

FERN Annual Report 2009



2009 - Financial crisis, climate crisis, forests in crisis

Welcome to FERN's 2009 annual report. It will give you a brief overview of our year and we hope that it encourages you to find more information, by clicking on the links or visiting our new website www.fern.org.

Although FERN's overall goals of social and environmental justice still feel distant, there were clear successes along the journey such as the UK following Denmark, the Netherlands and Belgium in committing to include social criteria into its procurement policy and the conclusion of the second Voluntary Partnership Agreement in the Republic of Congo.

2009 saw us re-launch our website with a section in French, take on four new staff members and grow our yearly budget to over €1.1 million, reflecting our increased work with Southern partners. We also moved our Brussels office to [Mundo-B](#) a project launched by Ethical Investment and a group of NGOs who wished to renovate and share an environmentally friendly building in the centre of Brussels.

Despite all of the crises alluded to in the title, 2010 could well be a key year for FERN's campaigns as the opportunities arise to help change the balance of power and steer the climate debate away from carbon trading, the reduced emissions from deforestation and forest degradation (REDD) debate away from emissions and the illegal logging debate towards recognition of the land tenure rights of local communities.

The FERN team



The FERN team, March 2010 (from left to right and back to front)

[Deborah Lambert Perez](#): Trade and investment
[Iola Leal Riesco](#): Forest governance
[Marie deValensart](#) : Brussels administrator
[Richard Wainwright](#): Communications manager
[Veerle Dossche](#): European forests
[Rudi Kohnert](#) : Partner support manager
[Jutta Kill](#): Carbon trading and certification
[Julie Halling](#): UK office administrator
[Kate Dooley](#): Avoided deforestation and degradation
[Saskia Ozinga](#): Campaign coordinator
[Daniel Lakey](#): Finance and administration manager

FERN the organisation

FERN works to achieve environmental and social justice with a focus on forests and forest peoples' rights in the policies and practices of the European Union.

FERN coordinates campaigning work around EU policies that have a direct impact on forests and forest peoples. FERN listens to, works with and learns from international and national civil society organisations. We pride ourselves in respecting the input of all colleagues and partners.

In 2009, our work focused on the seven linked campaigns, which are explained in more detail on the upcoming pages. In 2009, the seven campaign goals were:

Avoiding deforestation and degradation: Forest climate agreements respect forest peoples' rights and are not funded by carbon offsets.

Carbon trading: Government action to avoid a climate crisis moves beyond carbon trading. Communities faced with offset projects have the knowledge and tools to respond effectively.

Certification and procurement: Certification schemes implement standards which recognise forest peoples' rights and improve forestry practices and legislation. EU and Member State procurement policies include strong social and environmental criteria.

Development aid: EC aid contributes to the protection of forests and ensures respect for the rights of forest peoples.

European forests: Forest related policies in the EU contribute to improved forest management and forest conservation.

Forest law and governance: Improved forest governance halts the illegal timber trade and leads to a process of forest law reform with the effective participation of civil society actors.

Trade and Investment: Trade and investment within and beyond the EU, specifically that which is supported by Export Credit Agencies does not harm communities and damage the environment.

Who we are

Board

FERN's work is overseen by its board made up of experts in the fields of forestry, forest and community rights, UN institutions, finance and communication. The board and staff meet at least once a year to review the year's work, sign off the following year's workplan and look at the issues that will be affecting forests in the future. In 2009 our board members and the countries they are based were:

Gemma Boetekees (Netherlands)

David Kaimowitz (Nicaragua)

Jacques Lauruol (United Kingdom)

Kyeretwie Opoku (Ghana)

Elisa Peter (USA)

Sian Pettman (United Kingdom)

Stan Termeer (Netherlands)

Staff

In 2009, FERN's staff consisted of six campaigners, a finance manager, two administrators, a partner support manager and a communications manager. They are all based in Brussels, Belgium or Gloucestershire, UK and they jointly manage the organisation. Between them FERN has fluency in eight European languages.

