



Position

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Global Network Position: Deforestation-free production and finance

1. Position summary:

WWF advocates Zero Net Deforestation and Forest Degradation^a by 2020, and maintaining this thereafter, as a global or regional target that reflects the scale and urgency with which threats to the world's forests and climate need to be tackled. The recent groundswell of commitments to *deforestation-free* production, commodity-sourcing and financing is a promising step towards achieving this target and sustainable supply chains for food, fibre and energy.

However, there is much debate and ambiguity over what should qualify as *deforestation-free* and how it should be verified. An overly narrow focus on deforestation also risks drawing attention away from other threats (such as forest degradation and the loss of non-forest habitats) and other dimensions of sustainability (such as water stewardship, health and safety, pollution, human rights and social welfare).

This position sets out safeguards and emerging best practices that WWF believes should be incorporated in commitments and actions on *deforestation-free* production, sourcing and finance. These should help position *deforestation-free* as a critical aspect of sustainability, but not a proxy for, or superior trait to, full sustainability.

Because voluntary private sector initiatives alone will not be sufficient to bring deforestation rates down to near zero, the position highlights a broader suite of governance and policy measures that are needed to complement *deforestation-free* actions. The position concludes with key actions that WWF will take in support of *deforestation-free* commitments and these broader measures.

2. Background: Forests - critical for people and planet

WWF envisions a world enriched by resilient forest ecosystems - valued for their contribution to human welfare and sustaining life on earth.

Forests are core to the culture, spiritual beliefs and livelihoods of indigenous peoples and communities the world over – today some 300 million people live in forests and over one billion directly depend on forests. Forests are home to amazing animals and plants – almost nine out of ten species found on land live in forests. They lock up vast amounts of carbon and release oxygen. They make rainfall, filter freshwater and hold soil. They produce wild foods, fuelwood and medicines for the people that live in and around them. They are storehouses of potential future crop varieties and genetic materials with untapped healing qualities. Wood and other fibre grown in forests can be used as a renewable fuel or as raw material for paper, packaging, furniture or housing.

In the coming years, forests will come under pressure like never before as more wood is used for energy, more land is cleared for agriculture, new roads bring settlers and industry beyond today's frontiers and climate change is likely to cause more frequent and more extreme weather events.

Zero Net Deforestation and Forest Degradation (ZNDD)

WWF advocates ZNDD by 2020, and maintaining ZNDD thereafter, as a global or regional

^a See Glossary for a definition of this term.

target that reflects the scale and urgency with which threats to the world's forests and climate need to be tackled. Failing to make substantial progress towards this target will mean huge and irreversible losses in biodiversity and ecosystem services, and less prospect of reducing GHG emissions quickly enough to keep global temperature rises below 2°C.

WWF envisions a future world where humanity lives within the Earth's ecological limits and shares its resources equitably. As we get closer to 2050, assuming population and incomes continue to grow as projected, maintaining ZNDD will require forestry and farming practices to produce more with less land, water and fossil fuel-based inputs, and new consumption patterns that meet the needs of the poor while eliminating waste and over-consumption. With such changes, the quality and area of the world's forests can be maintained and enhanced without creating shortfalls in food, timber, biomaterials or bioenergy.¹

Commitments to deforestation-free supply chains and financing are a tangible step towards the conservation and sustainable use of forests and other ecosystems. By eliminating activities associated with forest destruction from their supply chains and financing, organisations can contribute to the achievement of ZNDD by 2020. However, while ZNDD works as a global target or as a target for a specific jurisdiction, it does not easily translate into the system boundaries of production and trade. The accounting unit for ZNDD is hectares, which means net change must be calculated in a defined area of land at global, national or regional scale. A business or product does not provide an easily defined, constant unit within which to measure impacts on forests in net hectares lost or gained. The geographic sources, and mix, of raw materials entering supply chains tends to be complex and dynamic.

