ANNUAL REPORT
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About Fern

Forests are essential to life on earth: more than 1.6 billion people rely on them for their livelihoods, they’re critical in the fight against climate change, they maintain biodiversity, and protect land and water.

Yet the threats against them continue to multiply.

Around the world forests are being plundered for timber, including bioenergy, and cleared to make way for agriculture, mines and infrastructure.

Fern works to protect forests and respect the rights of forest communities.

We identify the threats facing the world’s forests and people, and work with affected peoples, social and environmental organisations and policy makers to devise and deliver solutions.

Our purpose, as a European NGO, is to address the root causes of this forest destruction from a European perspective. The EU’s pivotal role in global trade and aid means it has immense influence on the world’s forests and the peoples who depend on them.

Our close work with partners in the Global South and Europe shapes and drives our campaigns and is vital to bring about lasting change on the ground.

Fern makes decisions by consensus and all our campaigns are built in close collaboration with social and environmental organisations and movements across the world.

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Our board

Ramy Bulan: specialist in law and indigenous issues – Malaysia
David Kaimowitz: specialist in forest politics, economics and community rights – Nicaragua
Jacques Lauruel: specialist in financial issues and financial training – UK
Elisa Peter: specialist in forest politics and UN institutions – UK
Fred Pearce: specialist in communications, climate change and land grabs – UK
Silas Kpanan’Ayong Siakor: specialist in community and human rights and natural resource management – Liberia
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Welcome

It’s been a year of political earthquakes.

The UK voted to leave the European Union. The US President says that climate change is a Chinese hoax and is rolling back years of hard-won environmental laws. And we’ve supposedly entered the post-truth age, where ‘alternative facts’ streamed via social media are the main news source for millions.

Given that Fern is an organisation that relies on scrupulous evidence to challenge injustices and change policies, and which believes that international cooperation is essential to tackling the greatest challenges of our age – including illegal deforestation and land rights abuses – what do these upheavals mean for us and our work?

Take Brexit first. While its impact will unfold over decades, some of its likely consequences were examined by our campaign coordinator Saskia Ozinga in the referendum’s immediate aftermath.

The UK has been the driving force behind the EU’s pioneering scheme to combat illegal logging, the Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan, so it’s vital that others in the EU are committed to a programme whose potential is at last being realised.

From the UK’s perspective, it’s also essential that the raft of EU directives which have brought untold benefits to the environment and nature aren’t discarded in the wake of leaving the EU.

As well as safeguarding policies that work, however, the UK’s impending EU exit could be a chance to dispense with those which don’t.

The UK has been at the heart of the EU’s aggressive trade agenda, in which power has been transferred from governments to companies, as well as a strong advocate for financial deregulation. Both these things – directly or indirectly – have helped fuel land grabs and deforestation in the global South, and should be reversed.

For Fern, with offices in Brussels and the UK, staff members drawn from across Member States, and so much of our work focussed on EU policies, Brexit also poses serious organisational questions – including a reappraisal of our remit and office locations. We have been working through our response, which will be made clear in the coming months.

The year’s other seismic political event – the election to the White House of an unabashed climate change denier – reverberated through the wider environmental movement. To some it signals the death of the hopes raised in Paris in 2015, when 200 nations pledged to limit global warming to “well below two degrees Celsius – and preferably 1.5 degrees”. More optimistically, others see it as potentially galvanising the rest of the world to intensify its efforts against global warming.

Both Brexit and the US election result have been linked to the rise of a post-truth world, where people have their own facts, largely received through the ‘filter bubble’ of the internet. Fortunately, the backlash against this is now underway.

Away from tumultuous global events, there were some significant milestones in our campaigns in 2016. In May, the European Commission published its independent review of FLEGT, declaring it “fully relevant… innovative, comprehensive and future-proof” while also maintaining that it has “not been implemented in a sufficiently balanced manner”. As we said at the time, the review should be a catalyst for strengthening FLEGT, which remains the EU’s best policy ever on tropical forests. The European Council showed their agreement by committing the EU to FLEGT’s future.

Commercial agriculture is now the biggest driver of illegal deforestation, and our campaign for the EU to tackle its significant role in it has gathered pace. Largely because of concerted pressure from us and a growing NGO coalition, an EU Action Plan to Protect Forests and Respect Rights has gained support in the Commission, the European Parliament and key Member States, with a feasibility study currently being undertaken.

As the world edges closer to breaching the two degrees global warming target of Paris, forests – which absorb carbon dioxide when they live and release it when they die – have become increasingly important in battling climate change.

Accounting for carbon emissions from the land and forests sector, otherwise known as LULUCF, is often overlooked outside of narrow policy debates because of its Byzantine complexity. Our work drew wider attention for the first time to the huge ramifications that decision-making in this area has for the climate and forests.

