

## Improving Forest Governance in Latin America

**L**atin America occupies less than 15% of the earth's land surface but holds over 40% of its biodiversity (UNDP, 2010). The Amazon alone is the largest remaining expanse of tropical forest in the world with half of all remaining rainforest. Unfortunately, the Latin America continent has also had the highest rates of deforestation in recent times, with an average of four million hectares lost every year between 2000 and 2010 (FAO, 2011a).

There is increasing interest in the issue of forest governance across all Latin America (Blandinières *et al.*, 2013) which TRAFFIC and partners are very keen to support and encourage. TRAFFIC is leading on a European Commission (EC) funded project to promote the EU Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan in partnership with WWF-Colombia and IUCN-Sur. The project, entitled "Supporting the implementation of the EU FLEGT Action Plan in South America: Catalysing initiatives to control and verify the origin of the timber in trade and support related improvements in forest governance", works in four of the nine countries that the Amazon rainforest covers (Brazil, Colombia, Ecuador and Peru). These countries are all described as megabiodiverse since they harbour a disproportionately large number of species (Mittermeier *et al.*, 1997); conservation of their forests is therefore of critical importance. All four countries face the challenge of dealing with illegal logging (see Box 1), although the nature of the challenge and the way it is being addressed varies substantially. Scoping studies that summarize the forest governance situation in all four countries have recently been completed and an overview of these studies is set out below.

### BRAZIL

Brazil has the second-largest expanse of forest in the world, with over 500 million hectares (FAO, 2011a). However, its Atlantic forest is down to 10% of its original extent, which puts further pressure on the remaining forest (Sparovek *et al.*, 2012). Brazil produces over 60% of wood and wood-derived products for the region although over 85% of its industrial wood production is from plantations (Blandinières *et al.*, 2013). The most substantial demand comes from its domestic timber market which takes up over 86% of the production (Macqueen *et al.*, 2003). The government has made significant progress in improved monitoring through the use of satellite data and more effective enforcement actions, which have been widely recognized as having reduced deforestation (Assunção *et al.*, 2013) although there is some recent evidence that this success may be reversing (Prada, 2013).

Forest governance emerged as a critical issue in Brazil in the mid-1980s. This initiated a period of both creation of forestry plans and new government legislation and directives. The Document of Forest Origin ("Documento de Origem Florestal" or DOF) was created in 2006 and remains the central timber tracking system, although some States have developed their own parallel equivalent (e.g. Mato Grosso and Para use the "Commercialisation System for Supply and Transport of Forest Products" or SISFLORA). These are computerized timber control systems that have been designed to accompany all timber shipments with information on the origin, species, type of product, quantity and monetary value of the timber.



## BOX 1: MEASURES TO ADDRESS ILLEGAL LOGGING

Illegal logging can be a precursor to other destructive practices causing habitat loss and unsustainable wildlife trade. It also threatens the livelihoods of forest-dependent people, undermines the legal trade in wood products and deprives governments of an estimated USD30–100 billion (Nellemann and INTERPOL Environmental Programme, 2012). Illegal logging contributes to forests being vastly undervalued as a resource and hence often prevents forestry from representing a viable alternative economic model when compared to activities such as oil palm plantations or mining, which have greater negative environmental impacts (Pin Koh and Wilcove, 2008). It can also undermine attempts to make the timber industry sustainable through appropriately tailored management practices and investments. There is an increasing acknowledgement of this issue and an associated implementation of effective action by national/regional governments, the private sector and wider civil society (Lawson, 2010). Efforts to combat illegal forestry include more effective policing (e.g. INTERPOL's Project LEAF (Law Enforcement Assistance for Forests) launched in June 2012), wider stakeholder engagement including local communities, and the use of legislation banning the trade in illegal timber and timber products. In the USA, the *Lacey Act* was amended in 2008 banning the commerce of illegally sourced timber, and Australia passed its own *Illegal Logging Prohibition Act* in 2012. The *European Union Timber Regulation* (EUTR), which came into force on 3 March 2013, prohibits illegally harvested timber or derived products from entering the EU market and requires appropriate implementation and maintenance of a due diligence system to minimize the risk that such goods are sold in the EU. The EUTR explicitly requires traceability of all timber and timber products throughout the supply chain. Although its primary aim is to prevent illegal timber from being sold in the EU, the regulation is also designed to reinforce forestry related legislation in the exporting country.

