

Harnessing the power of global supply chains to halt deforestation in Colombia

A briefing for policymakers



Executive summary

We propose that agricultural growth in Colombia should move towards more intensive use of existing farmland and away from expanding the agricultural frontier, ensuring the protection and conservation of natural forests.

We recommend that the Colombian government strategy to address deforestation should foster institutional strengthening (training of human talent, manpower in the territory, co-ordination with other institutions) for the effective implementation of a legal framework that leads to a reduction of deforestation and the loss of biodiversity.

Improvements in land registration and land monitoring can bring more certainty to actual land use and reduce deforestation. At present, systems for monitoring deforestation and degradation only report the change of land use from 'Forest' to 'No Forest,' and there is no field monitoring to capture variations in the composition of vegetation. The resulting lack of specific information about land use change facilitates expansion of agriculture, in addition to making it difficult to understand the social and economic aspects that prevent proper forest governance.

The private sector is a critical player in the development process of a country, and voluntary reporting and disclosure platforms have an important role to play in ensuring that the private sector is taking action that supports public policy. We recommend that policymakers make use of these resources, and we have outlined a number of more detailed policy opportunities to avoid deforestation.



Deforestation in Colombia and its implications for supply chains

Deforestation continues to be one of the main environmental challenges facing Colombia. The recent Peace Accords have been good news for the country, but changes in the social landscape have aggravated land use change with deforestation increasing by 44% in 2016 to 178,597 hectares, representing 20.6 hectares of natural forest being lost every hour¹. Colombia has made commitments to reduce its annual deforestation rate to 50,000 hectares by 2020².

Deforested Area 2013-2016

Year	Area (ha)	Variation %
2012	332.145	-
2013	120.934	-63%
2014	140.356	+16%
2015	124.035	-11%
2016	178.597	-44%

Source: Adaptado de Instituto de Hidrología, Meteorología y Estudios Ambientales – IDEAM³.

Although 52% of Colombia is covered by forests, with invaluable biological diversity, the recent increase in the rate of deforestation has exposed institutional weakness in society's efficient management and control of these valuable resources.

Deforestation in Colombia retains a general downward trend, but recent figures are a cause for concern. The country aims to reduce deforestation to 50,000 hectares by 2020 and has pledged to reduce net deforestation in the Amazon to zero for the same year.

The signing of the Peace Accords has created a new political and environmental configuration in Colombia across the board, including on forests and in agriculture. With a revised post-conflict geography, it is increasingly necessary for public policies to establish a balance between ensuring activities are carried out for the conservation of forests and diversity and enabling the inclusive approach that allows the participation of actors who live and work on the territory.

Indeed, 60% of current deforestation is concentrated in just 23 municipalities, mainly areas impacted by war and previously under the territorial control of armed groups. Demobilization has given greater access to these biodiverse areas exposing them to opportunistic land use change and deforestation.

There are also other factors affecting the increase of deforestation and forest degradation in Colombia, including illicit crops, establishment or expansion of infrastructure, forest fires, mining and most worryingly the expansion of the agricultural frontier. There is a persistent notion that because Colombia is a country with a high agricultural potential, that the conversion to agricultural lands must continue even at the high cost of forest degradation and deforestation. We propose that agricultural strategies in Colombia should research into the expansion of more intensive use of existing farmland which could lead to the abandonment of the current expansionary tendency, ensuring the protection and conservation of natural forests.

