



4.1 The flawed focus on corporate voluntary actions

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Introduction

In recent years, zero deforestation promises by companies have taken centre stage in the global battle to halt forest loss, and many of those involved in the broader effort to stop deforestation are now focusing efforts on this approach. They are pushing more companies to sign up, helping them implement their policies, and trying to monitor progress and compliance. This “movement” has created so much positive press that it may also give high-level decision makers the impression that tropical deforestation is on its way to being solved. Yet this could hardly be farther from the truth. Tropical deforestation continues and is increasing again in Brazil and other countries where it had showed signs of slowing. Globally, the problem is getting worse, not better, and corporate zero deforestation commitments may actually be distracting attention from other actions that could have greater impacts.



PRIVATE-SECTOR PROMISES
CAN'T HALT DEFORESTATION.
ONLY GOVERNMENTS CAN.

The number of NGOs, academics and civil servants working internationally on forest policy has not increased in response to this new movement, nor has available funding or the number or attention span of the most important decision-makers. This means that when more attention is given to these corporate pledges, less attention is being given to something else.

And even if these pledges do help prevent deforestation in some places, their overall effect could end up being negative if they serve to indirectly slow the essential government actions that are ultimately required. To be certain of having net positive impacts, the movement for voluntary corporate zero deforestation must address its technical flaws, recognize its fundamental limitations, and throw its weight behind necessary actions by producer and consumer country governments.

Technical flaws

Lack of meaningful monitoring

Many projects launched in recent years claim to monitor zero deforestation commitments by the private-sector, but none of them really do this. Mostly, what is being monitored is the number of promises — not whether they are being kept — and monitoring of implementation means measuring procedures, not outcomes. At the very best, monitoring involves measuring the achievement of interim goals such as traceability in supply chains, not ultimate goals related to trees left standing. Even active lobbying and monitoring by advocacy NGOs of specific cases of bad practice focus much attention on companies that have no commitments, rather than those that have.

The principal reason for the lack of meaningful monitoring is a lack of corporate transparency. Initially, traders and buyers simply did not know where their goods were coming from and they could not share information they did not have. But this excuse is wearing thin. Even Wilmar, which has gone furthest in terms of transparency, does not provide all the information that third parties need in order to meaningfully check whether the company is abiding by its commitments. Most zero deforestation companies don't provide anything at all. *No one* is systematically monitoring whether companies are actually achieving their stated goals, whether related to deforestation, peatland or human rights. If there is to be any chance of leveraging real, meaningful change from these commitments then this lack of worthwhile monitoring must be addressed.

Holding companies to account

There no point monitoring companies with commitments or advocating for others to make such commitments if there is no accountability. The number of companies making commitments is not a good proxy for the extent to which those commitments are being met. Indeed, past experience shows that companies sometimes make promises to fend off public criticism, with little genuine intention of keeping them. And while many commitments may be sincere, others may not, and without adequate monitoring no one

can tell the difference. The history of the environmental movement is littered with unfulfilled promises made by companies involved in destructive activities. There is also a real danger that donors and organizations pushing this agenda fall for the “measurement trap,” with the focus on what is easy to monitor (promises), not what actually matters (delivery).



Illegality

Studies have shown that the majority of the tropical deforestation that voluntary corporate zero deforestation seeks to halt is illegal in some way (e.g., Lawson 2014). Licences are corruptly issued, fraudulently obtained, or issued in contravention of local land rights; companies clear much more forest than permits allow,

flout other regulations meant to minimize negative environmental or social impacts; and plantations have even been developed in national parks. The scale of these illegalities in forest-risk commodity production presents a major challenge for voluntary corporate zero deforestation commitments. For a start, the lack of proper governance may make it impossible for companies to implement their commitments. Efforts to compete with less ethical firms will also be harder if those firms aren't having to carry the costs of abiding by the law.