The EUTR is only one measure that has been implemented under the EU Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan. Another has been the establishment of FLEGT Voluntary Partnership Agreements (VPAs) between timber exporting countries and the EU, which aim both to ensure that wood entering the EU is legally sourced, and to support improvements in the governance of the forest sector of the producer country. To date, no FLEGT VPAs have been signed in Latin America although some negotiations have been initiated.

The FLEGT Action Plan, as well as some of the specific activities it encompasses such as EUTR and FLEGT VPAs, are poorly understood among stakeholders. Apart from legislative instruments (such as EUTR), the FLEGT Action Plan identifies six further areas where measures should be focused. These are: supporting timber exporting countries; promoting legal timber trade; promoting public procurement policies; supporting private sector initiatives; encouraging sound financing/investment in the forestry sector; and addressing the issue of conflict timber. The positive impact that such a comprehensive approach could have should not be underestimated (Lawson, 2010). A recent report highlighted the significant detrimental impact that the EU may be having on deforestation (VITO, IIASA and CICERO, 2013) and, by implication, on forest governance. Furthermore, it is worth remembering that the EU is the second-largest importer of timber products in the world, with a total value of Euro13 billion in 2011 (ETTF, 2012).



J. NUÑEZ-MIÑO / TRAFFIC

IN SOUTH AMERICA, THERE ARE VERY PROMISING SIGNS OF A DEEPER UNDERSTANDING AND ENGAGEMENT WITH FORESTRY GOVERNANCE ISSUES. ONE EXAMPLE THAT REFLECTS THIS IS THE DEGREE OF CROSS-BOUNDARY CO-OPERATION DEMONSTRATED BY BRAZIL, COLOMBIA, ECUADOR AND PERU IN THEIR WILLINGNESS TO ENGAGE IN A RANGE OF REGIONAL AGREEMENTS WITH FORESTRY-RELATED CONTENT

Several initiatives engage a large number of cross-sectoral stakeholders, the most notable of which has been the National Forest Programme (“Programa Nacional de Florestas” (PNF)), launched in 2000. The PNF includes among its objectives the curbing of illegal logging and encouraging sustainable use. More recently this programme has lost its momentum, however the value of this type of holistic and inclusive initiative has been widely acknowledged. TRAFFIC, in collaboration with WWF-Brazil, is currently engaging a range of key actors, including the Brazilian timber industry, to promote sustainably managed forests.

## COLOMBIA

Like other Latin American countries (e.g. Ecuador), over 40% of Colombia’s natural forest is owned by indigenous, Afro descendent and rural communities (Ucros, 2009). Unlike its neighbouring countries, Colombia is a net importer of wood products, which is now encouraging a policy of incentive-driven reforestation plantations (Proexport, 2012). Furthermore, funding from the EU and others has supported development of Colombia’s forest governance in recent years (Blandinières *et al.*, 2013). One of these developments is the “Intersectoral Pact for Legal Wood in Colombia”, which is a voluntary agreement between 70 organizations, including government, private sector and civil society. The objective is to ensure that the wood harvested, transported, processed, marketed and used in Colombia comes from legal sources. Development statute law states that the State will “promote the implementation of the Pact for Legal Timber” and the government has included forest governance as one of its topics to work on. Additionally Colombia, along with Peru, has recently signed Free Trade Agreements (FTAs) with both the USA and the EU that explicitly include clauses on improved forest governance.

