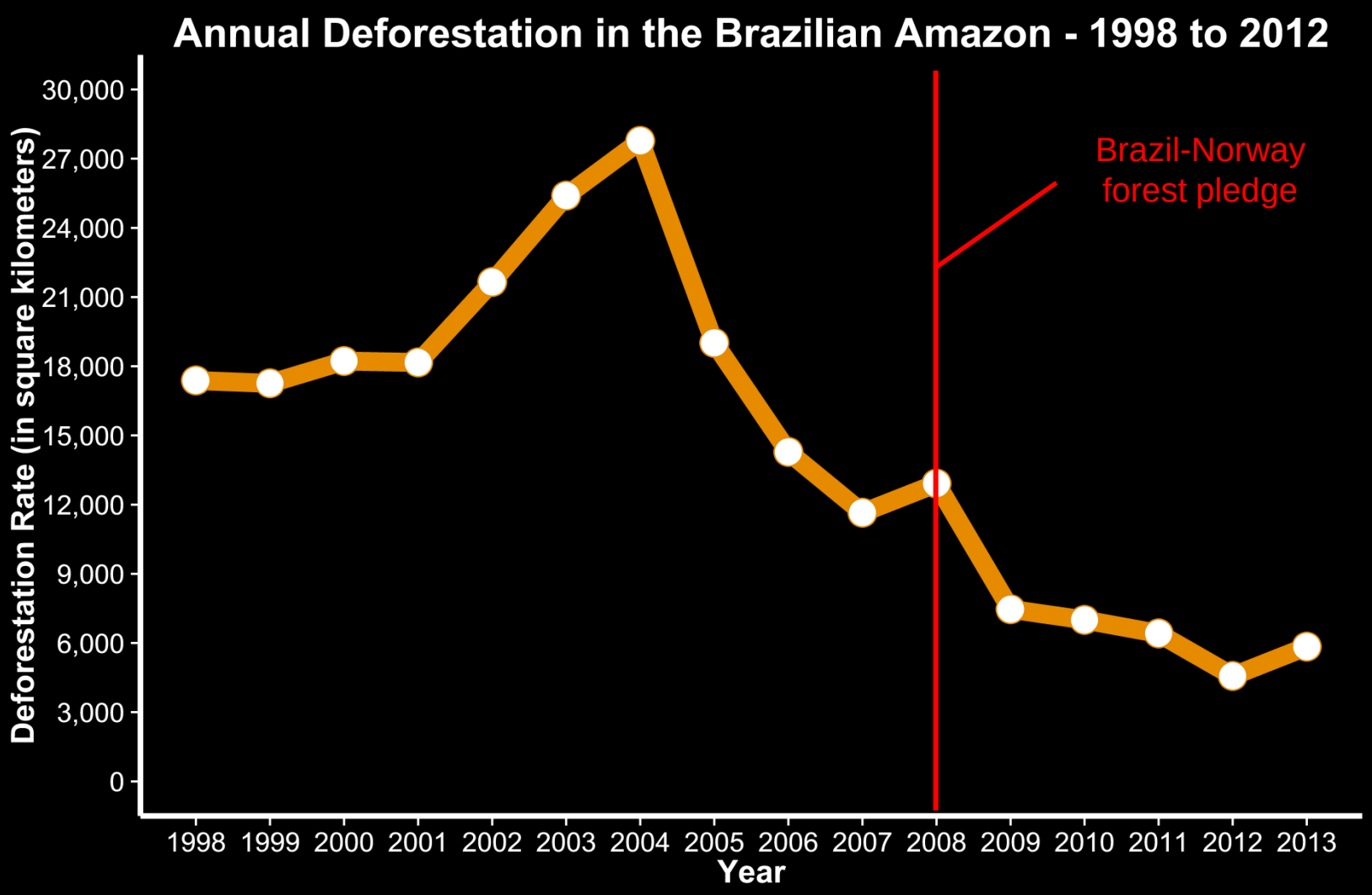


Figure 2 Observed configuration for EFF*CHA and the three proximate conditions

Quantitative comparative analysis of 12 countries