How we work

Using our well-established and extensive network of contacts, FERN employs a variety of strategies and skills, including: **networking** nationally and internationally; **contributing to policy debates** through organising **seminars and public meetings**; providing **input to official consultations**; conducting **in-depth research**; making detailed **submissions to relevant EU institutions** and other bodies; **researching and campaigning on specific case studies**; organising **training and capacity-building with NGOs in Europe and in the South**; and **spreading our message** through our websites and our own newsletter *EU Forest Watch*.

Avoided deforestation and degradation

What's in an acronym #1:

As well as destroying people's lives and harming biodiversity, forest destruction releases emissions which contribute to climate change. For this reason, keeping forests standing is a key part of tackling climate change and preserving biodiversity. Schemes to Reduce Emissions from Deforestation and Degradation (REDD) have been a central part of climate negotiations. REDD, however, cannot work unless it improves forest governance. Throwing money at corrupt governments, or logging companies and the agribusinesses that are contributing to forest loss is a perverse incentive and will do nothing to halt deforestation. Furthermore, REDD's focus on emissions reductions rather than on halting deforestation means less attention is paid to ways to address the real and underlying causes of forest loss, including lack of recognition of local communities' tenure rights, over-consumption of forest and agriculture products in the global north, and government policies that incentivise forest loss.

The focus on emissions and carbon accounting also sets the scene for REDD to be turned into a global offset project. This would have dramatic consequences for the climate as offsetting aims to stabilise rather than reduce emissions and rarely is able to achieve that aim. It would also have even more dramatic consequences for forests which will be largely destroyed if average global temperatures rise above three degrees.



Keeping the movement up to date

Throughout 2009, FERN attended sessions of the United Nations Framework Convention on Climate Change (UNFCCC) and gave updates through special editions of our newsletter ForestWatch. Our final special on Copenhagen is available in French, Spanish and English and was one of the first and most comprehensive summaries of the REDD outcomes from Copenhagen.

It concluded that the assumption that REDD will eventually be financed through carbon offsets or some comparable form of tradable emission unit has hindered a meaningful debate about what is required to reduce deforestation.

FERN also spent 2009 working with European NGOs, The Accra Caucus and the Durban Group for Climate Justice to document how efforts linked to the UN climate negotiations to reduce forest loss would fail if they were financed by carbon offsets and ignored forest peoples' rights.



FERN started to work on carbon trading when the plantations industry began to claim offset credits for its eucalyptus plantations which were driving farming families off their land and caused significant environmental damage. Claiming offsets for these socially and environmentally harmful large-scale monocultures allows Northern companies to continue to emit greenhouse gases as long as they buy plantation offsets. The SinksWatch website, re-launched in 2009, highlights joint campaigning activities to stop projects that have a negative impact on forests and forest peoples. The Plantar project in Brazil, which was the trigger for FERN to assess how carbon trading works back in 2000, launched a third attempt in 2009 to register its tree plantations with the Kyoto Protocol's Clean Development Mechanism (CDM) – and FERN exposed why the project should be rejected once more: because its claim that it will reduce emissions is false.

As our analysis broadened beyond the problems with plantations offsets to the concept of carbon trading, FERN became one of the first NGOs to expose carbon trading as an ineffective and unsuitable instrument to trigger a transition to low-carbon economies.

In 2009, public, NGO and academic recognition of the flaws of carbon trading grew, though this has yet to be transformed into changes in government policy. In Europe in particular, carbon offsets are increasingly discredited and FERN has been involved in much of the media reporting exposing damaging and dodgy offset projects.



One of the most interesting stories that broke during the UN climate summit in Copenhagen was the extent of “carousel fraud” related to the EU Emissions Trading Scheme. Fraudsters charged Value Added Tax (VAT) on the sale of carbon permits, and then instead of passing the collected tax on to the government, absconded, pocketing the VAT. FERN had been working to bring this crucial information to light, which cost EU treasuries up to 5bn € in lost revenue. The [European Police office](#) states that in some countries up to 90 per cent of trade in EU Emissions Trading Scheme (ETS) permits was caused by fraudulent activities. Cases of fraud, bribery and corruption also emerged in relation to the approval of CDM offset projects, further calling their integrity into question.

