

A photograph of a person in a canoe on a river, framed by trees. The sun is low on the horizon, creating a bright glow on the water. The person is in the center, holding a paddle. The water is calm, reflecting the light. The trees are dark and silhouetted against the bright background.

FERN ANNUAL REPORT

JANUARY 2012 – MARCH 2013

FERN is determined to improve environmental and social justice by challenging the policies and practices of the European Union (EU) to ensure they have a positive effect on forests and forest peoples.

We facilitate several NGO networks both within the EU and globally, and together identify and work towards shared goals. We work closely with NGOs who are seeking to strengthen the voice of communities in their own countries.

FERN believes that to be effective: (a) it is essential to understand and address the social dimension of environmental conflicts; (b) lasting change is most likely to be achieved by working in strong coalitions; (c) presenting ways forward is often more effective than highlighting problems.

Contents

About FERN	2
Jan 2012–Mar 2013 at a glance	4
The FERN team	7
Forest governance	8
Carbon and ecosystem trading	13
European forests and bioenergy	16
Forests and climate change	18
Export Credit Agencies	20
FERN’s finances (Jan–Dec 2012)	22
FERN would like to thank	23

In 2012–2013, FERN’s campaigns were:

Forest governance

Forest law reform processes must strengthen community tenure rights, improve forest governance and reduce illegal logging.

Carbon and ecosystem trading

Action is urgently needed to mitigate climate change and ensure the flaws of the EU Emissions Trading Scheme are not replicated.

European forests and bioenergy

EU forest-related policies must contribute to improved forest management and biodiversity conservation.

Forests and climate

Forest climate agreements and national forest plans should respect forest peoples’ rights, keep forests standing, address drivers of deforestation and reduce carbon emissions.

Export Credit Agencies (ECAs)

EU ECAs need to stop supporting environmentally and socially damaging projects, and must comply with the EU’s objectives and obligations to further social and environmental justice.

Introduction

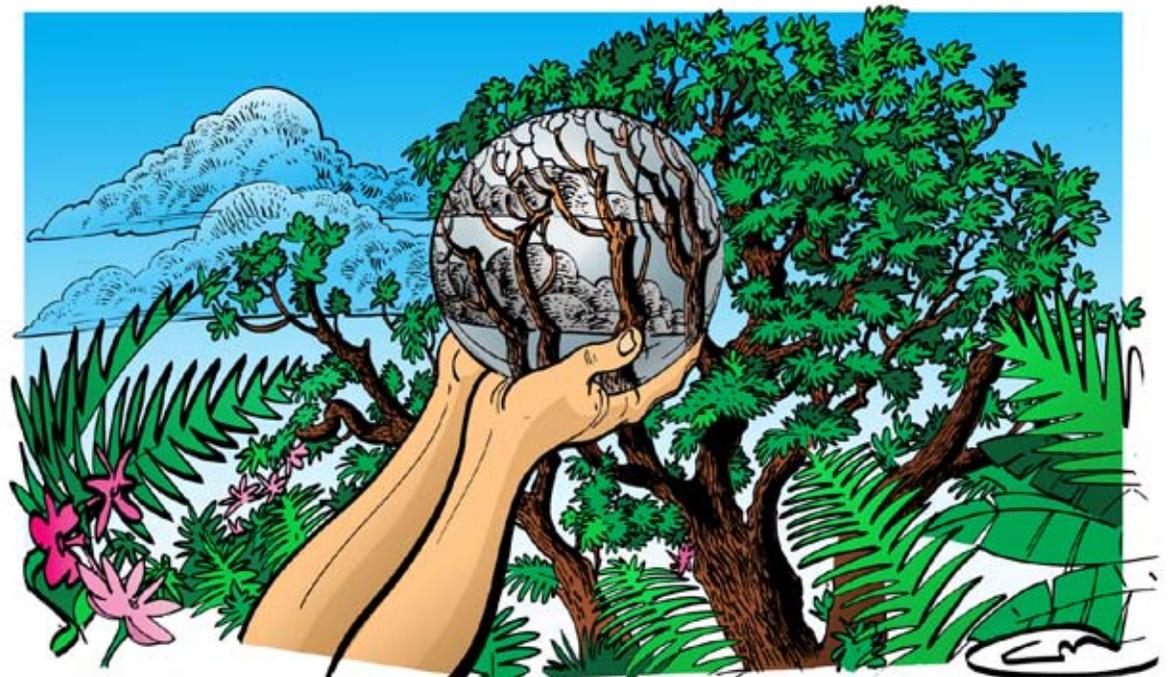
2012 was a tumultuous year. People in the Middle East and countries where FERN works like Malaysia and Gabon stood up to dictatorial rule; hurricane Sandy sent salt water into the streets of New York, bringing climate change to the attention of a sceptical US public; and countries across the EU found themselves deeply affected by the growing financial crisis.

All such events help inform FERN's work as we see that climate change, inequality, and poor governance threaten forests, and therefore the lives and livelihoods of people all over the globe. This report covers the period from January 2012 to March 2013, during which time FERN continued to encourage community empowerment and create space for Southern NGOs in international debates, whilst looking at ways to address overconsumption and greenhouse gas emissions in the global North.

The EU Forest Law Enforcement, Governance and Trade (FLEGT) Programme remained our largest area of work. It is a unique EU programme to improve transparency and accountability and increase participation in decision making in the timber sector. We continued to support partners in Africa and South East Asia to reduce illegal logging and strengthen community rights over forest lands. Evidence has continued to mount that community control of forest land will keep forests standing in the long term and help address climate change. At the same time expansion of agribusiness is becoming the major threat to forests and peoples' rights.

In future, FERN will continue working with partners to challenge the laundering of the proceeds of illegal logging; develop an EU Action Plan to reduce deforestation and strengthen community rights; put forward proposals for a strong EU biomass policy; and build NGO campaigning on new developments such as biodiversity offsetting.

The FERN Team



“We greatly appreciate [FERN’s] commitment to giving people a voice in decisions affecting their lives and their future development and look forward to further collaboration with you in the future.”