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1 The acronym stands for Land Use, Land-Use Change and Forestry. See: http://unfccc.int/land_use_and_climate_change/lulucf/items/1084.php
As a result of a relentless campaign, which attracted unprecedented publicity for the topic, the Commission published a proposal in July on LULUCF’s role in the EU’s climate effort, setting out emissions’ accounting rules for EU Members between 2021 and 2030. Though deficient in some respects, these were much more rigorous than before.

We also produced significant work on negative emissions, which refers to the removal of carbon from the atmosphere, and the role that forests can play in achieving it; while also taking on the International Civil Aviation Organisation (ICAO) over its plans to use forests to claim to offset carbon emissions from flights. Our short film on the issue had 100,000 views in a week.

Finally, the tide of public opinion is starting to turn on one of the EU’s most destructive policies: the industrial burning of wood for energy. A recheck for creating a sustainable energy supply is doing the opposite and Fern is receiving increasing recognition for our expertise in the field.

Some of our arguments are starting to resonate with policymakers: in November, for instance, the European Commission proposed stopping subsidies to the hugely inefficient large-scale electricity plants which burn biomass.

In the following pages, our successes – as well as the challenges before us – are outlined in greater detail.

Consumption

Momentum is finally building to end one of the EU’s biggest under-reported scandals.

Every year Europeans consume millions of tonnes of agricultural goods which are tainted by illegality.1

The soy, beef, palm oil, sugar and cocoa that we devour drive deforestation – much of it illegal – on an enormous scale in the tropics, as forested land is cleared to make way for them.2

1 A December 2015 study found that beef production alone drove 65 per cent of gross tropical deforestation between 2001 and 2009, soy drove 16 per cent, and palm oil and wood products (including timber, pulp, and paper) each drove about 10 per cent.

2 In 2013 the European Commission published a comprehensive analysis of the impact of EU consumption on deforestation, which found that between 1990 and 2008, 53 per cent of global deforestation was due to agricultural expansion, a third of which was to grow crops for international trade. The EU as a whole was the largest single destination for these crops and livestock products. In 2015 Fern published the study Stolen Goods, which estimated that in 2012, the EU imported EUR 6 billion of soy, beef, leather and palm oil which were grown or reared on land illegally cleared of forests in the tropics – almost a quarter of the total world trade.

Frequently this also comes at a human cost: with local communities dispossessed of the land they need to survive.

But while the EU has policies to stop its Members from importing illegally sourced fish and timber, and is developing ones to stop conflict minerals and garments which have been produced in wretched, exploitative conditions entering the EU market, it’s made no clear commitment to regulate the agricultural commodities associated with deforestation and human rights abuses.

This is despite the undertaking it has made to end deforestation by 2030 under the New York Declaration on Forests.

Yet cause for optimism has at least emerged since we began campaigning on this issue in 2014.
The NGO coalition we facilitate has worked hard to build political support for an EU Action Plan on Deforestation, focusing on gathering support in the European Commission, Parliament and among Member States.

It’s starting to pay dividends.

The EU’s Environment and Development departments are both assessing the possibilities for an Action Plans on Deforestation, while two sets of European Council Conclusions have highlighted the need to use global supply chains to address legality and sustainability. Meanwhile the European Agriculture Committee has drafted an opinion which includes our call for an EU Action Plan to Protect Forests and Respect Rights.

To strengthen the campaign’s foundations, this year we conducted in-depth research and published the following reports, studies and position papers:

Developing EU measures to address forest-risk commodities: What can be learned from EU regulation of other sectors? This report explores lessons from sectors in which the EU has regulated supply chains.

The EU’s Circular Economy Action Plan and forests: How and why NGOs should engage. This report examined the EU Circular Economy Action Plan, assessing its relevance for forests and forest-risk commodities.

EU – Stop Supporting the New Alliance for Food Security and Nutrition. A statement from Fern and Transparency International welcoming the European Parliament’s resolution for the EU to stop supporting the New Alliance for Food Security and Nutrition.

Letter to Commissioner Hogan re: commitment to promote meat consumption Letter from Fern and other NGOs to the Commissioner for Agriculture and Rural Development expressing concerns about his commitment to invest in promoting meat consumption in Europe and European beef in foreign markets.
How EU banks fund environmental destruction

The question of who finances companies involved in environmental destruction has grown more urgent since the financial crash of 2007-08.

Soaring demand for agricultural commodities sparked a land rush by investors seeking lucrative returns amid the global crisis. This, in turn, led to increasing land grabs and deforestation.

One way to combat this is by pressuring the financiers who fund the companies which cause the damage. But to do so, we need to know who the financiers are and how the funding works.