Certification and procurement



More inspiring debates at the 2009 FME meeting

The Forest Movement Europe met in 2009 in a beautiful managed forest in the Swiss village of Leuenberg. It was hosted by the [Bruno Manser Fonds](#), an NGO committed to campaigning for the rights of the peoples who inhabit the rainforests of Sarawak, Malaysia. The meeting included representatives from many continents battling against unsustainable production of paper and there was much discussion of the Shrink campaign to reduce pulp and paper use.

Some of the other main issues discussed were FSC reforms; wider certification issues (including certification of Palm Oil); and how World Bank funded REDD activities are already having a negative effect on the ground. To see presentations given at the event please visit www.fern.org/fme/2009.

2009 – successes in timber procurement

Since 1993 when the Forest Stewardship Council (FSC) was founded by forest industries, social groups and environmental organisations, there has been increasing concern that certification is not delivering the required changes on the ground. One of the biggest concerns is that FSC's certifiers are not qualified enough; have too much power within the system; and are too close to the companies they have to certify. This has led to a large number of forests and plantations being certified that should not have been.

FERN had hoped that in 2009 FSC would concentrate on increasing its credibility and curtailing its certifiers. Although there have been some changes, the impact on the ground is not (yet) visible. In a 2009 meeting with FERN partners and FSC staff FERN also made it clear that the certification of carbon offsets or REDD projects would be reason for FERN to hand in its FSC membership.

There are positive successes to be mentioned in terms of government procurement. Six EU Member States now have government procurement policies. One of the key challenges was trying to convince some of the Member States and the EU to include social criteria in these policies. The UK had argued this was not possible, but after lobbying by FERN and others at the end of 2009, they finally prepared a position to include social criteria. These discussions will now continue at EU level in 2010.

Development aid

A year of reflection

Having achieved many of our development aid goals, FERN's main 2009 work was analysing the extent to which aid managed by the European Commission addresses the underlying causes of forest destruction in order to guide our future campaigning.

This resulted in an internal report which showed that although issues covered under the rubric of 'Europe Aid' are not entirely resolved, there are few areas where more could be achieved. The EU is on the cusp of major reform and it is therefore not yet the time to set future priorities.

The analysis also showed that FERN's strong focus on FLEGT has been a good choice: it fits in well with our mission to act as a facilitator for southern civil society in informing EU policy. FERN does this by facilitating civil society input into VPA processes. FLEGT has striking prominence within the current Commission's aid portfolio and so downscaling work on 'Europe Aid' to focus on FLEGT was seen as a positive move.

Taking guidance from this research, FERN will ensure we do not lose track of the broader aid portfolio, by building synergies between our campaigns and the priorities that the Commission outlines. For example, major investments in climate change action are likely to have major implications for the forest sector, and those whose livelihoods depend on it. The themes that FERN has formerly covered in its programme on 'Europe Aid' may well be re-energised through the lens of climate action.



Developing networks

The African Community Rights Network (ACRN) - a coalition of African groups working on forest governance and community rights issues – met together in Yaoundé in May 2009 to develop principles and membership criteria. Also on the agenda was ways to strengthen community rights in Africa. Building on work around EU funded processes such as FLEGT, the network is now also involved in national level REDD work. The majority of attendees were from African NGOs and coalitions, but individuals from European and international groups such as FERN, Global Witness and Forest Peoples Programme also participated in order to provide more focus for their own campaigning. Only if civil society actors are strong and supported can development, climate and trade policies have a positive impact.

European Forests

Forests in the EU in 2009

Forests in the EU are in crisis. In 2009, the EU was on track to dramatically miss its target to reduce biodiversity loss by 2010 and data shows that biodiversity loss in forests remains large. The combination of a changing climate, increased demand for forestry products for bioenergy and a legacy of forestry practices that have kept forest carbon far too low, forests in the EU are likely to become a source of carbon emissions.