EU Commissioner for Development, Andris Piebalgs in his keynote speech at the ‘Forest Guardians’ event

FERN works to open rather than occupy space for civil society to be involved in the decisions that affect them and challenge unjust policies and practices. To that end, over the last fifteen months FERN’s main activities have included the following:

The ‘Forest Guardians’ event looked at 10 years of EU innovation and action in worldwide forest governance.

Opening up space at the international level

‘Forest Guardians’ high-level event

FERN organised a high profile event at the European Parliament which brought together Members of the European Parliament (MEPs), Commission officials, civil society and community representatives from twelve tropical-forest countries, representatives from the EU Timber Trade Federation, and international NGOs. Matthieu Thee Walley, a representative of a community in Liberia said: “The Voluntary Partnership Agreement (VPA) has played a key role in strengthening the voice of communities and NGOs in national level decision-making. If other processes like REDD and other sectors (palm oil) would have used a similar consultative process the situation in Liberia would be better than it is now.” For more see <http://capacity4dev.ec.europa.eu/article/guardians-forests> and Forest governance page 8.



Opening up space at the national level

In Vietnam, FERN facilitated a process of bringing together a core group of Vietnamese NGOs to engage in the FLEGT VPA process. Over the year, that core group has grown in capacity, completed community consultation exercises and been able to take an informed, meaningful stance on government proposals.

FERN worked with Brazilian NGOs to understand the key concepts behind carbon trading and produce a Portuguese version of Trading Carbon, our stake-in-the-ground publication outlining how carbon trading works and why it is controversial: www.fern.org/pt-br/comerciodecarbano. This tool has opened up space for NGOs in Brazil to have an informed voice at meetings and led to partner-led coverage of the problems inherent in carbon trading.

Encouraging civil society to occupy the space

In Gabon, FERN supported the creation of a new network, ‘GabonMaTerreMonDroit’, which aims to raise awareness and encourage wider public debate on tenure insecurity and the need for legal land reform. In February 2013 the network reached more than 650 people celebrating a Community Social Justice Day. This is real breakthrough for Gabonese civil society which is still young and working within a repressive political context.

In 2012, FERN’s partner Sustainable Development Institute (SDI), with support from FERN and Global Witness, managed to halt illegal permits being issued, and nullify illegal concessions, which covered a quarter of Liberia’s forests.



In Gabon, mapping the forest with communities is an essential step towards improving control over their resources.

Strengthening the voice of communities

Ensuring FERN’s products are well disseminated amongst NGOs and communities in the global South and across the EU is essential. In 2012–2013 therefore, FERN made its website available in English, French, Spanish and Portuguese; it also launched a new carbon trading blog as a hub for news and analysis in English, French and Portuguese; and work continued to improve the bilingual nature of www.loggingoff.info. This

makes it easier for civil society to learn from each others' experience and ultimately makes for a stronger, more informed global civil society.

Having received feedback from partners and other NGOs that the debate around Reducing Emissions from Deforestation and Degradation (REDD+) was confusing, FERN produced an animation to explain the key issues. The resulting video: www.fern.org/storyofREDD has been viewed more than 10,000 times and was translated into French, Spanish and Italian. It was the most viewed page on the website www.redd-monitor.org/ and the animations and clips of the film have been used in products by the World Rainforest Movement and the Indigenous Environmental Network.

Challenging policies and practices

FERN, along with a number of partner organisations, helped to coordinate a successful launch of the 'Scrap the ETS' declaration,¹ with FERN staff able to highlight the message that the carbon market is a lame duck in high profile media coverage including television interviews on BBC2 and BBC World.

FERN coordinated work to analyse the veracity of EU Export Credit Agencies' (ECA) first ever reports on compliance with an EU regulation² which aims to improve ECA transparency and ensure they meet EU objectives and obligations. This work can now be used to push for better reporting and more stringent compliance from ECAs in the future.

¹ <http://scrap-the-euets.makenoise.org/>

² EU Regulation on the Application of Certain Guidelines in the Field of Officially Supported Export Credits

The Forest Movement Europe Network

The Forest Movement Europe (FME) is a network of European NGOs working on forest-related issues. Co-founder Saskia Ozinga helped set it up in 1989 and it has been facilitated by FERN since our inception in 1995. Around 45 people with hundreds of years of cumulative experience working on forest-related issues come together each year to share information and discuss strategies. Each year one of these organisations hosts the meeting in a forest setting.

In 2012, the FME was co-organised by the Portuguese Society for the Study of Birds (SPEA) in Porto, Portugal. The European Environmental Paper Network (EEN) also used the meeting as an opportunity to meet. Since 2012, FERN has been on the steering group of the network which aims to reduce unnecessary paper use. Find out more here: www.environmentalpaper.eu/

Topics included: the impact of land grabbing; the ongoing problems in Sarawak; Malaysia; the EU consumption that impacts forests; how to make the EU Timber Regulation effective; and the potential threats of trading in ecosystem services. The FME was also chosen as the venue to launch The Story of REDD animation: www.fern.org/storyofREDD (see page 19).

In 2012–13 FERN staff comprised

An Bollen: Forest Governance Campaigner — Africa
 Kate Dooley: Forests and Climate Campaigner
 Veerle Dossche: European Forests Campaigner
 Julie Halling: UK Office Administrator
 Jutta Kill: Climate Change and Carbon Trade Campaigner
 Rudi Kohnert: Forest Governance Campaigner — Asia
 Daniel Lakey: Finance Manager
 Deborah Lambert Perez: Trade and Investment Campaigner
 Hannah Mowat: Ecosystem and Carbon Trading Campaigner
 Saskia Ozinga: Campaign Coordinator
 Gianni Valentini: Belgian Office Manager
 Indra van Gisbergen: Forest Governance Campaigner — Congo Basin
 Richard Wainwright: Communications Manager

Participants in Portugal for the Forest Movement Europe meeting in 2012.