Conversely, deforestation-free supply chains will not be sufficient to achieve ZNDD. Pressures on forests related to weak governance, insecure land tenure, rural poverty or new infrastructure cannot be addressed solely by voluntary safeguards on production, commodity-sourcing and financing. Strong, complementary public policy efforts are needed to strengthen landscape governance and define development pathways that maintain rather than deplete the natural and social capital present in healthy forests. Effective strategies to halt deforestation will involve a range of measures including: Payment for Environmental Services (e.g. through REDD+); land tenure reform; sound land-use policies and planning processes; protection, management and restoration of forests; productivity and sustainability gains in agriculture and plantation forestry to meet rising demand for food, fibre and bioenergy without forest loss and degradation; new policies, culture change and incentives to reduce high-footprint consumption patterns and waste; and eradication of governance failures that leave room for illegal loggers or for ranchers, planters or settlers to clear-fell or burn forests to acquire land.

The recent groundswell of deforestation-free initiatives and commitments

Some of the world's largest retailers, brands, traders and producers have committed to eradicate deforestation from their operations and supply chains.² The Consumer Goods Forum, an organisation representing more than 400 companies, has committed to mobilize resources to help achieve zero net deforestation by 2020, through individual company initiatives and by working collectively.³ The Forum has issued Sustainable Soy Sourcing Guidelines⁴, Paper, Packaging and Pulp Sourcing Guidelines⁵ and is working on palm oil sourcing guidelines, to help companies move towards this target. The Banking Environment Initiative has entered into a "Soft Commodities Compact" with the Forum to support achievement of the target.⁶ In 2012, the Tropical Forest Alliance was formed to mobilize key private sector, governmental and civil society entities to help achieve zero net deforestation in tropical forest countries by 2020.⁷ In October 2014, 130 organisations (governments, companies, NGOs, and civil society groups) signed onto the New York Declaration on Forests, and its call for a halt to deforestation by 2030.

This groundswell of deforestation-free commitments is a welcome tangible step towards achieving ZNDD by 2020 and sustainable supply chains for food, fibre and energy. The forest and land sector represents almost 25% of global greenhouse gases emissions, and deforestation-free commitments are helping to build critical momentum towards global action to address climate change.⁸

However, there is wide variation in how these commitments are worded and no clear consensus on what should qualify as deforestation-free production, commodity-sourcing and financing. Terms like "no deforestation", "deforestation-free" or "zero deforestation" are often used without clear criteria or verification mechanisms. Where criteria are specified they tend to define a range of unacceptable forms of forest conversion rather than require a complete bar on all forest clearing.⁹

Certification systems such as those managed by the Forest Stewardship Council, the

Roundtable on Sustainable Palm Oil, the Roundtable on Responsible Soy and the Roundtable on Sustainable Biomaterials all have safeguards on forest clearing and degradation. However, these vary and some may need to be strengthened to qualify as verifiers of deforestation-free production as consensus emerges on what this means.

WWF is conscious of the risk of unintended consequences of deforestation-free initiatives. These include:

- An exclusive focus on forests might mean less attention is paid to other natural ecosystems like grasslands and wetlands
- An exclusive focus on deforestation might mean less attention is paid to forest degradation and forest management practices to prevent degradation
- An exclusive focus on deforestation-free production might mean less attention is paid to other dimensions of sustainability, such as water stewardship, health and safety, pollution, human rights and social welfare
- An exclusive focus on halting forest conversion might mean less attention is paid redressing harm caused by past forest conversion (e.g. resolving social conflicts and compensating for past violations of customary land rights; restoration or compensatory conservation actions)
- Risk-averse, responsible companies could withdraw from high forest loss regions, allowing the entry of less responsible actors prepared to operate without adequate forest safeguards to supply less discerning markets
- Fast market-based actions might not provide the time needed to achieve enduring governance reforms (e.g. tenure reform, participatory decision-making systems) in countries where deforestation is a symptom of weak governance
- A plethora of definitions of what qualifies as deforestation-free could result in a confusing and unreliable array of claims and verification systems
- A wasteful investment in new stakeholder platforms, standards and verification systems could occur if deforestation-free initiatives by-pass, rather than build on, credible certification standards and their systems for stakeholder participation, auditing, chain of custody, control of claims, and handling of grievances.