Defenders of voluntary corporate measures claim that a renewed focus on government action such as better regulatory enforcement would constitute a backward step, because voluntary pledges go much further than the law requires. But in some important ways, the opposite is the case. In fact, the legality criteria in these policies do not capture all of the different types of common illegalities, such as whether relevant licences were legally issued. Even more importantly, no policies consider past illegalities.

Non-mandated amnesties

All commitments relate to what companies do in the future. None relate to what they have done in the past. Compromise may be needed, and forgiveness of past wrongs is sometimes a price worth paying for better behaviour in future. But when it comes to illegalities, such an attitude is problematic. Global corporations make their own policies, sometimes with input from NGOs who line up alongside donors to lavish the companies with praise. All good PR. But based on what mandate do these companies and NGOs decide that past illegalities can be ignored? In most cases, no elected government has declared any official amnesty, and the communities that lost land and livelihoods were not asked. Forgiveness may be required, but there must be some restitution in return and it needs to be decided in a just and democratic manner.

One example is Asia Pulp & Paper (APP), notorious for being among the leading companies behind Indonesian deforestation over the last 20 years. Though the company claims it will no longer produce pulp made from tropical wood fibre (and therefore is already "zero deforestation"), the plantation-grown acacia it now uses instead is grown on land that is likely to have been illegally cleared. There is plentiful evidence of serious illegalities in the development of the monoculture timber plantations that previously supplied APP with tropical conversion wood and now supply it with plantation-grown acacia (for a summary, see Lawson 2014). The provincial governor who provided the licences for these plantations has even been jailed for corruptly issuing them (Mongabay 2014). Yet now the paper made from that acacia is considered perfectly acceptable. Similar issues are found with beef and palm oil.

Fundamental flaws

Though the technical flaws outlined above are critical, they are not fundamental and in theory, they could be fixed. But other more basic problems underlie corporate approaches to tackling deforestation.

Bad apples

Voluntary commitments are only ever going to capture a certain proportion of the market for each relevant commodity. There will always be companies who don't sign up, and more than enough companies to expand production into new forest areas and buy products grown on that land. The easiest way for zero deforestation companies to comply is to focus on land that has already been developed, while expansion falls to others. Two of the three largest oil palm plantations in the new Congo basin frontier are being developed by new entrants to the sector, both showing scant regard for legality, let alone sustainability (Lawson 2014). The palm oil they produce is likely to be consumed within the region, and no existing or likely future voluntary corporate pledge is going to stop such developments.

Constraints of poor governance

Another fundamental problem is the difficulty faced when implementing commitments in the poor forest governance context that exists in most tropical forest countries. This includes unclear and conflicting laws and regulations, overlapping permits covering areas of forest, lack of transparency, and rampant corruption. It may be nearly impossible to ensure operations are fully legal, let alone to ensure zero deforestation.

Limits of monitoring

Another fundamental problem with voluntary corporate commitments is the lack of capacity of third parties to meaningfully monitor them. Even if the lack of transparency highlighted above were fully addressed, NGOs would be overwhelmed by the scale of the task. With hundreds of committed companies and thousands of possible locations where they source their commodities, it would be impossible for watchdog groups to expose even a tiny percentage of the breaches likely to occur.

The solutions?

Recognizing what works

To ensure that voluntary corporate zero deforestation is an opportunity and not a threat, the companies and their cheerleaders must recognize its inherent limitations, acknowledge the scale of the illegality problem and its implications, and accept the clear lessons learned about what is really required to halt deforestation. Voluntary corporate pledges can help, but they cannot substitute for good governance (Lambin et al. 2014). Studies of the causes of dramatic reductions in deforestation in the Brazilian Amazon between 2004 and 2012, for example, gave most credit to the government.

The most effective action during 2004–06 was a massive increase in the area of protected forest, including indigenous reserves (Soares-Filho et al. 2010), while from 2008 onwards — when the most substantial declines in deforestation were seen — government command-and-control actions targeting illegal deforestation were particularly important (Arima et al. 2014). There are also lessons evident from ineffective efforts to address illegal and unsustainable logging in the tropics through voluntary commitments by timber and wood product companies in the 1980s and 1990s. The subsequent focus on address-

ing illegality through improving governance, and through engaging governments in both consumer and producer countries, has been much more successful.