In 2012–13 FERN's Board comprised

Gemma Boetekees: specialist in forest certification and development — the Netherlands
 David Kaimowitz: specialist in forest politics and economics and community rights — Nicaragua
 Jacques Lauruol: specialist in financial issues and financial training — UK
 Kyeretwie Opoku: specialist in forest governance and democracy and tenure issues — Ghana
 Elisa Peter: specialist in forest politics and UN institutions — USA
 Fred Pearce: specialist in communications, climate change and land grabs — UK
 Sian Pettman: specialist in EU policies and fair trade — UK

Some of FERN's staff and Board at our annual board meeting, Charney Manor, a 13th century Retreat Centre owned by the Quakers, 2012.





“VPAs provide the political space to negotiate new legal frameworks to protect and enhance local rights of access and use of forest resources; they provide an opportunity and process to rebalance the interests between state, private sector and civil society and potentially could open up opportunities for poverty alleviation through fairer implementation and enforcement of legal and policy frameworks.”

Dr Mary Hobley

FERN’s forest governance campaign aims for forest law reform processes which strengthen community tenure rights and reduce illegal logging.

Why FERN works on forest governance

Poor governance leads to conflicts, illegal logging, and uncontrolled deforestation. These problems impact on development and lead to violence; environmental degradation; billions of euros in lost revenue for governments; poverty for people who rely on forests for their livelihoods; violations of community rights; and the undermining of the rule of law. While it is essential that FERN concentrates on dealing with the unsustainable consumption of forest and agricultural products that drives unjust land use in the global South, this must be done in tandem with work to improve and enforce the legal framework that allows community ownership or control of land and the forests that grow on it.

There have been many schemes and projects to halt deforestation over the last 30 years, but only one has put improving forest governance



‘GabonMaTerreMonDroit’, the Gabonese civil society group united to fight for tenure security.

at its heart. This is why FERN has been working on the EU’s Forest Law Enforcement, Governance and Trade (FLEGT) action plan for over a decade.

A key aspect of the FLEGT action plan is the signing of Voluntary Partnership Agreements (VPAs) between the EU and timber-producing countries. The process to achieve these agreements requires all stakeholders, including NGOs and the timber industry, to agree which

The ‘GDRNE Platform’ in Central African Republic is lobbying for local communities’ rights to land and forest resources in an increasingly difficult political context.



laws need to be enforced or modified to ensure timber can be defined as legal. In March 2013, EU legislation came into effect which makes it a criminal offence to place illegally sourced timber on the EU market. If implemented well, this legislation will strengthen the VPA process.

Even so, in most countries it is the agricultural rather than the forestry sector that is the dominant force in forest destruction. FERN is therefore developing new plans to link demand and supply-side measures to improve community ownership and control in producer countries.

FERN's successes

FERN continues to facilitate NGO coalitions involved in VPA processes in Africa and Asia. The design of the VPA process is quite remarkable as it is the first time that legally binding trade agreements have been negotiated and agreed in an inclusive consensus-based process. The EU and VPA negotiating country make a concerted effort to control corruption, improve the rule of law and guarantee respect for civil and

political rights. FERN facilitated the Community Rights Network meeting in Brussels (which culminated in the 'Forest Guardians' meeting (see page 4)) and smaller meetings in Vietnam, Ivory Cost, Gabon and Central African Republic (see below), helping to ensure all NGOs involved in VPA negotiations and implementation have the chance to meet and learn from each other.

Globally VPAs are now at very different stages and to keep stakeholders up-to-date, FERN produces six-monthly VPA updates. See page 10 for a map showing the present situation with regards to VPAs.

Specific successes of our partners

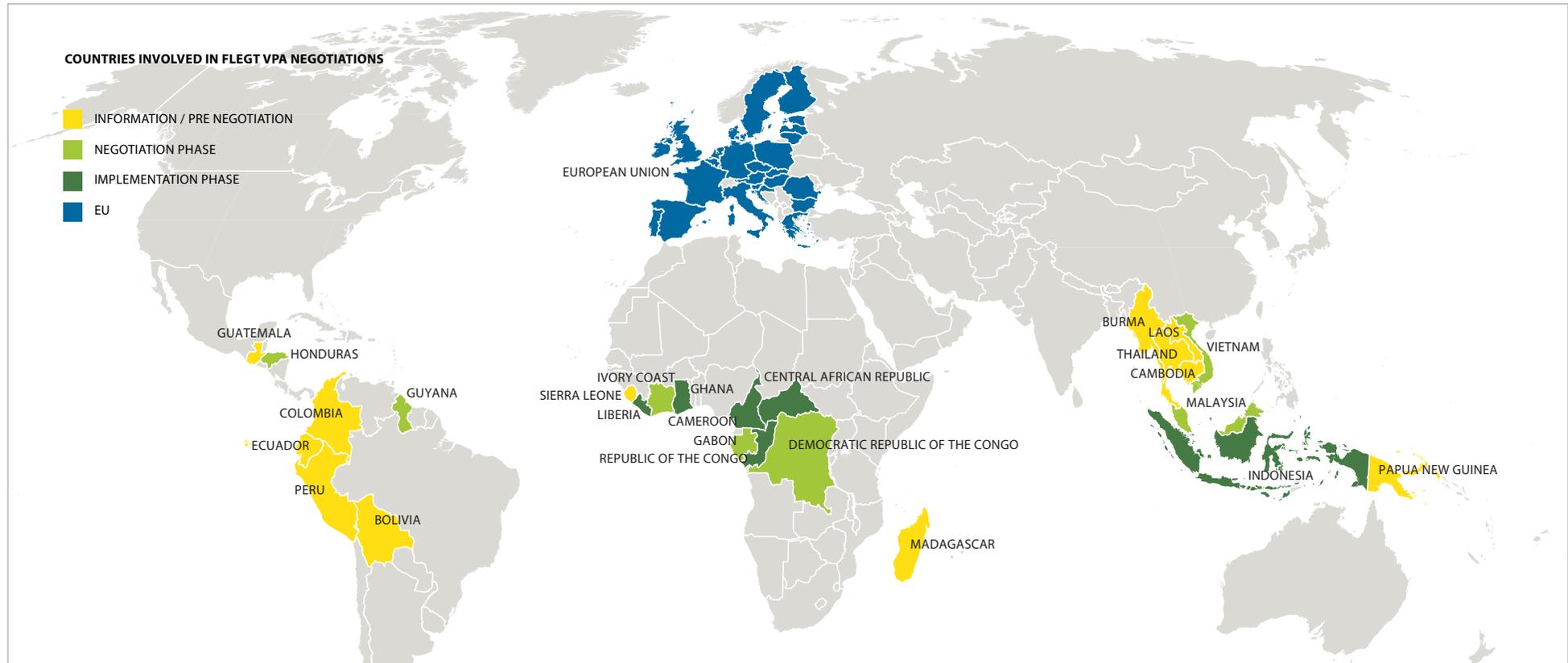
In **Vietnam** the existence of national NGOs is still a relatively new phenomenon, and political space for civil society is strictly controlled. The Communist Party tolerates no talk of pluralism, and many Vietnamese do not know (or choose not to know) about Vietnamese civil society organisations (VNGOs), or are dismissive of what they can achieve apart