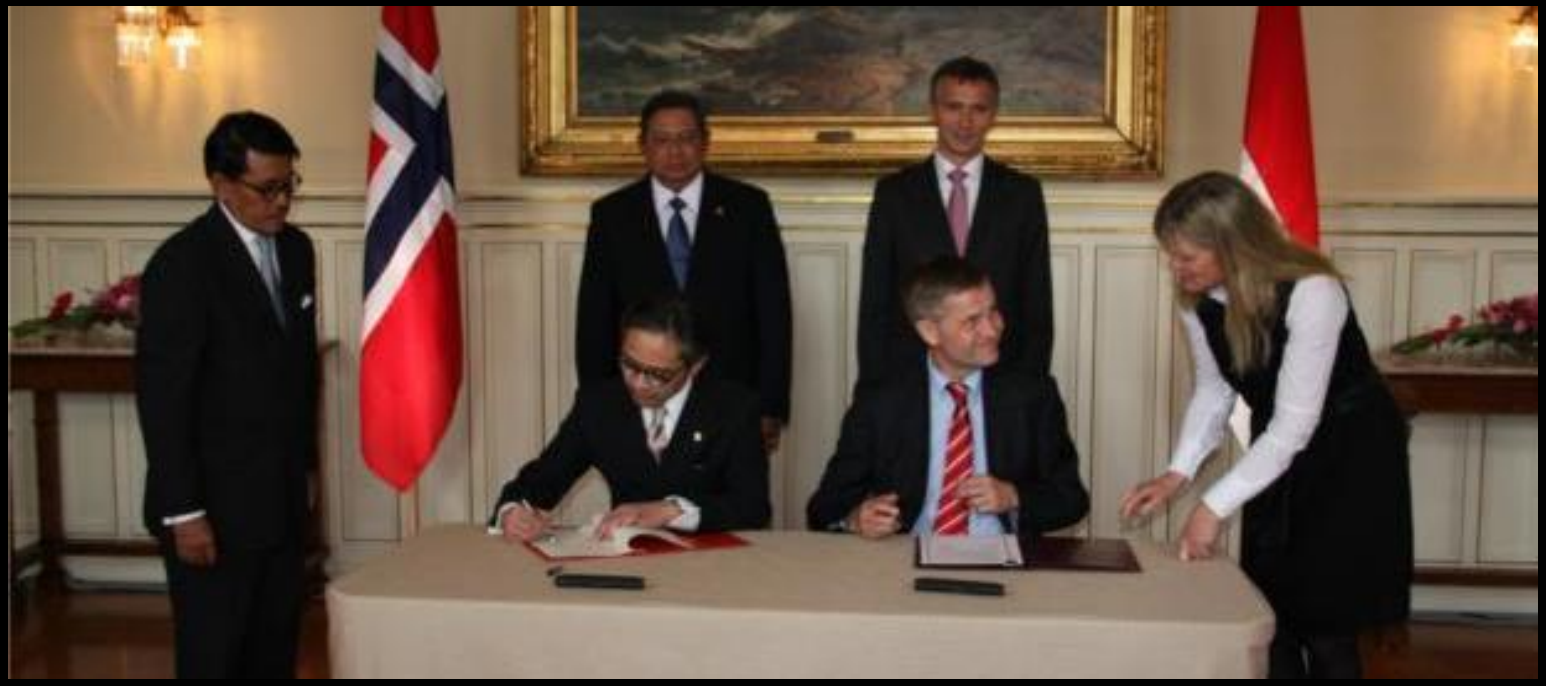
Source: K.Korhonen-Kurki, J. Sehring, M. Brockhaus et al, Climate Policy, 2013.



Data Source: Earth Observation General Coordination-OBT, Projeta Prodes, 2013.