Empowering monitoring through transparency

Monitoring deforestation is much easier now than ever before, with powerful, open-source tools such as Global Forest Watch, with free access to vast troves of satellite data that includes raw images and deforestation maps (see Figure 1). Yet this cannot be effectively harnessed to monitor voluntary zero deforestation commitments because of a lack of transparency regarding supply chains and concessions and other land where products are sourced.

Figure 1. Satellite image of forest clearance in Republic of Congo



Source: Mapping carried out by Atama, a Malaysian oil palm firm. Urthecast/Globalforestwatch

Some argue that full public transparency may not be needed if firms share all information with monitors such as The Forest Trust, who are hired to help them implement their policies. However, this works only if such third-party organizations always act in good faith, and it ignores those companies that never hire such monitors in the first place. True transparency allows outsiders to meaningfully check whether a company is doing what it claims to be doing. In order to monitor zero deforestation, that means identifying the specific land licences where production occurs. NGOs who are involved in monitoring zero deforestation must stop paying lip service to transparency, and place it front and centre, refusing to give any credit to companies for promises until compliance can be verified.

Keeping the focus on regulation

Domestic and international NGOs and similar organizations working on forest issues must ensure that they focus appropriate resources and attention on lobbying and campaigning for action by governments. Grant-making foundations also need to ensure that they do not allocate disproportionate amounts to corporate-led solutions. This will mean tough decisions, including possible reductions in amounts of funding for overlapping monitoring initiatives or for campaigns for yet more companies to sign up.

Using private-sector commitments as stepping stones

Defenders of corporate approaches to tackling deforestation who accept their inherent limitations may argue that such commitments can be an important stepping stone that leads to more government action. They are right. If a large percentage of production and trade of a given commodity is already covered by voluntary commitments, then it is easier for a government to raise regulations to the same bar. But this will not happen automatically. The opportunity to influence government policy, in both producer and consumer countries, must first be securely grasped through more meaningful efforts by NGOs and others in the forest policy community. It also means that NGOs must demand that companies who sign deforestation pledges also offer their full and public support to such necessary government actions.

Harnessing private sector power to influence government

Multinational companies have far more power than NGOs in influencing government policies. But many companies that lobby governments on forest protection issues are only pushing for minor changes to policies that help them fulfil their promises. If they want to actually help halt deforestation, rather than just stop directly contributing to it, and if they want to avoid being undercut by bad apples, large companies with zero deforestation commitments must go much further. They must use their influence to push for more fundamental changes, and support NGOs efforts to lobby for changes to laws and regulations, increased transparency and better enforcement. These are the only things that will ever achieve real zero deforestation.

Conclusions

In summary, there are important, insufficiently recognized flaws in the focus on voluntary commitments by private companies as a means of addressing deforestation. Underlying them all is a failure to appreciate the scale of illegality in supplying these forest-risk commodities. There are technical flaws, including that these commitments cannot be meaningfully monitored with adequate transparency, and that they ignore past illegalities, effectively providing an amnesty for past behaviour for which there is no mandate. And there are fundamental flaws; such commitments will never encompass all production and trade of relevant commodities, and there will always be companies who

will deforest where others won't, and buyers to buy tainted products that others don't. It is also questionable whether the NGO community has the capacity to thoroughly monitor these promises, even if the necessary transparency were to exist.

Only one thing is ever going to halt deforestation: action by governments. This includes actions by the governments of those countries that import the commodities that drive deforestation. There is some evidence that the voluntary zero deforestation agenda is taking attention and resources away from efforts to encourage the actions by governments which are ultimately required. If they are to help rather than hinder broader efforts to halt deforestation, it is essential that these commitments by companies are harnessed to bolster efforts to push for government action, instead of distracting from it.

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