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STRATEGIC FRAMEWORK FOR THE CONGO BASIN FOREST FUND v.3

Introduction

The Congo Basin Forest Fund was formally launched on 17 June 2008 under the leadership of the co-chairs, Paul Martin and Wangari Maathai. The main mandate of the CBFF is to tackle climate change by slowing the rate of deforestation; and to alleviate poverty. It will work closely with Central African governments and other stakeholders to support activities which complement particular aspects of the COMIFAC (The Central Africa Forests Commission) convergence plan. The Fund is run by a Governing Council and managed and disbursed by a Secretariat based at the African Development Bank (AfDB).

At their first meeting, the Governing Council requested that the UK Department for International Development (DFID), as acting Secretariat for the CBFF whilst the permanent Secretariat is established in Tunis, produce "*a further paper on the Strategic Direction of the CBFF*". This paper has been produced drawing on the AfDB Framework Document for the Establishment of the Congo Basin Forest Fund (the Framework Document), the Statement of Support that was signed by many participants at the CBFF Launch, the CBFF Brochure and discussions with Members of the Governing Council and other stakeholders.

Outline

Following his visit to the region in February 2008, Barry Gardiner, the UK Prime Minister's Special Envoy for Forests and *ex officio* member of the CBFF Governing Council, noted that "the £50 million of the Congo Basin Fund is both too little and too much. It is too little to meet the overwhelming need that we witnessed. It is too much for the existing institutional capacity to deliver efficiently." This remains true even with the doubling of the size of the Fund following the Norwegian contribution.

The CBFF therefore needs to identify where it can best add value to achieve its ambitious objectives; and agreement of a Strategic Framework is one of the most important early issues for the Governing Council, if lucidity and focus is to be maintained.

Five key thematic areas have been identified:

- Livelihoods and economic development
- Legislation, rights and enforcement
- Baselines and monitoring
- Management and sustainable practice; and
- Carbon trading

The remainder of this paper takes each in turn and sets out some basic context, identifies gaps in current knowledge, and sets down some preliminary suggestions for CBFF engagement. It concludes with suggested next steps.

Section 1: Livelihoods and economic development

Context: Estimates of the population of the Congo Basin forests vary between 30 million and 50 million people. The population is very unevenly distributed.

In isolated rural communities the forest is a source of food, fuel, building materials and medicinal herbs. People derive their livelihoods in a number of ways: through subsistence hunting and gathering of fuel wood and non-timber forest products (NTFPs), through transformation of forest products for sale and through direct employment. In more populated areas many engage in subsistence agriculture in cleared forest areas, whilst shifting cultivation is traditionally practiced, in which small areas are cleared by burning. A relatively low number of people are employed directly in the forest sector, typically doing poorly paid manual labour. In towns employment is generated through transportation, the service sector, trade and manufacturing of wood products. Bushmeat is an important source of protein, processed and sold by women, though the hunting is conducted by men. The importance of subsistence use of forest products should not be underestimated: the forest resources are both a safety net in times of difficulty and an important component of the established livelihood strategies of forest dependent people.

Gaps: Poverty data is incomplete, but it can be assumed that currently most of the 50 million people who derive their livelihoods from the forest are extremely poor. Reducing poverty is critical both to stability in central Africa and the achievement of the Millennium Development Goals (MDGs).

Although poverty is widespread, it is not homogenous. People are affected in different ways and to differing degrees according to their geographic, social and economic locations. For example, women and girls have been disproportionately negatively affected by violence and poverty and their numbers amongst the poor have increased. Systems and services need to be established in a way that delivers to the poor majority but also respond to the needs of particularly vulnerable groups, especially over the longer term as systems become established and can better respond to differing needs and vulnerabilities.

Possible areas for CBFF engagement:

- The CBFF could support livelihoods which have a positive impact re sustainable forest management .
- The CBFF could look to support livelihoods development programmes which specifically targets the needs of vulnerable groups.