As there is no overall EU forest policy, each Member State plans separately for how to meet international climate and forest protection targets. The lack of adequate EU wide monitoring also means the EU is not able to report properly to the UN about the state of forests in relation to biodiversity loss and climate change resilience.

What FERN is doing

FERN works to show the need for increased protection and sustainable use of the limited forest resource we have. EU policies such as the renewable energy directive risk damaging forests in the EU as, for example, biomass production will increase demand for wood. In 2009 therefore, FERN worked with partners across Europe trying to build a shared NGO vision of the future of bioenergy.

We facilitated several meetings on these issues, and came away with clear priorities for 2010.



The fight for legally binding sustainability criteria for biomass

One of the most important policy decisions to be made by the European Commission in 2009 was whether to propose strong legally binding sustainability criteria for biomass or only voluntary criteria or recommendations.

FERN and other NGOs urged support for legally binding criteria as without such criteria, cheaper, more destructive forms of biomass are likely to predominate. This was followed by a note submitted by Belgium, the Netherlands and Luxemburg during the Energy and Environment Council meetings which insisted on binding criteria.

Although none of these activities have yet achieved the intended results we will continue to work on this issue in 2010, calling for Member States to set up a process to develop biomass criteria that will help reduce greenhouse gas emissions without leading to environmental and social negative impacts.

Forest law and governance

What's in an acronym #2?

The EU's flagship programme to address illegal logging by improving forest governance and controlling illegal trade - the Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan - gained momentum in 2009. The plan aims to tackle deforestation by supporting good governance in timber producing countries.

FERN's main activity is working with partners in Central and West Africa to ensure FLEGT leads to the recognition of local communities' rights to land. Improved participation of civil society in negotiating agreements is therefore key. FERN is working with partners to jointly lobby the EU and their governments in Central African Republic, Congo, Cameroon, Democratic Republic of Congo, Gabon, Ghana, Liberia and Malaysia.



Unprecedented involvement in Cameroon

Cameroon, Congo and Ghana have now all signed legally binding FLEGT agreements with the EU, with the full support of civil society actors. The Cameroon-EU agreement had a rocky start in 2005, faced difficulties at times, and suffered from having fewer civil society representatives than those from the private sector. Despite this, local groups felt that the process was strong. Like in Ghana, civil society involvement was unprecedented for the country and has led to strong written commitments to make information publicly available; continue independent monitoring of the forestry sector; carry out reform of the legal framework; and include civil society representation in the monitoring of implementation.

Strong consultation in Congo

Congo-EU negotiations were the fastest to date. Formal political and technical negotiation sessions were launched in June 2008 and concluded on 9 May 2009. Concerns had been raised about whether the country's nascent civil society would be able to counterbalance the power of the forestry industry and ensure that the agreement led to meaningful governance reform processes. Although participation was not smooth and civil society struggled to raise their concerns, the EU position to demand and commit to ensuring the participation of local groups throughout the process was instrumental in making sure that their concerns were taken into account in the process. The final agreement has the full support of civil society.

Trade and investment

ECA Watch reacting to changing times

The realisation in 2008, that Export Credit Agencies (ECAs) were increasingly being used to pass through large scale projects that may otherwise have been halted due to the global lack of credit, meant that in 2009 we refocused our trade and investment work on ECAs. With 90 per cent of world trade partly facilitated by ECAs it was essential to ensure that positive policies to deal with financial markets were also taken up by ECAs. In particular we focused on:

- Ensuring ECAs are not allowed to use tax havens or support companies that use them. We published [Avoiding Solutions](#), a report about ECA support for companies that use tax havens.
- ECA Watch also wrote letters with regards to the importance of ensuring ECAs are included in the implementation of the G8's statement that they would stop subsidising fossil fuel projects.

Keeping our eyes on the wider picture

Despite the increasing importance of ECAs, it must not be forgotten that environmental and social injustice is also funded and supported by other types of EU Trade. In 2009, we continued to look at trade and investment with the launch of [From Rome to Lisbon](#) which looked at how the Lisbon Treaty has changed the EU's decision making powers on investment agreements, for example with the Parliament gaining co-decision power for most trade related texts.