To this end, Fern spent six months researching 23 large agriculture businesses to uncover their sources of credit, the assistance they got in raising capital through issuing new shares and bonds, and who owns their shares. We were particularly interested in sources of finance coming from banks and investors based in the European Union, a topic that has previously received little attention.

Our findings were detailed in the report, Financing land grabs and deforestation: the role of EU banks and investors.

All the companies we looked at had been accused of land grabbing or human rights abuses linked to the acquisition of land and all operate in sectors where deforestation is a major issue.

We found the companies had attracted huge amounts of funding from financial institutions worldwide. For example, banks had provided US$70bn of finance in the form of loans and underwriting share and bond issues between 2010 and 2015, while financial institution investors held more than $50bn in shares.

EU-based pension funds, asset managers and other big investment houses owned few shares in companies allegedly involved in deforestation and land grabbing. EU banks, on the other hand, were massive providers of loans and financial services to such companies.

Since many of the companies accused of environmental destruction are based in Asia and have their main operations there, it’s not surprising that Asian banks collectively lent them the most money. But EU banks weren’t far behind, providing $18.4bn, or 37 per cent of the value of all loans.

Our research also underlined the urgent need for greater transparency. Achieving it is a crucial first step in challenging the companies causing untold damage to the environment and ruining lives in the process.

Forests and climate

Climate change is the defining challenge of our age. And forests are a key weapon in fighting it.

Forests absorb carbon dioxide when they stand and release it when they are dead.

Today, the world’s forests hold around a trillion tonnes of carbon. Yet their relentless destruction means that this is half the amount it once was, and 10 per cent of global greenhouse gas emissions are from deforestation.¹

¹ Deforestation and forest degradation have been responsible for a third of global carbon dioxide emissions in the past 150 years, though the proportion now is only around 10 per cent and continues to fall as fossil-fuel emissions grow.

So, if we’re to have any hope of keeping global temperature rises below two degrees Celsius, and seriously strive to keep them below 1.5 degrees – as almost 200 nations pledged to do at the Paris climate talks in 2015 – the role of forests is pivotal. This means, in short, that instead of clearing and degrading them, we desperately need to protect and restore them.
But while the goal of dramatically increasing the carbon stored in the world’s forests is clear, the path to achieving it is fraught with pitfalls.

Among them is ensuring that forests are not used to avoid making greenhouse gas emissions cuts in other sectors – whether through burning wood for energy on an industrial scale, or commandeering huge swathes of land to create giant ‘carbon sink’ forests, with a hugely detrimental effect on food security and land rights.

In 2016, our forests and climate campaign focussed on four areas:

**Bioenergy**

Since 2009, power plants and heating installations across Europe – spurred on by government subsidies – have switched from burning coal to burning woody biomass in order to reduce greenhouse gas emissions and meet clean energy targets.

The result is that in the EU about 60 per cent of renewable energy is produced by burning biomass, above two thirds of which is wood.

This is the latest in the “parade of false solutions” used to tackle climate change’s existential crisis.

The climate arguments for burning wood for energy on an industrial scale have been debunked, with mounting evidence showing that relying on wood to generate electricity may actually hinder the battle against global warming.

But that’s not all. The growing demand for biomass has increased pressure on forests in Europe and further afield, threatening biodiversity and ecosystems, and taking the limited wood resource away from other industries that would have used it more efficiently. Indeed there can be no less efficient use of wood than cutting down and burning healthy trees.

In 2016, this issue went mainstream, and we consolidated our reputation as an expert in the field: writing numerous blogs, being quoted frequently in international media, and responding to questions and requests from policymakers, academics, other NGOs and think tanks.

The year’s highpoint came in November, when the European Commission proposed that inefficient bioenergy power stations should be exempt from receiving public subsidies under the Renewable Energy Directive: a welcome recognition of a case we’ve long been making.

In the run-up to the Commission’s proposal we helped initiate an International Day of Action on Bioenergy, together with NGOs based in the USA who are seeing wetland forests in the southern states being clear-cut...
for shipping to the EU. On this day, we reached almost 1.5 million people through social media.

We have ensured that the large coalition of NGOs working to highlight the problems biofuels pose are aware that woody bioenergy can be similarly harmful to the climate and environment.

We also submitted position papers to EU consultations on the Renewable Energy and Bioenergy Sustainability Policies, promoted a film about the destruction that a bioenergy power plant is having on French forests in holiday-destination Provence, and released several briefing notes and reports.

For more information see:

**Burning trees for energy is no solution to climate change.** A briefing showing why using wood to produce renewable energy and heat can increase carbon dioxide emissions.

**A new sustainable bioenergy policy.** A report highlighting the measures needed to ensure that the EU’s new bioenergy policy is truly sustainable.

**A comparison of national sustainability schemes for solid biomass in the EU.** A comparison of EU Member States’ policies and the European Commission’s recommended biomass sustainability criteria.