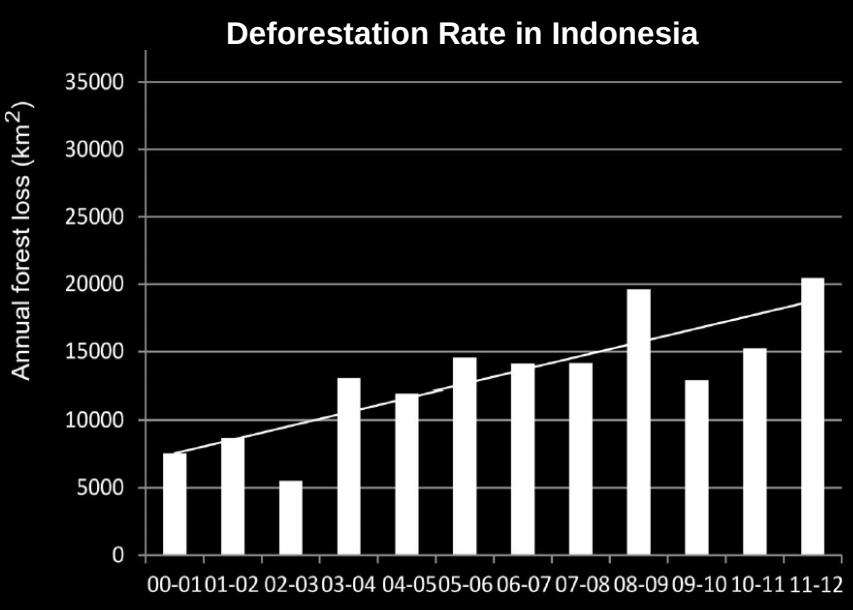
Indonesia Timeline

External Events		Government of Indonesia Actions
APP commitment announced Wilmar deforestation policy announced	2013	Constitutional court decision on customary rights Moratorium extended Establishment of new REDD+ Agency
Tropical Forest Alliance announced	2012	
Golden Agri Resources commitment	2011	Moratorium on new concessions announced Indicative Moratorium Map released
Consumer Goods Forum commitment Norwegian $1B offer	2010	**Letter of Intent with Norway**
Nestle commitment announced	2009	President Yudhoyono announces voluntary GHG emissions reduction at Pittsburgh G-20 Summit
Brazil-Norway forest pledge announced	2008	
Bali Action Plan for REDD	2007	Hosts Bali Climate Change Conference
Stern Review published	2006	
REDD placed on UNFCCC agenda	2005	

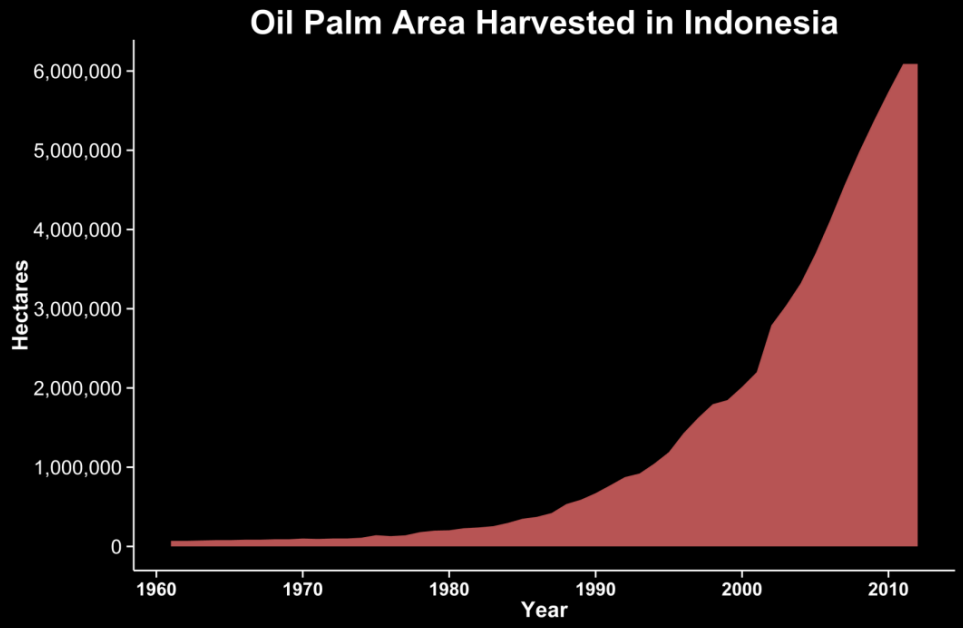


Demand-side strategies – a promising approach?