The Austrian ECA, Oesterreichische Kontrollbank AG (OeKB), withdrew from [the controversial Ilisu dam project](#) in Turkey in 2008. It is however still supporting the Bell Bay Pulp Mill project, proposed by Gunns Ltd, Australia's largest logging company. This would be a disaster for the environment, communities and the economy. Gunns has a wood supply deal with Forestry Tasmania for at least 1 million tones of native forest wood every single year for the next 20 years. This will lead to the destruction of intact forests, making a mockery of EU commitments to halt forest loss.

In 2009, ECA-Watch organised a press conference with Austrian and Australian campaigners and met with the Austrian Green party, who took discussions about the pulp mill to the Austrian parliament.

Money comes...

All figures in euros

Income

	Campaign funding	Core funding	Total
Public Institutions (5)	491,146	199,218	690,364
Private institutions (including NGOs) (10)	330,400	73,238	403,638
Other sources (including interest and reimbursements)	0	48,328	48,328
Total	821,546	320,784	1,142,330

For FERN's full audited accounts please see:

<http://www.fern.org/about-us/audited-finances>

Another strong year

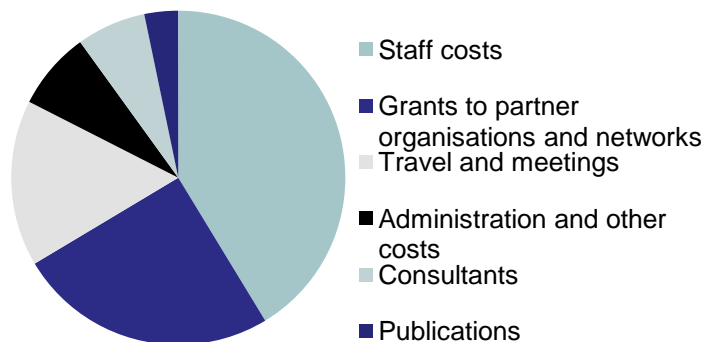
Over the last three years, FERN has grown dramatically in both staff numbers and financially, from €799,032 and six colleagues in 2007 to twelve staff and an expenditure of €1,138,000 in 2009 (of which €211,000 was managed by FERN's partners). We try to ensure that our financial dealings match our mission and therefore from 2009 have been banking with ethical banks - Triodos in Belgium and the Co-operative Bank in the UK.

FERN's growth will continue into 2010 with a planned budget of €1,700,000. This increase is mainly due to the extension of our work with partners in the Congo Basin, funded by the Congo Basin Forest Fund.



