

The Little Book of Big Deforestation Drivers

24 catalysts to reduce
tropical deforestation from
'forest risk commodities'

SUMMARY OF FINDINGS

The production and trade of the key forest risk commodities - palm oil, soya, beef and timber, pulp and paper - are the largest global direct drivers of tropical deforestation and degradation and have an estimated combined annual export value of over US\$134 billion dollars. These commodities are found in roughly 50% of the processed foods in supermarkets and are also used globally for biofuels, animal feed, plastics, resins, oils, cosmetics and hygiene products.

The 'business as-usual' production of these commodities in tropical forest countries is currently intrinsically linked to high deforestation rates, with more than 80% of new agricultural land coming from intact and disturbed forests since 1980. However, unsustainable and unrestrained deforestation threatens the continued provision of critical forest ecosystem services, including water supply and climate regulation, which themselves underpin the economic security and well-being of over a billion people.

The commodity drivers of deforestation are influenced by complex interactions with a series of underlying causes, such as global population growth, poor governance, and poverty. In this landscape, climate change acts also as both a likely driver of deforestation and a significant threat multiplier to each of the other underlying causes.

Reducing the rates of illegal and unsustainable deforestation arising from the production of forest risk commodities represents the lowest cost, highest reward option for securing multiple social and economic benefits at local, national and global scales. Many of the tools that could address deforestation and degradation arising from the production and trade of forest risk commodities are in fact already being used by public and private sector actors in some form. In addition, major public-private partnerships to tackle deforestation from commodity supply chains also exist – for example the Tropical Forest Alliance 2020. However, the systemic global changes that could ensure the long-term preservation of tropical forests and that are therefore vital for the delivery of REDD+, have not yet occurred. The critical question is, therefore, why not?

One important reason for this is that the complexity of these supply chains and their interaction with the underlying drivers and the numerous jurisdictions involved has led to a fragmented, disjointed and relatively isolated implementation of instruments and tools that could catalyse change. Applied collectively across the spectrum of actors involved in supply chains, and in a well-coordinated fashion, they could act synergistically, generating far greater momentum and leading to transformational change. However, the establishment of this critical momentum is currently hampered by a number of key barriers, which were identified from the analysis in *The Little Book of Big Deforestation Drivers*, along with priorities for action.

BARRIERS AND PRIORITIES FOR ACTION

1. Transparency and Information

A lack of transparency and the limited availability of comprehensive information related to forest risk commodity supply chains acts as a crucial barrier to effective public and private sector engagement, and ultimately, the speed, effectiveness and equity of adoption of catalytic tools to address the drivers of tropical deforestation and degradation.

Priorities for action:

- There is a pressing need for wider access to real-time information related to the interactions between forest risk commodity supply chains and deforestation in tropical forest risk countries.
- Effective tracking systems, which allow the tracing of forest risk commodities throughout the supply chain, are critically important to implement a number of catalysts and to equitably allocate transition costs and apply incentives.
- Transparency and corporate disclosure must be incentivised, and should extend to the finance sector to ensure the accountability of financial institutions and their shareholders in their engagement in forest risk commodity supply chains.

2. Transition Costs and Incentives

The provision of information needs to be complemented by the application of incentives, as well as financing to implement the catalysts and drive change at the necessary rate and scale, and will likely require a combination of mechanisms and activities from multiple sectors.

Priorities for action:

- Tools and methodologies for calculating the true cost of commodity production should be developed collaboratively by the private and public sectors, and supported by civil society.
- Application of catalysts such as differential import tariffs and guarantees could provide price signals sufficient to promote the sustainable production and trade of forest risk commodities as a competitive alternative to business as usual.
- The public sector, and in particular multinational institutions, must accept to bear a large proportion of the costs of supporting transitions to sustainable agricultural commodity production, which will require a significant

increase in available financial resources.

- The introduction of environmental criteria specifically targeting reductions in deforestation into financial products (such as concessional credit lines, guarantees and insurance) could support the costs of transition to the sustainable production and trade of forest risk commodities.

3. Innovation and Risk-Taking

There must be greater acknowledgement of the need for accepting risk and encouraging innovative solutions in all sectors. The barriers relating to insufficient transition costs, incentives, transparency and access to information, are inherently linked to risk and innovation.

Priorities for action:

- In order to maximise synergies between catalysts, innovative collaborations among all sectors need to be formed, or strengthened where they already exist. The private sector must show leadership and financial commitment in funding such collaborations and must demonstrate greater acceptance of risk so that these initiatives can lead to tangible outcomes.
- The role of civil society as a technological innovator is crucial and should be strengthened, which will also contribute to its effectiveness in monitoring and enforcing public and private sector initiatives and commitments.
- Innovative political solutions, which can demonstrate leadership and more rapidly replicate successful strategies to reduce deforestation (such as bilateral agreements between tropical forest countries), should be explored.
- Certification schemes need to be improved, so as to have more tangible impacts on deforestation rates, and innovative systems that support a market for sustainable production need to be developed.

In summary, a transformational shift is urgently needed that increases collaboration between public, private and civil society actors in forest risk commodity supply chains. It will be necessary to create transparency and traceability mechanisms in supply chains, and in order to find solutions that cover the significant costs of a transition to sustainable production and trade, innovation and the acceptance of the risks that accompany the implementations of solutions to deforestation will be vital.

To read *The Little Book of Big Deforestation Drivers*
please visit: www.globalcanopy.org.

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