3. WWF believes that:

Deforestation-free commitments and actions should:

- Define forest conservation objectives, and what qualifies as deforestation, in clear and credible terms, including:
 - Criteria against which implementation success will be measured.
 - Any circumstances/exceptions in which limited deforestation is permissible.^b
 - Which methodologies are to be used to delineate forest areas to be conserved, and areas that can be developed.¹⁰
 - Which products, operations or financial transactions are within scope.
 - A glossary of technical terms.
- Incorporate, at a minimum, the following safeguards:
 - No forest is cleared on local peoples' land without their free, prior and informed consent.
 - High conservation values are maintained and enhanced and no forest loss occurs in areas needed to maintain such values.¹¹
 - Greenhouse Gas emissions are minimised, especially in areas with high above or below-ground carbon stocks.
 - No forest is cleared in contravention of the law.
 - Interventions to reduce pressures on forests do not simply relocate those pressures to other natural ecosystems (e.g. grasslands, wetlands, shrublands).

^b For example, The Forest Stewardship Council forbids conversion of forests to plantations or other land-uses, except where conversion entails a very limited portion of the forest management unit, is not in a High Conservation Value forest area, and will enable substantial, additional, long term conservation benefits).

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- Protect rights of forest-dependant peoples and communities to –
 - Access forest resources and enjoy a fair share of the benefits from their use or commercial exploitation
 - Give or withhold free prior informed consent to activities affecting their territories, and
 - Receive fair compensation for conservation measures or commercial land uses that impinge on their rights and livelihoods.
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4. WWF recommends that:

Systems defining and verifying deforestation-free operations and products should ensure that:

- Preventing forest loss is seen as a critical aspect of sustainable production, but not a proxy for, or superior trait to, full sustainability. In this context, production that meets more comprehensive, credible certification standards should generally be considered as preferable to production that is merely deforestation-free.
 - All forms of embedded deforestation are addressed (e.g. soy linked to deforestation in feed for animal products)
 - Products from land recently converted from forest do not qualify as “deforestation-free”, except where legacy issues are addressed through restoration of critical areas and ecosystem services, compensatory conservation measures in nearby forests under threat, resolution of historical social conflicts and land claims and compensation of communities whose rights and livelihoods have been impacted by such conversion.
 - Claims that products, operations or financial transactions are deforestation-free are third-party verified wherever there is a material risk of associated forest loss
 - Stakeholder participation, transparency, grievance mechanisms and other procedural safeguards that are typically present in certification systems, are included.
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5. WWF will:

Take the following actions to ensure deforestation-free commitments have positive environmental and social impacts:

- Work with other stakeholders and across sectors (including participation the Understanding Deforestation Free initiative of the Forests Dialogue ¹²) to encourage harmonisation of definitions, approaches and best practices in determining what qualifies as deforestation-free production, commodity-sourcing and financing, in broad alignment with this position.
- Support development of systems and methodologies to support, monitor and verify implementation of deforestation-free commitments, including robust application of safeguards (e.g. use of licensed assessors of High Conservation Values ¹³).
- Encourage certification systems, their members and auditors to strengthen safeguards on the conversion of forests to avoid potential inefficiencies of creating standalone systems for stakeholder participation, auditing, chain of custody, controlling claims, grievances etc., for the sole purpose of verifying that production is deforestation-free. We will encourage organisations to use credible certification systems to verify that operations, products and financing are deforestation-free as well as meeting other sustainability requirements.
- Encourage the development of similar safeguards on the conversion of other non-forest ecosystems (e.g. grasslands, wetlands).
- Help define pathways for organisations associated with recent deforestation to redress their legacies adequately through socially and environmentally positive remedial action (e.g. conserving areas in the surrounding landscape that are under threat, restoration, resolving social conflicts).

Endeavour to work coherently across the key systemic drivers of forest loss (governance, financial systems, consumption patterns and production) to support the creation of conditions and incentives for land-use choices and practices that better recognise and safeguard forest values. In doing so, we will place particular emphasis on developing viable governance, business and investment models for locally-controlled forest management that can be taken to scale. Geographically, we will focus our efforts on the world’s deforestation fronts –eleven places where the vast majority of forest loss is projected up to 2030 under business-as-usual scenarios. ¹⁴ Specifically, we will:

- Encourage a landscape approach to inclusive sustainable development, working across sectors and beyond the scale of individual farms, forest management units and protected areas, to secure food, fibre and energy production, improvements in social welfare and ecosystem conservation.
- Link deforestation-free commitments to ambitious national and international commitments to climate change mitigation and adaptation, including through national strategies for reducing emissions from deforestation and forest degradation (REDD+).
- Advocate land tenure reform and stronger recognition of rights of forest-dependent communities and Indigenous and tribal peoples' territories as critical enabling conditions for sustainable forest management and land use.
- Help create stronger incentives for forest stewardship so that responsible forest management can compete with short term financial gains from forest conversion or degradation that depletes natural capital and increases social conflict.
- Promote forest certification as a means of ensuring that forests are well managed and not degraded, in recognition that degradation often begins a slippery slope to deforestation.^c

6. Glossary

Deforestation (or forest loss): Conversion of forest to another land use or long-term reduction of tree canopy cover. This *includes* conversion of natural forest to tree plantations, agriculture, pasture, water reservoirs and urban areas; but *excludes* logging areas, where the forest is expected to regenerate naturally or with the aid of silvicultural measures.

Deforestation-free commitment: A commitment by an organization to eliminate all, or specified forms of, forest loss from its production, commodity-sourcing or financing.

Deforestation fronts: places where the largest concentrations of forest loss or severe degradation are projected between 2010 and 2030. Collectively, these places will account for over 80 per cent of the forest loss projected globally by 2030, i.e. up to 150 million ha.

Forest degradation: Changes within the forests that negatively affect the structure or function of the stand or site, and thereby lower the capacity to supply products and/or ecosystem services.

Free, Prior, Informed Consent: the right of indigenous peoples or forest-dependent communities to approve or reject proposed actions or projects that may affect them or their lands, territories or resources.

High Carbon Stock Approach: A methodology to delineate areas of natural forest to be protected in the implementation of 'No Deforestation' commitments, including differentiation of natural forest areas from degraded land potentially suitable for establishing plantations and crops.¹⁵

High Conservation Value (HCV): an exceptional or critical ecological attribute, ecosystem service and/or social function of forests and other biomes, defined by the Forest Stewardship Council as follows –

HCV1 - Species Diversity: Concentrations of *biological diversity*, including endemic species, and *rare, threatened or endangered* species, that are significant at global, regional or national levels.

HCV 2 - Landscape-level ecosystems and mosaics: Large landscape-level *ecosystems* and ecosystem mosaics that are significant at global, regional or national levels, and that contain viable populations of the great majority of the naturally occurring species in natural patterns of distribution and abundance.

HCV 3 - Ecosystems and habitats: Rare, threatened, or endangered ecosystems, *habitats* or *refugia*.

HCV 4 - Critical ecosystem services: Basic *ecosystem services* in critical situations, including protection of water catchments and control of erosion of vulnerable soils and slopes.

HCV 5 - Community needs: Sites and resources fundamental for satisfying the basic necessities of local communities or *indigenous peoples* (for example for livelihoods, health, nutrition, water), identified through engagement with these communities or indigenous peoples.

^c For example, large canopy gaps can dry out rainforests leaving them vulnerable to fire; abandoned logging roads provide access to settlers; and authorities are often more willing to grant conversion permits in heavily logged forests.

HCV 6 - Cultural values: Sites, resources, habitats and *landscapes* of global or national cultural, archaeological or historical significance, and/or of critical cultural, ecological, economic or religious/sacred importance for the traditional cultures of local communities or indigenous peoples, identified through engagement with these local communities or indigenous peoples.¹⁶

Natural forest: Forest composed primarily of native species (a species that naturally exists at a given location or in a particular ecosystem) with natural ecosystem functions.

Plantation: Tree stands established by planting or/and seeding in the process of afforestation or reforestation. They are either of introduced species (all planted stands), or intensively managed stands of native species, which meet all the following criteria: one or two species at plantation, even age class, regular spacing.

Supply Chain: The collection of actors involved in the provision of goods or materials from point of extraction through a network of distributors to a consumer.

Zero Net Deforestation and Forest Degradation: No net forest loss through deforestation and no net decline in forest quality through degradation.¹⁷ In advocating ZNDD by 2020 as a global target, WWF stresses that:

- (a) most natural forest should be retained and the annual rate of loss of natural or semi-natural forests should be reduced to near zero; and
- (b) any gross loss or degradation of natural forests would need to be offset by an equivalent area of socially and environmentally sound forest restoration. In this accounting, plantations are not equated with natural forests as many values are diminished when a plantation replaces a natural forest.