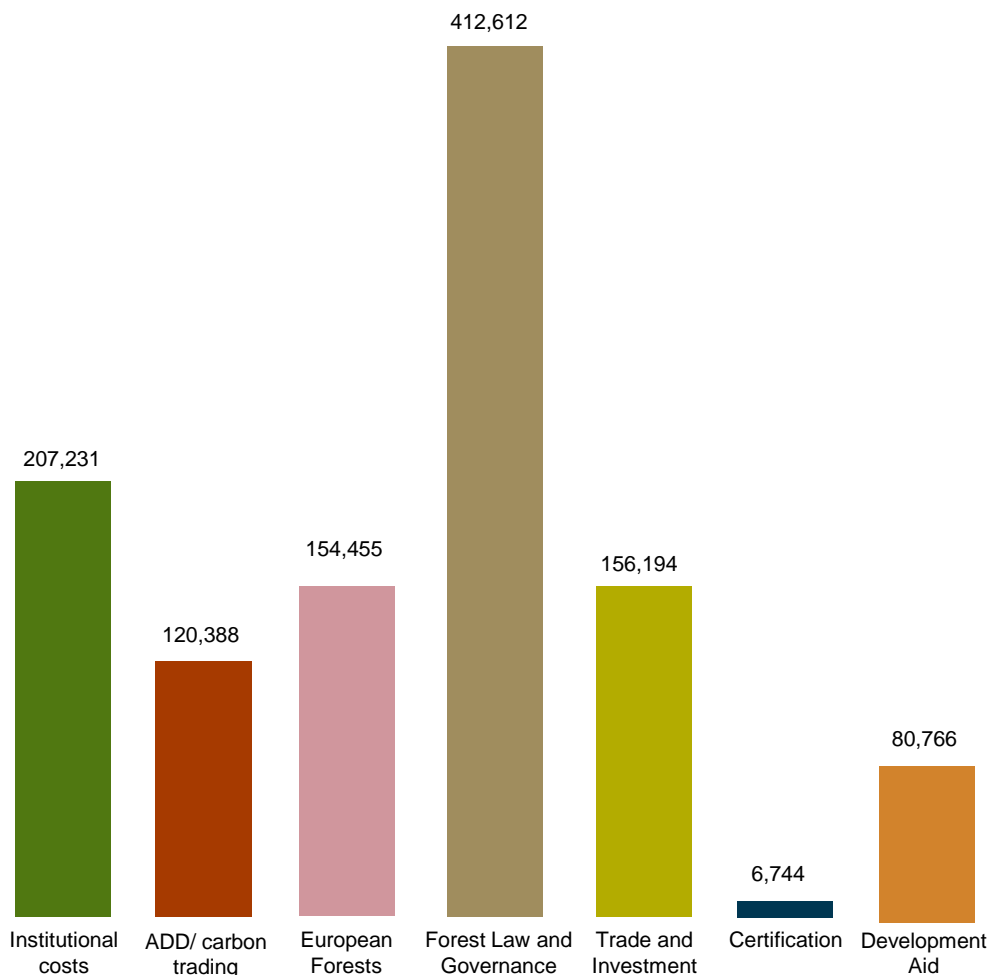
... and money goes (all figures in euros)

Expenditure per category



Staff	470,194
Grants to partner organisations and networks	285,889
Travel and meetings	183,105
Administration and other costs	85,704
Publications	76,301
Consultants	37,197
Total	1,138,390

Expenditure per campaign



Keeping campaigns updated

During 2009 FERN produced a number of reports and briefing notes, some of which are highlighted here and all of which are available from our website at www.fern.org/publications

Environmental tools in EC Development Cooperation



Following on from 2007's '[Transparency and availability of EC aid documentation](#)', this report assesses the quality and value of 21 geographically-diverse country and regional environmental profiles.

[Link](#)

Buying a sustainable future: EU procurement policies



Analysing the timber procurement policies of six EU Member States and Japan, this report shows that the Netherlands policy is the strongest in terms of inclusion of social issues. A new EU procurement policy aims for the other 21 Member States to also develop policies, so there will be more to come...

[Link](#)

Volunteering for disaster: Why biomass criteria must be ambitious and legally binding

This short briefing explains why having voluntary rather than obligatory criteria for biomass will inevitably lead to wide variations between EU Member State schemes. This could seriously harm forests in the EU and lead to ancient forests outside the EU being opened up.

[Link](#)

Increased use of biomass: Recommendations for ensuring it is environmentally responsible and socially just

Biomass has always been an important source of energy, but whether it is renewable depends on how it is produced. EU renewable energy targets will boost biomass use and so ambitious criteria are needed to guarantee that biomass effectively contribute to the reduction of greenhouse gases without leading to negative environmental and social impacts.

[Link](#)

Why Congo Basin countries stand to lose out from a market based REDD

FERN has spent several years outlining why carbon markets are not suited for the task of raising funds for forest protection. This report explains why these concerns and the problems of setting baselines for countries with historically low deforestation levels mean that funds are unlikely to reach Central Africa or other regions with low deforestation rates and weak governance. Wider institutional and policy reforms, are crucial to tackling deforestation and would be better paid for through a fund than the trading of carbon.