Section 2: Legislation, rights and enforcement

Context: Strategic Area 1 of the COMIFAC Convergence Plan calls for the harmonisation of “forest and taxation policies” in the COMIFAC countries. Several

countries in the region have undergone major overhauls of their forest legislation, five of them having passed through the national legislature a new Forest Code in recent years (between 1990 and 2002). While there are differences between them, not least in the structure of systems of fines and taxes, they are all based on essentially similar principles of sustainable forest management, according to national systems of land classification (the public and private domains, under which most forested land falls).

Analysis¹ has focused on the status of the land, which for four of the countries concerned largely follows French traditions of land title; the way in which the laws regulate access and use rights, the (generally underexplored) area of community-based ownership and management of forests (in only two of the countries (Cameroon and Equatorial Guinea) are there legal provisions for local community participation in both management and sharing in the economic benefits of forest management), the willingness of the states to decentralise and delegate authority (and revenue-raising powers) to a provincial level; the systems for allocating concessions and permits; the overall taxation and pricing regimes; and approaches to trade regulation and law enforcement.

Gaps: At the heart of the problems of forest management and governance in Central Africa lies the chronic shortage of capacity to enforce the laws, however skilfully they may have been drafted. In the four countries for which comparative data are available (Cameroon, Gabon, Congo and CAR), there are approximately 1200 field staff in all, while the logging companies that they are supposed to control employ some 35,000 people in the same countries, and over the same area. Add to this the realities of scale, in which one agent may be required to supervise as much as 176,000 ha. of forest concession, possibly with no functional means of transport, and on a salary which may, in some of the countries, be as little as 30,000 F CFA (£30) per month, and there is no wonder that law enforcement is both feeble, and open to abuse. One common form of abuse is the private negotiation of alternatives to the fines that agents have the power to impose. This French system, designed to encourage zeal in identifying infractions, also encourages fraud, on a quite understandable scale, given the rock-bottom salaries that are paid.

Possible areas for CBFF engagement:

- The CBFF could support further improvement in the harmonisation of laws, but this is a lengthy and arduous process, for which there is already a fair measure of donor support. This is not recommended as an area of initial focus.
- The CBFF could support capacity-building towards the application of existing laws.

¹ In 2006, the CBFP published “A comparison of Forestry Legislation and Regulations in the six forest countries of Central Africa” [Karsenty, A, Chapter 8 in *The State of the Forest, 2006*, Congo Basin Forest Partnership]; and in 2007 COMIFAC published two summary reports, covering respectively “The management of forest resources and the fight against illicit exploitation and poaching” and “The harmonisation of policies, institutions, laws and forest taxes”.

Section 3: Baselines and Monitoring

Context: The Congo Basin Forest Fund has been established with the twin goals of supporting sustainable economic development and poverty alleviation; and slowing the rate of deforestation in order to help tackle climate change. In both, it will be important that there is a clear focus on the results of the interventions supported by the Fund – with clearly established baselines against which the results will be measured. Support from the CBFF could then be linked in some shape or form to actual achieved results.

In particular, if the CBFF is to support *Reduced Emissions from Deforestation and Degradation (REDD)* objectives, then achieving reductions in GHG emissions from deforestation/forest degradation relative to an agreed baseline will be at the core of this effort. For REDD efforts to be credible - both in the context of a global deal on climate change, and regarding possible commercialization - a standardised approach must be established. The approach adopted by the CBFF should (without prejudging the outcome of the UNFCCC) be in line with the establishment of an agreed, standardized international approach to monitoring, baseline-setting and verification.

Possible areas for CBFF engagement:

- The CBFF could support the development of national strategies on *Reduced Emissions from Deforestation and Degradation* which included baselines and reduction commitments, starting at a time to be specified. This might include: an overview of potential reductions; and goals for annual reductions from a reference year (probably not until 2010).
- The CBFF could support the establishment of an international institutionalised approach to monitoring, baseline-setting and verification for the Congo Basin. This might include determining an institutional nexus for such efforts: probably a relevant UN agency.