**A dangerous delusion: Debunking the myths around sustainable forests and the EU’s bioenergy policy.** A series of case studies exposing the myth that there aren’t problems sourcing biomass from European forests – where the EU gets most of its biomass – because they are managed sustainably.

**Fern submission to EU consultation: a sustainable bioenergy policy for the period after 2020.** Our submission to the European Commission on the steps needed to end the disastrous impacts of its current bioenergy policy.

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**International Civil Aviation Organisation**

In January, we were alerted to plans by the UN’s International Civil Aviation Organisation (ICAO) to attempt to offset rather than reduce the airline industry’s emissions.

Their disturbing proposal will mean almost unfettered growth in the aviation sector – justified by limited efforts to increase engine efficiency and research into biofuels.

Since biofuels could increase emissions and fuel/engine/design efficiencies are unlikely to notably reduce emissions, the ICAO plan relies on encouraging airlines to voluntarily offset increases in flights.

This ignores present climate science, which shows that to meet climate goals we need to reduce emissions and remove carbon dioxide from the atmosphere.

The ICAO proposal would therefore jeopardise the Paris Agreement’s targets. It would also threaten the livelihoods of forest communities who have historically suffered from forest offset projects which throw the communities who have protected forests for millennia out of their homes.

So to coincide with ICAO’s annual General Assembly, we launched a time-limited campaign to raise the alarm about these dangers.

We coordinated a statement signed by nearly 100 organisations, including Friends of the Earth and Greenpeace, garnered media coverage, produced a video which had 100,000 views in a week. All this helped us hijack ICAO’s social media hashtag to reframe the debate, pushing our message centre-stage. The upshot was that despite the ICAO plans being approved, the controversy surrounding them means ICAO know they will face intense scrutiny and sustained resistance if they proceed. **Airlines: cheating the climate?**

**Cheating the climate: the problems with aviation industry plans to offset the climate.** A briefing showing that allowing the airline industry to grow indefinitely, and introducing compulsory offsetting for growth in emissions after 2027 is fraught with problems.
Climate change is a crisis that almost defies hyperbole. Yet to most people, policymaking in the area can seem as mysterious as the Latin texts priests once recited to their congregations.

This chasm between the importance of the issue, and the obscure acronyms and baffling technicalities of policy, is especially obvious when it comes to the land and forests sector, known as LULUCF.

LULUCF, which stands for Land Use, Land-Use Change and Forestry, is the way carbon is measured and accounted for from land and forests. It’s unusual since it measures both the carbon released into the atmosphere when a tree dies, and the carbon it absorbs when it grows.

Its complexity and inherent flaws make it a fertile area for countries trying to shape the rules to avoid making more difficult emissions cuts in other sectors, or to hide emissions from their forests.

For this reason, for the past two years we have been shining a light on these weaknesses, and campaigning for the EU to adopt rigorous accounting rules as it works towards fulfilling its pledge to cut overall emissions by 40 per cent by 2030.

In 2016, using using Fern commissioned expert research, we helped bring the LULUCF debate out of the cloistered world of technocrats and climate scientists, and into the heart of the climate policy debate in Brussels.

Putting gender justice at the heart of our work

Protecting forests means addressing the power imbalances that drive their destruction.

These inequalities take many forms, but the result is that the short-term interests of elites are promoted over the long-term needs of forest communities.

Gender injustices are often crucial: women are denied rights to own and use forests, their voices are unheard in discussions that disproportionately affect their livelihoods and freedoms, and their needs are often not met in policies that affect their lives.

In 2016, Fern took concrete steps to ensure that we’re considering the effect that all our work has on marginalised groups, and specifically taking it into account in our policy proposals and analysis.

We contracted a gender specialist to analyse our internal planning tools and publications and provide training.

We also established a gender group who developed a plan for 2017 which focusses on learning from our partners’ experience, and adapting the internal tools we use to ensure our campaigns are gender aware and include a gender perspective in our policy analyses.

2 The study we commissioned by the respected Öko-Institut has been described by experts as the ‘only credible report’ on the impact of LULUCF on the EU target for emissions reductions.
We did this by simplifying our message (increasing our media coverage of the issue by 1500 per cent). This enabled us to coordinate NGOs to have a common message, using forest science to show policymakers why restoring and protecting forests should not be used as a distraction from cutting emissions deeper and faster in other sectors.

As part of this, we produced the first video ever to explain LULUCF and its significance in clear terms, which was presented by the film-maker and broadcaster Farai Sevenzo.¹

In July this work was significantly rewarded when the European Commission took on board many of our criticisms of the LULUCF accounting rules, and published a more rigorous proposal that will require countries to account for any emissions released by increased forest harvesting and forbids countries to offset emissions from forests. This is a major achievement which is already creating a backlash from Member States who want to bend the LULUCF rules in their favour.