The new VNGO-FLEGT network: NGOs in Vietnam have become increasingly interested and engaged in VPA negotiations.



A new civil society platform on the rise in the Ivory Coast, advocating for improved forest governance.





from delivering services that the government does not have the capacity or inclination for. At the outset of 2012, VPA negotiations were going ahead with no coordinated local NGO input. FERN facilitated a process of bringing together a core group of VNGOs to engage in the VPA process. Throughout the year, the VNGO-FLEGT network, as it has since come to be known, has built its capacity and increased its involvement in VPA negotiations. Irrespective of what this group will go on to achieve, this is already a unique achievement for VNGOs. By the end of 2012, eleven

members of this network had completed a community consultation exercise in six provinces nationwide which informed their joint position on the government’s draft timber legality definition and assurance system. They are now embarking on an in-depth study on the potential impact of a VPA on livelihoods of vulnerable groups and beginning to forge regional links with civil society in neighbouring Association of South East Asian Nations (ASEAN) countries.



In **Gabon** civil society has to work hard to gain space as local people are landless in the eyes of the law, and there is no protection nor recognition of their traditional lands. The government claims ownership of nearly all of the land and has been increasingly leasing it to foreign companies. Following recent allocations of large-scale agricultural concessions and frustrations such as the lack of any political opening in the VPA negotiations (the government declined to discuss tenure rights when FERN and Brainforest's report 'Facing up to the past' was launched (see box)) the civil society platform 'Gabon Environment' (Environnement Gabon) decided to focus its efforts on land rights and launched a network called 'GabonMyLandMyRight' (GabonMaTerreMonDroit). They created a website, a song and a PowerPoint presentation which were distributed widely (see www.fern.org/materremondroit).

In 2012, **Liberian** NGOs including FERN's partner Sustainable Development Institute (SDI) revealed that logging companies were contravening the law by using permits to use land, known as private use permits (PUPs) to log, sell and export timber. Their research showed that nearly 20 per cent of the country's forests had been handed out, and that more logs were being exported from PUP land than from forestry concessions. SDI worked with local and international NGOs such as FERN to raise these issues in the media and with the government. President Johnson Sirleaf responded by calling for a moratorium on new PUPs, and setting up an investigative committee for which SDI helped develop the terms of reference. The investigative committee published a 265 page report indicating that all PUPs were illegal and recommended, among others, cancelling all PUPs, suspending the Ministry for Agriculture, and firing key people in the Forestry Administration. SDI managed to halt the destruction of more than 20 per cent of forests in Liberia through effective campaigning, including using media, government-focused advocacy and international NGOs.

Publications

Land Rights in Gabon, Facing Up to the Past — and Present

FERN worked with land tenure specialist Liz Alden Wily who produced this report documenting the tenure situation in Gabon to inform discussions concerning forest governance and land grabbing. An 1899 law made France the owner of all the land who then allocated virtually the whole of Gabon to logging concessions. Since then the people have endured dispossession of their lands and resources, both in law and in practice. While some customary use of land is upheld, no family or community can secure ownership of its traditional forests, arguably its most precious livelihood and capital asset. Rights-based reforms in land tenure and governance in Africa since the 1990s have simply passed Gabon by. The report details possible steps to remedy past injustices and move forward to respect communities' rights to land in line with other countries in the region.

www.fern.org/landrightsingabon

Forest Stands: How new EU trade laws help countries protect both forests and peoples

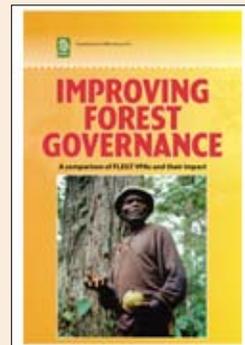
This report based on research by and written by award winning journalist Fred Pearce, charts the progress being made by the VPAs



in encouraging forest reform and improved social justice in forests. It suggests that, while progress has not been universal — and forest exploiters are adept at finding the weakest link in any form of governance — the VPAs are succeeding. By providing a key to unlock wider actors in civil society, they offer a template for better governance far beyond the forests. www.fern.org/foreststands

Improving forest governance: A comparison of FLEGT VPAs and their impact

Research compiled by FERN shows that forest governance improvements have been achieved by the VPAs before any FLEGT licensed timber has even landed on EU shores. By examining the content of the six existing VPAs, the report identifies differences and similarities between them. Analysis focuses on six key issues that NGOs in VPA countries and in Europe have identified as essential for improving governance in the forestry sector. This is a key report for anybody who is interested in forest governance issues. www.fern.org/improvingforestgovernance



VPA Updates

Throughout 2012–13, FERN continued to produce six-monthly updates looking at the present situation with regards to VPAs. The updates describe key moments in the processes as well as the

extent to which civil society has been able to be involved. www.fern.org/MayVPAUpdate

