

## **A PATHWAY TO ZERO DEFORESTATION IN THE AMAZON: A COMMON VISION**

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### **Introduction**

Brazil has shown the world that it is possible to achieve large-scale deforestation across entire landscapes and jurisdictions. Historically the largest source of deforestation emissions, Brazil has reduced deforestation by about 75% between 2005 and 2012.

Many factors have contributed to the reductions, including the recognition of indigenous territories; the creation of protected areas; public and private initiatives to eliminate deforestation from commodity supply chains; agricultural intensification; improved monitoring and law enforcement; agriculture credit restrictions; and commodity price fluctuations.

But the gains are fragile. Political pushback in the Brazilian Congress has been severe, weakening environmental legislation. The Indigenous Territories and Conservation Units that account for over 2 million km<sup>2</sup> of the Brazilian Amazon — and cover an area nearly twice the size of France, Germany and UK combined — lack funding and staff, even as indigenous land rights and forest protection come under increasing attack. Environmental and climate policies remain divorced from infrastructure and development policies.

While Brazil has set an official target of reducing deforestation below 3,600 km<sup>2</sup> by 2016, recent projections suggest that deforestation may level off at around 5,000 km<sup>2</sup> per year or even begin to rise. At the same time, recent analyses suggest a new urgency: in order to avoid large-scale climate change, we must stop deforestation altogether rather than just reduce it.<sup>1</sup>

Meeting that challenge will require sustained and collaborative effort by a coalition of NGOs in the Amazon, working together with indigenous peoples, Amazon social movements, public prosecutors, and government officials at the state and local level. This document presents a common vision of what such a coalition could accomplish. While the concrete focus is on near-term steps in the Brazilian Amazon, we envision that the effort outlined here will become the basis for a pan-Amazon effort over the next five years and beyond.

### **An ambitious but achievable goal**

Scientific analysis and recent policy experience suggest that zero deforestation in the Amazon by 2020 is an achievable goal. Meeting it will require durable positive economic incentives for forest protection, supported by strong governance. In Brazil, meeting the goal of zero deforestation will also require a concomitant focus on full compliance with regulations and laws — i.e., a parallel goal of zero illegality.

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<sup>1</sup> See [Warren et al 2013](#); [Nobre 2014](#); [Lawrence 2014](#).

Three strategies are crucial to achieving zero deforestation and zero illegality development across the Amazon:

1. Leverage **commodity supply chains** to reduce deforestation and promote full compliance with the law;
2. Establish policies at the state, federal, and international levels that create **positive economic incentives** for forest conservation and reduced deforestation; and
3. Strengthen **forest governance and policy design** for sustainable land use and forest protection.

In effect, supply chains and incentive-based policies create the demand for forest protection, while strong governance helps ensure the supply. While the political outlook in Brazil is unfavorable at the federal level, there are significant opportunities to advance this agenda at state and local levels, and through alliance with scientists, Amazon social movements and NGOs, public prosecutors and first-mover companies.

What follows is an overview of these core strategies across the Amazon. Because conditions vary within the Amazon, however, these common strategies must be tailored to the distinct circumstances in different geographies. The appendix describes specific approaches to be pursued in each of the “three Amazons”:

- ✓ **The deforested Amazon:** Approximately 18% of the Amazon that is already cleared, where agricultural commodities are produced for national and international markets.
- ✓ **The Amazon frontier:** Roughly 30% of the region under immediate pressure of deforestation, often accompanied by land grabbing, illegal logging and other illegal activities.
- ✓ **The forested Amazon:** Approximately 50% of the Amazon (with 40% of that covered by Indigenous Territories and Conservation Units or protected areas) where high-biodiversity, high-carbon native forest is largely intact, along with exceptionally rich cultural and linguistic diversity; also includes forested Permanent Protection Areas (APPs) and Legal Reserves (RLs) on private lands, and forested areas still unprotected.

### **Strategy 1: Promote zero deforestation and zero illegality in commodity supply chains**

The Consumer Goods Forum, a worldwide network of more than 400 companies with \$3.1 trillion in revenue (including Walmart, Unilever, and Nestle) has committed to deforestation-free supply chains for commodities like soy, beef, and palm oil. While such a broad commitment is a critical first step, its ultimate impact will depend on how well and how widely it is implemented in practice. Many consumer goods companies, commodity traders and processors remain uncertain about how to achieve the goal.