Section 4: Management and sustainable practice

Context: The situation in the Congo forests is generally one where small but politically powerful groups of elites with strong vested interests have ensured that very little progress has been made in changing the prevailing forest management model – essentially one based on large scale logging concessions and large protected areas (the so-called ‘binary’ model). The large industrial forestry concessions, as presently managed, are one of the drivers of deforestation and forest degradation in the region, the infrastructure used to open up areas for logging machinery and transport subsequently used by others to conduct further (usually) destructive activities. In addition, and just as importantly, very rarely have the benefits from any of these ‘waves’ of forest exploitation activities (whether the initial industrial logging or the ad hoc follow-

up degradation and deforestation) produced sustainable benefits for people living in or near these areas.

Gaps: There have been some attempts to introduce more poor-people-friendly alternatives to the 'binary' model, most notably community forestry in Cameroon, but success has been limited. The real potential for local community management of forests to achieve sustainable systems which will meet local and national economic development aspirations, biodiversity conservation goals and global climate change related objectives has not therefore been fully tested. There is currently no critical mass of community forest management experience that will be politically and legally robust and could in time successfully challenge the prevailing forest management binary model in terms of economic and benefits to the people and governments of the Congo basin.

Possible areas for CBFF engagement:

- The CBFF could support efforts to transform the prevailing 'binary' model by supporting those working to introduce pro-poor community forestry in the region, be they non-state or state actors, or (ideally) a partnership between the two.
- The CBFF could invite proposals that would support a variety of innovative activities which develop or demonstrate sustainable pro-poor, community forest management.

Section 5: Carbon trading

Context: The Stern Review underlined the importance of a carbon price in delivering emissions reductions; noting that the development of a global carbon market through greater use of emissions trading (and by extension market-based incentives for REDD) would be a key strategy to deliver a global price. The carbon market is also key tool to engage the private sector in reducing emissions. In Copenhagen in December 2009, COP 15 of UNFCCC will negotiate the Post-Kyoto targets and the mechanisms which countries can use to meet those targets. This will include discussion of whether REDD should be encouraged by market-based incentives for measurable, reportable and verifiable reductions in emissions from forestry.

There are, however, a number of technical challenge that must be overcome, including: minimizing and accounting for "leakage" - when preventing deforestation in one place encourages it somewhere else; and giving potential market makers the confidence that investing in carbon credits from avoided deforestation can actually prevent deforestation.

Gaps: To date the UNFCCC has been dominated by the major emitters, and by the powerful rainforest nations such as Brazil and Indonesia. Africa, which has contributed least to emissions but will suffer the most from its effects, has had a muted voice. At Copenhagen it will be important that the needs of Africa – and, in the context of discussions on REDD, particularly those of the Congo forest governments - are taken in to consideration in the negotiations.

It will also be important, if Copenhagen is to support market-based incentives for REDD, that the countries of the Congo basin forests have prepared themselves to address the many technical issues that currently stand in the way.

Possible areas for CBFF engagement:

- The CBFF could commission a small group of technical experts to support the Governments of the Congo basin develop their thinking in the run up to Copenhagen.
- The CBFF could invite proposals that will directly tackle the technical issues to implementing a successful carbon market for REDD.

Next steps:

The Governing Council will consider this paper at their meeting on 1 September. Specific actions arising will need to be taken forward, initially by the African Development Bank and the Interim CBFF Coordinator and in due course by the Permanent Secretariat.

The Governing Council may feel the need to be supported by Think Tanks or time limited task teams who can provide thorough technical analysis and advice for the main thematic areas of the Fund and frame the activities of the Secretariat in the development of projects. Such task teams could be set up specifically to address key issues and should be time limited. New teams could then be set up as new key issues arise. In general the membership of such groups can be most effective if made up of technical specialists (whether academics or practitioners) engaged in their own right as experts, rather than as representing institutions or institutional views. It is proposed that this approach be trialed by the use of a small group of technical experts to further develop thinking on Carbon Trading.