Lessons learned from funding for FLEGT, October 16, 2012

This briefing note provides useful suggestions for civil society with regards to applying for funding to work on FLEGT. It is based on lessons learned from past experiences as well as direct inputs from the donors themselves. It concludes with practical recommendations for civil society to follow in order to increase the likelihood of obtaining future funding. www.fern.org/fundingforFLEGT



Local Civil Society Organisations join EU battle against illegal logging

This briefing note underlines the central role the EU played in ensuring various civil society groups are involved in the VPA negotiating process. Without EU pressure on governments and officials, civil society groups would not have been able to participate. In most cases the VPA process worked well; negotiations have seen a level of involvement of local environmental, social and human rights groups never seen before in the forestry sector in the countries concerned. www.fern.org/VPAsandcivilsociety



“The ETS as a whole has been a financial support to the energy intensive industries...who usually complain that the ETS is killing them...”¹

Bloomberg Businessweek

FERN’s carbon and ecosystem trading campaign aims for action to mitigate climate change and ensure the flaws of carbon trading are not replicated.

Why FERN focuses on carbon and ecosystem trading

The fate of the world’s forests is intrinsically linked to keeping global warming below two degrees, which is the stated aim of the EU. Its main tool for achieving this goal is carbon trading through the European Union Emissions Trading System (EU ETS). Despite the failings of the EU ETS (see www.fern.org/ETSmvthbusting), the ideas behind the system are being replicated in the creation of other carbon markets. Furthermore, the logic of using a price to prevent pollution is being spread into other aspects of environmental legislation. FERN is campaigning against the extension of the carbon trading model into the realms of biodiversity and ecosystems offsetting (see box). Biodiversity loss in the EU will not be halted by banking of habitats and increased development, but by changing the EU’s development and economic model to take into account that available resources are finite.

¹ www.businessweek.com/articles/2013-03-28/europes-carbon-emissions-market-is-crashing

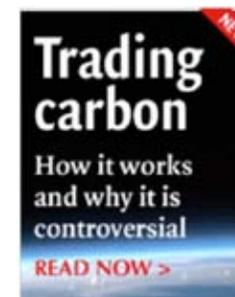
Launch of the Trading Carbon e-book and blog

“FERN’s Trading Carbon blog is an indispensable resource for anyone interested in climate change policy. It shows the sheer complexity and political struggle involved with carbon markets, giving voice to those who are often not represented in the climate change debate.”

Professor Steffen Boehm, Director, Essex Sustainability Institute

In February 2013 a group of civil society organisations came together to call on the EU to abolish its ETS to open space for truly effective climate policies. The joint declaration and other key documents signed up to by more than 90 organisations is available at <http://scrap-the-euets.makenoise.org/about/>

This launch was followed by the unveiling of FERN’s new trilingual blog — in English, French and Portuguese — a hub for critical carbon trading news and analysis. The website www.fern.org/book/trading-carbon hosts an ‘e-guide’ to carbon trading that explains how Emissions Trading Schemes work and why carbon trading is controversial. This blog links to this in-depth analysis of the carbon market and brings fresh evidence to underline concerns. It is an essential tool for those trying to understand the maze of carbon market scandals, and show why carbon trading is a distraction not a solution.



You can follow the blog here: <https://twitter.com/Tradingcarbon>

FERN's successes

Despite the EU's ambition for carbon trading to be a global endeavour, several NGOs in the global South, and specifically Brazil, asked for FERN's assistance to counter claims that the EU ETS is a success which should be replicated. These claims are coming from cheerleaders for schemes being set up in Australia, Brazil, China and the USA and fail to recognise the flaws of the system and its lack of effectiveness. A large proportion of FERN's work was therefore based in Brazil including at side events linked to Rio+20.

FERN also helped produce a Portuguese version of Trading Carbon, its well-respected publication outlining how carbon trading works and why it is controversial: www.fern.org/pt-br/comerciodecarbano. FERN's carbon trading analysis in Brazilian Portuguese is one of the most visited sections of the site and has led to strong press coverage in Brazil.

Organisations within social and environmental justice movements are now more conversant in the critical analysis of carbon trading and are therefore able to expose the shortcomings and risks of the Brazilian government setting up such a scheme. FERN's analysis was also shared through public panel discussions on the EU ETS in Brussels and Vienna.

FERN, along with a number of partner organisations, helped to coordinate a successful launch of the 'Scrap the ETS' declaration. The call to scrap the ETS was identified by EU media as the civil society voice that was calling for ambitious climate action. FERN was invited to a television interview on BBC 2 and BBC World and was mentioned in more than 30 articles, getting out the message that the carbon market is a lame duck and that the EU must move on.



Publications

REDD, FLEGT and carbon trading — a six part training course

Bringing together three of FERN's biggest campaigns, this popular six part training course has been viewed over 5,000 times and widely disseminated to partners and communities. It takes the complex ideas associated with REDD and carbon trading and frees them from their complex technical language and jargon. These presentations are designed to give an overview of key concepts behind international discussions on carbon trading, REDD and FLEGT. Although each presentation can be viewed alone, the entire course gives a good overall understanding of the issues, and has been used by community groups and local NGOs. The course is available in English, French and Spanish.

www.fern.org/REDD-FLEGT-and-carbon-trading



Suffering here to help them over there

The Guaraqueçaba Climate Action Project is a forest carbon offset project initiative by the Nature Conservancy and a Brazilian NGO. For centuries indigenous Guarani and traditional communities have used the land they



live on but their access has now been restricted as part of a forest offset project. The film shows the effect this is having on local communities.

www.fern.org/sufferinghere

Banking on carbon markets: Why the European Investment Bank got it wrong in the fight against climate change

This briefing provides an overview of the involvement of the European Investment Bank (EIB) in carbon markets. It is based on a report by the organisations Counter Balance and Campagna per Reforma della Banca Mondiale (CRBM).

www.fern.org/bankingoncarbonmarkets



EU ETS myth busting: Why it can't be reformed and shouldn't be replicated

FERN drafted and facilitated this publication signed up to by 45 organisations which shows that since the launch of the EU ETS, emissions, reliance on coal, energy prices and the profits of many industrial actors have all risen, while millions of Euros of public money have been lost in VAT fraud. This report shows that, far from being the 'best tool' to combat climate change, the EU ETS is inherently too weak to



drive the sustainable energy transformation the EU needs in order to stay within global warming limits.

www.fern.org/EUETSmythbusting

What is Biodiversity Offsetting?