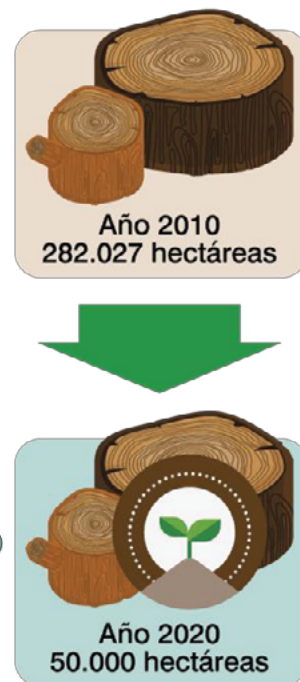
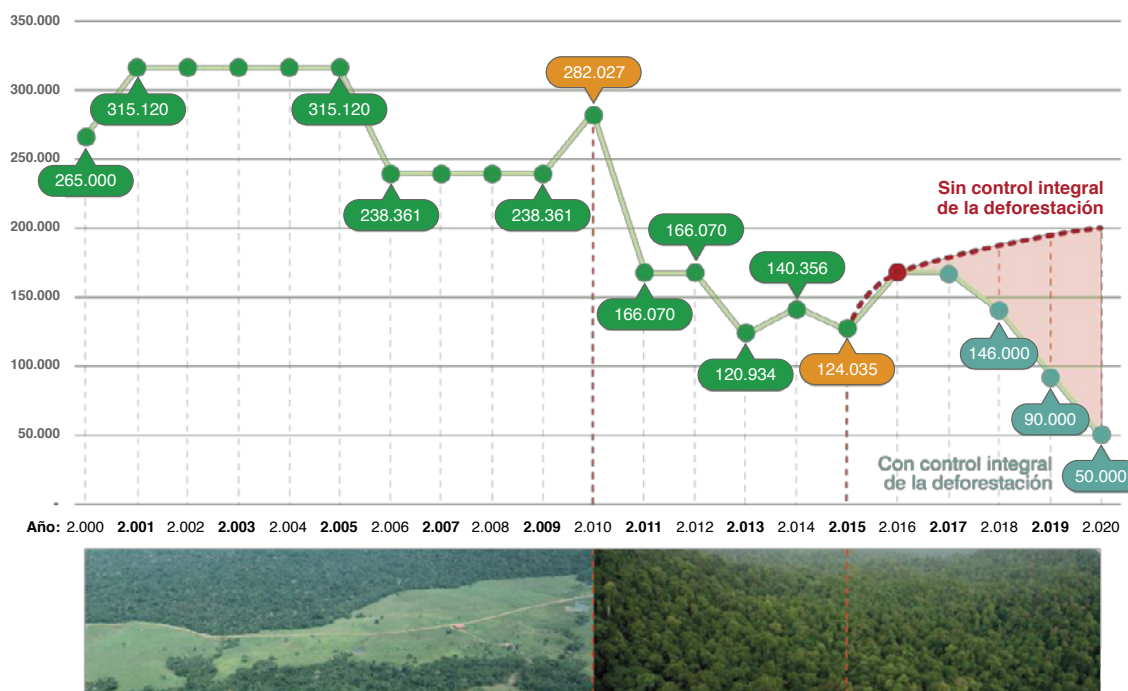
¹ <http://www.eltiempo.com/opinion/editorial/atencion-a-la-deforestacion-107104>

² http://www.minambiente.gov.co/images/Estrategia_deforestacion_Ministro_Murillo.pdf

³ Subdirección de Ecosistemas e Información Ambiental (SMBYC). Grupo de Bosques 2017. Proyecto Sistema de Monitoreo de Bosques y Carbono. Bogotá, D. C., Colombia. Retrieved September 11, 2017.

Deforestation in Colombia

DEFORESTACIÓN HISTÓRICA EN COLOMBIA



Source: Ministerio de Ambiente y Desarrollo Sostenible, 2017.

In marginal areas and on smallholdings, greater use of agroforestry techniques, soil management and carbon sink improvements can help spread the economic benefits of zero deforestation compliance. However, these may need to be supported by localized training initiatives and by low cost strategies for monitoring, reporting and verification under REDD+, and for compliance with certification schemes.

Expansion of the agricultural frontier is enabled by a lack of specific information about land use change. At present, the systems for monitoring deforestation and degradation only report the change of land use from 'Forest' to 'No Forest' and there is no systematic field monitoring to capture variations in the composition of vegetation. In addition to making it difficult to understand the social and economic causes behind the expansion of the agricultural frontier this also prevents proper forest governance.

We recommend that the government's strategy to address these issues should foster institutional strengthening (training of human talent, physical presence in the territory, articulation with other

institutions) for the effective implementation of a legal framework that leads to a reduction of deforestation and the loss of biodiversity. This framework could use sustainable forest management alternatives that guarantee sustainable production and consumption patterns, as well as the promotion of inclusive economic development, leading to a rethinking of land-use planning schemes and the strengthening of local authorities.

Currently the Government has been developing many initiatives to reduce deforestation and forest degradation, involving the participation of different actors to achieve proposed goals. These include the National REDD+ Strategy for Colombia, ENREDD+, which seeks to prepare the country technically, institutionally and socially for the implementation of financial instruments and environmental management of the territory to reduce, halt or reverse the loss of forest cover and associated carbon emissions. ENREDD+ aims to have a positive impact on ecosystems and the social well-being of indigenous peoples and rural community groups according to their capacities and with the international support they receive within the framework of the UNFCCC.