ZNDD is not the same as a call for no forest clearing anywhere under any circumstances. For instance, it recognizes peoples' rights to clear some forests for agriculture, new roads or schools, and the value in occasionally "trading off" degraded forests to free up other land to restore important biological corridors, provided that biodiversity values and net quantity and quality of forests are maintained.

7. Related links/references

- 1 See WWF, 2011, *Forests for a Living Planet - Chapter 1 of the Living Forests Report* at www.panda.org/livingforests.
- 2 Commitments of companies and other organisations are tracked at *Supply Change – Commitments that Count* <http://supply-change.org/>; and Global Canopy Programme's *Forest 500* <http://www.globalcanopy.org/forest500> ¶
- 3 Consumer Goods Forum, 2010, Board Resolution on Deforestation, <http://www.theconsumergoodsforum.com/strategic-focus/sustainability/our-sustainability-pillar> fdsafjdsaklfd
- 4 Consumer Goods Forums, 2014, The Sustainable Soy Sourcing Guidelines, <http://www.theconsumergoodsforum.com/files/Publications/2014-sustainable-soy-sourcing-guidelines-july-final.pdf>
- 5 Consumer Goods Forums, 2013, Pulp, Paper & Packaging Guidelines, [http://www.theconsumergoodsforum.com/files/Publications/Pulp Paper and Packaging Guidelines June 21.pdf](http://www.theconsumergoodsforum.com/files/Publications/Pulp_Paper_and_Packaging_Guidelines_June_21.pdf)
- 6 Banking Environment Initiative and Consumer Goods Forum, April 2014. 'Soft Commodities' Compact, [http://www.cisl.cam.ac.uk/Business-Platforms/~media/Files/Business Platforms/BEI/The BEI and CGFs Soft Commodities Compact.ashx](http://www.cisl.cam.ac.uk/Business-Platforms/~media/Files/Business_Platforms/BEI/The_BEI_and_CGFs_Soft_Commodities_Compact.ashx)
- 7 See <http://www.tfa2020.com>
- 8 Bastos Lima, M.G., Braña-Varela, J., Kleymann, H., Carter, S. (2014). *The Contribution of Forests and Land Use to Closing the Gigatonne Emissions Gap by 2020*. WWF-WUR Brief No.2. http://d2ouvy59podg6k.cloudfront.net/downloads/wwf_wur_brief_final.pdf
- 9 The Forests Dialogue, 2014, *Co-Chairs' Summary: Scoping Dialogue on Understanding Deforestation-Free*, <http://theforestdialogue.org/publication/co-chairs-summary-scoping-dialogue-understanding-deforestation-free#sthash.voQ7j8yA.dpuf>
- 10 See, for example, HCS Approach Steering Group, Eds, 2015, *The HCS Approach Toolkit* at <http://highcarbonstock.org/>, which describes a methodology to distinguish viable forest areas from degraded areas that have low carbon and biodiversity values.
- 11 See www.hcvnetwork.org
- 12 See <http://theforestdialogue.org/dialogue/scoping-dialogue-understanding-deforestation-free-udf>
- 13 The High Conservation Value (HCV) Assessor Licensing Scheme (administered by the HCV Resource Network <https://www.hcvnetwork.org/als/home>) aims to improve the consistency and quality of the work of HCV assessors. It provides [guidance](#) to help HCV assessors conduct quality assessments, with licences made subject to continued high standards or performance.
- 14 See WWF, 2015, *Saving forests at risk (Living Forests Report chapter 5)*, available at www.panda.org/livingforests
- 15 See <http://highcarbonstock.org>
- 16 FSC 2011. FSC-STD-01-001 V5-0 D5-0 EN FSC Principles and Criteria for Forest Stewardship, [http://vote.fsc.org/md.static/FSC-STD-01-001_V5-0_D5-0 EN Explanatory Notes+Rationales.pdf](http://vote.fsc.org/md.static/FSC-STD-01-001_V5-0_D5-0_EN_Explanatory_Notes+Rationales.pdf)
- 17 See *Zero Net Deforestation and Forest Degradation by 2020 - Guidance on WWF use of this concept and target*, 2012, Available online at [http://wwf.panda.org/what we do/how we work/conservation/forests/zeronetdeforestation](http://wwf.panda.org/what_we_do/how_we_work/conservation/forests/zeronetdeforestation)