Biodiversity offsetting means permitting a habitat to be destroyed as long as there is an attempt to replace it with something similar elsewhere. It signals a paradigm change for environmental law, since one of the options for compliance becomes 'compensation'.

This means there is no longer a level playing-field. The freedom to wreck a habitat depends not on what regulation says, but on whether the person who wants to build on the habitat has enough money to pay for the offset. It relies on the market price for habitat restoration being high enough to encourage development in places that are easier to restore, and therefore cheaper. This premise of a high-market price discouraging pollution was and is one of the key flaws of carbon trading.

The market is still at the whim of lobbyists fighting hard to ensure the price never goes high enough to actually force a change of action. Regulation and enforceable environmental laws should never (as with carbon trading), be undermined by market-based initiatives.

“Even though bioenergy is in the long term a low carbon energy source, in the short term it may cause more emissions than fossil energy”¹

David Neil Bird, Joanneum Research

FERN’s European forests campaign aims for EU forest-related policies that contribute to improved forest management and biodiversity conservation.

Why FERN focuses on European forests and bioenergy:

EU biomass policies should use what can be sustainably supplied as a starting point or the result will be forest destruction, land grabbing and displaced local communities within and outside the EU. Increased use of forests as biomass for energy production could prove disastrous for forests in Europe and elsewhere, but is widely regarded by EU policy makers as a realistic means of reducing dependence on fossil fuel. There is little understanding of the limits of forest supply available for biomass and the importance of considering the most appropriate use of the available supply. It is essential that policies take account of the hierarchy of biomass use so that power stations only burn wood that has already been used in the production of goods like furniture, paper, or building materials. Only wood and wood products that have no other use and

would otherwise go to landfill should be burnt, rather than trees straight from the forest.

FERN’s work

FERN worked with a number of NGOs across the EU to ensure that forest protection was considered in the new Rural Development Regulation (2014–2020), one of the strongest EU-level instruments to improve forest support. It also became clear, however that more could be achieved by focusing on steering the biomass debate towards what forests can sustainably supply. Through FERN’s advocacy, the topic was discussed at a high level within the Commission and within the Ad Hoc Working Group on the EU Forestry Strategy — of which FERN was the NGO representative. FERN also coordinated NGO input and acted as the vice chair of the Forest and Cork advisory group. This offered opportunities to strengthen NGO messaging and ensure the limits of biomass use were raised at face-to-face discussions with policy makers.

FERN’s key events

Carbon emissions from bioenergy – how it impacts our climate

In March 2012, FERN co-organised the widely attended event ‘Carbon emissions from bioenergy — how it impacts our climate’. The aim was to encourage the European Commission to publish either a legislative proposal for binding biomass criteria, or organise a wide-ranging debate about carbon debt — the presently unmeasured amount of carbon that is released in the production of biomass. Neil Bird, of Joanneum Research, outlined that in the short term biomass as an

¹ www.fern.org/sites/fern.org/files/Neil%20Bird%20ppt%20-%20March%202012%20biomass%20event%20EP.pdf

energy source may cause more emissions than fossil fuels. David Carr, of the Southern Environmental Law Centre, presented the outcomes of a study demonstrating that it takes 35 to 50 years for emissions from biomass to be re-absorbed. Growing European demand for wood pellets is accelerating the destruction of natural forest in southern USA, exacerbating climate change. The conclusion? The EU must modify its bioenergy policy urgently to ensure we only use biomass that truly reduces emissions without harming biodiversity or allowing negative impacts on local communities.

All presentations and information from the event can be found on: www.fern.org/emissionsfrombioenergy

How sustainable is Scandinavian biomass?

With concern rising about the extent to which Scandinavian forests will be supplying wood and waste for the EU's 'renewable' energy, the Greens, FERN, BirdLife, European Environmental Bureau (EEB) and ClientEarth brought key players together for a conference on 30 January 2013. The NGOs called on the European Commission to propose a mandatory sustainability framework to regulate increased use of biomass for energy purposes. This framework would have to include the principle of hierarchy of use where no timber ever goes straight from the forest to flames. Veerle Dossche, of FERN explained, "A transition from fossil energy is much needed, but there is currently no guarantee that biomass for energy will respect what can be sustainably supplied and that it will reduce greenhouse gas emissions."

All presentations are available here: www.fern.org/howstable

Publications

Three reports on the biomass situation in Bulgaria, the Czech Republic, and Finland

Projections of future wood availability in Europe differ wildly depending on the country, but these three reports show that even in relatively forested countries the problems are complex. Finland could manage to achieve its own 2020 targets for renewable energy, but it is difficult to predict whether forests will be able to meet the needs of other European countries. In the Czech Republic, the report finds that to achieve responsible and sustainable production, a combination of EU policies covering water, biodiversity, soil protection, and adaptation to climate change must be put in place. The situation in Bulgaria is grim as there are currently no sustainability standards for biomass production at either national or EU level. The report explains why increased use of woody biomass, combined with a lack of sustainability standards at a sufficiently high level, would lead to irreversible damage to Bulgarian forests.



“You cannot offset fossil fuel emissions by trying to shove more carbon into forests. Forests can’t take the pressure off fossil fuel emissions – scientifically, it doesn’t work.”

Will Steffen, executive director of the climate change institute at the Australian National University, December 2012

FERN’s forests and climate campaign aims for forest climate agreements and national plans that respect forest peoples’ rights, keep forests standing, address drivers of deforestation and reduce carbon emissions.