With the EU expected to make a final decision in 2018, we are continuing to highlight the critical importance of ensuring that emissions from the land and forests sector are properly accounted for.

**Why LULUCF cannot ensure that bioenergy reduces emissions.** A briefing showing the problems of relying on LULUCF to ensure bioenergy reduces carbon emissions.

**LULUCF: What would a good proposal look like?** This briefing includes our recommendations for the EU to decarbonise deeper and faster and to use land and forests to mitigate climate change.

**Going beyond 40% – options to ensure LULUCF maintains high environmental integrity of the EU climate and energy package.** This study, produced for Fern by the Oeko-Institut, shows how the EU's new policy on land and forests could help it to be more ambitious in its climate change targets.

**Negative emissions**

Most proposals to limit global temperature rises to well below two degrees Celsius rely on ‘negative emissions’ – the removal of carbon from the atmosphere.

This can be done naturally, by protecting and restoring degraded forests, so they become carbon sinks.

Some claim that it can also be done through geo-engineering, for instance by burning bioenergy, capturing the carbon released, and pumping it into underground geological reservoirs. This is known as Bioenergy, Carbon, Capture and Storage (BECCS).

This year, we spent time producing research and informing and coordinating other NGOs’ work on negative emissions, culminating in a two-day seminar in May on the role that forests should play in fighting climate change, which was attended by academics and 40 NGOs from across the EU.

We also produced an accessible primer on negative emissions by board member and award-winning author Fred Pearce, and have begun work on Fern’s position on restoring forests. **Going Negative – How carbon sinks could cost the earth**

**Development aid**

More than half of all development aid comes from the EU and its members, which means collectively they are the world’s largest aid donor.

Since Fern was founded in 1995, we have worked to ensure that the billions of euros of development aid which flow out of the EU every year protect rather than destroy forests, and enhance rather than erode human rights.

Fern played a key part in getting the EU to adopt the ground-breaking Forest Law Enforcement Governance and Trade (FLEGT) Action Plan, designed to stop illegal logging and improve forest governance.

For the past decade, we’ve worked with partners in the Global South to make sure one of FLEGT’s key components, the Voluntary Partnership Agreements (VPAs) between the EU and timber-producing countries, are effectively implemented.

Increasing community control over forest land and resources is at the heart of this work.

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¹ https://www.youtube.com/watch?v=HOU1bQqmoQ4&d=19s
A day in the life of a Fern campaigner
Hannah Mowat

I’ve been at Fern for four years, and been working on the forests and climate campaign for three.

Brussels can be a dry environment to work in, with lots of acronyms and men in suits. It can sometimes feel like you’re living in a bubble far from the impact of climate change and deforestation on the ground. But the flip-side is that when you manage to affect change in Brussels it can have a really wide impact across the 28 Member States.

It’s also really rewarding being part of an organisation that cares about the environment, because Brussels is very much captured by lobbyists, business interests, and sometimes Member States who are not working in the general European interest: if we weren’t here, then I genuinely think things would be worse.

There are more registered lobbyists in Brussels than anywhere else in the world, and it’s really important to be a counterweight and provide information for NGOs in Member States who want to understand the impact of policies that are coming their way.

My job is making sure that the role forests play in mitigating climate change is properly understood, and that good policy follows.

There’s a lot of misunderstanding about forests. Because forests suck up carbon dioxide many people try to make neat, convenient claims that they can be used to offset fossil fuel emissions. The truth is far more complex. We to try to disentangle this complexity so that people can be involved in discussions that affect their lives.

“When you manage to affect change in Brussels it can have a really wide impact across the 28 Member States.”

What really brought home the role of forests in mitigating climate change for me, was the research that Fern did in the build-up to the 2015 Paris Climate Change talks.

Becoming more aware of the climate science made it clear how little time is left if we want to stay within two degrees. The research showed just how important forests are in fighting climate change; just as deforestation releases huge amounts of carbon into the atmosphere, so forest restoration if done well, can remove it. Forest restoration will be necessary if we are to meet the Paris Agreement target, let alone the 1.5 degrees target we need to meet for vulnerable low-lying island states to survive.

As forests and climate change is such a new field, research is a big part of our work, and I try to get both good data and consultants who can interpret it. My job is to ensure that the research gets taken on board by the European Commission committed itself to safeguarding FLEGT’s future: an outcome which at one point appeared to be uncertain.

Second, landmark court cases in Sweden and the Netherlands showed a willingness to crack down on companies exporting illegal timber into the EU which was previously lacking in many Member States.

Third, the first batch of FLEGT-licensed timber arrived in the EU from Indonesia.

A FLEGT license guarantees that timber has been harvested, processed and exported legally. While the forest sector in Indonesia remains imperfect, the fact that the first license of this kind in the world was awarded to a country once synonymous with illegal deforestation and its accessories – corruption, dismal levels of transparency and an acute lack of clarity over land tenure – is striking.