- A basic requirement for implementing zero-deforestation supply chains is accurate and timely information. Start-up companies and NGOs are already playing a key role in meeting that need, developing new technologies for tracking commodities and managing land use and supply chain risk.

- Corporations making and implementing supply-chain commitments also need clear signals from civil society on what is expected of them and how they will be held accountable. Agreement among a core coalition of NGOs working in the Amazon on what constitutes zero deforestation, and what elements are necessary for the effective implementation of the Forest Code could help make a compelling case for commodity traders, processors and consumer goods companies to demand both zero deforestation and full compliance with the Forest Code from their suppliers.
- It is critical that companies and consumers recognize that different approaches and timetables are needed to deal with illegal versus legal deforestation — and with large-scale commodity agriculture versus small-scale family and settler farms. Family farming communities and settlement projects will take longer than commodity agriculture to develop sustainable alternatives. Several NGOs are working with farmer organizations to formulate recommendations for the land agency (INCRA — which is responsible for agricultural settlement projects) to apply in its Green Settlements Program.
- First-mover companies and civil society are increasingly looking to the concept of “zero deforestation zones” or “sustainable landscapes,” in which companies could meet their supply-chain commitments by sourcing from large landscapes or jurisdictions that have achieved zero deforestation. This approach would ensure that their specific supply chains did not create islands of green in a sea of deforestation. A key near-term step is to implement jurisdictional sourcing at a pilot scale; potential pilot zero deforestation zones could include the Green Counties and Sustainable Counties Programs in Pará and Mato Grosso respectively.

## **Strategy 2: Create positive economic incentives for forest conservation and reduced deforestation**

Positive economic incentives are needed to reward farmers who comply with the law and have legal rights to deforest. In addition, indigenous and forest communities need sustainable income-generating alternatives to deforestation. Unfortunately, the national Plan to Prevent and Control Amazon Deforestation failed to create the projected economic incentives for forest protection — which was a significant missed opportunity to defuse political opposition to it. Nonetheless, significant opportunities remain to create effective incentives through well-designed policies at the international, state, local and eventually federal levels.

- At the international level, powerful market demand for forest protection would be created by opening compliance carbon markets in California and potentially in the aviation sector (through the International Civil Aviation Organization) to jurisdictional REDD+ credits. These efforts will require sustained advocacy and likely have a time horizon of two to five years.
- Multilateral and bilateral results-based finance, from funds such as the Green Climate Fund and Germany’s REDD+ Early Movers, can help fill the “finance gap” in the interim.
- Innovative public-private finance vehicles based on potential future forest carbon markets, such as REDD+ options, warrants, and floor prices (with public or

philanthropic capital taking on the risk associated with policy uncertainty) can create near-term incentives and mobilize private capital.

- State, local and federal policies in Brazil can play an important role, including such as the value-added tax (ICMS); differential access to agriculture credit; and Environmental Reserve Quotas (CRAs).
- Forward-looking state governments in Pará, Mato Grosso and Acre can mobilize the Amazon Governors' Forum to support the creation of incentive streams for reducing deforestation using state and federal budgets and federal transfers.

### **Strategy 3: Strengthen forest governance and policy design**

State and local governments, landowners, and companies need and often welcome assistance in designing and putting in place sound land use and forest protection policies, particularly through the regulation and implementation of the Rural Environmental Registry and the new Forest Code. This approach can be particularly valuable in promoting reforestation and restoration of degraded areas, including through market-based approaches.