Why FERN works on forests and climate change

The fate of the world’s forests and the climate are intrinsically linked; forests can help stabilise the climate, but increasing temperatures may well destroy them. Because of this forests have an important place in the climate debate. While the inclusion of forests into the United Nations Framework Convention on Climate Change (UNFCCC) discussions through Reduced Emissions from Deforestation and Degradation (REDD) was welcomed by many, FERN was concerned that any scheme that tries to value forests for their carbon would fail. Hence FERN campaigned to shift the REDD debate from carbon to forest governance, building on existing FLEGT actions to strengthen tenure rights and improve forest governance in many countries. In 2012, this message became mainstream in the REDD debate, with actors such as the Food and Agriculture Organisation, UN-REDD, the European Commission, and governments like Cameroon acknowledging the need to build on FLEGT.

FERN’s forest and climate work is now focused at the national level in Africa, where we support partners who aim to ensure that REDD+ plans and strategies promote rights and forest governance and that REDD+ funds are properly used to implement the VPAs and address the drivers of deforestation.

FERN’s successes

In 2012 international understanding and recognition of the importance of tackling poor governance and the drivers of deforestation grew. An independent report commissioned by the World Bank and the UN found that legal reform and strengthened law enforcement were the top implementation requirements in 22 tropical forested countries undertaking REDD+. FERN and partners will now focus on getting governments to drop their ambition to prepare countries for a carbon market that may never materialise, and instead spend REDD money on legal reforms to secure community rights, promoting sustainable forest management and supporting law enforcement.

FERN focuses its forest and climate work on supporting and coaching partners and networks in the Democratic Republic of Congo, the Republic of Congo, Central African Republic, Cameroon and Gabon, where civil society organisations have chosen to be involved in the development and implementation of national REDD+ plans. Due to demand from FERN partners, in 2012, African policy makers in the Congo Basin region (Commission des Forêts d’Afrique Centrale (COMIFAC)) finally started listening to civil society concerns and showed more scepticism about the potential for forest carbon trading.

Publications

The story of REDD

This animation considers the complex issues that must be considered by any initiative to reduce deforestation. The script is also available for download and includes links to reports, websites and briefings that explain the issues in more detail



or outline where facts and figures come from. The animation is also available in French, Spanish and Italian.

www.fern.org/storyofREDD

ForestWatch specials

Over the last four years FERN has released regular ForestWatch specials to provide updates on forest discussions at the UNFCCC Conferences of the Parties. In January 2013 we released the last of these. This was followed by the first of FERN's six monthly updates on REDD processes in the Congo Basin. It showed that although REDD processes are ongoing in four of the five countries, they are not inclusive, and are led in a top-down manner.

To sign up for ForestWatch please visit: www.fern.org/get-involved/forestwatch

Civil society climate justice briefs

Working with other civil society networks and grassroots movements for climate justice, FERN contributed to several updates, advocating for climate justice which takes account of historical responsibility, and for carbon trading to be excluded from UN climate talks.

They are available at <http://climate-justice.info> and in 2012 included New Market Mechanism — risks and reality, available at www.fern.org/newmarketmechanisms

REDD+: An incentive structure for long-term performance

This joint NGO discussion paper, drafted and facilitated by FERN, outlines the need to focus monitoring of REDD+ performance on forest governance improvements and including social and environmental issues, in order to focus the limited resources for forest protection on the most effective actions to limit forest loss. There is broad consensus that focusing on the underlying causes of forest destruction, such as poor forest governance, disregard for ecosystems and lack of clarity around land tenure rights, is the essential first step to reducing forest loss, and this paper explains why the focus of REDD+ on carbon monitoring will not achieve these goals.

www.fern.org/REDDincentive



“ECAs ... are running two risks in relation to human rights. The first is the risk that a client’s business activities or relationships contribute to human rights abuse abroad ... The second is the financial risk to the project ... Why do you [ECAs] not, as a matter of course, practice human rights due diligence yourselves, and require it of projects you support?”¹

UN Special Representative of the Secretary General John Ruggie

FERN’s Export Credit Agencies campaign strives for EU ECAs which comply with EU’s objectives and obligations and stop supporting environmentally and socially damaging projects.

Why FERN works on ECAs

European Export Credit Agencies (ECAs) are governmental or quasi-governmental organisations that use taxpayers’ money to help companies invest and export. They have historically been opaque in their activities and subject to minimal regulation. This has meant they have supported some of the most damaging investments, from pulp and paper factories in Indonesia to destructive dams in Uganda. In 2011, FERN and the ECA-Watch network helped reduce this opacity when our campaign for a regulation that demands increased transparency from European ECAs about the movement of their funds was successful. The ‘EU Regulation on the Application of Certain Guidelines in the Field of

¹ www.rightrespect.org/wp-content/uploads/2010/08/Ruggie-remarks-to-OECD-re-export-credit-agencies-23-Jun-2010-3.pdf

Officially Supported Export Credits’ (ECA regulation) will ensure ECAs are more transparent and held accountable to EU objectives and policies.

FERN’s successes in 2012-13

Following the 2011 adoption of the ECA regulation, the European Commission has to report to the European Parliament on ECAs’ compliance with EU objectives and obligations. The ECA Watch network worked to ensure that the reporting template given to Member States included mention of whether lending activities complied with EU external action goals such as Article 21 of the Lisbon Treaty — see box on next page.



Partners in Gabon use FERN materials to learn about ecosystem trading.

Article 21 of the Lisbon Treaty

In 2011 the 'EU Regulation on the Application of Certain Guidelines in the Field of Officially Supported Export Credits' (ECA regulation) was adopted, with the aim of ensuring that ECAs are more transparent and held accountable to EU objectives and policies. This is a huge step forward as it means ECAs must comply with EU laws such as Article 21 of the Lisbon Treaty which reads: "The Union's action on the international scene shall be guided by the principles which have inspired its own creation, development and enlargement, and which it seeks to advance in the wider world: democracy, the rule of law, the universality and indivisibility of human rights and fundamental freedoms, respect for human dignity, the principles of equality and solidarity, and respect for the principles of the United Nations Charter and international law."