Globally-traded commodities drive deforestation

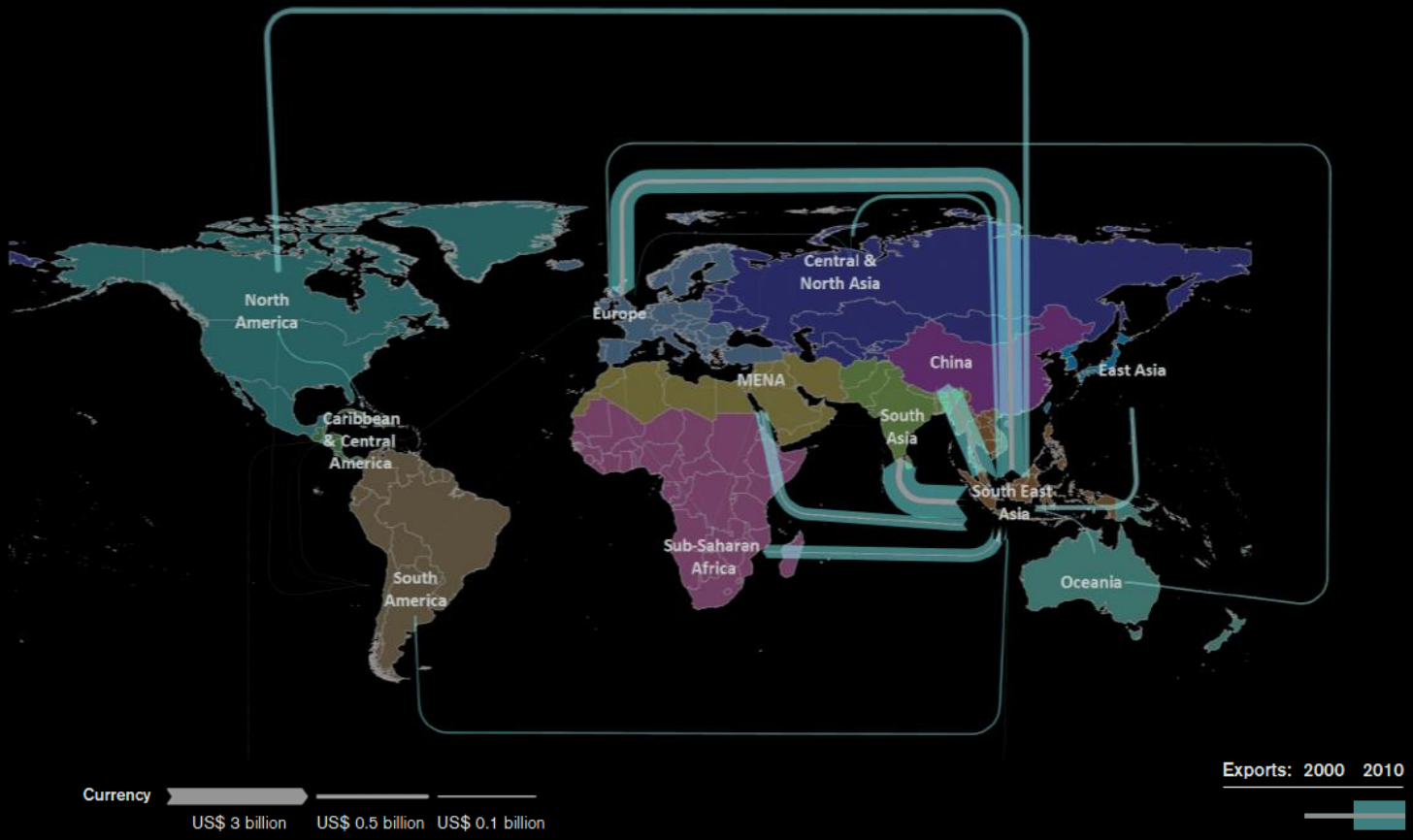