[English](#) | [Francais](#)

Snake oil or climate cure: The effect of public funding on European Bioenergy

If EU targets are met, by the year 2020, 20 per cent of the EU's energy consumption will come from renewable sources. In an attempt to achieve this target, the EU is investing heavily in new sources of energy, including bioenergy. This briefing examines public funding for the bioenergy sector and the effects it might have on the environment.

[Link](#)

In-depth reporting on the issues that matter

Is REDD undermining FLEGT?

The EU FLEGT process (page 7) has shown that with proper safeguards it can bring about real improvements in forest governance. This briefing looks at the case of Ghana and shows why we should be aware of the dangers of REDD projects such as plans currently being developed by the UN and the World Bank's Forest Carbon Partnership Facility.

[Link](#)

Counting the cost: Forest credits and their effect on carbon markets

This short briefing note looks at research into the negative impact of trading forest carbon credits on carbon markets. It concludes that it will subsequently have a negative effect on forests and the climate.

[English](#) | [Français](#)

Avoiding solutions: How export credit agencies help companies that continue to evade tax

This briefing analyses G-20 plans to increase ECAs' capacity without regulating against their support for companies that use tax avoiding offshore financial centres.

[Link](#)

From Rome to Lisbon: A guide to the EU's role in developing trade and investment agreements

Written in part as a guide to the EU's investment strategy, this paper explores the EU's controversial role in including investment provisions in the free trade agreements it concludes with non-EU countries.

[Link](#)



www.fern.org/francais est né

Over the last few years, communicating in French has become increasingly important for our work. With FLEGT and REDD negotiations happening in many Francophone African countries, we need to ensure that our communications are received by partners and decision makers in those countries.

The re-launch of FERN's website at the end of 2009 gave us the opportunity to make searching for our French language documents far easier. Webhits for our French products have grown well and so throughout 2010 we will be monitoring key areas of the site to ensure that they are translated into French.

FERN would like to thank...

Our funders

FERN's work is entirely dependant on the generosity of its funders, many of whom have supported us for several years. We ensure accountability to our donors through regular reporting and ensure independence by having a wide variety of funding sources. FERN's work in 2009 were made possible thanks to:

- Charles Stewart Mott Foundation, United States of America
- Department for International Development, United Kingdom
- EuropeAid
- European Commission, DG Environment
- Ford Foundation, United States of America
- Grassroots Foundation, Germany
- Grundtvig Partnerships, Belgium
- Interchurch Organisation for Development Cooperation, The Netherlands
- IUCN Netherlands Committee
- JMG Foundation, United Kingdom
- Ministry of VROM, The Netherlands
- Oxfam Novib, The Netherlands
- Sigrid Rausing Trust, United Kingdom
- SwedBio, Sweden
- World Wildlife Fund, United Kingdom

Our partners

In 2009, FERN specifically worked with:

- Amis de la Terre, France
- ARA, Germany
- Both ENDS, The Netherlands
- Brainforest, Gabon

Our partners continued

- BSPB - Birdlife Bulgaria
- Campagna per la Riforma della Banca Mondiale, Italy
- CED, Cameroon
- CEDEN, Democratic Republic of the Congo
- Civic Response, Ghana
- ClientEarth, UK
- Climate and Development Initiative, Uganda
- CODICOM, Central African Republic
- The Corner House, UK
- Debtwatch, Spain
- Euronatura, Portugal
- FASE-ES, Brazil
- Finnish Association for Nature Conservation - Finland
- Forest Monitor, UK
- Forest Peoples Programme, UK
- Global Witness, UK
- Hnuti Duha
- IDEAL, Malaysia
- LDI, Liberia
- MEFP, Central African Republic
- NESPON, India
- OCDH, Republic of Congo
- OCDH, Central African Republic
- OCEAN, Democratic Republic of the Congo
- Pro Regenwald, Germany
- Rainforest Foundation UK
- Sahabat Alam, Malaysia
- SAMFU, Liberia
- SDI, Liberia
- SPEA - Birdlife Portugal
- WWF Danube Carpathian Programme, Romania
- WWF Hungary

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