Colombia's goal is to enable ENREDD+ to address the causes of deforestation and forest degradation with a comprehensive environmental approach, and to provide other related benefits, ensuring improvements in the current conditions of forest ecosystems and their associated services. The strategic design involves co-ordinated actions that enables sectoral dialogues with local communities and actors, working in partnership with international institutions. To this end, Colombia has invested a great deal of effort, finances, and human resources to develop local and institutional capacities at local, regional and national levels.

There is an international demand for deforestation free products. An incrementally growing number of investors are establishing investing and lending policies referencing deforestation. In 2017, 380 institutional investors with assets of US\$29 trillion asked companies to disclose how they are managing the direct and indirect risks posed by deforestation through CDP. In 2015, the world's largest sovereign wealth fund, Norwegian Government Pensions Fund Global, dropped 11 companies from their portfolio over deforestation concerns. The same trend is perceived from corporate buyers. In 2016, 131 global corporations have reported to CDP on commitments to reduce or eliminate deforestation and forest degradation from their supply chains.

Companies that report on forest activity to CDP and which have activities inside Colombia currently indicate a low level of awareness and appreciation of the value of REDD+ and ENREDD+ in addressing deforestation and climate change impacts upon their supply chains. This illustrates an opportunity

for positive outcomes from additional expertise and knowledge sharing, with domestic corporations and overseas sectoral investors, of actions being undertaken at both national and departmental levels. Another initiative supported by the government of Colombia is the Amazon Vision Program that seeks to achieve zero net deforestation by 2020, and promote sustainable development, in the Colombian Amazon through investments that improve regional economic opportunities alongside the well-being of the population, reduce the deterioration of natural capital, and promote forest conservation.

Colombia's focus on these initiatives to reduce deforestation should be seen in the context of the wider need to transition towards a low carbon economy which will also require the government to create economic signals for market actors. For example, policy instruments such as tax incentives, the removal of perverse incentives that drive deforestation, and information policies that help decision-makers. These instruments can be combined with measures to increase the awareness by the general public of the multiple values of forests, and with a new focus on new territorial planning that both promotes the conservation of forests and guarantees the participation of the private sector and civil society.

In this context, global environmental disclosure systems become a valuable tool to publicize the actions that companies, cities and supply chains are undertaking to support the environment and to achieve the recognition of their actions by customers and suppliers.

ENREDD+ is part of the Comprehensive Strategy to Control Deforestation and Forest Management, which aims to reduce deforestation and forest degradation by promoting conservation and sustainable management. It does this through a framework of public policies with technical coordination linking the productive sector, local communities and civil society, to improve forest management under a comprehensive rural development approach. This objective is expected to be achieved through five lines of action including:

- 1. Community-based territorial management, livelihoods and diversified economies based in the natural forest.**
- 2. Transformation of the forest economy and an end to the expansion of agricultural land.**
- 3. Cross-sectoral management of territorial and environmental planning.**
- 4. Permanent monitoring and control.**
- 5. The creation of legal, financial and institutional tools.**

How do global environmental outreach systems contribute to reducing deforestation and forest degradation?

Scientists estimate that 10-15% of global CO₂ emissions come from deforestation and forest degradation⁴. Recognizing the urgency of tackling climate change and protecting ecosystems, Colombia has already undertaken actions to conserve forests. It is increasingly necessary for companies to communicate the actions they are taking to reduce deforestation and degradation in their supply chains, and to locate positive intervention points for greater impacts with public private partnerships, to maintain business and to reassure consumers and investors.

Global environmental reporting and dissemination platforms, such as CDP, enable companies to demonstrate their performance on various environmental issues including: water use, GHG emissions, and forests, as well as to review the performance of supply chains enabling reductions in environmental risks to business. Environmental disclosure has become relevant due to demand for information on environmental performance and the realization that such information improves financial performance. Companies disclosing environmental information to CDP demonstrate an increasing level of interest in deforestation impacts upon supply chains⁵, highlighting the opportunity for a government role in fostering a policy environment that encourages transparency.