The reason is simple: a mass of evidence shows that recognising and securing land tenure rights of forest communities keeps forests standing, as those who rely on them for their survival have the greatest stake in protecting them.1

Our year

2016 was a milestone in FLEGT’s history.

First, following a much-anticipated independent review – whose recommendations included many of the points Fern and our partners have been making for years – the European Commission committed itself to safeguarding FLEGT’s future: an outcome which at one point appeared to be uncertain.

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The latest in a growing body of research showing that granting indigenous and other local communities formal title to their traditional lands can be boost efforts to conserve forests was published in April 2017. The peer-reviewed study by the Proceedings of the National Academy of Sciences (PNAS) found that forest clearance was reduced by more than three quarters in a two-year time span following the granting of land titles to an indigenous community. See: http://www.pnas.org/content/114/16/4123.abstract
The first FLEGT license could also help build momentum towards stamping out illegality in the forest sector globally, acting as a catalyst to other nations, particularly the five countries currently implementing VPAs, and the nine where negotiations are ongoing.

However, despite these successes, the battle to protect the world’s forests is not closer to being won.

Instead, other frontiers in the fight against deforestation have assumed greater significance. Our response has been to identify them and form strategies to combat them, (see our sections on Consumption and Forests and Climate).

In 2016 we also extended the focus of our development aid campaigning to work on the Sustainable Development Goals (SDGs), the UN’s 17 objectives “to free the human race from the tyranny of poverty”.

The EU is currently deciding how to meet its commitments under the SDGs – and we are working to make sure that policies protecting forests and forest peoples’ rights are given due prominence, while continuing to focus on the VPAs with our partners in Africa and Asia.

Africa and Asia

In Cameroon, determined campaigning by civil society, and particularly Fern’s partners including FODER (see A Day in the Life of a Fern partner section), saw the government restore the annual royalty, known as the Redevance Forestière Annuelle (RFA), paid to forest communities. These fees, distributed under Cameroon’s forest code, had been denied to them since 2014.

Hannah Mowat is a forests and climate campaigner at Fern. She was previously an Associate at the Munden Project and a campaigner at Friends of the Earth. She tweets as @hannah_mowat
These royalties, set at a lower rate (6.75 per cent) than before (10 per cent), are still nowhere near enough, and – as our campaigner Indra Van Gisbergen has vividly documented – it means that forest communities remain mired in poverty, while the elites still reap the vast majority of the financial benefits from Cameroon’s forests.

The successful and transparent elections in the Central African Republic (CAR) in March 2016, marked the end of one of the darkest chapters in the country’s troubled recent past.

Another sign of the brighter future Central African NGOs long for, is the resumption of the VPA process. Formal meetings have now taken place between the government, business, and civil society.

Fern’s partners reached out to the new president Faustin Archange Touadera prior to his election, and hopes have grown that the country’s vast natural resources – which have been as much a curse as a blessing in recent years – will be managed more equitably under his stewardship.

One reason for this optimism is that Touadera signed and championed the VPA, which has been in its implementation phase since 2012.

With advice and advocacy support from Fern, the NGO platform, Plateforme pour la Gestion des Ressources Naturelles et de l’Environnement (GDRNE), have ensured that forest community and indigenous peoples’ representatives are directly involved in the VPA implementing bodies.

Fern’s website and Logging Off (which we jointly run) also provided a much-needed space for civil society groups in CAR to share updates on governance issues in the forest sector and on VPA-related activities, including the independent forest monitoring work conducted by Fern’s partner Centre pour l’environnement et le développement durable (CIEDD).

In Cote d’Ivoire work on drafting the implementing regulations for the country’s progressive 2014 Forest Code – which for the first time grants communities the right to own trees – has begun.

Twenty of the implementing regulations for the Forest Code have been drafted, and are due to be validated. Ivorian civil society has been involved in the drafting process, but some of them argue that their views (as well as those of the private sector) aren’t being sufficiently heeded. Meanwhile VPA negotiations, which began in 2013, are continuing, with Fern’s civil society partners feeding into them.

Thanks to the work of Fern and our partners, Ivorian NGOs created and are now following a very clear common strategy for what issues to tackle in the Forest Code implementing regulations, as well as the VPA process.
mexico: world leader in community forestry under threat

More than half of Mexico’s land is owned by communities, including 50 million of the country’s 63 million hectares of forest. Community forestry in the country has long offered a model for the rest of the world.

For this reason, in 2016 Fern’s West Africa campaigner Julia Christian spent six months researching and spending time with different Mexican forest communities. She was hosted by the Mexican NGO Reforestamos.