Source: Hansen et al, SCIENCE, 2013.



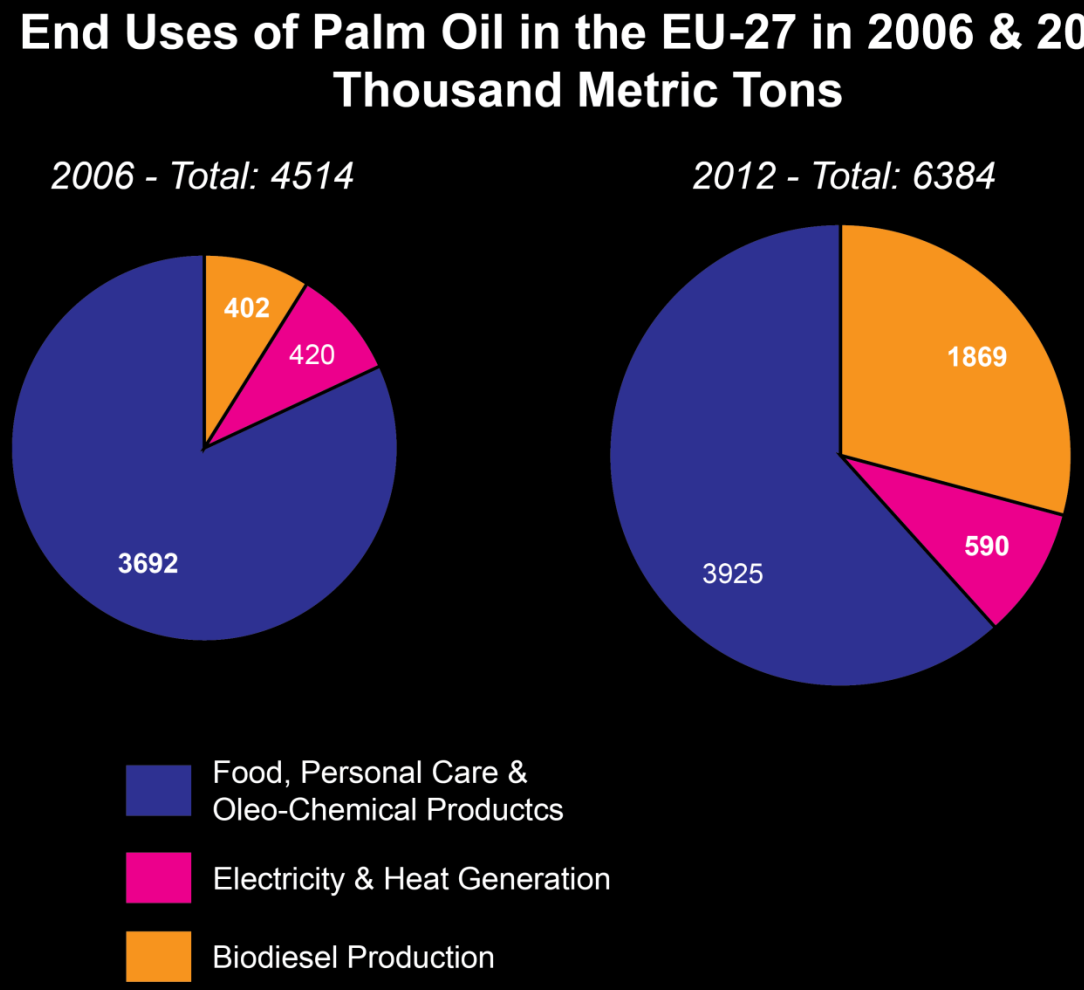
Data Source: FAO, FAOSTAT, 2012.