## ECUADOR

In 2000, Ecuador moved to a new model of forest management based on a national strategy for sustainable forests. It went even further in 2008 by becoming the first country to include explicitly chapters on the “Rights of Nature” in its constitution. This now grants nature the right to “exist, persist, maintain and regenerate

its vital cycles, structure, functions and its processes in evolution”. This provides the authority to petition on behalf of ecosystems in addition to requiring the government to remedy violations of these rights.

The forest governance model being implemented by the Ministry of Environment in Ecuador focuses on five elements: i) improve administrative efficiency and control system; ii) strengthen the system of incentives for sustainable forest management and forest conservation; iii) generate information to facilitate timely decision-making; iv) promote reforestation of degraded areas and protection; and v) implement research, training and dissemination.

One particularly successful implementation of this governance model has been the use of incentives combined with environmental and socio-economic targets via the “Socio Bosque” programme, which was initiated in 2008 (De Koning *et al.*, 2011). Socio Bosque is a national government programme that gives direct economic incentives to forest owners who voluntarily commit to comply with conservation actions via a 20-year agreement. In a country where the majority of natural forest is owned by rural families and Afro-Ecuadorian and indigenous communities, this has had a significant positive impact resulting in over 90 000 beneficiaries and nearly 900 000 hectares of natural ecosystems (Fehse, 2012). Other incentive schemes, similar to the one previously outlined for Colombia, have also been established in Ecuador in order to encourage reforestation through commercial plantations.

## PERU

Peru has the fourth biggest extent of tropical forest in the world (FAO, 2011b). A report in 2012 highlighted some of the challenges faced in the fight against illegal timber in Peru, primarily fraud and corruption (Urrunaga *et al.*, 2012). Peru is currently undergoing an extensive review of its forestry sector, the framework of which is outlined in the *Wildlife Forestry Law* signed in 2011. This new law requires forest concessions to have in place sustainable forest management plans and operating plans to strive towards sustainability. A National Policy for Forestry and Wildlife has also recently been approved, which sets out the framework and direction of forest governance in Peru over the long term.

Two Free Trade agreements have been recently signed with the USA (main importer) and the EU which explicitly include sections on forest governance and the promotion of legal timber trade. Information and tools are currently being developed in order to support this drive towards improved forest governance. Traceability of timber and timber products will be a useful tool to verify legality and there are a number of promising developments. A project funded by the International Tropical Timber Organization (ITTO) has trialed a timber traceability system aimed at satisfying the export markets (Torres, 2013). The Peruvian Government has also been designing a “National System of Forest Information” (“Sistema Nacional de Información Forestal” (SNIF)), which will integrate all aspects of the forest harvesting process in a real-time online database expected to go live very soon.

## Conclusions

Illegal logging is a worldwide issue of critical importance both for conservation, forest-dependent peoples and businesses (World Bank, 2006). In South America, there are very promising signs of a deeper understanding and engagement with forestry governance issues. One aspect that reflects this is the degree of cross-boundary co-operation demonstrated by all four countries in their willingness to engage in a range of regional agreements with forestry-related content (FAO, 2011b). TRAFFIC’s project in South America aims to support this process by facilitating and encouraging further co-operation and exchange of information, both at the international and cross-sectoral levels. One example of this is work that TRAFFIC is doing with funding from GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit), examining the synergies between the FLEGT Action Plan and other measures and programmes that impact on illegal logging. TRAFFIC’s strategy includes engaging with stakeholders ranging from government bodies, private sector companies, forest-dependent people and other civil society representatives. It is also of critical importance that the efforts being made to improve forest governance in Latin America should be more widely acknowledged and supported in consumer countries. The benefits of taking this approach will be far reaching, not only in terms of the positive impact on forest conservation but also in improving the perception of the tropical timber trade.

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**José Núñez-Miño**, Timber Trade Programme Officer, TRAFFIC in Europe; E-mail: [jose.nunez-mino@traffic.org](mailto:jose.nunez-mino@traffic.org)