FERN coordinated the ECA-Watch network to analyse the veracity of ECAs' first reports and their compliance with the ECA regulation and EU objectives and obligations. The analysis was turned into a draft report launched at a round table co-organised with Eurodad in December 2012 with participation from Cephass Lumina the UN Independent Expert on Foreign Debt and Human Rights and representatives from civil society, and the European Commission, Council and Parliament.

In early 2013, the Commission published the first report evaluating Member States' compliance with the EU regulation but it made for disappointing reading. ECA-Watch is now working with the European Parliament to ensure the next set of reports are clearer

about the projects ECAs are supporting, and the steps they have taken to adhere to environmental guidance and human rights conventions.

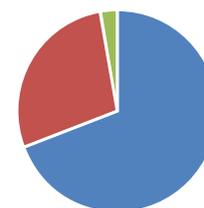
Annual meeting of ECA-Watch in Lisbon in 2012.



Income	<i>Campaign funding</i>	<i>Core funding</i>	<i>Total</i>
Public institutions (6)	1,162,946	111,920	1,274,866
Private institutions (including NGOs) (5)	453,711	61,620	515,331
Other sources (including interest and reimbursements)	-	48,642	48,642
Total	1,616,657	222,182	1,838,839

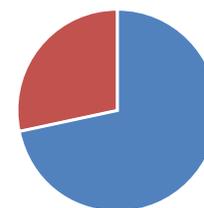
Expenditure	<i>Total</i>
Staff	701,406
Grants to partner organisations and networks	609,502
Travel and meetings	227,123
Administration and other costs	99,633
Publications	69,180
Consultants	154,764
Total expenditure 2012	1,861,608

all figures are in euros



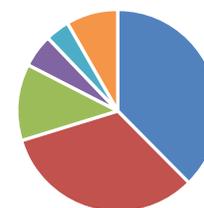
Income: core funding

- Public institutions (6)
- Private institutions (5)
- Other income



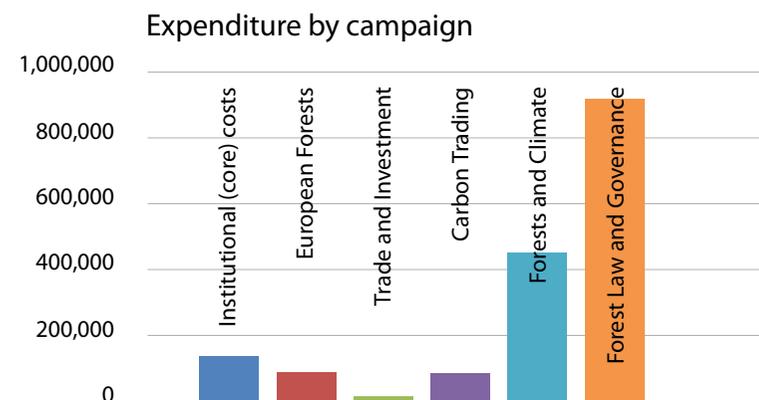
Income: campaign funding

- Public institutions
- Private institutions (including NGOs)



Expenditure by category

- Staff
- Grants to partner organisations and networks
- Travel and meetings
- Administration and other costs
- Publications
- Consultants



Expenditure by campaign

Our funders:

FERN's work is dependent on the generosity of its funders, many of them long-term supporters. We ensure accountability to our donors through regular reporting and ensure independence by having a wide variety of funding sources. FERN's work in 2012–13 was made possible thanks to:

Charles Stewart Mott Foundation, United States of America
Congo Basin Forest Fund, Tunisia
Department for International Development, United Kingdom
DG Environment, European Commission
DG Development, European Commission
Ford Foundation, United States of America
French Ministry of Foreign Affairs, Gabon
ICCO & Kerk in Actie, The Netherlands
SenterNovem, The Netherlands
The Sigrid Rausing Trust, United Kingdom
Swedbio/SRC, Sweden

In 2012–13, FERN specifically worked with:

Amis de la Terre, France
ARA, Germany
Both ENDS, The Netherlands
Brainforest, Gabon
BSPB — Birdlife Bulgaria
Re:Common, Italy
CED, Cameroon
CEDEN, Democratic Republic of the Congo
CEPEDES, Brazil
CIEDD, Central African Republic
Chatham House, UK
Civic Response, Ghana
ClientEarth, UK
The Corner House, UK
Debtwatch, Spain
Euronatura, Portugal
Environmental Investigation Agency, UK and US
FASE-ES, Brazil
Foundation for Community Initiatives, Liberia
FANC, Finland
FODER, Cameroon
Forest Monitor, UK
Forest Peoples Programme, UK
Friends of the Earth, UK, Europe and International
Global Witness, UK
Greenpeace International
Green Belt Movement, Europe
Hnuti Duha — Friends of the Earth, Czech Republic
IDEAL, Malaysia
MEFP, Central African Republic
NESPON, India
OCDH, Republic of the Congo
OCEAN, Democratic Republic of the Congo
Pro Regenwald, Germany
Quercus, Portugal
Rainforest Foundation, UK and Norway
SAMFU, Liberia
SDI, Liberia
SOS-Forêts, Ivory Coast
SSNC, Sweden
VNGO-FLEGT, Vietnam
Well Grounded, UK
World Rainforest Movement, Uruguay

Contact us

FERN Belgium office
Rue d'Edimbourg, 26,
1050 Brussels, Belgium.
Tel: +32 2 894 4690

FERN United Kingdom office
1c Fosseyway Business Centre,
Stratford Road,
Moreton-in-Marsh,
Gloucestershire
GL56 9NQ, UK.
Tel: +44 1608 652 895
Fax: +44 1608 652 878

Twitter: https://twitter.com/FERN_NGO
Facebook: www.facebook.com/ngo.fern
Internet: www.fern.org
E-mail: info@fern.org



www.fern.org