Deforestation is embodied in exports…



Source: Brack and Bailey (2013) based on Chatham House Resource Trade Database, BACI, COMTRADE.

…often subsidized by rich countries



Data Source: Gerasimchuk and Koh, International Institute for Sustainable Development, 2013.

Demand-side policy options:

- ✓ Remove subsidies for unsustainable biofuels
- ✓ Enforce domestic legislation to control import of illegally-produced commodities
- ✓ “Green” government procurement standards
- ✓ Incorporate forest protection provisions into trade agreements and investment decisions
- ✓ Support voluntary private sector commitments to responsible sourcing

Paul Polman

Recipient Of 2014 Commitment to Development Award

Unilever

The Consumer Goods FORUM
The Global Network Serving Shopper & Consumer Needs

TFA 2020

wilmar

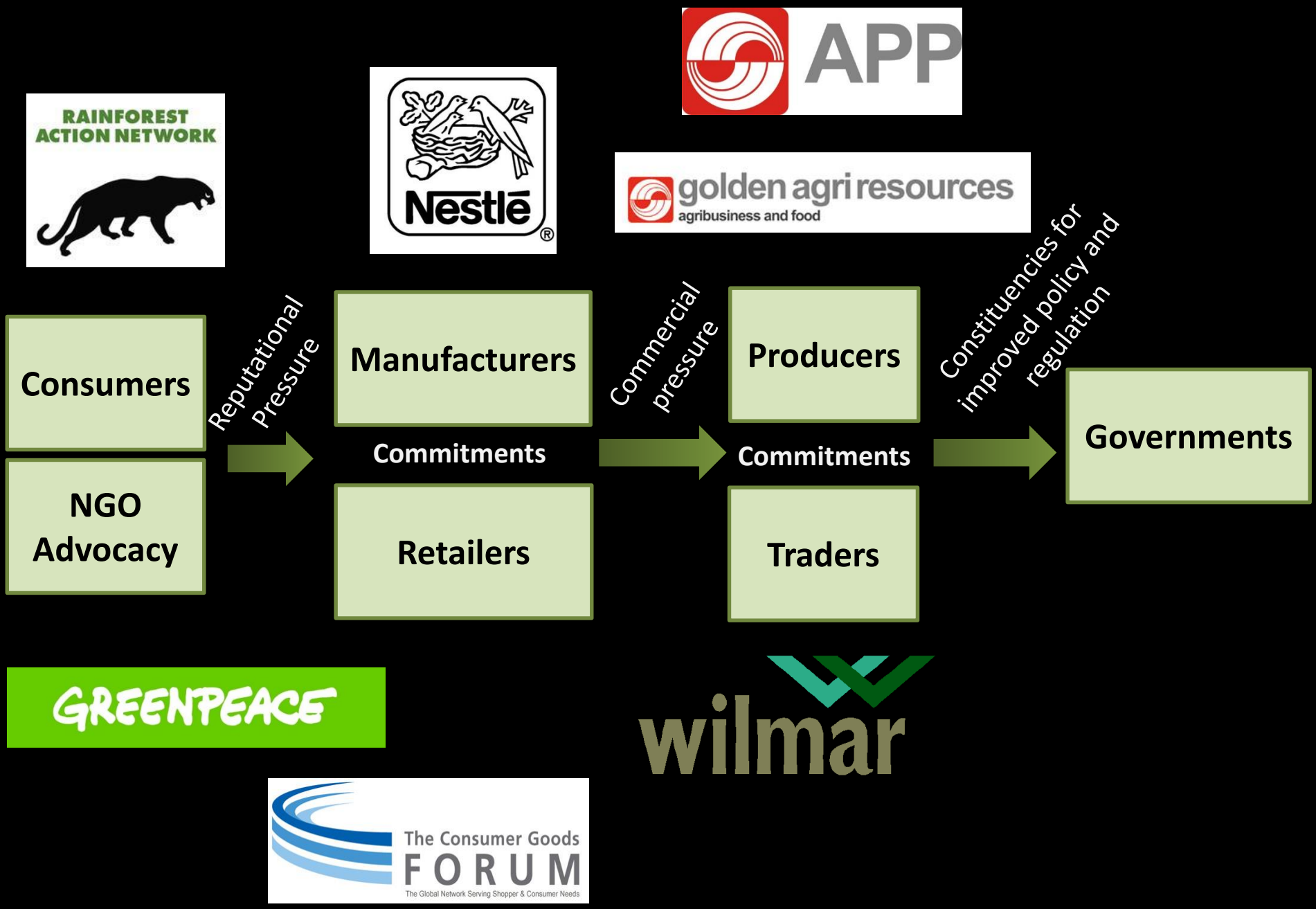
No Deforestation, No Peat, No Exploitation Policy

DECEMBER 5th, 2013

Purpose:

Wilmar International recognizes that while plantation development has contributed significantly to economic development, deforestation and other unsustainable practices have many negative consequences for people and the environment. For that reason, we are working closely with other growers, traders, processors, NGOs, end- user companies, financial institutions and other industry stakeholders to protect forests, peatlands, and human and community rights. To advance this industry transformation, we hereby announce this company policy:

1. No Deforestation
   - No development of High Carbon Stock (HCS) Forests
   - No development of High Conservation Value (HCV) Areas
   - No burning
   - Progressively reduce greenhouse gas (GHG) emissions
     plantations


RAINFOREST ACTION NETWORK
Nestlé
APP
golden agri resources
agribusiness and food
Consumers
NGO Advocacy
Reputational Pressure
Manufacturers
Retailers
Commitments
Commercial pressure
Producers
Traders
Commitments
Constituencies for improved policy and regulation
Governments
GREENPEACE
wilmar
The Consumer Goods FORUM
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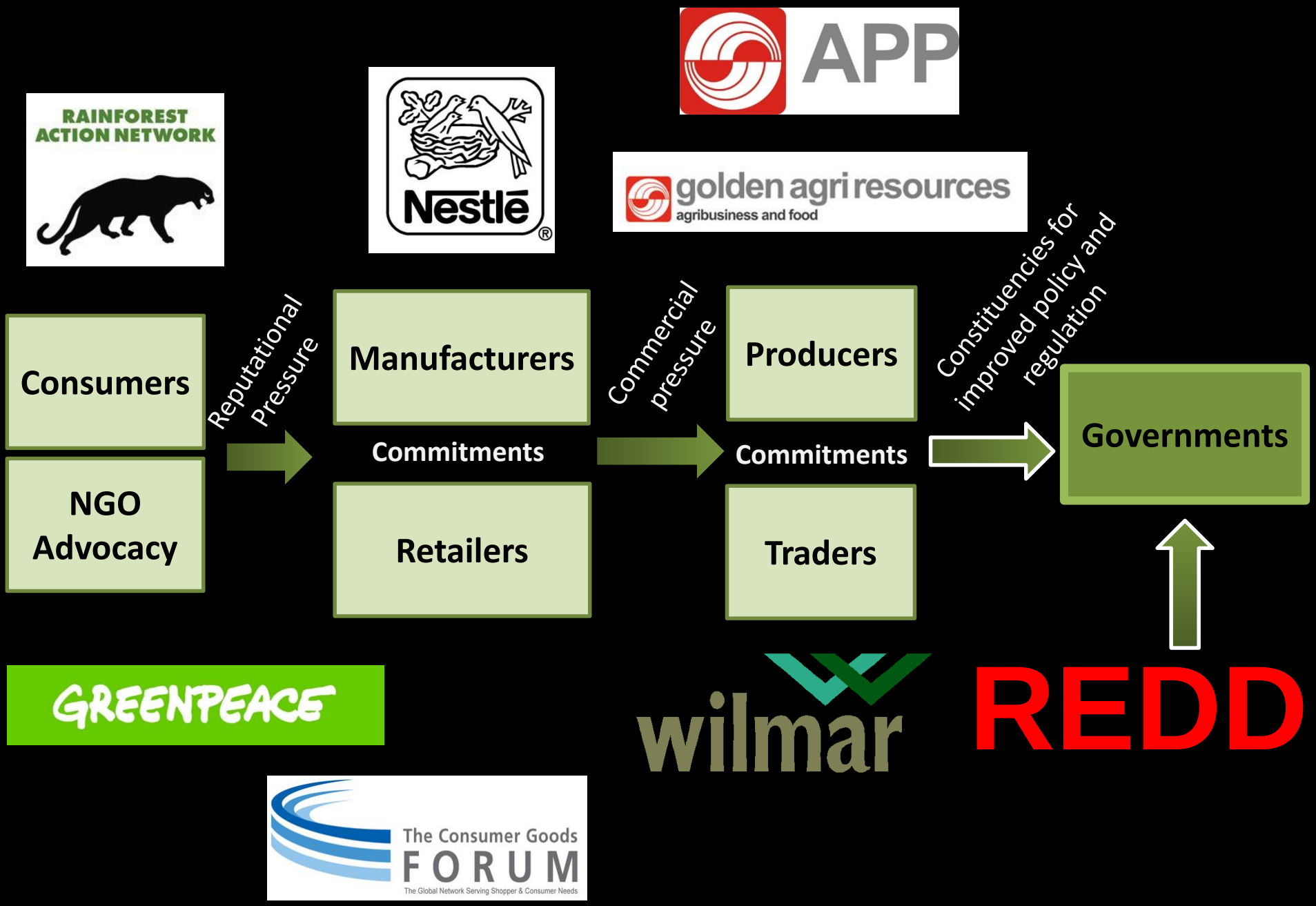
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GREENPEACE
wilmar
REDD
The Consumer Goods FORUM
The Global Network Serving Shopper & Consumer Needs