While she found that community forestry is under threat from – among other things – drug gangs and waning government support, community resistance is strong, and in some cases people are willing to defend their forests with their lives.

She documented the many lessons which can be applied elsewhere.
encompasses 20 civil society organisations and is represented by an elected committee of five. Lao civil society organisations are becoming more organised and able to contribute to the process. Technical discussions on the timber legality definition have begun and stakeholders talk more openly about corruption, impacts on communities, the role of civil society in monitoring and complaint mechanisms. But sensitive issues such as rights of forest people, transparency and access to information are not openly discussed. There is still a long way to go to improve capacity and ensure a safe advocacy environment.

As things stand, Liberia is likely to follow Ghana as the third country globally to issue FLEGT licenses.

If it happens, this will be a remarkable turnaround for a country whose natural resources have historically been plundered by corrupt leaders and fuelled civil wars.

The VPA implementation process has been transparent and inclusive, with Fern’s partners, the Sustainable Development Institute (SDI) and the Foundation for Community Initiatives (FCI), focussed on ensuring its effective implementation – with specific attention on making sure that communities get the funds owed to them from logging. This includes supporting communities in developing accountable community structures with an emphasis on increasing female participation.

Last year our partners got the government to agree to exclude conversion timber from the VPA, with the Government stating that “it had no intention of allowing timber from agricultural or mining concessions into the chain of custody system and/or exports”.

Following a battle of several years communities now see the benefits owed to them through the land rental fee. Of the $1,936,341 provided by the government in the last two years, $735,430 has been disbursed to affected communities to undertake 22 projects.

An emerging threat is the logging contracts in Community Forest Management Areas (CFMAs) that are being handed out. Fern’s partners are working with communities to highlight their risks, educate...

A day in the life of a Fern partner
Laurence Wete Soh

FODER tackles the causes of illegal logging, including corruption and a lack of transparency. We try to improve the way forests are managed by protecting the rights of forest communities and increasing their involvement in the decisions which influence their lives and livelihoods. We also independently monitor Cameroon’s forestry sector and campaign to improve forest laws, policies and practices.

This is important because Cameroon has the second highest rate of deforestation in the Congo Basin – which, after the Amazon, is the world’s largest rainforest area.1

I began working at FODER five years ago, and was drawn to it because of its social and environmental justice objectives, particularly its commitment to enhancing the rights of forest dependent communities.

I try my best to be balanced and well organised. I give my best when I am at work, which is usually from 8 AM to 5 PM, and give my time to my family and my spiritual life once I am at home. I don’t bring my work home and am lucky to rely on my husband, who is very supportive, to take care of our children when I travel.

“Together with Fern, FODER has helped build forest communities’ capacities in monitoring forests and seeking greater accountability from those who exploit them.”

My work has several aspects.

As a lawyer I give legal advice. I am also involved in FODER’s key activities, including independent monitoring of logging companies’ activities, such as how they respect their social obligations vis-à-vis communities and workers.

The most common kinds of illegality we find include companies logging beyond the limits of their concessions, wasting natural resources, for instance by abandoning timber, and not respecting social and environmental laws and principles.

I work with local and indigenous communities who are affected by illegal logging, giving them the necessary support and tools so that they can also...

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1 Since 1990, an area of forest approximately the size of Belgium has been cleared in Cameroon.
monitor companies’ activities and advocate for their rights.

Another aspect of my work involves contributing to the different networks FODER belongs to, including: the International Union for the Conservation of Nature (IUCN), the Independent Forest Monitoring coordination network and the Communities and Forests Platform, which is a network of civil society and indigenous groups who are working for community rights in Cameroon.

Fern and FODER have been working together for over five years. Together we have helped build forest communities’ capacities in monitoring forests and seeking greater accountability from those who exploit them.

One of our biggest recent concrete achievements was helping to get the government to restart paying money to communities living by forest concessions, known as the annual forestry royalty (Redevance Forestière Annuelle, RFA). However, the government has agreed to pay a lower rate of these royalties than before and this is nowhere near enough. So we will keep battling for the rights of forest communities and doing our best to protect the forests.

Laurence Wete Soh is a project officer at FODER (Forêts et Développement Rural), an NGO based in Yaoundé, Cameroon, that focuses on improving governance in the forestry sector. She did a master’s degree in environmental law at the University of Limoges (France). She has four children aged between three months and 14 years old, and lives with them and her husband in Yaoundé.

Concerns over systemic illegalities in the country’s forest sector – despite the VPA being in the implementation phase since 2013 – were raised in August by the Congo’s Independent Monitor, when it revealed that six new logging permits were awarded to companies in violation of the country’s laws and regulations.

Fern and its local partner, Forum pour le Gouvernance et les Droits Humains (FGDH), saw this as a serious breach of the VPA and made representations to the EU to ensure no illegally harvested timber from Congo entered the EU market, while calling on the Congolese government to end impunity in the forest sector.