While it is recognized that some companies have already taken steps to reduce their deforestation and forest degradation impacts, for example 54 companies have pledged through We Mean Business to remove deforestation from their supply chains, disclosure at greater scale is now required within domestic and international supply chains to demonstrate what real progress is being made. Colombia's commitment to reduce deforestation to 50,000 hectares per year by 2020, with zero net deforestation in the Amazon for the same year, imposes a great challenge for all actors working to the achievement of these goals.

The private sector is a critical player in the development process of a country, generating jobs as well as wealth. However, on top of the direct impacts of agricultural production, manufacturing and processing activities often generate negative externalities that have the potential to directly or indirectly impact on forests. Companies that adopt strategies that disclose and bring transparency to their environmental performance are not only more able to implement improvements, but also secure a competitive advantage.

Voluntary reporting and disclosure systems allow companies to measure their performance from indicators specifically designed for the purpose. The resulting information allows companies to manage various dimensions of their business, including measuring their climate and deforestation impacts over time, even total emissions from their supply chains. This information can also be useful to a wider set of stakeholders including investors and policymakers. The fact that companies voluntarily carry out reporting and disclosure of their environmental performance is evidence of their commitment to their stakeholders, representing an opportunity to manage the environmental performance of supply chains, to reduce financing and operating costs whilst making such actions visible to the general public.

⁴ <http://www.ipcc.ch/report/ar5/syr/>

⁵ In 2017 CDP launched its supply chain forests program issuing an information request to 244 suppliers on behalf of 8 high impact purchasing companies to gather information from their key suppliers on how they are managing the risks linked to deforestation. The results of this will be launched in January 2018.

Opportunities to address issues and move towards zero deforestation

Based on experience of working with private sector and institutional actors in Latin America and around the world, our recommendations for potential policy measures in Colombia include:

Zero Deforestation Agreements

- Adhere to sectoral and national commitments to reduce deforestation and forest degradation.
- Consider the perspective of the private sector in the discussions, in the creation of legal, financial and institutional tools to achieve the execution of actions, and in the monitoring of initiatives.
- Incorporate rural communities and small holders with low cost entry strategies and agroforestry and carbon sink improvements to spread the economic benefits of zero deforestation compliance.

Private Sector-Public Sector

- Access tools to manage environmental risks and increase corporate transparency in supply chains.
- Demonstrate and communicate efficiently the actions that are being developed in companies and cities to reduce deforestation and forest degradation.

Comprehensive strategy to control deforestation and forest degradation

- Contribute, from public and private companies, evidence of compliance with the commitments established by Colombia in the framework of agreements to reduce global deforestation and emissions.
- Assess performance against actions to reduce deforestation and degradation using measurable and verifiable indicators.
- Develop a robust information system that allows support for positive engagement and management of actions for the conservation of the forests to encourage benchmarking.

Peace agreement

- Transitional zones of normalization (ZVTN) can be a goal of actions aimed at improving the territorial planning and management of the landscape in favour of the conservation of natural resources.
- Productive actions resulting from initiatives taken by the national government to provide livelihood options to the demobilized can be directly linked to deforestation and forest degradation reductions, making supply chains more sustainable.

For more information please contact:

CDP Forests

Morgan Gillespy

Head of Forests, CDP
morgan.gillespy@cdp.net

Sareh Forouzesh

Project Manager, CDP
sareh.forouzesh@cdp.net

CDP Latin America

Juliana Lopes

Director
CDP Latin America
juliana.lopes@cdp.net

Rebeca Lima

Forests Account Manager
CDP Latin America
rebeca.lima@cdp.net

CDP Policy and Public Affairs Team

Kate Levick

Director of Policy and Regulation, CDP
kate.levick@cdp.net

Stuart Andrews

Forests Policy Manager, CDP
stuart.andrews@cdp.net

Fundación Natura Colombia

Roberto Gómez Charry

Deputy Director of Local Development and Global Change
rlgomez@natura.org.co

Camilo Forero Vargas

Project Leader
cforero@natura.org.co

Michelle Hernández Garzón

Project Leader
mhernandez@natura.org.co

CDP Worldwide

Level 3
71 Queen Victoria Street
London EC4V 4AY
United Kingdom

Tel: +44 (0) 20 3818 3900
www.cdp.net
info@cdp.net

This policy briefing has been written by CDP and Fundación Natura Colombia.



This project is supported by:

