

Civil society call

Protecting the world's forests needs more than just money

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Governments meeting in Bali, Indonesia for the 13th Conference of the Parties/3rd Meeting of the Parties to the United Nations' Framework Convention on Climate Change (UNFCCC), 3-14 December 2007, need to recognise that this may be our last opportunity to stop runaway climate change and that with 18-20% of annual carbon emissions being caused by deforestation, protecting our forests is a key part of this.

This problem is made even more important because forests are a key part of the earth's carbon and hydrological cycles. Without forests rainfall will fail in many regions. Yet forests themselves are being impacted by climate change and may already be losing their ability to regulate the planet's climate. Further increases in temperature threaten to increase heat stress and drought, causing forests, particularly tropical forests, to become net sources of emissions, rather than stores. Furthermore, deforestation can also trigger irreversible ecosystem die-back.

Governments and intergovernmental organisations, including the World Bank, have responded by submitting a number of proposals concerning 'Reducing Emissions from Deforestation' (RED) and, in the case of the Bank, a proposal to launch a Forest Carbon Partnership Facility. However, these proposals, especially those that argue that forests should be included in carbon markets as offsets, fall far short of what is needed to combat climate change swiftly and effectively.

Carbon trading and offsetting are being used as a smoke-screen to ward off legislation and delay the urgent action needed to cut emissions and develop alternative low-carbon solutions. At the same time they encourage businesses, governments and people to continue with or even increase unnecessary polluting activities - reducing life to a commodity to be bought and sold.

Despite all these concerns, because carbon finance mechanisms hold the prospect of spectacular commercial profit in what may become one of the largest commodity markets in the world, they are at the top of many governmental and commercial agendas here in Bali.

Yet the UNFCCC's project- and trading-based emissions reductions schemes to date have been totally ineffective in terms of their ability to significantly reduce emissions. The UNFCCC's Clean Development Mechanism (CDM), which was launched in Kyoto in December 1997, was intended to allow countries with emissions reductions targets under the Kyoto Protocol to invest in projects that lead to developing countries being able to reduce their emissions more cheaply.

The CDM has not worked. Projects have tended to lead to excessive profits for business, whilst generating investment for many projects that would have happened anyway. Several years of carbon trading have not stopped increasing rates of greenhouse gas emissions. In fact, studies show they may be resulting in an overall increase in emissions. Many projects are not 'clean' nor are they leading to poverty alleviation or sustainable development, as intended.

The World Bank has an equally appalling track record in relation to carbon funding, not least because it continues to fund oil, gas and mining projects, despite recommendations from its own review which suggested most of these projects be rapidly phased out; and as a broker it has a vested interest in promoting carbon trading. Its planned Forest Carbon Partnership Facility (FCPF) -intended to channel carbon finance from donors to recipient countries - could also have serious negative social and environmental impacts.

Carbon financing is proving intensely inequitable. Forests are the home and source of livelihoods for over 1.6 billion people, including Indigenous peoples, and forest-dependent communities. Wealthy companies and countries are able to buy the right to continue to pollute, whilst poor communities often find themselves locked into unfavourable, long-term commercial contracts. Furthermore, forest-dependent Indigenous Peoples and local communities have already found that it is they who may have to bear the real cost of climate mitigation projects based on carbon finance, while garnering none of the benefits. Some carbon finance projects are subsidizing industrial tree plantations at the expense of communities, ecosystems and food production.

The proposed RED policies could trigger further displacement, conflict and violence, as forests themselves increase in value they are declared 'off limits' to communities that live in them or depend on them for their livelihoods. Women and Indigenous Peoples are the least likely to profit from the destruction of forests and therefore also the least likely to receive compensation. Carbon finance mechanisms result in forests being transferred or sold off to large companies who aim to acquire profitable 'carbon credits' at some point in the future.

Carbon markets, like other commodities, are also proving notoriously volatile. Far from creating a predictable commercial environment and financial flows, the European Union's Emissions Trading Scheme Phase I, for example, has had "very questionable effects" on "the extent to which emissions are reduced, and the extent to which it provides a stable and effective carbon price" (UK Environmental Audit Committee, 28 February 2007). The protection of forests and our climate is essential to all our futures and should not be subject to the vagaries of the market.

Recommendations

We are calling for governments to:

- address the direct and underlying 'drivers' of deforestation and the destruction of biodiversity in other ecosystems which are also critical to climate stability by reducing demand for agricultural and forest products and energy; removing trade and investment liberalisation rules that fuel deforestation; and stopping corruption.
- ensure that all forest protection programs are based upon and uphold the rights of Indigenous Peoples (as laid down in the UN Declaration on the Rights of Indigenous Peoples), women and local communities, by prohibiting any actions that seek to exclude Indigenous peoples and forest dependent communities from 'conservation' areas. Outstanding land and tenure questions and the free and prior informed consent of affected communities should be addressed as a prerequisite, before the implementation of any such programs.
- give the highest priority to halting the development, production and trade of agrofuels, and suspend all targets and other incentives, including subsidies, carbon trading and public and private finance related to the development and production of agrofuels.
- keep forests out of carbon finance mechanisms, which are unpredictable, inequitable and discourage the reduction of emissions at source. This includes keeping forests out of the Clean

Development Mechanism and all carbon trading initiatives; and rejecting the World Bank's Forest Carbon Partnership Facility (FCPF).

- ensure that developing countries are assisted in their efforts to protect their forests with well targeted, predictable and sufficient financial and other support, in the form of an international fund that rewards the complete rather than partial cessation of deforestation; supports policies that promote community-based forest management and reforestation, natural regeneration and ecosystem restoration; and finances a global forest fire fighting fund and expertise, to assist countries unable to prevent or stop out-of-control forest fires.
- redirect the very substantial amounts of public funds, tax exemptions and other forms of subsidies currently provided to the fossil fuel and agrofuels industries, into avoided deforestation assistance funds, the effective promotion of public transport and the development of solar, wind, geothermal, wave and energy efficiency technologies, (Government spending on energy subsidies currently totals US\$250 billion per year.)
- ensure that funds are not used to compensate logging and plantation companies and others involved in large-scale deforestation.
- strengthen weak forest conservation policies and institutions, encouraging bans or moratoria on industrial logging and forest conversion, and addressing corruption and lack of enforcement.
- implement a moratorium on all public financing and subsidies of oil, coal and gas exploration, and rapidly phase in subsidies for clean energy alternatives with just transition programmes to phase out existing fossil fuel activities, whilst protecting ecosystems, communities and food production from agrofuels.

Signed by:

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Asamblea Patagonica contra el Saquico y la Contaminacion, Patagonia, Argentina

Biofuelwatch

Carbon Trade Watch

Centro de Defesa dos Direitos Humanos, Brazil

COECOCEIBA/Friends of the Earth Costa Rica

Comisión Intereclesial de Justicia y Paz, Colombia

Down to Earth

Ecologistas en Acción, Spain

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Focus on the Global South

Foundation for Ecological Security, India

Freunde der Naturvoelker e.V./ Friends of Peoples close to Nature, Germany

Friends of the Earth Argentina

Friends of the Earth International

Friends of the Siberian Forests, Russia

Genethics Foundation, Netherlands

Global Forest Coalition

Global Justice Ecology Project, US

Grupo Reflexion Rural, Argentina

Madre Tierra/ Friends of the Earth Honduras

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National Farmers Assembly, Sri Lanka

Nature Alert

NOAH/ Friends of the Earth Denmark

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Pacific Indigenous Peoples Environment Coalition

Quaker Concern for Animals, UK

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Regional Advisory Information and Network (RAINS), Ghana

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Sustainable Energy and Economic Network

Swiss Working Group on Colombia (Grupo de Trabajo Suiza Colombia)

Tamil Nadu Environment Council (TNEC), India

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