Politics in forest countries

VS.

South China Morning Post 南華早報

Indonesia works to clean up its corrupt forestry sector

Thursday, 02 January, 2014, 9:27pm
News › Asia INDONESIA

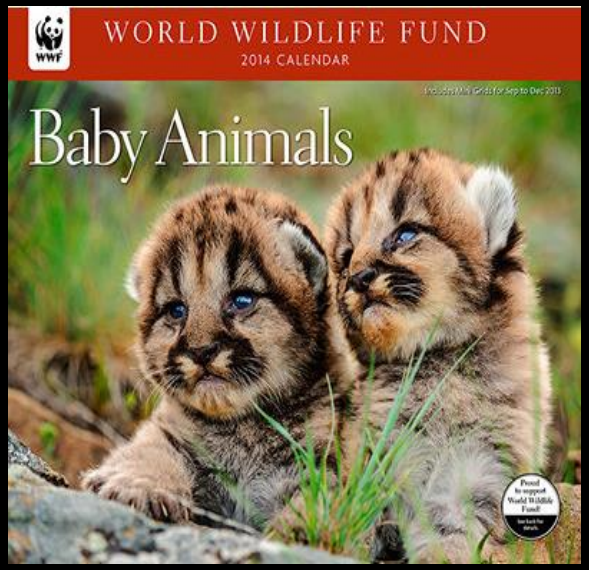
Agence France-Presse in Berau

The government is trying to stop illegal logging and fix the mismanaged industry

BAU

Reform

Politics in donor countries



AUSTRALIAN FOREST PRODUCTS ASSOCIATION
afpa
trees wood paper

Office DEPOT

Illegal Logging Prohibition Act 2012

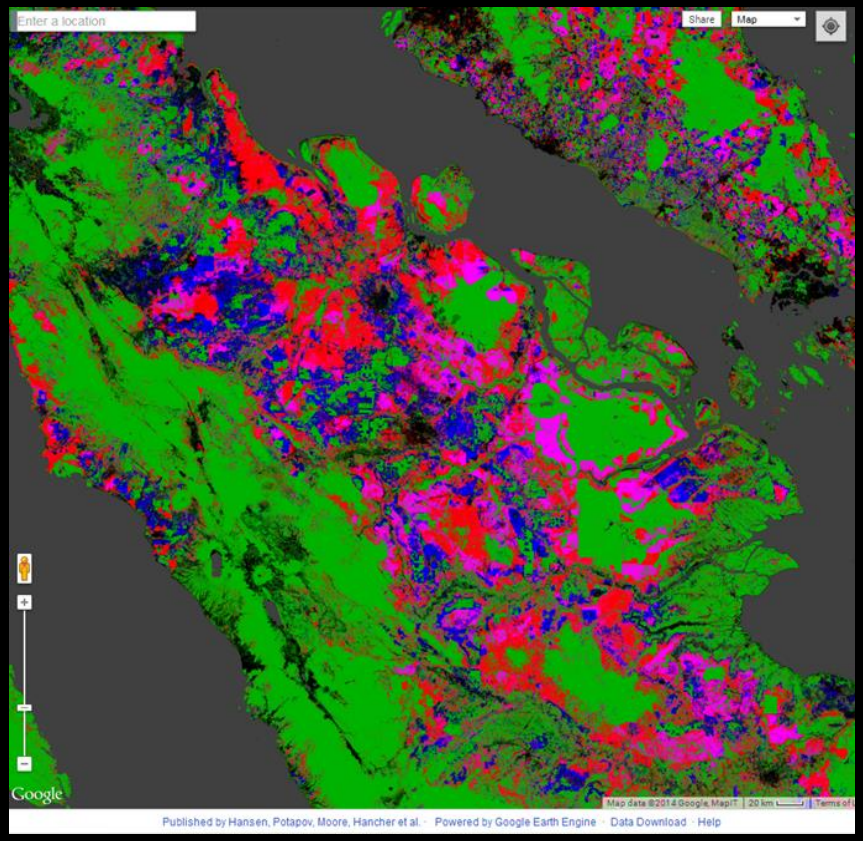
No. 166, 2012

AUSTRALIA

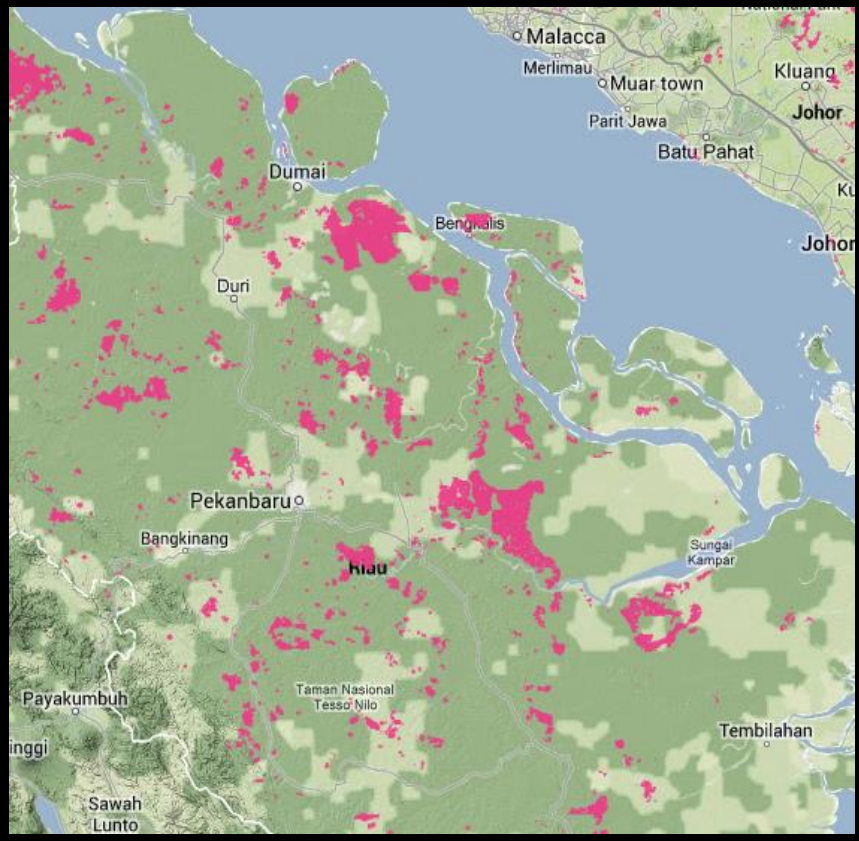
An Act to combat illegal logging, and for related purposes

Why now?

Technological advances make it possible



accurate annual measurement of deforestation for results-based finance



real-time monitoring of conversion for demand-side commitments

Need to bridge the gap to 2020

2014

Political consensus on REDD+

2020

Large-scale finance

(mindful of elections in the meantime)

Global calendar provides a window of opportunity

2015

LIMA COP20 | CMP10
UN CLIMATE CHANGE CONFERENCE

Australia 2014

2014

Forest Loss in Riau, Indonesia, 2000-2012. Source: Hansen, Potapov, Moore, Hancher, et al. (Science, 2013). Powered by Google Earth Engine

www.cgdev.org
fseymour@cgdev.org
@FrancesJSeymour