- A top priority is effective regulation and implementation of the Forest Code by state and local governments, with a particular focus on developing and scaling on-the-ground experiences with restoration of degraded areas in Pará and Mato Grosso. In Mato Grosso, for instance, some 73% of producers are currently not in compliance with the Forest Code and must either restore degraded land or compensate for damage by protecting other forested areas. Practical, cost-effective restoration and reforestation with both native and exotic species is central to making the new Forest Code work, given the substantial number of large, medium and small landholders legally obligated to restore degraded lands. At-scale restoration and reforestation is a long-term prospect, probably around 10 years into the future.
- NGOs and Amazon social movements can mobilize the media, scientific community and public opinion in defense of indigenous land rights, forest protection regulations and effective control of deforestation — and formulate a messaging strategy to counter *ruralista* efforts to roll that progress back.
- Amazon social movements, with the support of NGOs and scientists, can play a high-profile role at COP-21 in Paris by sharing cutting-edge science highlighting their role in protecting the forest and the global atmosphere. Doing so can put pressure on the Brazilian government to defend indigenous lands and protected areas.
- Success in Paris could also create momentum for a broader, pan-Amazonian coalition in support of zero deforestation going forward. But social movement leaders are ultimately effective advocates if their constituencies are mobilized around a credible and compelling vision for sustainable development in their communities. Investment and support will be needed for developing and implementing new technologies (involving communications, forest product processing and energy) and building capacity for territorial and resource management within indigenous territories and protected areas.

## **The way forward**

The international climate negotiations in Paris at the end of 2015 will provide a timely platform to highlight opportunities to reduce deforestation and strengthen indigenous and local rights. They are also an opportunity to shine a light on the risks of undermining indigenous rights and forest protection regulations; uncontrolled frontier expansion and infrastructure development; and the failure to invest in ecosystem services on both sides of the frontier.

The near-term steps on supply chains, positive incentives, and governance outlined here will build momentum for zero deforestation and zero illegality, while strengthening key constituencies, including state and local governments; consumer goods, commodity trading and processing companies; Amazon social movements (indigenous people in particular); the scientific community; and the media.

This strategy will lay the groundwork for a broader, bottom-up, pan-Amazonian alliance that includes indigenous peoples, social movements, NGOs, local and state governments, public prosecutors, scientists, first-mover companies and the media — an alliance we propose to build by working initially through the Amazon Network for Georeferenced Socioenvironmental Information (RAISG). That alliance will have enormous potential to achieve the ultimate goal of zero deforestation, zero illegality sustainable rural development by 2020.

## Appendix. Strategies for zero deforestation and zero illegality in the three Amazons

	<b>Governance</b>	<b>Supply Chains</b>	<b>Incentives</b>	<b>Communications</b>
<b>Deforested Amazon – Markets/Commodities</b>	Implement CAR; Environmental Regularization Plans (PRAs); CRA market LAND TENURE	LAND USE INTENSIFICATION Intensification of production; good practices; restore degraded lands, reforestation (10-year process)	Incentives for restoration/reforestation ; reduced deforestation with increased production; government services (e.g., feeder roads, land tenure/title ) for good actors	Communicate good management practices, successful restoration efforts; advantages of compliance
<b>Amazon Frontier – Deforestation/ Illegal Activities</b>	Control deforestation; prevent land titling for land grabbers/ speculators, access to credit, services on illegally deforested land (e.g. Pará law prohibiting issuance of state documents on illegally deforested lands); transparent monitoring of deforestation/degradation; contain effects of infrastructure works (e.g., Tapajos dams in region with extensive forest stocks and strong deforestation pressure); protect ~85Mha of unclassified public forests at risk of land grabbing/ deforestation. Address expansion of hydroelectrics through <b>transparency</b> (present scenarios demonstrating project benefits and costs) and <b>accountability</b> (show all costs), make investors/federal government negotiate with states, civil society and federal attorney general's offices	Keep commodity supply chains out	Negative incentives; suppress illegal activities	Publicize illegality, pressure governments
<b>Forested Amazon – Indigenous Territories/Protected Areas/Private Forest reserves</b>	Territorial and resource management in Indigenous Territories and Conservation Units; consolidation of TIs and UCs (resolve private land claims in UCs, transport and communications infrastructure and technology, social services, economic alternatives in Tis, Resex); comprehend, describe cultural, linguistic diversity of TIs; develop management tools/model for large continuous mosaics/ corridors of Tis and UCs, register Legal Reserves, APPs; sustainable sources of finance  Sustainable finance strategy for Conservations Units, bottom-up governance for conservation, involving local governments, communities, NGOs.	Develop, add value, to non-timber forest products, build ecosystem service supply chains, markets	Compensation for ecosystem services, including reduction of deforestation	Highlight environmental services, value of Tis/UCs for society