More positively, civil society has been involved in drawing the government’s attention to forest governance issues and formulating concrete proposals for how to implement national legislation on local communities’ rights and logging companies’ social obligations.

The suspension of mining permits in all forest regions was also seen by civil society groups as a major
breakthrough and a sign that local communities are starting to be heard.

The general public also showed increased interest in the plight of local communities and the way the country’s forests are managed. A TV debate on independent forest monitoring hosted by TV Congo at the request of Fern’s partner FGDD was aired five times due to popular demand.

In November, the EU and Vietnam agreed ‘in principle’ to sign a VPA, which will establish a legal framework to ensure that timber products from Vietnam are verifiably legal and that the nation’s forests are managed in line with social and environmental laws.

However, while it is commendable that the Vietnamese government, despite its initial reluctance, finally came around to acknowledging the value of civil society views in the negotiations, some worrying questions remain.

For instance, without guarantees from monitors who are genuinely independent from the government, the VPA could be used to give a veneer of legitimacy to ‘business-as-usual’ and to illegally-harvested timber from its neighbours. The quality of participation has also fallen short of the standards set by other VPAs, with the Vietnamese negotiators reluctant to share texts which would allow other stakeholders to comment.

It would be ironic for the EU to sign an agreement to address illegal logging supposedly developed with input from a range of interests, but which merely legitimises current practice and only really only pays lip-service to the notion of a truly inclusive multi-stakeholder process.

**Our reports, briefings and statements included:**

**How to achieve the sustainable development goals? Focus on Forests.** The aims of the Sustainable Development Goals (SDGs) are laudable. This report explores the role that forests should play.

**Scoping Study on EU-China Relationships in the Forestry Sector.** A study on China’s efforts to tackle the trade in illegal, unsustainably produced timber.

**Do FLEGT VPAs improve forest governance?** Research showing that the FLEGT Voluntary Partnership Agreements (VPAs) have led to clear improvements in forest governance.

**Improving forest governance in Laos.** We published an unreleased case study report on the VPA in Laos by WWF including our own recommendations.

**NGOs call for FLEGT Action Plan to be strengthened.** A briefing paper calling on the EU to strengthen the measures contained in the FLEGT Action Plan as a way of tackling illegal logging.

**Forest Watch special: VPA update November 2016.** A Forest Watch special VPA update published by Fern and LoggingOff providing a round-up of developments across countries involved in VPA processes, from a civil society perspective.

**Our related reports:**

**Community forests: A discussion document for Fern and partners.** This report analyses whether community forests are a viable alternative to industrial logging.

**Protecting forests, improving livelihoods – Comparing community forestry in Cameroon and Guatemala.** This report compares community forests in Guatemala and in Cameroon.
## Fern’s Finances

*(Jan–Dec 2016) – all figures are in euros*

### INCOME

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<tr>
<th>Source of Income</th>
<th>2016</th>
<th>2015</th>
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<tbody>
<tr>
<td>Department for International Development, UK</td>
<td>963,585</td>
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<td>European Commission</td>
<td>1,491,486</td>
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<td>Other public institutions</td>
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<td>Private institutions</td>
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<td>Other sources (including interest and reimbursements)</td>
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### EXPENDITURE

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<th>Expenditure by Category</th>
<th>2016</th>
<th>2015</th>
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<tbody>
<tr>
<td>Staff</td>
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<tr>
<td>Grants to partner organisations and networks</td>
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<td>Travel and meetings</td>
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<td>Consultants</td>
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<td><strong>Total expenditure</strong></td>
<td><strong>3,279,647</strong></td>
<td><strong>2,799,134</strong></td>
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</tbody>
</table>

### Source of Income

- Department for International Development, UK
- European Commission
- Other public institutions
- Private institutions
- Other sources (including interest and reimbursements)

### Expenditure by Category

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

### Expenditure by Campaign

- Export credit agencies: €14,939
- Finance and trade: €54,815
- Illegal logging: €2,254,558 (grants to partners 58%)
- EU Drivers of deforestation: €376,704
- Land use, forests & climate: €108,143
- Bioenergy: €104,213
- Organisational (core costs): €366,276

To see a complete version of Fern’s audited accounts, please visit: [www.fern.org/about-us/audited-finances](http://www.fern.org/about-us/audited-finances)
Acknowledgements

Fern would like to thank all our funders and partners without whom none of this work would have been possible.

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- Directorate General of the Environment, European Commission
- International Institute for Environment & Development, United Kingdom
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- David & Lucille Packard Foundation, United States of America
- European Climate Foundation, Belgium
- Climate & Land Use Alliance, United States of America
- JMG Foundation, United Kingdom
- Waterloo Foundation, United Kingdom